

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

MAR 01 2010

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name: Manor Court of Freeport		
Street Address: 2170 West Navajo Drive		
City and Zip Code: Freeport 61032		
County: Stephenson	Health Service Area: I	Health Planning Area: Stephenson County

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Residential Alternatives of Illinois, Inc.		
Address: 285 South Farnham Street, Galesburg, Illinois 61401		
Name of Registered Agent: J. Michael Bibo		
Name of Chief Executive Officer: Irwin G. Jann		
CEO Address: 10040 East Happy Valley Unit 477, Scottsdale, Arizona 85255		
Telephone Number:		

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

Type of Ownership

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o 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.

Primary Contact

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

Name: Charles H. Foley
Title: Health Care Consultant
Company Name: Charles H. Foley & Associates, Inc.
Address: 1638 South MacArthur Boulevard, Springfield, Illinois 62704
Telephone Number: (217) 544-1551
E-mail Address: foley.associates@sbcglobal.net
Fax Number: (217) 544-3615

Additional Contact

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

Name: Ronald J. Wilson
Title: Chief Financial Officer
Company Name: RFMS, Inc.
Address: 285 South Farnham Street, Galesburg, Illinois 61401
Telephone Number: (309) 343-1550
E-mail Address: rjwilson@rfmsinc.com
Fax Number: (309) 343-2857

**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: Manor Court of Freeport		
Street Address: 2170 West Navajo Drive		
City and Zip Code: Freeport 61032		
County: Stephenson	Health Service Area: I	Health Planning Area: Stephenson County

**Applicant Identification**

**[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name: Frances House, Inc.
Address: 285 South Farnham Street, Galesburg, Illinois 61401
Name of Registered Agent: J. Michael Bibo
Name of Chief Executive Officer: Jeffrey W. Shaw - President
CEO Address: 3131 West War Memorial Drive, Peoria, Illinois 61615
Telephone Number: (309) 688-0928

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

**Type of Ownership**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> 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.

**Primary Contact**

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

Name: Charles H. Foley
Title: Health Care Consultant
Company Name: Charles H. Foley & Associates, Inc.
Address: 1638 South MacArthur Boulevard, Springfield, Illinois 62704
Telephone Number: (217) 544-1551
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**Additional Contact**

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Name: Ronald J. Wilson
Title: Chief Financial Officer
Company Name: RFMS, Inc.
Address: 285 South Farnham Street, Galesburg, Illinois 61401
Telephone Number: (309) 343-1550
E-mail Address: rjwilson@rfmsinc.com
Fax Number: (309) 343-2857

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance]

Name: Ronald J. Wilson
Title: Chief Financial Officer
Company Name: RFMS, Inc.
Address: 285 South Farnham Street, Galesburg, Illinois 61401
Telephone Number: (309) 343-1550
E-mail Address: rjwilson@rfmsinc.com
Fax Number: (309) 343-2857

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Residential Alternatives of Illinois, Inc.
Address of Site Owner: 285 South Farnham Street, Galesburg, Illinois 61401
Street Address or Legal Description of Site: 2170 West Navajo Drive

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: Residential Alternatives of Illinois, Inc.
Address: 285 South Farnham Street, Galesburg, Illinois 61401
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois certificate of good standing.</li> <li>o 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.</li> </ul>

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person 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-3, 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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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.idph.state.il.us/about/hfpb.htm>).

APPEND DOCUMENTATION AS ATTACHMENT 4, 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 5, 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)]

<p>Part 1110 Classification:</p> <p><input checked="" type="checkbox"/> Substantive</p> <p><input type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input checked="" type="checkbox"/> Category A Project</p> <p><input type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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**2. Project Outline**

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery					
General Long Term Care	45	45		45	90
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

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

### 3. 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.

The Applicant of Manor Court of Freeport is Residential Alternatives of Illinois. This existing 45-bed nursing facility is part of the Liberty Village of Freeport campus. The campus also includes Liberty Estates with 69-independent living apartments, Hawthorne Inn, a 37-bed Supportive Living unit, Hawthorne Inn, a 24-bed assisted living unit, a 5-bed sheltered care unit and Garden Court, a 28 bed special care/dementia care unit licensed as sheltered care for a grand total of 208 units. The Liberty Village campus also has a series of villa retirement homes built (33) and to be built 120).

This project is proposing the removal of the Community Care Retirement Community (CCRC) variance restriction on admissions and the addition of long-term nursing care beds addressing the State's outstanding need for beds. Specifically, the Applicant is proposing the discontinuation of its existing 45-bed CCRC variance restricted nursing unit and the reestablishment of the nursing unit with 90-nursing care beds through the conversion of existing sheltered care beds (21) and assisted living beds (24) which will result in open admissions from the community at large. It should be noted that the existing nursing unit together with the sheltered care and assisted living units are all connected under one roof in a one story structure that has five separate wings. All but one of the wings will be nursing upon project completion with the balance of the last unit with 12 sheltered care beds to remain for the special care/ADRD (Alzheimer's Disease and Related Dementia) unit. Therefore, should this project be approved the bed count will remain at 208 units (90 nursing, 12 sheltered care, 37 supportive living, and 69 independent living units). The conversion will be a licensure transaction and require no physical plant modernization. Thus, this is a zero cost project.

**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-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NON-CLINICAL</b>	<b>TOTAL</b>
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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:

<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working

Anticipated project completion date (refer to Part 1130.140): \_\_\_\_\_

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

<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.

**State Agency Submittals**

Are the following submittals up to date as applicable:

<input type="checkbox"/> Cancer Registry
<input type="checkbox"/> APORS
<input type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits

### Cost Space Requirements

Provide in the following format, the department/area GSF and cost. 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.**

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>	-	-	-	-	-	-	-
Nursing		8,964	25,824	0	N/A	25,824	N/A
Living/Dining/Activity		2,184	5,387	0	N/A	5,387	N/A
Kitchen/Food Service		1,680	1,680	0	N/A	1,680	N/A
P.T./O.T.		440	440	0	N/A	440	N/A
Laundry		680	1,471	0	N/A	1,471	N/A
Janitor Closets		150	386	0	N/A	386	N/A
Baths/Toilets		324	812	0	N/A	812	N/A
Beauty/Barber		170	170	0	N/A	170	N/A
Total Clinical	\$0	14,592	36,170	0	N/A	36,170	N/A
<b>NON CLINICAL</b>				0	N/A	0	N/A
Office/Administration		680	1,480	0	N/A	1,480	N/A
Employee Lounge/ Locker/Training		180	180	0	N/A	180	N/A
Mechanical/Electrical		200	700	0	N/A	700	N/A
Lobby		320	320	0	N/A	320	N/A
Storage/Maintenance Corridor/Public Toilets		450 2,208	1,285 5,771	0 0	N/A N/A	1,285 5,771	N/A N/A
Stair/Elevators		0	0	0	N/A	0	N/A
Total Non-clinical	\$0	4,038	9,736	0	N/A	9,736	N/A
<b>TOTAL</b>	<b>\$0</b>	<b>18,630</b>	<b>45,906</b>	<b>0</b>	<b>N/A</b>	<b>45,906</b>	<b>N/A</b>

APPEND DOCUMENTATION AS ATTACHED HEREIN IN 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**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

<b>FACILITY NAME: Manor Court of Freeport</b>			<b>CITY: Freeport</b>		
<b>REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009</b>					
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	45	150	15,188	-45 +45 +45	90
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
<b>TOTALS:</b>	<b>45</b>	<b>150</b>	<b>15,188</b>	<b>-45 +45 +45</b>	<b>90</b>

**CERTIFICATION**

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

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o 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);
- o 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);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Residential Alternatives of Illinois, 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.

*Irwin G. Jann*  
 \_\_\_\_\_  
 SIGNATURE

Irwin G. Jann  
 PRINTED NAME  
President  
 PRINTED TITLE

*Jeff Shaw*  
 \_\_\_\_\_  
 SIGNATURE

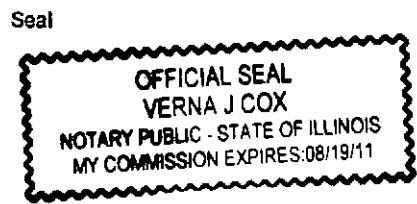
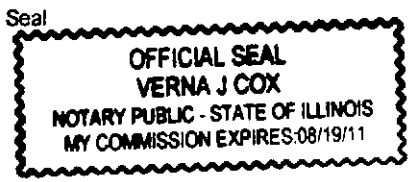
Jeff Shaw  
 PRINTED NAME  
Secretary  
 PRINTED TITLE

Notarization:  
 Subscribed and sworn to before me  
 this 17th day of August, 2009

Notarization:  
 Subscribed and sworn to before me  
 this 17th day of August, 2009

*Verna J. Cox*  
 \_\_\_\_\_  
 Signature of Notary

*Verna J. Cox*  
 \_\_\_\_\_  
 Signature of Notary



\*Insert EXACT legal name of the applicant

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT - July 2009 Edition

**CERTIFICATION**

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

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

This Application for Permit is filed on the behalf of Frances House, 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.

Jeffrey W. Shaw  
 SIGNATURE  
 Jeffrey W. Shaw  
 PRINTED NAME

Kenneth Pyszka  
 SIGNATURE  
 Kenneth Pyszka  
 PRINTED NAME

President  
 PRINTED TITLE

Secretary  
 PRINTED TITLE

Notarization:  
 Subscribed and sworn to before me  
 this 25th day of February, 2010

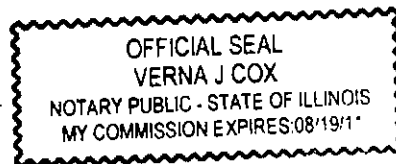
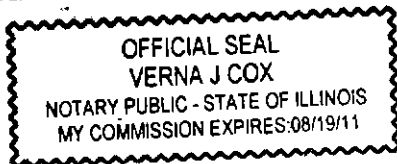
Notarization:  
 Subscribed and sworn to before me  
 this 25th day of February, 2010

Verna J. Cox  
 Signature of Notary

Verna J. Cox  
 Signature of Notary

Seal:

Seal



\*Insert EXACT legal name of the applicant

**SECTION II. DISCONTINUATION**

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

**Criterion 1110.130 - Discontinuation**

READ THE REVIEW CRITERION and provide the following information:

**GENERAL INFORMATION REQUIREMENTS**

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

**REASONS FOR DISCONTINUATION**

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

**IMPACT ON ACCESS**

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

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

### SECTION III. - PROJECT PURPOSE, BACKGROUND 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 - Project Purpose, Background 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, certification and accreditation identification numbers, 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-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

##### 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.

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

NOTE: The description of the Purpose of the Project should not exceed one page in length. Information regarding the Purpose of the Project will be included in the State Agency Report.

## ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options 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
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
  - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

APPENDIX DOCUMENTATION AS ATTACHMENT TO BE SUBMITTED SEPARATELY 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.
2. If the gross square footage exceeds the GSF 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 bed space that results in excess square footage.

**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.

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

**UNFINISHED OR SHELL SPACE:**

**\*\*There is no unfinished space in the existing facility, as such this item is not germane.\*\***  
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 to 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.

**ASSURANCES:**

\*\*There is no unfinished space in the existing facility, as such this item is not germane.\*\*

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.



**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:

Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds	# to Establish	# to Expand	# to Modernize
<input type="checkbox"/> General Long Term Care					
<input type="checkbox"/>					
<input type="checkbox"/>					

2. READ the applicable review criteria outlined below and **SUBMIT ALL** required information, as applicable to the project:

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				

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care- Establish or Expand	Defined Population Establish or Expand
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		
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

**APPEND DOCUMENTATION AS INDICATED BELOW, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM:**

APPLICABLE REVIEW CRITERIA	ATTACHMENT NUMBER
Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	33
Planning Area Need - Service to Planning Area Residents	34
Planning Area Need - Service Demand - Establishment of Category of Service	35
Planning Area Need - Service Demand - Expansion of Existing Category of Service	36
Planning Area Need - Service Accessibility	37
Description of Continuum of Care	38
Components	39
Documentation	40
Description of Defined Population to be Served	41
Documentation of Need	42
Documentation Related to Cited Problems	43
Unnecessary Duplication of Services	44
Maldistribution	45
Impact of Project on Other Area Providers	46
Deteriorated Facilities	47

Documentation	48
Utilization	49
Staffing Availability	50
Facility Size	51
Community Related Functions	52
Zoning	53
Assurances	54

**T. Financial Feasibility**

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

**REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?  
 Yes  No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

- 1. Balance sheet
- 2. Income statement
- 3. Change in fund balance
- 4. Change in financial position

**A. Criterion 1120.210(a), Financial Viability**

**1. Viability Ratios – Residential Alternatives of Illinois, Inc.**

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later:

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	2009	2008	2007	
Enter Historical and/or Projected Years				
Current Ratio	1.83	1.63	1.57	
Net Margin Percentage	3%	5%	3%	
Percent Debt to Total Capitalization	80%	93%	97%	
Projected Debt Service Coverage	2.57	3.07	1.9	
Days Cash on Hand	27	29	32	
Cushion Ratio	3.5	14.57	4.46	

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. Insert the worksheets after this page.

**2. Variance**

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

**Viability Ratios -- Residential Alternatives of Illinois, Inc.**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Current Ratio</b>			
Current Assets	\$12,575,612	\$11,383,975	\$10,109,363
Current Liabilities	\$6,847,080	\$6,944,293	\$6,398,492
<b>Current Ratio (Current Assets/Current Liabilities)</b>	<b>1.83</b>	<b>1.63</b>	<b>1.57</b>
<b>Net Margin</b>			
Net Income	\$1,836,659	\$760,289	\$1,497,766
Net Operating Revenue	\$54,331,587	\$12,805,096	\$43,317,211
<b>Net Margin Percentage (Net Income/Net Operating Revenue)</b>	<b>3%</b>	<b>5%</b>	<b>3%</b>
<b>Current Debt to Total Capitalization</b>			
Long Term Debt	\$11,532,052	\$15,501,139	\$17,766,239
Unrestricted Fund Balance	\$2,882,266	\$1,045,607	\$424,991
<b>Percent Debt to Total Capitalization (Long Term Debt/(Long Term Debt + Unrestricted Fund Balance))</b>	<b>80%</b>	<b>93%</b>	<b>97%</b>
<b>Debt Service Coverage</b>			
Net Income	\$1,836,659	\$620,616	\$926,881
Depreciation	\$917,916	\$197,330	\$617,251
Amortization	\$0	\$0	\$0
Interest	\$834,304	\$159,724	\$654,440
Principal	\$233,520	\$105,875	\$154,341
<b>Debt Service Coverage Ratio (Net Income + Interest + Depreciation + Amortization)/(Principal + Interest)</b>	<b>2.57</b>	<b>3.07</b>	<b>1.9</b>
<b>Days Cash on Hand</b>			
Cash	\$3,739,074	\$3,871,970	\$3,608,676
Investments	\$0	\$0	\$0
Operating Expenses	\$51,715,831	\$12,044,807 *	\$41,819,445
Depreciation	\$917,916	\$197,330 *	\$617,251
Amortization	\$0	\$0	\$0
<b>Days Cash on Hand (Cash + Investments + Board Designated Funds)/(Operating Expense - Depreciation - Amortization)/365)</b>	<b>27</b>	<b>29</b>	<b>32</b>
<b>Cushion Ratio</b>			
Cash	\$3,739,074	\$3,871,970	\$3,608,676
Investments	\$0	\$0	\$0
Interest	\$834,304	\$159,724	\$654,440
Principal	\$233,520	\$105,875	\$154,341
<b>Cushion Ratio (Cash + Investments + Board Designated Funds)/Maximum Annual Debt Service)</b>	<b>3.5</b>	<b>14.57</b>	<b>4.46</b>

\* Period is only for 90 days

**T. Financial Feasibility**

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

**REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?  
 Yes  No

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

**A. Criterion 1120.210(a), Financial Viability**

**1. Viability Ratios – Frances House, Inc.**

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:  Enter Historical and/or Projected Years:	Category A or Category B (last three years)			Category B (Projected)
	2009	2008	2007	
Current Ratio	3.09	3.91	23.31	
Net Margin Percentage	6%	14%	24%	
Percent Debt to Total Capitalization	33%	N/A	N/A	
Projected Debt Service Coverage	4.41	N/A	N/A	
Days Cash on Hand	144	483	925	
Cushion Ratio	14.14	N/A	N/A	

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. Insert the worksheets after this page.

**2. Variance**

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

**Viability Ratios -- Frances House, Inc.**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Current Ratio</b>			
Current Assets	\$31,781,747	\$35,545,702	\$31,058,703
Current Liabilities	\$10,265,061	\$9,087,065	\$1,331,867
<b>Current Ratio (Current Assets/Current Liabilities)</b>	<b>3.09</b>	<b>3.91</b>	<b>23.31</b>
<b>Net Margin</b>			
Net Income	\$5,337,138	\$5,275,542	\$5,775,318
Net Operating Revenue	\$77,943,502	\$36,713,226	\$24,036,234
<b>Net Margin Percentage (Net Income/Net Operating Revenue)</b>	<b>6%</b>	<b>14%</b>	<b>24%</b>
<b>Current Debt to Total Capitalization</b>			
Long Term Debt	\$34,862,950	N/A	N/A
Unrestricted Fund Balance	\$68,199,773		
<b>Percent Debt to Total Capitalization (Long Term Debt/(Long Term Debt + Unrestricted Fund Balance)</b>	<b>33%</b>		
<b>Debt Service Coverage</b>			
Net Income	\$5,337,138	N/A	N/A
Depreciation	\$3,157,847		
Amortization	\$43,480		
Interest	\$1,499,985		
Principal	\$435,878		
<b>Debt Service Coverage Ratio (Net Income + Interest + Depreciation + Amortization)/(Principal + Interest)</b>	<b>4.41</b>		
<b>Days Cash on Hand</b>			
Cash	\$16,160,643	\$22,220,599	\$26,201,404
Investments	\$11,224,132	\$18,001,357	\$18,008,070
Operating Expenses	\$72,606,364	\$31,437,684	\$18,280,916
Depreciation	\$3,157,847	\$1,058,100	\$839,200
Amortization	\$43,480	\$0	\$0
<b>Days Cash on Hand (Cash + Investments + Board Designated Funds)/(Operating Expense - Depreciation - Amortization)/365)</b>	<b>144</b>	<b>483</b>	<b>925</b>
<b>Cushion Ratio</b>			
Cash	\$13,220,202	\$22,220,599	\$26,201,404
Investments	\$14,164,573	\$18,001,357	\$18,008,070
Interest	\$1,499,985	\$0	\$0
Principal	\$435,878	\$0	\$0
<b>Cushion Ratio (Cash + Investments + Board Designated Funds)/Maximum Annual Debt Service)</b>	<b>14.14</b>	<b>N/A</b>	<b>N/A</b>

**REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)**  
(continued)

**B. Criterion 1120.210(b), Availability of Funds**

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

\_\_\_\_\_ Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

\_\_\_\_\_ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

\_\_\_\_\_ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\_\_\_\_\_ Debt Financing (indicate type(s) \_\_\_\_\_)

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

\_\_\_\_\_ Governmental Appropriations

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

\_\_\_\_\_ Grants

Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

\_\_\_\_\_ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\_\_\_\_\_ **0** TOTAL FUNDS AVAILABLE

**C. Criterion 1120.210(c), Operating Start-up Costs**

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes  No X. If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENT 75, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**U. Economic Feasibility**

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

**SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**

**N/A A. Criterion 1120.310(a), Reasonableness of Financing Arrangements**

Is the project classified as a Category B project? Yes  No  If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes  No . If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing?  Yes  No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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.

**N/A B. Criterion 1120.310(b), Conditions of Debt Financing**

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

**N/A C. Criterion 1120.310(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									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
<b>TOTALS</b>									

\* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

**REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)**  
(continued)

- a. that the lowest net cost available has been selected; or
  - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

**D. Criterion 1120.310(d), Projected Operating Costs – See Attachment**

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

**E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs**

Is the project classified as a category B project? Yes  No  If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

**F. Criterion 1120.310(f), Non-patient Related Services**

Is the project classified as a category B project and involve non-patient related services? Yes  No  If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT -76, 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:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant Identification	29-31
2	Site Ownership	
3	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	32-33
4	Flood Plain Requirements	34-36
5	Historic Preservation Act Requirements	37
6	Description of Project	
7	Project and Sources of Funds Itemization	
8	Cost Space Requirements	
9	Discontinuation	38-41
10	Background of the Applicant	42-78
11	Purpose of the Project	79-92
12	Alternatives to the Project	93-122
13	Size of the Project	123-130
14	Project Service Utilization	131-134
15	Unfinished or Shell Space	
16	Assurances for Unfinished/Shell Space	
17	Master Design Project	
18	Mergers, Consolidations and Acquisitions	
	<b>Categories of Service:</b>	
19	Planning Area Need	
20	Service Demand – Establishment of Category of Service	
21	Service Demand – Expansion of Existing Category of Service	
22	Service Accessibility – Service Restrictions	
23	Unnecessary Duplication/Maldistribution	
24	Category of Service Modernization	
25	Staffing Availability	
26	Assurances	
	<b>Service Specific:</b>	
27	Comprehensive Physical Rehabilitation	
28	Neonatal Intensive Care	
29	Open Heart Surgery	
30	Cardiac Catheterization	
31	In-Center Hemodialysis	
32	Non-Hospital Based Ambulatory Surgery	
	<b>General Long Term Care:</b>	
33	Planning Area Need	135-136
34	Service to Planning Area Residents	137-138
35	Service Demand-Establishment of Category of Service	139-144
36	Service Demand-Expansion of Existing Category of Service	145-151
37	Service Accessibility	152-170
38	Description of Continuum of Care	
39	Components	
40	Documentation	
41	Description of Defined Population to be Served	

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
42	Documentation of Need	
43	Documentation Related to Cited Problems	
44	Unnecessary Duplication of Service	171-174
45	Maldistribution	175-176
46	Impact of Project on Other Area Providers	177-181
47	Deteriorated Facilities	
48	Documentation	
49	Utilization	
50	Staffing Availability	182-186
51	Facility Size	187
52	Community Related Functions	188-321
53	Zoning	
54	Assurances	322-323
	<b>Service Specific (continued...):</b>	
55	Specialized Long Term Care	
56	Selected Organ Transplantation	
57	Kidney Transplantation	
58	Subacute Care Hospital Model	
59	Post Surgical Recovery Care Center	
60	Children's Community-Based Health Care Center	
61	Community-Based Residential Rehabilitation Center	
	<b>Clinical Service Areas Other than Categories of Service:</b>	
62	Need Determination - Establishment	
63	Service Demand	
64	Referrals from Inpatient Base	
65	Physician Referrals	
66	Historical Referrals to Other Providers	
67	Population Incidence	
68	Impact of Project on Other Area Providers	
69	Utilization	
70	Deteriorated Facilities	
71	Necessary Expansion	
72	Utilization- Major Medical Equipment	
73	Utilization-Service or Facility	
	<b>FEC:</b>	
74	Freestanding Emergency Center Medical Services	
	<b>Financial and Economic Feasibility:</b>	
75	Financial Feasibility	324-430
76	Economic Feasibility	431
77	Safety Net Impact Statement	

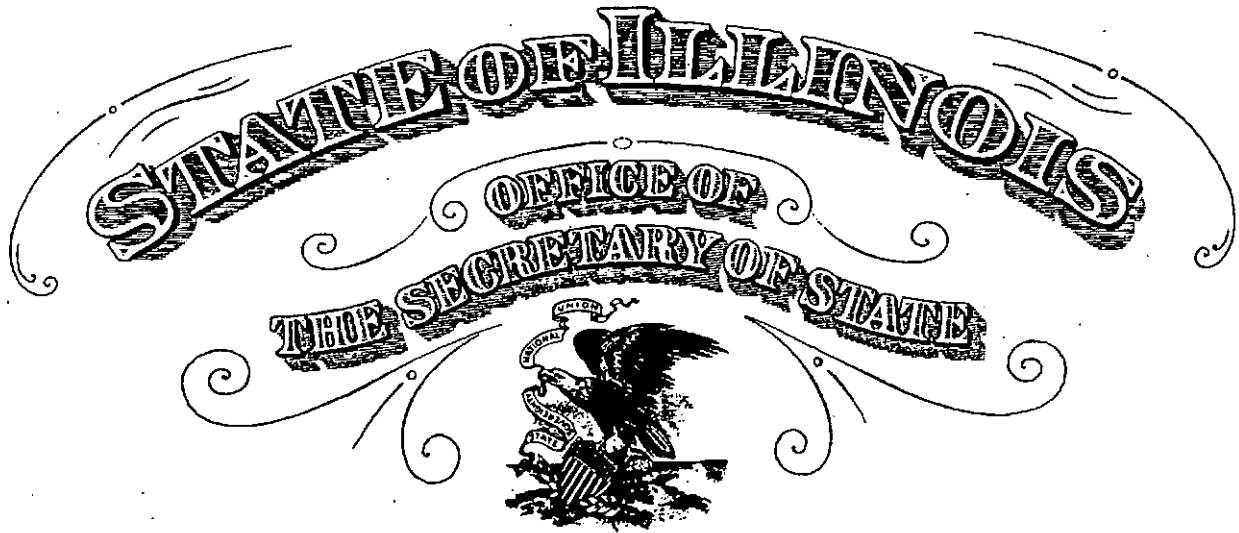
## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

### Applicant Identification

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.

The Applicant is Residential Alternatives of Illinois, Inc. (hereafter referred to as RAI, Inc or Applicant). The Applicant is a general not-for-profit entity incorporated in the State of Illinois. It should be noted that Frances House, Inc. is considered a co-Applicant as it is the parent entity to the Applicant. Certificates of good standing for each entity are appended as **ATTACHMENT-1A**.

ATTACHMENT-1A



*To all to whom these Presents Shall Come, Greeting:*

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

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 13, 1987, 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.



Authentication #: 0931501222

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

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 11TH day of NOVEMBER A.D. 2009*

*Jesse White*

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*

FRANCES HOUSE, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 03, 1979, 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.



Authentication #: 1005502482

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

*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 24TH day of FEBRUARY A.D. 2010*

*Jesse White*

SECRETARY OF STATE

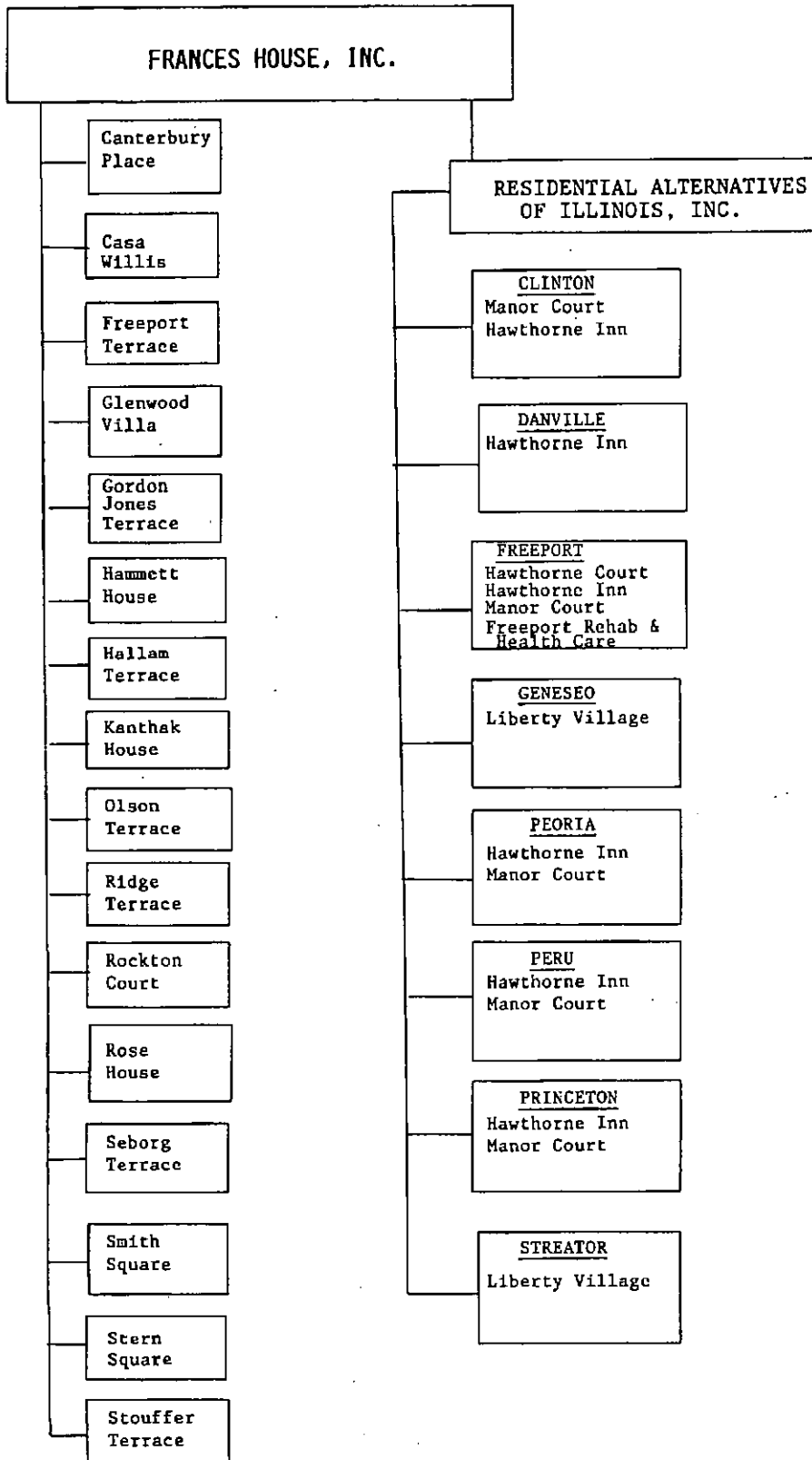
### **Organizational Relationships**

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

RAI, Inc. is both the owner and operating entity for the project. This entity controls eight retirement campuses in Illinois which represent seven sister facilities to the subject project. An organizational chart for RAI, Inc. is appended as **ATTACHMENT-3A**. This chart also illustrates the organizational structure of Frances House, Inc. and its subsidiaries.

**ATTACHMENT-3**





## **Flood Plain Requirements**

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](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://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.idph.state.il.us/about/hfpb.htm>).

The subject project is in an existing building on an existing campus. However, the proposed project is considered a full discontinuation and re-establishment of the nursing unit. In compliance with the establishment of a new service, a map identifying that the area is not within a special flood zone area is appended as **ATTACHMENT-4A**.

**ATTACHMENT-4**



APPROXIMATE SCALE 2000 FEET



LEGEND ON REVERSE

NATIONAL FLOOD INSURANCE PROGRAM

**FIRM**  
FLOOD INSURANCE RATE MAP

STEPHENSON  
COUNTY,  
ILLINOIS  
UNINCORPORATED AREA

PANEL 125 OF 225  
(SEE MAP INDEX FOR PANELS NOT PRINTED)

COMMUNITY-PANEL NUMBER  
179639 0 125 B

MAP REVISED:  
JULY 30, 1982



Federal Emergency Management Agency

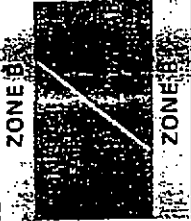


City of Freeport  
AREA NOT INCLUDED

City of Freeport  
AREA NOT INCLUDED

ATTACHMENT-4A

## KEY TO MAP

500-Year Flood Boundary	-----
100-Year Flood Boundary	-----
Zone Designations* With Date of Identification	
* 8., 12/2/74	
100-Year Flood Boundary	-----
500-Year Flood Boundary	-----
Base Flood Elevation Line With Elevation In Feet**	~~~~~ 573
Base Flood Elevation In Feet Where Uniform Within Zone**	(EL 987)
Elevation Reference Mark	RM7X
Zone D Boundary	-----
River Mile	•M1.5

\*\*Referenced to the National Geodetic Vertical Datum of 1929

## \*EXPLANATION OF ZONE DESIGNATIONS

ZONE	EXPLANATION
A	Areas of 100-year flood; base flood elevations and flood hazard factors not determined.
A0	Areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; average depths of inundation are shown, but no flood hazard factors are determined.
AH	Areas of 100-year shallow ponding where depths are between one (1) and three (3) feet; base flood elevations are shown, but no flood hazard factors are determined.
A1-A30	Areas of 100-year flood; base flood elevations and flood hazard factors determined.
A80	Areas of 100-year flood to be protected by flood protection system under construction; base flood elevations and flood hazard factors not determined.
B	Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. (Medium shading)
C	Areas of minimal flooding. (No shading)
D	Areas of undetermined, but possible, flood hazards.
V	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors not determined.
V1-V30	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors determined.

Areas of 100-year coastal flood with velocity action; base flood elevations and flood hazard factors determined.

## NOTES TO USER

Certain areas not in the special flood hazard areas (zones A and V) may be protected by flood control structures.

This map is for flood insurance purposes only; it does not necessarily show all areas subject to flooding in the community or all planimetric features outside special flood hazard areas.

For adjoining map panels, see separately printed Index To Map Panels.

## INITIAL IDENTIFICATION:

DECEMBER 27, 1974

## FLOOD INSURANCE RATE MAP EFFECTIVE:

FEBRUARY 15, 1978

## FLOOD INSURANCE RATE MAP REVISIONS:

Map revised July 30, 1982 to change corporate limits, Special Flood Hazard Area, in change to Z-fold format and FEMA title block.

Refer to the FLOOD INSURANCE RATE MAP EFFECTIVE date shown on this map to determine when actuarial rates apply to structures in the zones where elevations or depths have been established.

To determine if flood insurance is available in this community, contact your insurance agent, or call the National Flood Insurance Program, at (800) 638-6620.

### **Historic Resources Preservation Act Requirements**

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

This project is for the discontinuation of its existing 45-bed nursing unit and the reestablishment of a 90-bed nursing unit. The reestablished nursing unit does not require any construction. Therefore, this item is not applicable.

## SECTION II. DISCONTINUATION

### Criterion 1110.130 - Discontinuation

#### GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the numbers of beds, if any, that are to be discontinued.

In order to lift the CCRC variance admission restriction, the Applicant is proposing to discontinue through this process only, its existing 45-bed nursing unit.

2. Identify all of the other clinical services that are to be discontinued.

According to the Illinois Health Facilities Planning Act, the Applicant's nursing unit is the only service subject to this process. It should be noted that no services will be discontinued as a result of this project. The existing beds are fully occupied according to the State's optimal utilization rate for nursing care facilities per Part 1100. According to the Illinois Health Facilities Planning Act, the Applicant's nursing unit is the only service subject to this process. On site the Applicant has 30-existing cottage homes (with an additional 120 units in the development phase), 69 Independent Living units (89 beds), 37-Supportive Living Beds, 24 Assisted Living beds, 33 Sheltered Care beds, and 45 Skilled Nursing beds. The Supportive Living Facility (hereafter referred to as SLF), Sheltered Care (hereafter referred to as SC), and Assisted Living (hereafter referred to as AL) living units are a redundancy. There are three different programs, two within the Department of Public Health and one under the Department of Healthcare and Family Services that each provides the same level of care. The Applicant is proposing to make Manor Court of Freeport more efficient by utilizing the SLF unit for all assisted living services and the nursing unit of a size capable of not only providing for the campus residents but for the community residents also. Therefore, the entire AL

and partial SC beds, which are adjacent to and part of the nursing unit, will be converted into nursing. Upon project approval, there will still be independent living through the 30 cottages and the 69 independent apartments, 49 assisted living units through the 37-SLF and 12-SC beds, and a nursing unit through the 90-bed nursing unit.

3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.

The discontinuation and the reestablishment of the nursing care service will be instantaneous upon approval of this application and the licensure program.

4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.

The physical plant and equipment will remain in use as the service will be continued as a result of this project.

5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.

As identified for the physical plant and equipment, the medical records will continue to be maintained as there will be no interruption in service.

6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

The Applicant agrees through the signing of this application to submit its annual questionnaire data as required by law as the nursing category of service will not ultimately be discontinued.

## REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

The reason for the discontinuation application is to provide the vehicle for the removal of the CCRC variance from the Manor Court of Freeport license which limits admission from the CCRC campus only to an open admission from the community at large. This action is required through set precedent by the Health Facilities and Services Review Board.



## IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.

As this discontinuation is only to remove the CCRC variance and the resultant project proposes to increase the overall nursing capacity, this project will not have an adverse effect upon access to care for the existing residents or the residents of the Stephenson County Planning Area. It should be known that the residents of the existing campus will have priority admissions to the nursing beds. However, with the addition of overall licensed nursing capacity which addresses a bed need as identified by the Inventory of Health Care Facilities and Services and Need Determinations (2008), the Applicant does expect neither an issue with campus residents nursing needs not being met nor the nursing needs of the market area's general geriatric residents being met.

2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.

As this project does not result in the discontinuation of any service in whole or in part, this item is not germane.

3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

As this project does not result in the discontinuation of any service in whole or in part, this item is not applicable.

**SECTION III. PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES -  
INFORMATION REQUIREMENTS**

**Criterion 1110.230 - Project Purpose, Background and Alternatives**

**BACKGROUND OF APPLICANT**

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

The corporate organizational chart, appended as **ATTACHMENT-3A**, lists all campuses and facilities owned and operated by the Applicant as well as the location. It should be noted that Residential Alternatives of Illinois, Inc. has eight campuses with six nursing licenses, three supportive living facility certifications, and five assisted living licenses. The organizational chart also identifies the non-licensed independent living apartments and villas that the applicant provides. A copy of all facility licenses and certifications as applicable are appended under **ATTACHMENT-10A**.

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.

A certified letter stating that no adverse action as defined under 1110.230.a)3)B had been taken against the Applicant or against any health care facility owned or operated by the Applicant with three years preceding the filing of this Certificate of Need application is appended as **ATTACHMENT-10B**.

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.

The above requested authorization for the Health Facilities and Services Review Board and the Department of Public Health access to information is appended as **ATTACHMENT-10C**.

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.

The Applicant has not submitted any other applications for permit with the latest calendar year; therefore, this item is not germane.

**RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.**  
**285 South Farnham Street**  
**Galesburg, IL 61401**

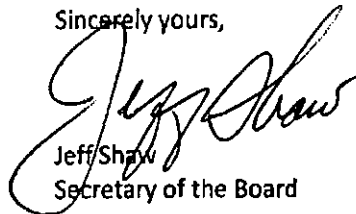
April 14, 2009

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Mr. Constantino:

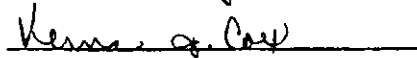
Please be advised that no adverse action as defined under 1110.230.a).3)B has been taken against the Applicant or against any health care facility owned or operated by the Applicant, directly or indirectly, within three years preceding the filing of the Certificate of Need Application.

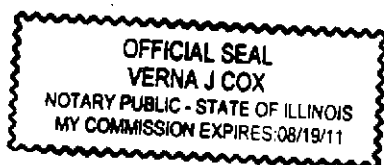
Sincerely yours,

  
Jeff Shaw  
Secretary of the Board

STATE OF ILLINOIS  
COUNTY OF KNOX

Sworn to before me this  
17<sup>th</sup> day of August, 2009.

  
Notary Public



ATTACHMENT-10A

*FRANCES HOUSE, INC.  
285 South Farnham Street  
Galesburg, IL 61401*

February 24, 2010

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Mr. Constantino:

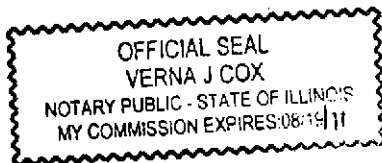
Please be advised that no adverse action as defined under 1110.230.a).3)B has been taken against the Applicant or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the Certificate of Need Application.

Sincerely yours,

*Jeffrey W. Shaw*  
Jeffrey W. Shaw  
President

Subscribed and sworn to me  
This 25<sup>th</sup> day of February, 2010

*Verna J. Cox*  
Notary Public



**RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.**

**285 South Farnham Street**

**Galesburg, IL 61401**

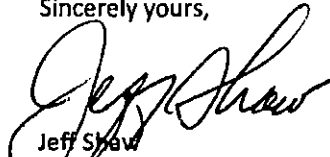
April 14, 2009

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Mr. Constantino:

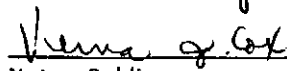
I hereby authorize the Health Facilities and Services Review Board and the Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. 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 this Application as it pertains to 1110.230.a).3)C.

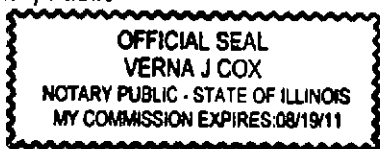
Sincerely yours,

  
Jeff Shaw  
Secretary of the Board

STATE OF ILLINOIS  
COUNTY OF KNOX

Sworn to before me this  
17<sup>th</sup> day of August, 2009.

  
\_\_\_\_\_  
Notary Public



ATTACHMENT-10B

*FRANCES HOUSE, INC.  
285 South Farnham Street  
Galesburg, IL 61401*

February 24, 2010

Mr. Michael Constantino  
Health Facilities and Services Review Board  
525 West Jefferson Street, 2<sup>nd</sup> Floor  
Springfield, IL 62761

Dear Mr. Constantino:

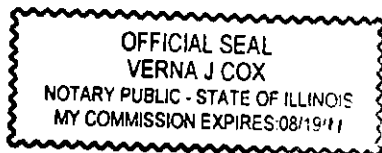
I hereby authorize the Health Facilities Planning Board and the Illinois Department of Public Health (IDPH) access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. 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 this Application as it pertains to 110.230.a).3)C.

Sincerely yours,

*Jeffrey W. Shaw*  
Jeffrey W. Shaw  
President

Subscribed and sworn to me  
This 25<sup>th</sup> day of February, 2010

*Verna J. Cox*  
Notary Public





State of Illinois 1870266

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	ID NUMBER
04/14/2010	BGBE	0047134
LONG TERM CARE LICENSE SKILLED 134		
UNRESTRICTED 134 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

MANOR COURT OF CLINTON  
1 PARK LANE WEST  
CLINTON, IL 61727

EFFECTIVE DATE: 04/15/08

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



**State of Illinois**  
**Department of Healthcare and Family Services**  
**SUPPORTIVE LIVING PROGRAM INTERIM**  
**CERTIFICATION**

This interim certificate authorizes the following to deliver services under the Supportive Living Program, subject to the limitation set forth below as to the number of units and number of residents, and confirms that the facility named has complied with all rules and regulations necessary for interim certification. This interim certificate is valid only for the location set forth below.

Name Hawthorne Inn of Clinton

Address 1 Park Lane West

City/State/Zip Clinton, Illinois 61727

Number of Units 21 Maximum Number of Residents 27

January 2, 2007

Effective Date





State of Illinois 1940512

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	ID NUMBER
07/31/2010	BGBE	0046367
LONG TERM CARE LICENSE		
SKILLED	064	
SHELTERED	076	
UNRESTRICTED 140 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

HAWTHORNE INN OF DANVILLE  
3222 INDEPENDENCE DRIVE  
DANVILLE IL 61832

EFFECTIVE DATE: 08/01/09

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State of Illinois 1957657

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 its 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

EXPIRES DATE	CATEGORY	ID NUMBER
12/15/2011	8CBE	0046839
<b>LONG TERM CARE LICENSE</b>		
SKILLED	043	
SHELTERED	033	
UNRESTRICTED 078 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT IL 61032  
EFFECTIVE DATE: 12/16/09

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State of Illinois 1868685

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	IL NUMBER
02/26/2010	Init-A1	S102931
<b>ASSISTED LIVING LICENSE</b> Issued: 02/26/08 12 Regular Units 12 Total Units		

BUSINESS ADDRESS:  
STATUS: UNRESTRICTED  
LICENSEE BUSINESS ADDRESS:

HAWTHORNE COURT OF FREEPORT  
2170 NAVAJO DRIVE  
FREEPORT IL 61032

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State of Illinois  
Department of Healthcare and Family Services

**Supportive Living Program  
Certification**

This certificate authorizes the following to deliver services under the Supportive Living Program, subject to the limitation set forth below as to the number of units and number of residents, and confirms that the facility named has complied with all rules and regulations necessary for certification. This certificate is valid only for the location set forth below.

Name Hawthorne Inn of Freeport  
Address 2140 Navajo Drive  
City/State/Zip Freeport, Illinois 61032  
Number of Units 29 Maximum Number of Residents 37  
Effective Date November 19, 2007



**Rod R. Blagojevich, Governor**

**Barry S. Maram, Director**





**State of Illinois 1952377**  
**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	ID NUMBER
09/26/2011	A7-A8	S100885
<b>ASSISTED LIVING LICENSE</b> Issued: 09/26/09 15 Regular Units 15 Total Units		

**BUSINESS ADDRESS**  
**STATUS: UNRESTRICTED**  
**LICENSEE BUSINESS ADDRESS**

**LIBERTY VILLAGE OF GENESEO**  
**920 S. CHICAGO ST.**  
**GENESEO IL 61254**

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



State of Illinois 1920536

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	LP NUMBER
02/28/2010	A-6	5100687
<b>ASSISTED LIVING LICENSE</b> Issued: 02/28/09 13 Alzheimer Units 39 Regular Units 52 Total Units		

BUSINESS ADDRESS

STATUS: UNRESTRICTED  
LICENSEE BUSINESS ADDRESS

HAWTHORNE INN OF PEORIA  
6906 N. STALWORTH DR.  
PEORIA IL 61615

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





State of Illinois 1940516

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person 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

EXPIRES DATE	CATEGORY	LICENSE #
08/02/2011	BCBE	0047068
LONG TERM CARE LICENSE SKILLED 030		
UNRESTRICTED 030 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

HANOR COURT OF PEORIA  
6900 NORTH STALWORTH DRIVE  
PEORIA IL 61615

EFFECTIVE DATE: 08/03/09

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



State of Illinois 1970630

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	ID NUMBER
02/07/2012	A7-A8	5100695
<b>ASSISTED LIVING LICENSE</b> Issued: 02/07/10 13 Alzheimer Units 39 Regular Units 52 Total Units		

BUSINESS ADDRESS  
STATUS: UNRESTRICTED  
LICENSEE BUSINESS ADDRESS

HAWTHORNE INN OF PERU  
1101 31ST ST.  
PERU IL 61354

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



State of Illinois 1957662

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	ID NUMBER
11/30/2011	BGBE	0047316
LONG TERM CARE LICENSE		
SKILLED	083	
SHELTERED	043	
UNRESTRICTED 130 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

MANOR COURT OF PERU  
3230 BECKER DRIVE  
PERU IL 61354

EFFECTIVE DATE: 12/01/09

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

**State of Illinois**  
**Department of Healthcare and Family Services**  
**SUPPORTIVE LIVING PROGRAM INTERIM**  
**CERTIFICATION**

This interim certificate authorizes the following to deliver services under the Supportive Living Program, subject to the limitation set forth below as to the number of units and number of residents, and confirms that the facility named has complied with all rules and regulations necessary for interim certification. This interim certificate is valid only for the location set forth below.

Name Hawthorne Inn of Princeton

Address 140 North Sixth Street

City/State/Zip Princeton, Illinois 61356

Number of Units 21 Maximum Number of Residents 27

January 29, 2007  
Effective Date





State of Illinois 1879965

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 by files 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	EXTERNS	ID NUMBER
06/15/2010	BGBE	0047324
LONG TERM CARE LICENSE		
SKILLED	069	
SHELTERED	029	
UNRESTRICTED 2,098 TOTAL BEDS		

BUSINESS ADDRESS

LICENSEE

RESIDENTIAL ALTERNATIVES OF ILLINOIS, INC.

MANOR COURT DE PRINCETON

140 NORTH SIXTH STREET

PRINCETON, IL 61356

EFFECTIVE DATE: 06/16/08

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State of Illinois 1898721

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
09/20/2010	A6-A7	S100901

ASSISTED LIVING LICENSE  
 Issued: 09/20/08  
 4 Floating Units  
 16 Regular Units  
 20 Total Units

BUSINESS ADDRESS

STATUS: UNRESTRICTED  
LICENSEE BUSINESS ADDRESS

LIBERTY VILLAGE OF STREATOR  
2322 N. EASTWOOD DR.  
STREATOR IL 61364

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State of Illinois 1932311

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.

DANON T. ARNOLD, M.D.  
DIRECTOR

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

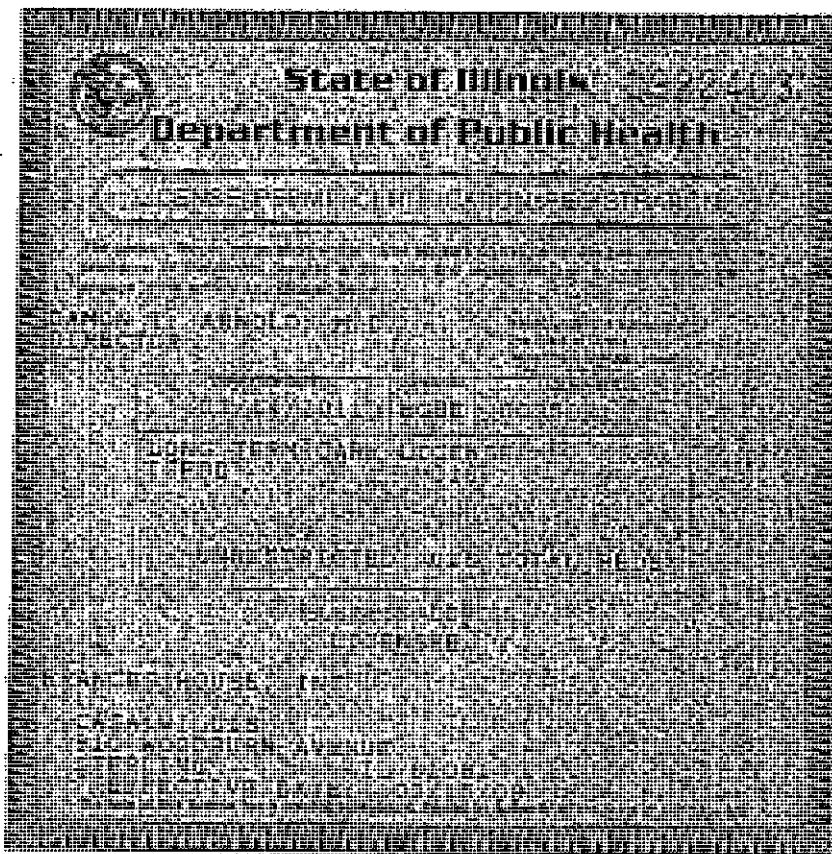
EXPIRES DATE	CATEGORY	IL LICENSE
06/01/2011	BGBB	0039016
LONG TERM CARE LICENSE		
IGPDD	004	
UNRESTRICTED DO4 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

CANTERBURY PLACE  
2803 CANTERBURY LANE  
ROCKFORD IL 61101  
EFFECTIVE DATE: 06/02/09

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State of Illinois 1922451

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	LD NUMBER
04/10/2011	BGRB	0033613
LONG TERM CARE LICENSE		
LICDDB 016		
UNRESTRICTED 016 TOTAL BEDS		

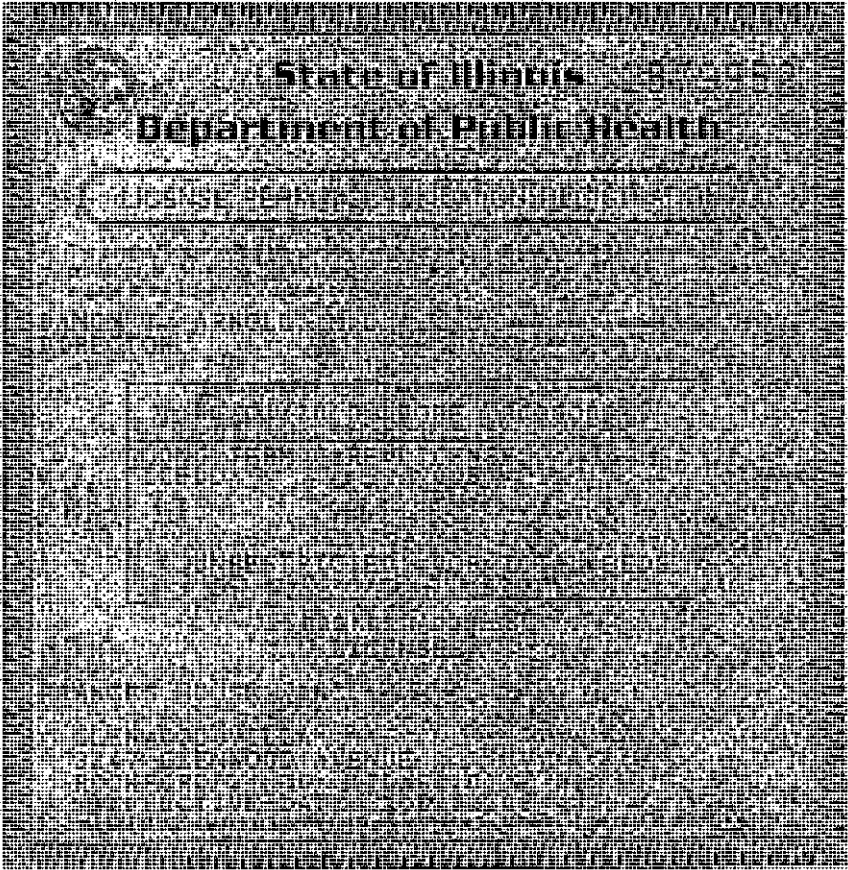
BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

FREEPORT TERRACE  
2942 HIGHLANDVIEW DRIVE  
FREEPORT, IL 61032

EFFECTIVE DATE: 04/11/09

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State of Illinois 1913840

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

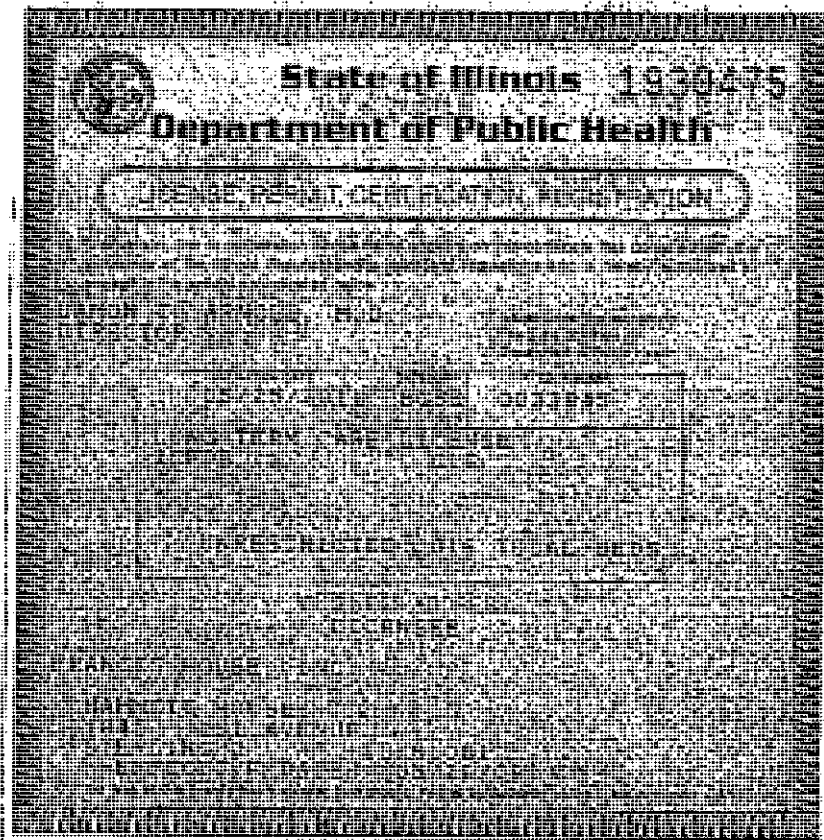
Issued under the authority of  
The State of Illinois  
Department of Public Health

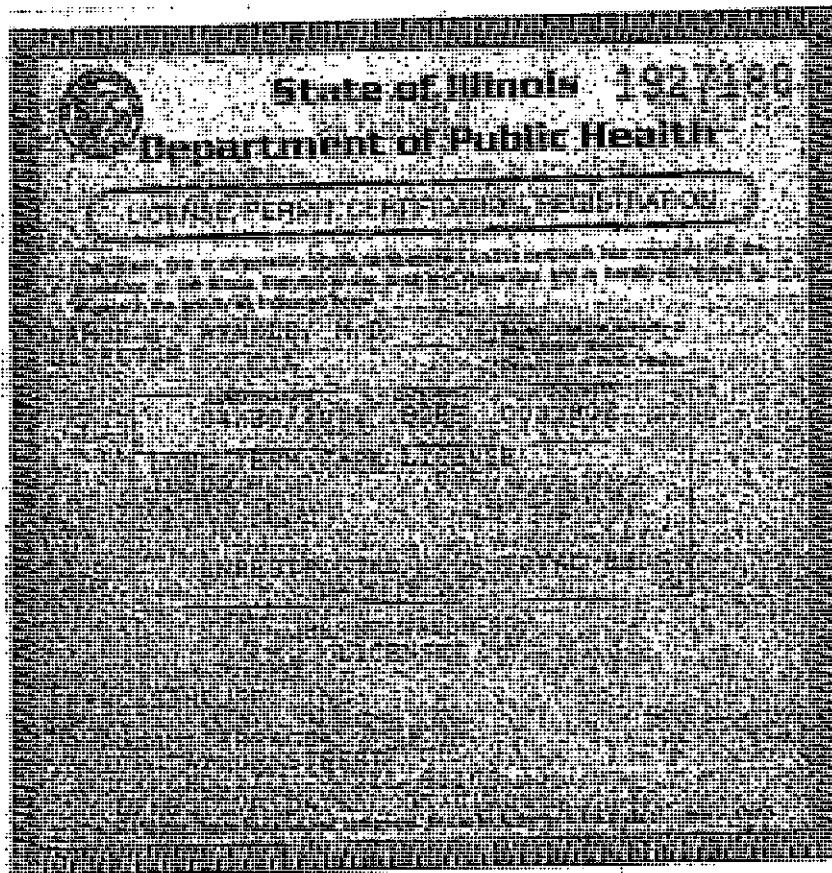
EXPIRATION DATE	CATEGORY	ID NUMBER
02/11/2011	BGBE	0036970
LONG TERM CARE LICENSE		
ICFDD	016	
UNRESTRICTED 016 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.  
GORDON JONES TERRACE  
421 NORTH ROCHESTER STREET  
LANARK, IL 61046  
EFFECTIVE DATE: 02/12/09

The face of this license has a colored background. Printed by Authority of the State of Illinois 487







State of Illinois 1909595

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 J. ARNOLD, M.D.  
DIRECTOR

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

EXPIRATION DATE	CATEGORY	ID NUMBER
01/28/2011	BGBE	0037747
LONG TERM CARE LICENSE		
LCPDD 016		
UNRESTRICTED 016 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

KANTHAK HOUSE  
724 SECOND AVENUE

OTTAWA, ILL. 61350

EXPIRES DATE: 01/28/09

The fee for this license has been paid and is hereby certified by authority of the State of Illinois, 4/9/09



State of Illinois 1927181

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	ID NUMBER
04/30/2011	BGBE	0033910
LONG TERM CARE LICENSE		
ICFDD 018		
UNRESTRICTED 018 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.  
OLSON TERRACE  
3005 ALIDA STREET  
ROCKFORD, IL 61103

EFFECTIVE DATE: 05/01/09

The date of this license has a closed background check by authority of the State of Illinois 4/97







State of Illinois 1930696

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.

DANON T. ARNOLD, M.D.  
DIRECTOR

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

EXPIRATION DATE	CATEGORY	ID NUMBER
05/01/2011	BGBE	0038992
LONG TERM CARE LICENSE		
ICFDD 006		
UNRESTRICTED 006 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

ROCKTON COURT  
2618 NORTH ROCKTON AVENUE  
ROCKFORD IL 61101

EFFECTIVE DATE: 06/02/09

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State of Illinois 1938797

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	ID NUMBER
06/30/2011	BGBE	0033928
LONG TERM CARE LICENSE ICPDD 016		
UNRESTRICTED 016 TOTAL BEDS		

BUSINESS ADDRESS

LICENSEE

FRANCES HOUSE, INC.

ROSE HOUSE  
7301 34TH AVENUE  
MOLINE IL 61265

EFFECTIVE DATE: 07/01/09

The Seal of the State of Illinois is a symbol of its government. Printed by authority of the State of Illinois - 4/87



State of Illinois 1936450

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	LIC. NUMBER
06/30/2011	BGBE	0033936
LONG TERM CARE LICENSE ICFDD 016		
UNRESTRICTED 016 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

SEBORG TERRACE  
3024 ALIDA STREET  
ROCKFORD IL 61103

EFFECTIVE DATE: 07/01/09

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State of Illinois 1940475

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 1960s Statute 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

EXPIRES	ISSUE	ISSUE NO.
09/30/2011	BGBE	0093944
LONG TERM CARE LICENSE		
ICFDD 016		
UNRESTRICTED 016 TOTAL BEDS		

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

SMITH SQUARE  
7401 34TH AVENUE  
MOLINE, ILL 61268

EFFECTIVE DATE: 09/11/09

The Seal of the State and a printed signature, placed by authority of the State of Illinois - 457 -



State of Illinois 1930637

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 J. ARNOLD, M.D.  
DIRECTOR

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

EXPIRATION DATE	CATEGORY	ID NUMBER
05/25/2011	BGBE	0033052

LONG TERM CARE LICENSE  
CFDD 016

UNRESTRICTED 016 TOTAL BEDS

BUSINESS ADDRESS  
LICENSEE

FRANCES HOUSE, INC.

STERLING SQUARE  
1328 WEST 7TH STREET  
STERLING, ILL. 61081

EFFECTIVE DATE: 05/26/09

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State of Illinois 1930685

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

Table with 3 columns: EXPIRATION DATE (06/30/2011), CATEGORY (BGBE), and LD. NUMBER (0033951). Below the table, it reads: LONG TERM CARE LICENSE, ICDD 016, UNRESTRICTED 016 TOTAL BEDS.

BUSINESS ADDRESS
LICENSEE

FRANCES HOUSE, INC
STOUFFER TERRACE
910 SOUTH FIFTH STREET
OREGON IL 61061

EFFECTIVE DATE: 07/01/09

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

## 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.

As this project is not a new start-up, this Applicant has a proven history that it has improved the accessibility to health care for the Stephenson County Planning Area population. The Applicant, completed construction and opened in January 2006 and subsequently reached and maintained the State's optimal utilization rate of 90% (89.9% specifically) at the end of the second full year of operation. The ultimate expansion that will result should the project be approved will only alleviate the State's identified need for 46 additional nursing beds but, more importantly, the experienced need for additional and unrestricted nursing care beds.

2. Define the planning area or market area, or other, per the applicant's definition.

The Planning Area is the Stephenson County Planning Area within HSA I. The Applicant's campus 2009 patient origin data shows 265 total admissions with 251 residents (95%) originating from within Stephenson County. 167 of these admissions (63%) originated from within the City of Freeport itself.

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.]

The Applicant has experienced a need for additional nursing beds and the need for those beds appears to be encumbered by the CCRC variance. Manor Court of Freeport has maintained its optimal occupancy rate that equates to 90% in 2008 and 92.5% in 2009. The Facility has maintained a list of historical referrals that had to be turned away primarily due to the CCRC variance restrictions. Finally, the campus has also maintained a current wait list for residents seeking to live within the campus setting.

4. Cite the sources of the information provided as documentation.

Appended as ATTACHMENT-11A, is the Manor Court of Freeport IDPH 2008 facility profile. Appended as ATTACHMENT-11B, is the Applicant's patient origin data. Appended as ATTACHMENT-11C, is the campus's patient days by month and by level of care. Appended as ATTACHMENT-11D, is a listing of historical referrals turned away as a result of the CCRC variance. Appended as ATTACHMENT-11E, is the current campus waiting list. Appended as ATTACHMENT-11F, is a copy of the Stephenson County Planning Area Inventory of Health Care and Services and Need Determinations, Long-Term Care Services. Finally, appended as ATTACHMENT-11G, is a summary of the Illinois Department of Commerce and Economic Opportunity's demographic profile for Stephenson and surrounding Counties as well as the Illinois profile.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

The removal of the variance and the small addition of new nursing beds will address the issue of accessibility by allowing persons not already residents of the campus community to receive the nursing care services. It will also not discriminate against married couples or family members who need different levels of care and both desire to be at Manor Court of Freeport. An open admission policy would allow for increased flexibility in providing care to all general geriatric residents. The area's population growth in the planning area further substantiates the bed need as identified by the Planning Board. The 30-minute drive time (where 95% of admissions originate) is for all practical purposes the Stephenson County Planning Area and shows a double digit increase in population in those age cohorts of 65 and over through 2025. This is well beyond the State's current inventory data projecting through 2015.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

This project's goal is to serve and provide general long-term care services to the general geriatric population of the Stephenson County Planning Area since there is an outstanding need for 46 additional nursing care beds. This goal will be measured by Applicant's ability to maintain the optimal utilization upon the second full year of operation.

ATTACHMENT-11

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT FREEPORT

MANOR COURT OF FREEPORT  
 2170 WEST NAVAJAO DRIVE  
 FREEPORT, IL 61032  
 Facility ID 6016133  
 Reference Numbers Planning Service Area 177  
 Health Service Area 001 Planning Service Area 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	PAYMENT SOURCE					AVERAGE DAILY PAYMENT RATES	
	Medicaid	Other Public	Private Insurance	Private Pay	Charity	SINGLE	DOUBLE
Nursing Care	8	5	0	0	28	180	155
Skilled Under 22	0	0	0	0	0	0	0
Intermediate DD	0	0	0	0	0	0	0
Skilled Care	0	0	0	0	0	0	0
Sheltered Care	0	0	0	33	0	0	100
TOTALS	8	5	0	33	28	180	155

RESIDENTS BY RACE/ETHNICITY GROUPINGS

RACE	RESIDENTS BY RACE/ETHNICITY GROUPINGS					EMPLOYMENT CATEGORY	FULL-TIME EQUIVALENT
	Nursing	Skilled Under 22	ICF/DD	Shelter	Totals		
Asian	0	0	0	0	0	Administrators	1.00
Amex. Indian	0	0	0	0	0	Physicians	0.00
Black	0	0	0	0	0	Director of Nursing	1.00
Hawaiian/Pac. Isl.	0	0	0	0	0	Registered Nurses	2.00
White	41	0	0	33	74	LPNs	7.00
Race Unknown	0	0	0	0	0	Certified Aides	39.00
Total	41	0	0	33	74	Other Health Staff	5.00
						Non-Health Staff	29.00
						Totals	84.00

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity
25.7%	4.2%	0.0%	1.0%	69.1%	0.0%
1,214,339	199,282	0	45,415	3,263,759	0
TOTALS				4,722,795	

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT FREEPORT

MANOR COURT OF FREEPORT  
 2170 WEST NAVAJAO DRIVE  
 FREEPORT, IL 61032  
 Facility ID 6016133  
 Reference Numbers Planning Service Area 177  
 Health Service Area 001 Planning Service Area 177

RESIDENTS BY PRIMARY DIAGNOSIS

DIAGNOSIS	Count
Neoplasms	0
Chronic Alcoholism	4
Endocrine/Metabolic	4
Blood Disorders	0
Drug Addiction	0
Nervous System Non Alcoholism	29
Alzheimer Disease	0
Mental Illness	4
Developmental Disability	0
Circulatory System	8
Respiratory System	9
Digestive System	0
Gastrointestinal System Disorders	1
Skin Disorders	0
Musculo-skeletal Disorders	7
Injuries and Poisonings	5
Other Medical Conditions	1
Non-Medical Conditions	0
TOTALS	74

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	NURSING CARE		SKL UNDER 22		INTERMED. DD		SHELTERED		TOTAL	GRAND TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female		
Under 18	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0	0
45 to 59	0	0	0	0	0	0	0	0	0	0
60 to 74	0	0	0	0	0	0	1	1	2	2
75 to 84	4	6	0	0	2	10	6	16	22	22
85+	10	21	0	0	2	17	12	38	50	50
TOTALS	14	27	0	0	2	27	19	55	74	74

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Admissions		Discharges	
	1/1/2008	12/31/2008	1/1/2008	12/31/2008
Nursing Care	161	150	161	150
Skilled Under 22	0	0	0	0
Intermediate DD	0	0	0	0
Skilled Care	0	0	0	0
Sheltered Care	0	0	0	0
TOTALS	161	150	161	150

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

LEVEL OF CARE	LICENSED BEDS		BEDS IN USE		MEDICARE/MEDICAID CERTIFIED BEDS	
	Set Up	Peak	Set Up	Peak	Certified	Certified
Nursing Care	45	45	45	41	45	15
Skilled Under 22	0	0	0	0	0	0
Intermediate DD	0	0	0	0	0	0
Skilled Care	33	33	33	33	0	0
Sheltered Care	78	78	78	74	45	15
TOTALS	156	156	156	149	90	30

BY LEVEL OF CARE PROVIDED AND PAYOR PAYMENT SOURCE

LEVEL OF CARE	MEDICARE				MEDICAID				PRIVATE PAY				CHARITY CARE			
	Medicare	Other Public	Private Insurance	Private Pay	Medicaid	Other Public	Private Insurance	Private Pay	Medicaid	Other Public	Private Insurance	Private Pay	Charity	Charity Care		
Nursing Care	3087	18.7%	1777	32.4%	0	0.0%	0	0.0%	31	9.8%	0	0.0%	14791	85.8%		
Skilled Under 22	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
Intermediate DD	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
Skilled Care	3087	18.7%	1777	32.4%	0	0.0%	0	0.0%	31	9.8%	0	0.0%	14791	85.8%		
TOTALS	3087	18.7%	1777	32.4%	0	0.0%	0	0.0%	31	9.8%	0	0.0%	14791	85.8%		

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	NURSING CARE		SKL UNDER 22		INTERMED. DD		SHELTERED		TOTAL	GRAND TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female		
Under 18	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0	0
45 to 59	0	0	0	0	0	0	0	0	0	0
60 to 74	0	0	0	0	0	0	1	1	2	2
75 to 84	4	6	0	0	2	10	6	16	22	22
85+	10	21	0	0	2	17	12	38	50	50
TOTALS	14	27	0	0	2	27	19	55	74	74

ATTACHMENT-11A



Liberty Village  
Patient Origin Study  
of all Admissions

LOC	Initials	Zip	Date	Community
Independent	GW	61013	08/28/09	Cedarville
Independent	JL	61030	10/01/09	Forreston
Independent	NW	61032	04/15/09	Freeport
Independent	EP	61032	04/24/09	Freeport
Independent	EG	61032	07/01/09	Freeport
Independent	MA	61032	08/15/09	Freeport
Independent	TG	61032	09/05/09	Freeport
Independent	LS	61032	09/11/09	Freeport
Independent	DM	61032	10/15/09	Freeport
Independent	MC	61032	12/01/09	Freeport
Independent	NS	61044	04/01/09	Kent
Independent	OA	68776	11/07/09	Out of State
Independent	DP	61085	01/12/09	Stockton
Special Care	LH	61032	03/10/09	Freeport
Special Care	AR	61032	07/15/09	Freeport
Special Care	MM	61032	09/26/09	Freeport
Special Care	BW	61032	10/23/09	Freeport
Special Care	NS	61032	12/07/09	Freeport
Special Care	MS	61111	08/07/09	Loves Park
Special Care	LL	53566	10/23/09	Out of State
Special Care	CD	61063	05/28/09	Pecatonica
Assisted	RM	61013	03/30/09	Cedarville
Assisted	MM	61013	04/09/09	Cedarville
Assisted	MV	61030	03/20/09	Forreston
Assisted	PR	61030	04/21/09	Forreston
Assisted	JM	61032	01/05/09	Freeport
Assisted	RK	61032	01/07/09	Freeport
Assisted	FL	61032	01/13/09	Freeport
Assisted	AN	61032	02/05/09	Freeport
Assisted	VB	61032	02/14/09	Freeport
Assisted	AP	61032	03/09/09	Freeport
Assisted	VK	61032	03/10/09	Freeport
Assisted	LP	61032	03/21/09	Freeport
Assisted	MA	61032	03/24/09	Freeport
Assisted	JS	61032	04/02/09	Freeport
Assisted	LW	61032	04/02/09	Freeport
Assisted	CM	61032	04/22/09	Freeport
Assisted	EW	61032	05/19/09	Freeport
Assisted	EN	61032	12/18/09	Freeport
Assisted	KH	61032	12/20/09	Freeport
Assisted	JO	61032	12/26/09	Freeport
Assisted	JO	61046	01/07/09	Lanark
Assisted	SH	61050	01/08/09	McConnell
Assisted	T5	61063	01/30/09	Pecatonica
Assisted	RJ	61070	01/20/09	Rock City
Assisted	WW	61078	02/21/09	Shannon
Assisted	JS	61078	05/04/09	Shannon
Supportive	KP	61021	12/31/09	Dixon
Supportive	DL	61032	03/04/09	Freeport
Supportive	RV	61032	03/20/09	Freeport
Supportive	EE	61032	04/03/09	Freeport
Supportive	AL	61032	05/08/09	Freeport
Supportive	VY	61032	06/11/09	Freeport

LOC	Initials	Zip	Date	Community
Assisted	AW	61013	12/01/09	Cedarville
Assisted	LM	61019	05/22/09	Davis
Assisted	RA	61030	05/28/09	Forreston
Assisted	AW	61030	07/16/09	Forreston
Assisted	BW	61030	07/21/09	Forreston
Assisted	JW	61032	05/21/09	Freeport
Assisted	JW	61032	06/26/09	Freeport
Assisted	MF	61032	07/10/09	Freeport
Assisted	EP	61032	07/17/09	Freeport
Assisted	B5	61032	07/29/09	Freeport
Assisted	EH	61032	08/01/09	Freeport
Assisted	VR	61032	08/13/09	Freeport
Assisted	NM	61032	08/20/09	Freeport
Assisted	AD	61032	08/22/09	Freeport
Assisted	ET	61032	08/24/09	Freeport
Assisted	HH	61032	08/26/09	Freeport
Assisted	SA	61032	09/11/09	Freeport
Assisted	PA	61032	09/15/09	Freeport
Assisted	DS	61032	09/17/09	Freeport
Assisted	MP	61032	09/28/09	Freeport
Assisted	MM	61032	10/02/09	Freeport
Assisted	BW	61032	10/02/09	Freeport
Assisted	EH	61032	10/09/09	Freeport
Assisted	MC	61032	10/10/09	Freeport
Assisted	MS	61032	11/10/09	Freeport
Assisted	CN	61032	11/11/09	Freeport
Assisted	RM	61032	11/24/09	Freeport
Assisted	JS	61032	11/27/09	Freeport
Assisted	ES	61032	12/08/09	Freeport
Assisted	AH	61032	12/09/09	Freeport
Assisted	MB	61032	12/12/09	Freeport
Assisted	ZW	61032	12/16/09	Freeport
Assisted	PB	61046	07/07/09	Lanark
Assisted	PB	61046	09/04/09	Lanark
Assisted	HS	61046	10/23/09	Lanark
Assisted	DL	61048	12/13/09	Lena
Assisted	MB	61060	05/22/09	Orangeville
Assisted	BS	49525	08/06/09	Out of State
Assisted	LL	53566	09/18/09	Out of State
Assisted	AG	33763	10/30/09	Out of State
Assisted	RA	61062	10/08/09	Pearl City
Assisted	RT	61062	12/02/09	Pearl City
Assisted	AM	61063	11/22/09	Pecatonica
Assisted	JS	61075	09/14/09	Scales Mound
Assisted	SI	61078	10/13/09	Shannon
Assisted	MT	61089	10/10/09	Winslow
Skilled	RM	61013	03/31/09	Cedarville
Skilled	MM	61013	04/11/09	Cedarville
Skilled	AW	61013	11/03/09	Cedarville
Skilled	EC	61014	02/21/09	Chadwick
Skilled	AT	61018	02/23/09	Dakota
Skilled	ViB	61018	05/23/09	Dakota
Skilled	WR	61018	10/16/09	Dakota
Skilled	VB	61018	11/12/09	Dakota
Skilled	LM	61019	05/23/09	Davis
Skilled	MV	61030	04/07/09	Forreston

Liberty Village  
Patient Origin Study  
of all Admissions

Supportive	EG	61032	04/12/09	Freeport
Supportive	MF	61032	07/20/09	Freeport
Supportive	IO	61032	07/19/09	Freeport
Supportive	ND	61032	08/13/09	Freeport
Supportive	MD	61032	08/27/09	Freeport
Supportive	DS	61032	09/03/09	Freeport
Supportive	MS	61032	09/03/09	Freeport
Supportive	EH	61032	10/12/09	Freeport
Supportive	MP	61032	10/17/09	Freeport
Supportive	RB	61032	10/17/09	Freeport
Supportive	MS	61048	10/19/09	Freeport
Supportive	SH	61050	10/20/09	Freeport
Supportive	WF	61060	03/04/09	Freeport
Supportive	CD	61063	04/23/09	Freeport
Supportive	LM	61078	10/19/09	Freeport
Supportive	VS	61085	03/04/09	Freeport

Skilled	ES	60004	07/08/09	Arlington Heights
Skilled	AT	61018	09/14/09	Dakota
Skilled	AW	61030	07/17/09	Forreston
Skilled	BW	61030	07/22/09	Forreston
Skilled	LG	61032	01/02/09	Freeport
Skilled	FD	61032	01/05/09	Freeport
Skilled	JM	61032	01/06/09	Freeport
Skilled	EH	61032	01/06/09	Freeport
Skilled	RK	61032	01/08/09	Freeport
Skilled	FL	61032	01/14/09	Freeport
Skilled	VB	61032	01/20/09	Freeport
Skilled	MS	61032	01/24/09	Freeport
Skilled	EH	61032	01/25/09	Freeport
Skilled	AN	61032	02/06/09	Freeport
Skilled	KL	61032	02/11/09	Freeport
Skilled	NM	61032	06/20/09	Freeport
Skilled	NW	61032	06/22/09	Freeport
Skilled	JW	61032	06/27/09	Freeport
Skilled	AL	61032	07/01/09	Freeport
Skilled	NM	61032	07/07/09	Freeport
Skilled	DR	61032	07/08/09	Freeport
Skilled	BL	61032	07/08/09	Freeport
Skilled	MF	61032	07/11/09	Freeport
Skilled	MF	61032	07/27/09	Freeport
Skilled	ND	61032	07/28/09	Freeport
Skilled	DT	61032	07/29/09	Freeport
Skilled	BS	61032	07/30/09	Freeport
Skilled	RK	61032	08/03/09	Freeport
Skilled	AJ	61032	08/08/09	Freeport
Skilled	NP	61032	08/08/09	Freeport
Skilled	ET	61032	08/10/09	Freeport
Skilled	VR	61032	08/14/09	Freeport
Skilled	RH	61032	08/19/09	Freeport
Skilled	ET	61032	08/25/09	Freeport
Skilled	HH	61032	08/27/09	Freeport
Skilled	MA	61032	09/03/09	Freeport
Skilled	RJ	61032	09/03/09	Freeport
Skilled	V8	61032	09/08/09	Freeport
Skilled	MM	61032	09/11/09	Freeport
Skilled	MS	61032	09/11/09	Freeport

Skilled	PR	61030	04/22/09	Forreston
Skilled	RA	61030	05/29/09	Forreston
Skilled	MV	61030	06/19/09	Forreston
Skilled	GH	61032	02/18/09	Freeport
Skilled	PS	61032	02/23/09	Freeport
Skilled	LW	61032	03/05/09	Freeport
Skilled	BW	61032	03/05/09	Freeport
Skilled	AP	61032	03/10/09	Freeport
Skilled	VK	61032	03/11/09	Freeport
Skilled	DJ	61032	03/12/09	Freeport
Skilled	MM	61032	03/12/09	Freeport
Skilled	LP	61032	03/22/09	Freeport
Skilled	RH	61032	03/24/09	Freeport
Skilled	MA	61032	03/25/09	Freeport
Skilled	DS	61032	03/26/09	Freeport
Skilled	LW	61032	04/03/09	Freeport
Skilled	JS	61032	04/03/09	Freeport
Skilled	DJ	61032	04/04/09	Freeport
Skilled	MW	61032	04/18/09	Freeport
Skilled	BC	61032	04/20/09	Freeport
Skilled	EB	61032	04/23/09	Freeport
Skilled	CM	61032	04/23/09	Freeport
Skilled	BL	61032	05/11/09	Freeport
Skilled	EW	61032	05/20/09	Freeport
Skilled	DR	61032	05/21/09	Freeport
Skilled	JW	61032	05/22/09	Freeport
Skilled	DL	61032	05/27/09	Freeport
Skilled	EP	61032	05/28/09	Freeport
Skilled	HH	61032	06/02/09	Freeport
Skilled	FR	61032	06/12/09	Freeport
Skilled	VB	61032	06/13/09	Freeport
Skilled	MD	61032	10/07/09	Freeport
Skilled	EH	61032	10/10/09	Freeport
Skilled	MB	61032	10/14/09	Freeport
Skilled	VB	61032	10/26/09	Freeport
Skilled	KW	61032	11/11/09	Freeport
Skilled	CN	61032	11/12/09	Freeport
Skilled	ND	61032	11/13/09	Freeport
Skilled	MS	61032	11/20/09	Freeport
Skilled	RM	61032	11/25/09	Freeport
Skilled	DR	61032	11/25/09	Freeport
Skilled	JS	61032	11/28/09	Freeport
Skilled	EL	61032	12/04/09	Freeport
Skilled	ES	61032	12/09/09	Freeport
Skilled	AH	61032	12/10/09	Freeport
Skilled	AC	61032	12/14/09	Freeport
Skilled	ZW	61032	12/17/09	Freeport
Skilled	EN	61032	12/19/09	Freeport
Skilled	KH	61032	12/21/09	Freeport
Skilled	RH	61032	12/23/09	Freeport
Skilled	MS	61032	12/24/09	Freeport
Skilled	MS	61032	12/28/09	Freeport
Skilled	VK	61032	12/30/09	Freeport
Skilled	GH	62034	03/10/09	Glen Carbon
Skilled	NS	61044	10/26/09	Kent
Skilled	HS	61046	04/08/09	Lanark
Skilled	PB	61046	10/21/09	Lanark

Liberty Village  
Patient Origin Study  
of all Admissions

Skilled	SA	61032	09/12/09	Freeport
Skilled	PA	61032	09/16/09	Freeport
Skilled	VB	61032	09/18/09	Freeport
Skilled	AL	61032	09/22/09	Freeport
Skilled	CE	61032	09/23/09	Freeport
Skilled	MP	61032	09/29/09	Freeport
Skilled	ES	61032	10/01/09	Freeport
Skilled	BW	61032	10/03/09	Freeport
Skilled	MM	61032	10/03/09	Freeport
Skilled	DR	61032	10/03/09	Freeport
Skilled	MB	61039	09/05/09	German Valley
Skilled	JO	61046	01/08/09	Lanark
Skilled	P8	61046	07/08/09	Lanark
Skilled	SH	61050	01/09/09	McConnell
Skilled	RM	61060	02/12/09	Orangeville
Skilled	EM	61060	02/15/09	Orangeville
Skilled	RB	61060	02/17/09	Orangeville
Skilled	LM	61350	01/28/09	Ottawa
Skilled	LL	53566	02/19/09	Out of State
Skilled	RT	61062	02/26/09	Pearl City
Skilled	TS	61063	01/19/09	Pearl City
Skilled	RJ	61070	02/23/09	Pearl City
Skilled	J5	61078	02/23/09	Pearl City
Skilled	JS	61078	02/24/09	Pearl City
Skilled	V5	61085	02/24/09	Pearl City

Skilled	HS	61046	10/24/09	Lanark
Skilled	DL	61048	12/14/09	Lena
Skilled	SH	61050	10/14/09	McConnell
Skilled	JK	61051	05/27/09	Milledgeville
Skilled	EM	61060	05/28/09	Orangeville
Skilled	FN	33982	11/23/09	Out of State
Skilled	MB	61062	02/26/09	Pearl City
Skilled	RA	61062	10/09/09	Pearl City
Skilled	EE	61062	10/16/09	Pearl City
Skilled	RT	61062	12/03/09	Pearl City
Skilled	AM	61063	11/23/09	Pecatonica
Skilled	ML	61101	03/13/09	Rockford
Skilled	JW	61078	02/22/09	Shannon
Skilled	JS	61078	03/20/09	Shannon
Skilled	SI	61078	10/14/09	Shannon
Skilled	MW	61078	10/17/09	Shannon
Skilled	MD	61085	10/24/09	Stockton
Skilled	MT	61089	10/11/09	Winslow

Total res. : res. from Freeport

13 Independent	8
8 Special Care	5
72 Assisted	43
22 Supportive	15
<u>150 Skilled</u>	<u>96</u>
265 Total	167
	63%

Total res. : res. from Co.

13 Independent	12
8 Special Care	6
72 Assisted	68
22 Supportive	22
<u>150 Skilled</u>	<u>143</u>
265 Total	251

95%

Liberty Village of Freeport  
2009 Utilization by LOC

	Capacity							Total
	69 Estates	37 HI	29 HC	28 GC	45 MC	208 Total		
2009								
Jan	2097	1147	837	868	1323	6272		
Feb	1891	1003	772	768	1171	5605		
Mar	2018	1072	843	850	1299	6082		
Apr	1958	1078	774	817	1315	5942		
May	2046	1135	810	837	1212	6040		
June	1980	1078	806	810	1229	5903		
July	2077	1068	756	820	1315	6036		
Aug	2007	988	733	818	1284	5830		
Sept	1943	989	672	809	1148	5561		
Oct	2066	958	701	846	1306	5877		
Nov	1989	951	626	816	1289	5671		
Dec	2017	943	653	834	1297	5744		
<b>Total</b>	<b>24089</b>	<b>12410</b>	<b>8983</b>	<b>9893</b>	<b>15188</b>	<b>70563</b>	<b>95.6%</b>	<b>92.9%</b>

Estates = independent retirement center  
 HI = Hawthorne Inn = Supportive Living license  
 HC = Hawthorne Court = Assisted Living (24 beds assisted and 5 beds shelter license)  
 GC = Garden Court = Alzheimer/Dementia = shelter license  
 MC = Manor Court = skilled license

	Daily Average					Total
	Estates	HI	HC	GC	MC	
	67.6	37.0	27.0	28.0	42.7	202.3
	67.5	35.8	27.6	27.4	41.8	200.2
	65.1	34.6	27.2	27.4	41.9	196.2
	65.3	35.9	25.8	27.2	43.8	198.1
	66.0	36.6	26.1	27.0	39.1	194.8
	66.0	35.9	26.9	27.0	41.0	196.8
	67.0	34.5	24.4	26.5	42.4	194.7
	64.7	31.9	23.6	26.4	41.4	188.1
	64.8	33.0	22.4	27.0	38.3	185.4
	66.6	30.9	22.6	27.3	42.1	189.6
	66.3	31.7	20.9	27.2	43.0	189.0
	65.1	30.4	21.1	26.9	41.8	185.3
<b>Total</b>	<b>66.0</b>	<b>34.0</b>	<b>24.6</b>	<b>27.1</b>	<b>41.6</b>	<b>193.3</b>
	<b>95.6%</b>	<b>91.9%</b>	<b>84.9%</b>	<b>96.8%</b>	<b>92.5%</b>	<b>92.9%</b>

Referrals turned away

Initials	Reason	Date
AM	Can not take IV from community	06/13/08
CT	Can not take IV from community	06/13/08
EC	Can not take IV from community	02/19/09
HA	Can not take IV from community	08/23/06
JJ	Can not take IV from community	01/02/06
PL	Can not take IV from community	06/24/08
RK	Can not take IV from community	11/11/08
DS	Can not take tube feeders from community	04/02/08
EE	Can not take tube feeders from community	12/24/07
JM	Can not take tube feeders from community	04/09/07
RZ	Can not take tube feeders from community	10/14/08
JL	Can not take wound vac from community	11/04/09
RA	Can not take wound vac from community	06/18/08
SG	Could not care for MI needs from community	02/20/09
JB	Could not take tube feeder from community - sent to Freeport Rehab	
AD	Did not want to pay Application fee	04/16/07
BB	Did not want to pay Application fee	08/16/07
DK	Did not want to pay Application fee	01/11/08
JB	Did not want to pay Application fee	12/13/07
PC	Did not want to pay Application fee - went to Freeport Rehab	12/31/08
KM	Did not want to pay application fee - Went to Good sam	10/15/07
GL	Did not want to pay Application fee - Went to Provena	07/28/06
AL	Needs Skilled Alzheimers	08/13/06
BH	Needs Skilled Alzheimers	05/02/08
DM	Needs Skilled Alzheimers	01/15/08
HM	Needs Skilled Alzheimers	09/12/06
JM	Needs Skilled Alzheimers	11/11/06
KA	Needs Skilled Alzheimers	06/30/09
Lm	Needs Skilled Alzheimers	03/09/09
VF	Needs Skilled Alzheimers	05/30/09
DK	Needs skilled Alzhiemers	02/13/09
EM	Needs skilled Alzhiemers - Sent to stephenson	05/14/08
MA	Needs skilled Alzhiemers - Sent to stephenson	02/26/09
VB	Needs skilled Alzhiemers - Sent to stephenson	
AM	No Beds Available	01/15/08
AH	No Beds Available	07/05/07
BC	No Beds Available	02/20/08
CK	No Beds Available	03/13/09
CB	No Beds Available	07/01/08
DH	No Beds Available	03/13/09
DH	No Beds Available	04/07/08
DD	No Beds Available	06/15/09
HS	No Beds Available	02/06/08

Referrals turned away

Initials	Reason	Date
JL	No Beds Available	06/10/09
JM	No Beds Available	10/15/08
KB	No Beds Available	04/08/08
KH	No Beds Available	07/08/08
LS	No Beds Available	01/18/08
LB	No Beds Available	10/08/08
MJ	No Beds Available	01/17/08
MB	No Beds Available	01/14/08
MB	No Beds Available	04/30/09
MM	No Beds Available	01/29/08
MH	No Beds Available	03/16/09
RM	No Beds Available	08/09/07
RA	No Beds Available	06/17/08
RM	No Beds Available	08/16/07
RS	No Beds Available	03/26/09
SN	No Beds Available	01/11/08
TI	No Beds Available	07/24/07
TH	No Beds Available	09/26/07
TS	No Beds Available	01/26/09
VD	No Beds Available	07/13/09
MG	No Beds - refused to go to Freeport Rehab	08/04/08
BT	No Beds - sent to Freeport Rehab	02/13/08
BW	No Beds - sent to Freeport Rehab	02/11/08
DC	No Beds - sent to Freeport Rehab	11/19/08
DK	No Beds - sent to Freeport Rehab	03/28/09
GH	No Beds - sent to Freeport Rehab	03/19/09
HT	No Beds - sent to Freeport Rehab	05/23/08
JC	No Beds - sent to Freeport Rehab	04/07/09
LW	No Beds - sent to Freeport Rehab	03/16/09
LL	No Beds - sent to Freeport Rehab	02/11/08
MH	No Beds - sent to Freeport Rehab	02/19/08
MH	No Beds - sent to Freeport Rehab	10/21/08
RK	No Beds - sent to Freeport Rehab	04/23/09
RV	No Beds - sent to Freeport Rehab	09/18/08
RC	No Beds - sent to Freeport Rehab	02/11/08
DN	No Beds - sent to Freeport Rehab	03/07/08
RJ	No Beds - Went to Good Sam	02/08/08
MA	No Isolation beds	04/22/09
MO	No Isolation beds	05/10/07
DK	No dual certified beds	12/12/08
IB	No dual certified beds	08/10/07
MK	No dual certified beds	12/29/09
MK	No dual certified beds	11/19/07

Referrals turned away

Initials	Reason	Date
MB	No dual certified beds	11/19/07
AL	No dual certified beds	07/23/08
BM	No dual certified beds	03/19/09
CA	No dual certified beds	08/06/07
CC	No dual certified beds	03/11/09
DS	No dual certified beds	05/25/07
ES	No dual certified beds	01/23/07
EC	No dual certified beds	09/08/06
EE	No dual certified beds	02/09/07
EF	No dual certified beds	01/08/08
ES	No dual certified beds	05/15/07
EP	No dual certified beds	04/30/07
EO	No dual certified beds	11/10/08
FH	No dual certified beds	08/08/07
GW	No dual certified beds	11/06/08
HF	No dual certified beds	08/14/07
HB	No dual certified beds	10/05/08
HL	No dual certified beds	01/10/08
JB	No dual certified beds	03/10/09
JD	No dual certified beds	02/24/09
JW	No dual certified beds	05/08/07
JW	No dual certified beds	01/30/07
JJ	No dual certified beds	03/09/09
KG	No dual certified beds	07/19/09
KC	No dual certified beds	01/08/09
NH	No dual certified beds	10/14/08
OE	No dual certified beds	04/05/08
PC	No dual certified beds	07/17/07
RD	No dual certified beds	06/24/08
RH	No dual certified beds	12/22/08
RE	No dual certified beds	03/18/09
RB	No dual certified beds	08/22/07
SS	No dual certified beds	02/04/09
SC	No dual certified beds	09/25/08
SW	No dual certified beds	06/28/07
SH	No dual certified beds	07/11/08
SH	No dual certified beds	05/02/08
TB	No dual certified beds	02/05/09
TG	No dual certified beds	02/06/09
VA	No dual certified beds	03/11/08
CO	No dual certified Beds - Sent to Freeport Rehab	10/25/08
DD	No dual certified Beds - Sent to Freeport Rehab	02/11/09
IC	No dual certified Beds - Sent to Freeport Rehab	01/14/09

Referrals turned away

Initials	Reason	Date
JW	No dual certified Beds - Sent to Freeport Rehab	02/10/09
MS	No dual certified Beds - Sent to Freeport Rehab	
MB	No dual certified Beds - Sent to Freeport Rehab	02/21/09
NR	No dual certified Beds - Sent to Freeport Rehab	02/10/09
PL	No dual certified Beds - Sent to Freeport Rehab	10/01/08
SG	No dual certified Beds - Sent to Freeport Rehab	02/19/09
EF	No private room open - Hospice	12/30/08
DS	No dual certified beds	11/14/06
JR	No dual certified beds	11/14/06
DS	Wanted private hospice room	11/15/06
GE	Can not take tube feeders from community	11/28/06
CR	No dual certified beds	10/03/06
RW	Can not take tube feeders from community	10/23/06
CM	Can not take tube feeders from community	10/25/06
RM	Can not take tube feeders from community	09/09/06
RW	Had MRSA would not take in swing	09/25/06
NM	Needed Medicaid hospice	09/27/06
NM	Can not take tube feeders from community	08/28/06
RK	Can not take tube feeders from community	07/05/06
AS	No Medicaid Beds	07/31/06
EH	No Medicaid Beds	06/02/06
MW	Can not take tube feeders from community	05/31/06
KM	Did not want to do swing room	05/16/06
HK	Can not take tube feeders from community	05/16/06
JP	Can not take wound vac from community	03/17/06



Waiting List

Building	Name	Last Contact Date
Estates	DB	03/24/09
Estates	JA	09/03/09
Estates	GC	09/03/09
AL	GL	09/09/09
Garden Court	MM	07/13/09
AL	MP	09/09/09
AL	GS	09/09/09
Estates	MS	10/19/09
Estates	RS	03/24/09
Estates	ST	09/03/09
AL	CW	08/27/09
Estates	AW	03/24/09
Garden Court	FM	07/07/09
Estates	TS	09/15/09
Estates	BB	09/15/09
Hawthorne	JK	09/22/09
Estates	MC	09/17/09
SLF	TC	09/22/09
Estates	GM	09/14/09
Assisted	JO	08/05/09
Manor Court	BR	08/12/09
GC	DL	08/12/09
Skilled	M	10/27/09
SLF	LM	10/27/09
Estates	NS	04/01/09
Estates	HK	08/31/09
Estates	LS	09/11/09
Estates	DM	10/15/09
Estates	BB	10/26/09
SLF	ED	10/29/09

Most wait list is for levels other than Skilled, since admissions to skilled are more due to medical necessity rather than resident choice

INVENTORY OF HEALTH CARE FACILITIES AND SERVICES AND NEED DETERMINATIONS  
General Long-Term Care Nursing Care and Sheltered Care Categories of Service

Facility Name	City	County/Area	General Nursing Care		Sheltered Care	
			Beds	2005 Patient Days	Beds	2005 Patient Days
FREEPORT MEMORIAL HOSPITAL SKILLED NURSING	FREEPORT	Stephenson County	43	2,533	0	0
FREEPORT REHAB & HLTH CARE CTR	FREEPORT	Stephenson County	143	38,765	0	0
LENA LIVING CENTER	LENA	Stephenson County	92	28,896	0	0
MANOR COURT OF FREEPORT	FREEPORT	Stephenson County	45		33	
12/16/2005 03-063		Completed project and licensed facility with 45 nursing beds and 38 sheltered care beds.				
12/16/2006 Name Change		Name changed from "Hawthorne Manor of Freeport".				
12/16/2006 Bed Change		Discontinued 5 sheltered care beds; facility now has 45 nursing and 33 sheltered care beds.				
PARKVIEW HOME	FREEPORT	Stephenson County	28	6,720	44	9,514
PROVENA ST. JOSEPH CENTER	FREEPORT	Stephenson County	120	42,705	0	0
STEPHENSON NURSING CENTER	FREEPORT	Stephenson County	162	48,710	0	0
<b>Planning Area Totals</b>			<b>638</b>	<b>178,329</b>	<b>77</b>	<b>9,514</b>

AGE GROUPS	2005 PSA Estimated Populations	2005 HSA Patient Days (Per 1,000)	2005 HSA Estimated Population	2005 HSA Use Rates (Per 1,000)	2005 HSA Minimum Use Rates	2005 HSA Maximum Use Rates	2005 PSA Estimated Populations	2005 HSA Minimum Use Rates	2005 HSA Maximum Use Rates	2005 PSA Patient Days (Per 1,000)	2005 HSA Minimum Use Rates	2005 HSA Maximum Use Rates	2005 PSA Projected Populations	2005 PSA Planned Patient Days	2005 PSA Average Daily Census	2005 PSA Planned Bed Need (90% Occ.)
0-64 Years Old	39,800	173.7	579,700	373.8	224.3	598.0	39,800	224.3	598.0	6,915	224.3	598.0	38,000	8,522	19,278	662
65-74 Years Old	3,700	3,934.3	44,100	3,901.1	2,340.7	6,241.8	4,300	3,934.3	6,241.8	14,557	3,934.3	6,241.8	4,900	189,688	595.9	662
75+ Years Old	4,300	36,478.4	45,200	30,452.1	18,271.3	48,723.4	4,300	36,478.4	48,723.4	156,857	36,478.4	48,723.4	5,200	217,487	595.9	662
<b>Planning Area Totals</b>													<b>217,487</b>	<b>595.9</b>	<b>662</b>	

Board discontinued 5 nursing care beds, total nursing care beds, 4122109

Illinois Department of Commerce and Economic Opportunity  
Demographic Profile  
(Health Service Area 1 and Illinois)

State/County	Age Group	2005	2010	2015	2005-2015	2010-2015	2020	2015-2020	2025	2020-2025	2030	2025-2030
Illinois	All	12,875,035	13,279,091	13,748,695	0.07	0.04	14,316,487	0.04	14,784,968	0.03	15,138,849	0.02
	0-64	11,324,754	11,621,062	11,899,006	0.05	0.02	12,115,026	0.02	12,217,471	0.01	12,255,379	0.00
	65-74	765,754	853,480	1,049,686	0.37	0.23	1,264,716	0.20	1,442,375	0.14	1,530,307	0.06
	75+	784,527	804,549	840,003	0.07	0.04	936,745	0.12	1,125,122	0.20	1,353,163	0.20
	85+	230,002	269,950	298,054	0.30	0.10	314,336	0.05	342,525	0.09	402,311	0.17
Stephenson	All	48,152	47,812	48,136	0.00	0.01	49,268	0.02	50,553	0.03	51,737	0.02
	0-64	39,762	38,764	38,047	-0.04	-0.02	37,743	-0.01	37,999	-0.01	37,371	0.00
	65-74	3,800	4,212	4,880	0.28	0.16	5,642	0.16	6,306	0.12	6,374	0.01
	75+	4,590	4,836	5,209	0.13	0.08	5,883	0.13	6,848	0.16	7,992	0.17
	85+	1,503	1,909	2,237	0.49	0.17	2,468	0.10	2,806	0.14	3,278	0.17
Carroll	All	16,477	16,368	16,610	0.01	0.01	17,003	0.02	17,384	0.02	17,729	0.02
	0-64	13,230	12,953	12,878	-0.03	-0.01	12,827	0.00	12,713	-0.01	12,636	-0.01
	65-74	1,546	1,609	1,875	0.21	0.17	2,144	0.14	2,372	0.11	2,433	0.03
	75+	1,701	1,806	1,857	0.09	0.03	2,032	0.09	2,299	0.13	2,660	0.16
	85+	570	699	796	0.40	0.14	883	0.11	927	0.05	1,064	0.15
Jo Daviess	All	23,906	25,472	26,721	0.12	0.05	27,932	0.05	28,943	0.04	29,574	0.02
	0-64	19,473	20,428	20,913	0.07	0.02	21,304	0.02	21,420	0.01	21,432	0.00
	65-74	2,317	2,784	3,292	0.42	0.18	3,681	0.12	4,015	0.09	4,115	0.02
	75+	2,116	2,260	2,516	0.19	0.11	2,947	0.17	3,508	0.19	4,027	0.15
	85+	598	725	826	0.38	0.14	885	0.07	1,038	0.17	1,259	0.21
Ogle	All	52,880	54,704	56,627	0.07	0.04	59,230	0.05	62,016	0.05	63,765	0.03
	0-64	45,517	46,471	47,183	0.04	0.02	48,090	0.02	48,756	0.01	48,873	0.00
	65-74	3,700	4,363	5,236	0.42	0.20	6,265	0.20	7,457	0.19	7,941	0.06
	75+	3,663	3,870	4,208	0.15	0.09	4,875	0.16	5,803	0.19	6,951	0.20
	85+	1,042	1,222	1,389	0.33	0.14	1,496	0.08	1,704	0.14	2,054	0.21
Winnebago	All	292,714	307,349	320,683	0.10	0.04	337,049	0.05	352,965	0.05	359,900	0.02
	0-64	255,567	266,578	273,757	0.07	0.03	282,293	0.03	289,940	0.03	290,297	0.00
	65-74	18,118	21,105	26,425	0.46	0.25	31,456	0.19	34,711	0.10	35,891	0.03
	75+	19,029	19,666	20,501	0.08	0.04	23,300	0.14	28,314	0.22	33,712	0.19
	85+	5,475	6,720	7,450	0.36	0.11	7,757	0.04	8,465	0.09	10,031	0.18
S-County Area	All	434,129	451,705	468,777	0.08	0.04	490,482	0.05	511,861	0.04	522,705	0.02
	0-64	373,549	385,194	392,778	0.05	0.02	402,257	0.02	410,228	0.02	410,609	0.00
	65-74	29,481	34,073	41,708	0.41	0.22	49,188	0.18	54,861	0.12	56,754	0.03
	75+	31,099	32,438	34,291	0.10	0.06	39,037	0.14	46,772	0.20	55,342	0.18
	85+	9,188	11,275	12,698	0.38	0.13	13,489	0.06	14,941	0.11	17,686	0.18

Source: [http://www.illinoisbiz.biz/dceo/Bureaus/Facts\\_Figures/Population\\_Projections/](http://www.illinoisbiz.biz/dceo/Bureaus/Facts_Figures/Population_Projections/)  
January 12, 2010.

Illinois Department of Commerce and Economic Opportunity  
 Demographic Profile  
 (Health Service Area 1 and Illinois)

State/County	Age Group	2010	2015	2005-2015	2010-2015	2020	2015-2020	2025	2020-2025
Stephenson	All	47,812	48,136	0.00	1%	49,268	2%	50,553	3%
	0-64	38,764	38,047	-0.04	-2%	37,743	-1%	37,399	-1%
	65-74	4,212	4,880	0.28	16%	5,642	16%	6,306	12%
	75+	4,836	5,209	0.13	8%	5,883	13%	6,848	16%
	85+	1,909	2,237	0.49	17%	2,468	10%	2,806	14%

Source: [http://www.illinoisbiz.biz/dceo/Bureaus/Facts/Figures/Population\\_Projections/](http://www.illinoisbiz.biz/dceo/Bureaus/Facts/Figures/Population_Projections/) (1.1.10)

## ALTERNATIVES

- 1) Document ALL of the alternatives to the proposed project:

Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.

The proposed project as being presented has limited alternatives available due to the nature of the project itself. Since the facility is already operating their nursing care unit and are proposing to have their admission restriction lifted, the alternatives appear to be narrow in scope by either **maintaining the status quo, to remove the CCRC restriction and not increase nursing capacity and the project as being offered.**

### MAINTAINING THE STATUS QUO

#### Cost

There is not a capital cost associated with this alternative as it does not entail the addition or construction of additional capacity. Comparatively, the project as being proposed also has no capital cost associated with it.

#### Patient Access

The very nature of a variance, such as the Continuum of Care Retirement Community variance, is to limit patient access. At the time of approval before the State Board, February 18, 2004, the Inventory in-place at the time was the 2002 Edition. It showed that the area was over bedded by only 9 beds. (Appended as **ATTACHMENT-12A**, is a copy of the Inventory of Health Care Facilities and Services and Need Determinations, Volume II, 2002 Edition.) This edition of the inventory of Health Care Facilities and Services and Need Determination utilized a base year population for Calendar Year 2000. However, the 5-year projection for which to make estimates of the

bed need also utilized Calendar Year 2000 demographics. Even so, the Inventory showed an excess of only 9 beds. The 2005 edition of the Inventory (appended as **ATTACHMENT-12B**) was released utilizing 2002 population figures and projected year 2007 demographics. This calculated an excess of only 7 nursing beds. The current Inventory Update (2008 Edition appended as **ATTACHMENT-12C**) documents a need for 46 additional beds. This bed need is a result of two direct inputs into the need calculation. The first input has been recently revised. The State's only forward looking indicator of need the five year population projection was expanded to a ten year projection. At the time of the writing of this application it is Calendar Year 2010 and as such the bed need projection is only through 2015 or only five years out. The second input is the historical use rates. In this edition of the Inventory Calendar Year 2005 facility data and utilization were incorporated to derive an area (specifically for this project, a Stephenson County Planning Area) use rate. In 2005, the Planning Area facilities reported an 83% utilization rate. Please refer to the Illinois Department of Public Health's 2005 Stephenson County Planning Area Profile appended as **ATTACHMENT-12D**. The State's optimal utilization rate is 90%; therefore, the 2005 use rate reflected use rates under the optimal rate and those lower than optimal use rates were projected forward. Thus, the State's Inventory of Health Care Facilities and Services and Need Determinations is reasonable and as such, this alternative does not create the additional patient access to nursing care that is documented by the State as needed.

### Quality

Although there are only seven nursing care facilities within the thirty minute travel time, the issue as presented here is about accessibility and not quality. The Applicant states and continues to offer its commitment to the highest quality in care and in physical plant environment but this alternative restricts the accessibility of the market area to only those residents already within the Liberty Village of Freeport campus setting. The Subject facility has access limitations that affect the accessibility and ultimately the level of care that is provided by the Applicant. Specifically, the restrictive admission policy (CCRC variance) of the nursing unit, but more importantly, the small size of the nursing unit have the combined result of the Applicant not having the economies-of-scale that a typical nursing home has to provide care for higher acuity residents, such as intravenous therapy 24-hours a day. Financial Benefits

There is no capital cost associated with this alternative; furthermore, there are no financial benefits either. This is an alternative to "do nothing" or to continue the operations as they currently are provided. As there is no capital cost associated with the project as being proposed, there are also no financial benefits either. The proposed project does not increase overall licensed capacity (licensed nursing beds, sheltered care beds and assisted living units) it only shuffles the level of care of these existing beds. Thus, this project is about increasing accessibility rather than being more financially beneficial.

### **REMOVAL OF CCRC VARIANCE WITHOUT AN INCREASE IN NURSING BED CAPACITY**

### Cost

This alternative does not have a capital cost associated with it as the beds are in-place and the discontinuation and reestablishment of the nursing unit only constitutes a "paper" transaction.

### Patient Access

This alternative would improve accessibility, but only on a limited basis. The primary purpose of the proposed nursing unit is for the seamless transition and care of the campus residents whose medical needs outweigh their social and programmatic needs. This alternative would create accessibility for those emergency transfers and for couples entering the campus from the community at large where one is in need of nursing care and the other is not. What this alternative does not address is the State's identified need for additional beds. The situation is further exasperated by the number of nursing beds that are not set-up and staffed as indicated in the IDPH Planning Area Summary profile for Stephenson County (the 2008 Planning Area profile is appended as **ATTACHMENT-12F**). Specifically, at least 57 beds in the Planning Area are not usable. This number appears low as the area facilities, not including the Applicants, are all older than 20 years. Specifically, according to the Illinois Department of Healthcare and Family Services annual facility cost reports, Lena Living Center (92 beds), Stephenson Nursing Center (162 beds), and Freeport Rehab & Health Care Center (143 beds) were built in 1971. According to a brochure as provided from Parkview Home (28 beds), this facility was constructed in 1926. Because of the change of ownership throughout the years, the records available for Provena St. Joseph Center only date as far back as 1988. So much has changed over the past five years that given the respective ages of



the building, marketability and desirability of area nursing beds on a whole, is questionable. The change in the industry is a cultural change. Today's elderly desire more accommodations and above all to maintain independence to the highest extent possible. This can best be handled in a CCRC environment and not a freestanding nursing home. Furthermore, the numbers of nursing beds that are actually available, coupled with the demographic profile of the County, appear to substantiate that many beds do not appear to be available. As shown in **ATTACHMENT-11G**, and in the Department's need calculation appended as **ATTACHMENT-11F**, the elderly population is growing tremendously, 22.2% from 2005 through 2015, even though the total overall population is stagnant. Therefore, the low utilization of overall beds corroborates the issue that existing nursing beds appear to be institutional and not homelike. Thus, many of the beds are undesirable and unmarketable. Without licensing additional nursing care beds coupled with the issues of existing nursing beds not available for resident use, affects patient access to nursing care.

#### Quality

This alternative has no positive bearing on quality for nursing homes as it does not address the need for nursing care. Rather, this alternative is similar to the "do nothing" alternative in that it encourages obsolescence of the existing providers by not increasing competition. Healthy competition encourages providers to improve their facility's physical plant conditions. Therefore, in terms of quality, this alternative is not a viable option.

### Financial Benefits

There is no capital cost or benefits associated with this alternative. This is an alternative to essentially "do nothing" other than removing the CCRC variance which would improve accessibility for area residents. This project is about increasing accessibility rather than being more financially beneficial. While this alternative does improve accessibility, it does little to address the outstanding need for additional nursing care beds.

### **THE PROJECT AS BEING PROPOSED**

#### Cost

The advantage of this project is the Applicant has the ability to address the State's outstanding need for additional nursing care beds with no associated cost. This campus was originally developed in phases. In 2000 the campus was developed with independent living apartments and duplex homes. Assisted living units were added in 2002. In February 2004, the State approved the expansion of the campus with a nursing unit that was restricted to admissions from only within its campus. The Applicant reached and has maintained its optimal utilization rate of 90% for its nursing unit but has found that it also denies admissions to many residents in need of nursing care services (see **ATTACHMENT-11D**). Subsequent to the completion of the original project, the Applicant received approval from the Illinois Department of Healthcare and Family Services to construct a Supportive Living Facility (SLF) thus resulting in a duplication of services within its own campus of Sheltered Care, Assisted Living, and Supportive Living. To address the outstanding need for additional beds allows the

Applicant to convert (through licensure only) 45 of the sheltered care (21) and assisted living beds (24) into nursing.

Patient Access

The long-term care industry has evolved dramatically over the past five years in Stephenson County. In 2006, the area's first new nursing facility in over 20 years was opened. In November of 2007, the area's first SLF was opened. Both are now full and as such they appear to be absorbed by the market. Between Calendar Years 2007 and 2008, the average length of stay has been decreasing but the patient days and resulting area

occupancies have been increasing. Refer to the Chart appended herein

Table 1

Year	Planning Area	# of Licensed Nursing Beds	Nursing Patient Days	Nursing Occupancy	Set-up Beds	Set-up Occupancy	ALOS
2007	Stephenson	633	163,887	70.90%	593	75.70%	173
2008	Stephenson	633	165,277	71.30%	576	78.40%	154

Source: Illinois Department of Public Health, Illinois Long-Term Care Planning  
Area Data Summary - 2007 & 2008

(Table 1). While there appears to be available nursing beds based upon licensed capacity, it should be known that at least 57 area nursing care beds are not even set-up. A chart of all area facilities (as available) size and date of establishment is appended as **ATTACHMENT-12H**. This data shows that with the exception of the Manor Court of Freeport, the average age of the facilities equates to over 30 years of age (30.5) and an average size of under 400 square feet per bed (377gsf/bed). These issues all have a role that affects patient access. The licensed capacity in Stephenson County is not reflective of effective capacity or actual capacity. Therefore, the outstanding need for additional nursing beds would appear to be underestimated and the need for additional patient access is more vital.

### Quality

The issue that this alternative presents is one of accessibility for Stephenson County residents in need of nursing care and not one of quality. This alternative provides potential residents with a choice. Currently, residents can only access the nursing unit if they are already residents of the campus. Couples or family members where one person is in need of nursing level of care and the other requires a lesser level of care cannot utilize the services of the campus and stay together.

Where this alternative does have input on quality is through addressing the State's outstanding need for additional nursing bed capacity. Having an outstanding need that is not provided for forces those in need for nursing care into unlicensed settings where in turn additional services must be sought. While keeping a person at home for as long as possible is noble, it does not always prove to be the best care for an individual. The obvious quality indicator is that there is no oversight and instilled protection for those people as background checks on unlicensed care givers is not mandatory. Equally as important is that someone at home does not necessarily get the programmatic benefits of a community such as socialization. What is unique about this particular applicant is that they have developed a homelike community that becomes the residents' home. These residents can age-in-place at their individual rate without the worry of what comes next. This environment, unlike a traditional nursing home, allows for individual dignity. What better indicator of quality.

### Financial Benefits

As there are not any cost to the project and no capital investment, there is no change in financial status for the Applicant that will result from this project. Furthermore, it is impossible to estimate the financial benefits to the residents of

Stephenson County who do not have to seek nursing care services from out of County or out of State facilities or from unlicensed providers. Even more important than the financial benefits would be the peace of mind that having expanded modern nursing services in the County would bring.

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

The alternative of the "Project as Proposed" is based on the identified bed need and the overwhelming growth of the projected senior population. Therefore, this alternative is not based solely or in part on improved quality of care. However, there are indicators of quality such as physical plant environments being current and state-of-the-art. The evidence of this is two-fold; first, the average size of each facility on a per bed basis and the second is the average age of the facilities. These issues are indicators or evidence of a more traditional institutional physical plant design and layout that minimizes square footage and amenities.

The proposed project is proposing more private beds over and above the Department's minimum standards that only require three percent of the beds to be private. Each of the Applicant's resident rooms will have its own bathroom. This is also contrary to the minimum standards as it allows two rooms to share a bathroom. The Applicant has multiple autonomous neighborhoods. These amenities require square footage that is not typical in facilities even five years old. The average age of the facilities is 30.5 years and this is conservative given that many of the facilities utilized the calendar year 1988 since that is as far back as records indicated utilization. The average size of the existing providers equates to 377 square feet per bed for those who reported square footage to the Illinois Department of Healthcare and Family Services on

the facilities' cost reports. It should be noted that these numbers do not include within the average the Manor Court of Freeport facility. The Applicant is proposing 45,906 gross square feet or 510 gross square feet per bed on a 90-bed home. This is efficient square footage as compared to the proposed standard for long term care that is up to 715 square feet per bed the Applicant has the square footage as compared to the existing facilities to create a more homelike environment for its residents. Thus, the proposed service will provide a higher quality of life which allows for greater flexibility, individuality, and privacy that can also contribute to the quality of care. Furthermore, this nursing unit is part of a campus setting. There are ancillary areas throughout the campus that can be used by residents or more realistically by their respective family members and loved ones. By having more than a nursing level of care also allows the Applicant to place long-term care residents in a truly appropriate level of care. This minimizes the amount of nursing care, thus reducing costs and increasing overall quality.

It should be noted that this item in no way denies the quality of care of the existing providers but rather only questions the quality of life of residents in the more traditional environments.

FACILITY NAME Hospital Licensed	CITY (County)	NURSING CARE		SHELTERED CARE	
		BEDS	2000 PATIENT DAYS	BEDS	2000 PATIENT DAYS
FREEMONT MEMORIAL HOSPITAL/SNU Long-Term Care Licensed ③ HAWTHORNE MANOR OF FREEPORT (STEPHENSON) ④ FREEPORT MANOR NURSING CENTER ④ PARKVIEW HOME	FREEPORT (STEPHENSON) FREEPORT (STEPHENSON) FREEPORT (STEPHENSON) FREEPORT (STEPHENSON) LENA (STEPHENSON)	43 45 143 120 162 92 <del>580</del> 623	12,023 39,296 5,887 42,408 58,329 31,469 189,412	45-1=44	12,512
<b>PLANNING AREA TOTALS</b>					
1 Bed Change 11/06/00 Discontinued 2 nursing care beds, total now 162 nursing care beds.					
2 Name Change 01/01/02 Name changed from Lena Continental Manor.					

AGE GROUPS	PLANNING AREA POPULATION	MINIMUM USE RATES	AREA USE RATES	MAXIMUM USE RATES	PLANNED USE RATES	PLANNED PATIENT DAYS	TOTAL BEDS NEEDED	EXISTING BEDS	BEDS NEEDED (BED EXCESS)
0-64 Years	40.9	207	240	552	240			633	(56)
65-74 Years	3.9	2,729	4,556	7,277	4,556			586	(-9)
75 Years +	4.1	21,985	39,467	58,626	39,467	189,413	577		

- ③ P-05-063 Permit issued to construct a 45 bed nsg. care facility. 2/18/04
- ④ Added 2 nsg. care beds, total now 28 nsg. care beds & 45 s.o. beds. 2/22/05
- ④ AMENDED BEDC#A06E for 2-23-05 should have had 1 s.o. bed, total now 28 nsg. care beds & 44 s.o. beds.
- ③ Facility licensed on 12-16-2005.

INVENTORY OF HEALTH CARE FACILITIES AND SERVICES AND NEED DETERMINATIONS  
General Long-Term Care Nursing Care and Sheltered Care Categories of Service

Planning Area: Stephenson

Facility Name	City	County/Area	General Nursing Care		Sheltered Care	
			2002 Patient Beds	2002 Patient Days	2002 Patient Beds	2002 Patient Days
FREEPORT MEMORIAL HOSPITAL SKILLED NURSIN	FREEPORT	Stephenson County	43	12,290	0	0
FREEPORT REHAB & HLTH CARE CTR	FREEPORT	Stephenson County	143	34,660	0	0
Formerly "Freeport Manor Nursing Center".						
HAWTHORNE MANOR OF FREEPORT	FREEPORT	Stephenson County	45			
2/18/2004 03-063		Permit issued to construct a 45 bed nursing care facility along E 38 shelter care independent living units & 79 retirement homes, disc. 5 s.c. beds on 12/15/06				
12/16/2005 03-063		Completed project and licensed 45 bed nursing care facility.				
2100 LENA NURSING HOME LIVING CENTER	LENA	Stephenson County	92	30,747	0	0
PARKVIEW HOME	FREEPORT	Stephenson County	28	6,529	44	11,155
2/23/2005 Bed Change		Added two nursing care beds, total now 28 nursing care beds and 45 sheltered care beds.				
10/1/2005 Amended		Bed change on 2-23-05 should have discontinued 1 sheltered care bed. Sheltered care bed total now 44.				
PROVENA ST. JOSEPH CENTER	FREEPORT	Stephenson County	120	40,937	0	0
STEPHENSON NURSING CENTER	FREEPORT	Stephenson County	162	56,591	0	0
			<b>Planning Area Total</b>	<b>181,754</b>	<b>78</b>	<b>11,155</b>

Health Service Area: 001	AGE GROUPS	2002 HSA		2002 HSA		2002 HSA		2002 HSA		2007 PSA	2007 PSA	2007 PSA	2007 PSA	
		Population	Use Rates	Population	Use Rates	Population	Use Rates	Population	Use Rates					
0-64 Years Old	40,200	203,567	568,300	214.9	573.1	358.2	214.9	39,400	10,083	3,810.4	3,810.4	15,241	15,241	
65-74 Years Old	3,700	176,646	43,100	2,459.1	6,557.6	4,098.5	2,459.1	4,000	15,241	38,382.4	38,382.4	180,397	180,397	
75-84 Years Old	4,100	1,471,802	43,200	20,441.7	54,511.2	34,069.5	20,441.7	4,700	180,397	563.6	563.6	626	626	
<b>2002 PSA</b>	<b>2002 PSA</b>	<b>2002 PSA</b>	<b>2002 HSA</b>	<b>2002 HSA</b>	<b>2002 HSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	<b>2007 PSA</b>	
10,288	40,200	203,567	568,300	214.9	573.1	255.9	214.9	39,400	10,083	3,810.4	3,810.4	15,241	15,241	
14,098	3,700	176,646	43,100	2,459.1	6,557.6	4,098.5	2,459.1	4,000	15,241	38,382.4	38,382.4	180,397	180,397	
157,368	4,100	1,471,802	43,200	20,441.7	54,511.2	34,069.5	20,441.7	4,700	180,397	563.6	563.6	626	626	
<b>Planning Area Totals</b>											<b>205,722</b>	<b>205,722</b>	<b>626</b>	<b>( 7 )</b>



LONG-TERM CARE FACILITY UPDATES

03/19/2008 - 02/16/2010

PLANNING AREA	ACTION	EFFECTIVE DATE	FACILITY	DESCRIPTION
<b>CHANGES TO GENERAL LONG-TERM CARE</b>				
<b>Health Service Area 001</b>				
Boone	Name Change	10/10/2008	HOME BRIDGE CENTER, BELVIDERE	Name changed from Biltmore Rehab and Nursing Ctr.
Carroll	Closure	04/09/2008	VILLAS OF SHANNON, SHANNON	Board deemed facility discontinued as of April 9, 2008. 73 nursing care beds removed from inventory as of that date.
Jo Daviess	P-07-086	12/06/2007	GALENA STAUSS NURSING HOME, GALENA	Facility licensed 12-6-2007.
	Name Change	12/06/2007	GALENA STAUSS NURSING HOME, GALENA	Name changed from Galena-Stauss Hospital.
Lee	Bed Change	12/18/2007	HERITAGE SQUARE, DIXON	Added two nursing care beds, total now 27 nursing care beds and 49 sheltered care beds.
	Name Change	03/01/2008	DIXON HEALTHCARE & REHAB CTR, DIXON	Name changed from Lee County Nursing & Rehab Ctr.
	Name Change	05/01/2008	DIXON HEALTHCARE & REHAB CTR, DIXON	Name changed from Rock River Rehab & Health CC.
Ogle	Name Change	05/14/2008	ROCHELLE REHAB & HEALTH CR, ROCHELLE	Name changed from Rochelle Rehab & Hlth Care Ctr.
	Name Change	06/10/2008	NEIGHBORS REHABILITATION CTR, BYRON	Name changed from Neighbors Nursing & Care CTR.
Stephenson	Bed Change	04/22/2009	FREEPORT MEMORIAL HOSPITAL/SNU, FREEPORT	Board discontinued 17 nursing care beds, total now 26 nursing care beds.
Whiteside	Name Change	03/21/2006	COVENTRY LIVING CENTER, STERLING	Name changed from Coventry Village.
	CHOW	04/01/2009	PLEASANT VIEW REHAB & HCC, MORRISON	Change of ownership occurred.
	Name Change	04/01/2009	PLEASANT VIEW REHAB & HCC, MORRISON	Name changed from Pleasant View Home.
	CHOW	08/01/2009	COVENTRY LIVING CENTER, STERLING	Change of ownership occurred.
Winnebago	Name Change	12/01/2007	ROSEWOOD CARE CENTER OF ROCKFORD, ROCKFORD	Name changed from Rosewood Care Center-Rockford.
	Name Change	12/12/2007	ROCKFORD NURSING & REHAB CTR., ROCKFORD	Name changed from Springwood Nursing & Rehab.
	Name Change	04/01/2008	ROCKFORD NURSING & REHAB CTR., ROCKFORD	Name changed from North Main Nursing & Rehab Ctr.
	Bed Change	05/05/2009	P.A. PETERSON CENTER FOR HLTH, ROCKFORD	Added two nursing care beds and discontinued three sheltered care beds, total now 129 nursing care beds and 29 sheltered care beds.
	Bed Change	05/27/2009	FAIRHAVEN CHRISTIAN RET CENTER, ROCKFORD	Discontinued eight sheltered care beds, total now 96 nursing care beds and 127 sheltered care beds.
	Name Change	05/29/2009	ROCKFORD NURSING & REHAB CTR., ROCKFORD	Name changed from Rockford Healthcare & Rehab Ctr.
	CHOW	05/29/2009	ROCKFORD NURSING & REHAB CTR., ROCKFORD	Change of ownership occurred.
<b>Health Service Area 002</b>				
Bureau/Putnam	Name Change	04/03/2008	COLONIAL HILL CARE CENTER, PRINCETON	Name changed from Colonial Hill Rehab & Nsg Ctr.
	P-08-018	08/12/2008	ST. MARGARET'S HOSPITAL, SPRING VALLEY	Permit issued to construct a replacement hospital, will discontinue their 33 bed nursing care unit.
	P-08-018	09/08/2009	ST. MARGARET'S HOSPITAL, SPRING VALLEY	Permit to construct a replacement hospital discontinuing their 33 bed nursing care unit abandoned.
	Bed Change	10/14/2009	ST. MARGARET'S HOSPITAL, SPRING VALLEY	Discontinued four nursing care beds, total now 29 nursing care beds.
Fulton	Bed Change	10/26/2007	HEARTLAND OF CANTON, CANTON	Added eight nursing care beds and discontinued 16 sheltered care beds, total now 90 nursing care beds and zero sheltered care beds.
	Name Change	12/20/2007	HEARTLAND OF CANTON, CANTON	Name changed from Heartland Healthcare Center.
	Bed Change	04/01/2009	ASTORIA GARDEN & REHAB. CTR., ASTORIA	Discontinued ten nursing care beds, total now 57 nursing care beds.
Henderson/Warren	Name Change	04/12/2007	OSF HOLY FAMILY MEDICAL CENTER, MONMOUTH	Name changed from Community Med. Ctr. of Western Illinois.
	P-09-049	12/01/2009	OSF HOLY FAMILY MEDICAL CENTER, MONMOUTH	Permit issued to discontinue the 45 bed nursing care unit. Project will be completed 12-31-2009.
Knox	Name Change	12/20/2007	HEARTLAND OF GALESBURG, GALESBURG	Name changed from Heartland Healthcare Center.
	Name Change	05/01/2008	ROSEWOOD CARE CTR GALESBURG, GALESBURG	Name changed from Rosewood Care Ctr-Galesburg.
LaSalle	Name Change	03/14/2008	RIVERSHORES CARE CENTER, MARSEILLES	Name changed from River Shores Rehab & Nsg Ctr.

LONG-TERM CARE BED INVENTORY UPDATES

03/19/2008 - 02/16/2010

LONG-TERM CARE GENERAL NURSING BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
<b>HEALTH SERVICE AREA 001</b>			
Boone	310	279	31
Carroll	204	170	34
DeKalb	694	742	( 48)
Jo Daviess	217	155	62
Lee	310	342	( 32)
Ogle	573	553	20
Stephenson	662	616	46
Whiteside	717	822	( 105)
Winnebago	2,332	2,338	( 6)
<b>HEALTH SERVICE AREA 002</b>			
Bureau/Putnam	413	469	( 56)
Fulton	532	718	( 186)
Henderson/Warren	259	217	42
Knox	816	965	( 149)
LaSalle	1,329	1,400	( 71)
McDonough	388	376	12
Marshall/Stark	373	427	( 54)
Peoria	1,698	1,822	( 124)
Tazewell	1,621	1,293	328
Woodford	672	597	75
<b>HEALTH SERVICE AREA 003</b>			
Adams	1,338	1,511	( 173)
Brown/Schuyler	184	215	( 31)
Calhoun/Pike	265	337	( 72)
Cass	207	221	( 14)
Christian	412	472	( 60)
Greene	159	119	40
Hancock	196	241	( 45)
Jersey	387	359	28
Logan	494	468	26
Macoupin	683	744	( 61)
Mason	135	164	( 29)
Menard	202	192	10
Montgomery	563	624	( 61)
Morgan/Scott	608	654	( 46)
Sangamon	1,395	1,254	141
<b>HEALTH SERVICE AREA 004</b>			
Champaign	1,003	1,025	( 22)
Clark	296	255	41
Coles/Cumberland	724	954	( 230)
DeWitt	187	190	( 3)
Douglas	233	233	0
Edgar	282	299	( 17)
Ford	247	427	( 180)
Iroquois	477	564	( 87)
Livingston	500	541	( 41)
McLean	1,277	1,112	165
Macon	1,307	1,292	15
Moultrie	309	369	( 60)
Piatt	160	160	0
Shelby	252	265	( 13)
Vermilion	680	757	( 77)
<b>HEALTH SERVICE AREA 005</b>			
Alexander/Pulaski	116	83	33
Bond	179	198	( 19)
Clay	145	209	( 64)
Crawford	245	215	30
Edwards/Wabash	145	139	6
Effingham	404	432	( 28)
Fayette	246	340	( 94)
Franklin	430	400	30
Gallatin/Hamilton/Saline	701	667	34
Hardin/Pope	94	109	( 15)
Jackson	336	427	( 91)
Jasper	69	82	( 13)
Jefferson	399	346	53
Johnson/Massac	339	312	27
Lawrence	338	381	( 43)
Marion	837	605	232

2005 ILLINOIS DEPARTMENT OF PUBLIC HEALTH LONG-TERM CARE FACILITY PROFILES BY PRA SUMMARY

HEALTH SERVICE AREA 001  
LTC PLANNING AREA 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other	Private Pay	Charity	TOTALS
Nursing Care	60	249	2	174	3	490
SK/Und22	0	0	0	0	0	0
ICF/DD	32	0	0	0	0	32
Shelter	0	0	0	24	3	27
TOTALS	60	281	2	198	6	549

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	SK/Und22	ICF/DD	Shelter	TOTALS
Asian	0	0	0	0	0
Hispanic	0	0	0	0	0
Indian	0	0	0	0	0
Black	16	0	4	0	20
Hawaiian or Pacific Islander	0	0	0	0	0
White	474	0	28	27	529
Unknown	0	0	0	0	0
Total	490	0	32	27	549

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	180	159
Skilled Under 22	0	0
Intermediate DD	119	119
Shelter	66	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
TOTALS	24	36	87	154	2	0	2	36	134	5	395

ETHNICITY

ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
TOTALS	24	36	87	154	2	0	2	36	134	5	395

ETHNICITY

ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
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Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
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RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
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ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
TOTALS	24	36	87	154	2	0	2	36	134	5	395

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ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
TOTALS	24	36	87	154	2	0	2	36	134	5	395

ETHNICITY

ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183
85+ Over	5	21	22	68	0	0	0	22	103	3	275
TOTALS	24	36	87	154	2	0	2	36	134	5	395

ETHNICITY

ETHNICITY	Medicare	Medicaid	Other Public	Private Pay	Charity	TOTALS
Asian	0	0	0	0	0	0
Hispanic	0	0	32	27	549	0
Not Hispanic	0	0	0	0	0	0
Unknown	0	0	0	0	0	0
Total	490	0	32	27	549	0

RESIDENTS BY AGE GROUP, SEX AND PAYMENT SOURCE, DECEMBER 31, 2005

AGE GROUPS	Medicare		Medicaid		Other Public		Private Pay		Charity		TOTALS
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Under 18	0	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	14	8	0	0	0	0	0	0	22
45 to 59	0	0	8	9	0	0	0	0	0	0	17
60 to 64	0	0	2	8	0	0	0	0	0	0	11
65 to 74	9	11	18	1	0	0	0	0	0	0	41
75 to 84	10	14	30	83	1	0	0	13	30	2	183

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEPORT REHAB & HLTH CARE CTR FREEPORT

FREEPORT REHAB & HLTH CARE CTR  
 900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61032  
 Reference Numbers Facility ID 0003339  
 Health Services Area 001 Planning Services Area 177

LEVEL OF CARE	RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE				AVERAGE DAILY PAYMENT RATES	
	Medicare	Medicaid	Other Public Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	7	51	0	4	17	79
Skilled Under Z2	0	0	0	0	0	0
ICF/DD	0	0	0	0	0	0
Sheltered Care	0	0	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>	<b>17</b>	<b>79</b>

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Ashen	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hawaiian/Pac. Isl.	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
656,944	1,824,007	0	122,807	1,410,807	0
<b>TOTALS</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEPORT REHAB & HLTH CARE CTR FREEPORT

FREEPORT REHAB & HLTH CARE CTR  
 900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61032  
 Reference Numbers Facility ID 0003339  
 Health Services Area 001 Planning Services Area 177

LEVEL OF CARE	RESIDENTS BY PRIMARY DIAGNOSIS			
	Medicare	Medicaid	Other Public Insurance	Private Pay
Nursing Care	7	51	0	4
Skilled Under Z2	0	0	0	0
ICF/DD	0	0	0	0
Sheltered Care	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Ashen	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hawaiian/Pac. Isl.	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
656,944	1,824,007	0	122,807	1,410,807	0
<b>TOTALS</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEPORT REHAB & HLTH CARE CTR FREEPORT

FREEPORT REHAB & HLTH CARE CTR  
 900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61032  
 Reference Numbers Facility ID 0003339  
 Health Services Area 001 Planning Services Area 177

LEVEL OF CARE	RESIDENTS BY PRIMARY DIAGNOSIS			
	Medicare	Medicaid	Other Public Insurance	Private Pay
Nursing Care	7	51	0	4
Skilled Under Z2	0	0	0	0
ICF/DD	0	0	0	0
Sheltered Care	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Ashen	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hawaiian/Pac. Isl.	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
656,944	1,824,007	0	122,807	1,410,807	0
<b>TOTALS</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEPORT REHAB & HLTH CARE CTR FREEPORT

FREEPORT REHAB & HLTH CARE CTR  
 900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61032  
 Reference Numbers Facility ID 0003339  
 Health Services Area 001 Planning Services Area 177

LEVEL OF CARE	RESIDENTS BY PRIMARY DIAGNOSIS			
	Medicare	Medicaid	Other Public Insurance	Private Pay
Nursing Care	7	51	0	4
Skilled Under Z2	0	0	0	0
ICF/DD	0	0	0	0
Sheltered Care	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Ashen	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hawaiian/Pac. Isl.	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
656,944	1,824,007	0	122,807	1,410,807	0
<b>TOTALS</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEPORT REHAB & HLTH CARE CTR FREEPORT

FREEPORT REHAB & HLTH CARE CTR  
 900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61032  
 Reference Numbers Facility ID 0003339  
 Health Services Area 001 Planning Services Area 177

LEVEL OF CARE	RESIDENTS BY PRIMARY DIAGNOSIS			
	Medicare	Medicaid	Other Public Insurance	Private Pay
Nursing Care	7	51	0	4
Skilled Under Z2	0	0	0	0
ICF/DD	0	0	0	0
Sheltered Care	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Ashen	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hawaiian/Pac. Isl.	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled Z2	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
656,944	1,824,007	0	122,807	1,410,807	0
<b>TOTALS</b>	<b>100.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>

ATTACHMENT-12E

HEALTH SERVICE AREA

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicaid	Medicare	Other Public	Private Pay	Charity Care	TOTALS
Nursing Care	58	227	0	158	3	458
Skilled Under 22	0	0	0	0	0	0
Intermediate DD	32	0	0	0	0	32
Sheltered Care	0	0	0	52	0	52
<b>TOTALS</b>	<b>58</b>	<b>227</b>	<b>0</b>	<b>210</b>	<b>3</b>	<b>542</b>

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	184	174
Skilled Under 22	0	0
Intermediate DD	0	125
Shelter	35	100

RESIDENTS BY RACE/ETHNICITY GROUPING

RACE	Nursing	Skilled Under 22	Intermediate DD	Shelter	TOTALS
Asian	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	20	0	4	0	24
Hawaiian/Pac. Isl.	0	0	0	0	0
White	437	0	28	52	517
Race Unknown	1	0	0	0	1
<b>Total</b>	<b>458</b>	<b>0</b>	<b>32</b>	<b>52</b>	<b>542</b>

ETHNICITY

ETHNICITY	Nursing	Skilled Under 22	Intermediate DD	Shelter	TOTALS
Hispanic	1	0	0	0	1
Non-Hispanic	457	0	32	52	541
Ethnicity Unknown	0	0	0	0	0
<b>Total</b>	<b>458</b>	<b>0</b>	<b>32</b>	<b>52</b>	<b>542</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Expense as % of Total Net Revenue
16.3%	34.0%	1.0%	7.8%	41.0%	0.6%	
4,570,921	9,449,894	276,248	2,184,730	11,395,721	159,850	
						100.0%
						27,806,413

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Admissions	Discharges
Nursing Care	525	525
Skilled Under 22	1,051	1,051
Intermediate DD	542	542
Sheltered Care	542	542
<b>TOTALS</b>	<b>542</b>	<b>542</b>

HEALTH SERVICE AREA

RESIDENTS BY PRIMARY DIAGNOSIS

DIAGNOSIS	7	6	3	8	1	2	5	0	35	33	41	18	11	20	45	28	27	0	542
Neoplasms	14																		
Endocrine/Metabolic	19																		
Blood Disorders	5																		
Nervous System Non Alzheimer	34																		
Alzheimer Disease	69																		
Mental Illness	35																		
Developmental Disability	33																		
Non-Analytical	0																		
Circulatory System	131																		
Respiratory System	41																		
Genitourinary System	18																		
Digestive System	11																		
Cardiovascular System Disorders	20																		
Skin Disorders	20																		
Musculo-skeletal Disorders	45																		
Injuries and Poisonings	28																		
Other Medical Conditions	27																		
Non-Medical Conditions	0																		
<b>TOTALS</b>	<b>542</b>																		

HEALTH SERVICE AREA

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	Nursing Care		Skilled Under 22		Intermediate DD		Sheltered		TOTAL	GRAND TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female		
Under 18	0	0	0	0	0	0	0	0	0	0
18 to 44	0	1	0	0	13	8	0	0	13	9
45 to 59	7	6	0	0	2	4	0	0	9	10
60 to 64	5	6	0	0	1	1	0	0	6	7
65 to 74	18	28	0	0	3	1	0	0	18	32
75 to 84	44	46	0	0	0	0	3	13	47	80
85+	54	203	0	0	0	0	3	31	57	234
<b>TOTALS</b>	<b>128</b>	<b>330</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>7</b>	<b>45</b>	<b>151</b>	<b>381</b>

HEALTH SERVICE AREA

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	Nursing Care		Skilled Under 22		Intermediate DD		Sheltered		TOTAL	GRAND TOTAL
	Male	Female	Male	Female	Male	Female	Male	Female		
Under 18	0	0	0	0	0	0	0	0	0	0
18 to 44	0	1	0	0	13	8	0	0	13	9
45 to 59	7	6	0	0	2	4	0	0	9	10
60 to 64	5	6	0	0	1	1	0	0	6	7
65 to 74	18	28	0	0	3	1	0	0	18	32
75 to 84	44	46	0	0	0	0	3	13	47	80
85+	54	203	0	0	0	0	3	31	57	234
<b>TOTALS</b>	<b>128</b>	<b>330</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>7</b>	<b>45</b>	<b>151</b>	<b>381</b>

HEALTH SERVICE AREA

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Admissions	Discharges
Nursing Care	525	525
Skilled Under 22	1,051	1,051
Intermediate DD	542	542
Sheltered Care	542	542
<b>TOTALS</b>	<b>542</b>	<b>542</b>

HEALTH SERVICE AREA

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Admissions	Discharges
Nursing Care	525	525
Skilled Under 22	1,051	1,051
Intermediate DD	542	542
Sheltered Care	542	542
<b>TOTALS</b>	<b>542</b>	<b>542</b>

HEALTH SERVICE AREA

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Admissions	Discharges
Nursing Care	525	525
Skilled Under 22	1,051	1,051
Intermediate DD	542	542
Sheltered Care	542	542
<b>TOTALS</b>	<b>542</b>	<b>542</b>

Facility Name & ID Number Lena Nursing Home  
XI. OWNERSHIP COSTS (continued)

1	2	3	4	5	6	7	8	9	
Bed#	FOR BHF USE ONLY	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation
4	32		1971	\$ 918,643	\$ 30,621	30	\$ 30,621	\$	\$ 137,796
5									
6									
7									
8									
9	Sign		2001	700	700	10	700		1,150
10	Window replacement		2002	5,217	548	15	348		1,718
11	Automatic doors		2003	6,018	1,204	5	1,204		3,010
12	Carpet		2003	8,186	819	10	819		2,047
13	Window replacement		2004	58,829	2,791	20	2,791		4,187
14	Medinizer		2005	6,139	256	10	256		256
15									
16	Write down of fixed assets		2005	(62,000)					
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									

See Page 12A, Line 70 for total  
SEE ACCOUNTANTS' COMPILATION REPORT

\*\*Total beds on this schedule must agree with page 2.  
\*\*Improvement type must be detailed in order for the cost report to be considered complete.

FOR BIF USE			

LL 1

**2005**  
**STATE OF ILLINOIS**  
**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**  
**FINANCIAL AND STATISTICAL REPORT FOR**  
**LONG-TERM CARE FACILITIES**  
**(FISCAL YEAR 2005)**

**IMPORTANT NOTICE**  
 THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 46/2-208. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION OR TO REPORT THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

**I. IDPH Facility ID Number:** 0045179

**Facility Name:** Lena Nursing Home

**Address:** 1010 South Logan Street, Lena, IL 61048  
 Number City Zip Code

**County:** Stephenson

**Telephone Number:** 815.369-4561 Fax # 815.369-2900

**HFS ID Number:** 36-3994636

**Date of Initial License for Current Owners:** 01/01/2001

**Type of Ownership:**

<input checked="" type="checkbox"/> VOLUNTARY, NON-PROFIT	<input type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL
<input checked="" type="checkbox"/> Charitable Corp.	<input type="checkbox"/> Individual	<input type="checkbox"/> State
<input type="checkbox"/> Trust	<input type="checkbox"/> Partnership	<input type="checkbox"/> County
<input type="checkbox"/> IRS Exemption Code 501(c)(3)	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other
	<input type="checkbox"/> "Sub-S" Corp.	
	<input type="checkbox"/> Limited Liability Co.	
	<input type="checkbox"/> Trust	
	<input type="checkbox"/> Other	

**In the event there are further questions about this report, please contact:**  
 Name: Mark A. Kuepers Telephone Number: 563.582-7224

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 01/01/2005 to 12/31/2005 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed) _____	(Date) _____
	(Type or Print Name) Michael Clark	
	(Title)	
Preparer	(Signed) _____	(Date) _____
	(Print Name) Mark A. Kuepers	
	and Title) CPA	
	(Firm Name) O'Connor, Brooks & Co., P. C.	
	& Address) P.O. Box 743 Dubuque, IA 52004-0743	
	(Telephone) 563.582-7224	Fax / 563.582-6118
MAIL TO: BUREAU OF HEALTH FINANCE		
ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES		
201 S. Grand Avenue East		
Springfield, IL 62763-0001		
Phone # (217) 782-1630		

SEE ACCOUNTANT'S COMPILATION REPORT

FOR BIP USE					

LL1

**IMPORTANT NOTICE**  
 THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 457-288. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS/MANAGEMENT CENTER.

**2008**  
**STATE OF ILLINOIS**  
**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**  
**FINANCIAL AND STATISTICAL REPORT (COST REPORT)**  
**FOR LONG-TERM CARE FACILITIES**  
**(FISCAL YEAR 2008)**

**I. IDPH License ID Number:** 0047746

**Facility Name:** Lena Living Center

**Address:** 1010 South Logan Street  
 Number City Zip Code  
 61048

**County:** Stephenson

**Telephone Number:** (815) 369-4561 **Fax # (815) 369-2900**

**HFS ID Number:** 203413517-001

**Date of Initial License for Current Owners:** 02/27/06

**Type of Ownership:**

<input type="checkbox"/> VOLUNTARY, NON-PROFIT	<input checked="" type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL
<input type="checkbox"/> Charitable Corp.	<input type="checkbox"/> Individual	<input type="checkbox"/> State
<input type="checkbox"/> Trust	<input type="checkbox"/> Partnership	<input type="checkbox"/> County
<b>IRS Exemption Code</b> _____	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Sub-S* Corp.	
	<input type="checkbox"/> Limited Liability Co.	
	<input type="checkbox"/> Trust	
	<input type="checkbox"/> Other	

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 01/01/2008 to 12/31/2008 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed)	(Type or Print Name)	(Date)
Paid Preparer	(Signed) SEE ACCOUNTANTS' COMPILATION REPORT	(Print Name and Title)	(Date)
	(Firm Name & Address)	McGladrey & Pullen, LLP	
	(Telephone)	15 S. Old State Capitol Plz. Ste. 200, Springfield, IL 62701	Fax # (217) 753-1654

MAIL TO: BUREAU OF HEALTH FINANCE  
 ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES  
 201 S. Grand Avenue East  
 Springfield, IL 62763-0001  
 Phone # (217) 782-1630

SEE ACCOUNTANTS' COMPILATION REPORT



Facility Name & ID Number Lenna Living Center  
X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 45,546 B. General Construction Type: Brick/Stucco Frame Wood Number of Stories           
 C. Does the Operating Entity?  (a) Own the Facility  (b) Rent from a Related Organization.  (c) Rent from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI or Schedule XII-A. See instructions.)  
 D. Does the Operating Entity?  (a) Own the Equipment  (h) Rent equipment from a Related Organization.  (c) Rent equipment from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XII-B. See instructions.)

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, CNA training facilities, etc.) List entity name, type of business, square footage, and number of beds/units available (where applicable).

16 apartments - cost not included on cost report


55 Does this cost report reflect any organization or pre-operating costs which are being amortized?  YES  NO  
 If so, please complete the following:  
 1. Total Amount Incurred: N/A 2. Number of Years Over Which it is Being Amortized: N/A  
 3. Current Period Amortization: N/A 4. Dates Incurred: N/A

Nature of Costs:  
(Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

A. Land.

	1	2	3	4
	Use	Square Feet	Year Acquired	Cost
1	Facility		2006	\$ 290,000
2				
3	TOTALS			\$ 290,000

SEE ACCOUNTANTS' COMPILATION REPORT

FOR BHP USE					

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**IMPORTANT NOTICE**  
 THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 45A-308. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION OR BEHIND THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

**2008**  
**STATE OF ILLINOIS**  
**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**  
**FINANCIAL AND STATISTICAL REPORT (COST REPORT)**  
**FOR LONG-TERM CARE FACILITIES**  
**(FISCAL YEAR 2008)**

<b>I. IDPH License ID Number:</b> <u>0004259</u>	
<b>Facility Name:</b> <u>Stephenson Nursing Center</u>	
<b>Address:</b> <u>2946 South Walnut Road</u>	<b>City:</b> <u>Freeport</u>
<b>County:</b> <u>Stephenson</u>	<b>Zip Code:</b> <u>61032</u>
<b>Telephone Number:</b> <u>815-235-4173</u>	<b>Fax #:</b> <u>815-235-1309</u>
<b>HFS ID Number:</b> <u>36-6006654</u>	
<b>Date of Initial License for Current Owners:</b> <u>1/1/71</u>	
<b>Type of Ownership:</b>	
<input type="checkbox"/> VOLUNTARY, NON-PROFIT <input type="checkbox"/> Charitable Corp. <input type="checkbox"/> Trust <input type="checkbox"/> IRS Exemption Code _____	<input type="checkbox"/> PROPRIETARY <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> "Sub-S" Corp. <input type="checkbox"/> Limited Liability Co. <input type="checkbox"/> Trust <input type="checkbox"/> Other _____
<input checked="" type="checkbox"/> GOVERNMENTAL <input type="checkbox"/> State <input checked="" type="checkbox"/> County <input type="checkbox"/> Other _____	

In the event there are further questions about this report, please contact:  
 Name: \_\_\_\_\_ Telephone Number: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 12/1/07 to 11/30/08 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

<b>Officer or Administrator of Provider</b>	(Signed) _____ (Type or Print Name) <u>Darnell Fortney</u> (Date) _____
<b>Paid Preparer</b>	(Signed) _____ (Print Name) <u>Gregory A. Dunham</u> and Title) <u>Shareholder</u> (Date) _____
	(Firm Name & Address) <u>Lindgren, Callihan, Van Osdol &amp; Co., Ltd.</u> <u>328 W. Stephenson St</u> (Telephone) <u>815-233-1512</u> Fax / <u>815-233-1487</u>

MAIL TO: BUREAU OF HEALTH FINANCE  
 ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES  
 201 S. Grand Avenue East  
 Springfield, IL 62763-0001  
 Phone # (217) 782-1630

SEE ACCOUNTANTS' COMPILATION REPORT

A. Square Feet: 54,954 B. General Construction Type: Exterior Block & Cement Frame Number of Stories: 1  
 C. Does the Operating Entity?  (a) Own the Facility  (b) Rent from a Related Organization.  (c) Rent from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.)  
 D. Does the Operating Entity?  (a) Own the Equipment  (b) Rent equipment from a Related Organization.  (c) Rent equipment from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.)

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, CNA training facilities, etc.)  
 List entity name, type of business, square footage, and number of beds/units available (where applicable).

F. Does this cost report reflect any organization or pre-operating costs which are being amortized?  
 If so, please complete the following:

1. Total Amount Incurred: \_\_\_\_\_ 2. Number of Years Over Which it is Being Amortized: \_\_\_\_\_  
 3. Current Period Amortization: \_\_\_\_\_ 4. Dates Incurred: \_\_\_\_\_

Nature of Costs:  
 (Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

A. Land.

	1	2	3	4
	Use	Square Feet	Year Acquired	Cost
1	Nursing Facility	392,040	1953	\$
2				\$
3	TOTALS	392,040		\$

SEE ACCOUNTANTS' COMPILATION REPORT

FOR BHF USE								

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**2008**  
**STATE OF ILLINOIS**  
**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**  
**FINANCIAL AND STATISTICAL REPORT (COST REPORT)**  
**FOR LONG-TERM CARE FACILITIES**  
**(FISCAL YEAR 2008)**

**IMPORTANT NOTICE**  
 THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 463-266. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

**I. IDPH License ID Number:** 9041871

**Facility Name:** Provena St. Joseph Center

**Address:** 659 East Jefferson Street **Freeport** 61032 **Zip Code**

**City**

**County:** Stephenson

**Telephone Number:** (815) 232-6181 **Fax #** (815) 232-6143

**HFS ID Number:** 371127787011

**Date of Initial License for Current Owners:** 07/01/96

**Type of Ownership:**

<input checked="" type="checkbox"/>	<b>X</b>	<b>VOLUNTARY, NON-PROFIT</b>	<input type="checkbox"/>	<b>PROPRIETARY</b>	<input type="checkbox"/>	<b>GOVERNMENTAL</b>
		Charitable Corp.		Individual		State
		Trust		Partnership		County
				Corporation		Other
				"Sub-S" Corp.		
		IRS Exemption Code <u>501 C3</u>		Limited Liability Co.		
				Trust		
				Other		

**In the event there are further questions about this report, please contact:**  
**Name:** Lynia Oliniski **Telephone Number:** (708) 478-7916  
**Email Address:** \_\_\_\_\_

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 01/01/08 to 12/31/08 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

<b>Officer or Administrator of Provider</b>	(Signed) _____	(Date) _____
	(Type or Print Name) <u>Michael R. Gordon</u>	
	(Title) <u>VP of Finance, CFO</u>	
<b>Preparer</b>	(Signed) _____	(Date) _____
	(Print Name and Title) _____	
	(Firm Name & Address) _____	
	(Telephone) _____	Fax # ( ) _____

**MAIL TO: BUREAU OF HEALTH FINANCE**  
**ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES**  
 201 S. Grand Avenue East  
 Springfield, IL 62763-0001 Phone # (217) 782-1630

FOR BIF USE					

LL1

**IMPORTANT NOTICE**  
 THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 470-208. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER

**2007**  
**STATE OF ILLINOIS**  
**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**  
**FINANCIAL AND STATISTICAL REPORT FOR**  
**LONG-TERM CARE FACILITIES**  
**(FISCAL YEAR 2007)**

**I. IDPH License ID Number:** 6029322

**Facility Name:** FREEMONT REHAB & HEALTH CARE CTR

**Address:** 900 SOUTH KIWANIS DRIVE FREEMONT 61032  
 Number City Zip Code

**County:** STEPHENSON

**Telephone Number:** (815) 235-6196 **Fax #** (815) 235-5365

**HFS ID Number:** 51-0271905

**Date of Initial License for Current Owners:** 01/01/85

**Type of Ownership:**

<input checked="" type="checkbox"/> <b>VOLUNTARY, NON-PROFIT</b>	<input type="checkbox"/> <b>PROPRIETARY</b>	<input type="checkbox"/> <b>GOVERNMENTAL</b>
<input checked="" type="checkbox"/> Charitable Corp.	<input type="checkbox"/> Individual	<input type="checkbox"/> State
<input type="checkbox"/> Trust	<input type="checkbox"/> Partnership	<input type="checkbox"/> County
<input type="checkbox"/> IRS Exemption Code _____	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Sub-S <sup>v</sup> Corp.	
	<input type="checkbox"/> Limited Liability Co.	
	<input type="checkbox"/> Trust	
	<input type="checkbox"/> Other _____	

**In the event there are further questions about this report, please contact:**  
 Name: Ken Marx, BKD, LLP Telephone Number: (314) 231-5544

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 7/1/2006 to 6/30/2007 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed) _____	(Date) _____
	(Type or Print Name) <u>Junier Foster, THSCLLC, Mgmt. Co</u>	
	(Title) _____	
Paid Preparer	(Signed) _____	(Date) _____
	(Print Name and Title) _____	
	(Firm Name & Address) _____	
	(Telephone) _____	Fax # ( ) _____

MAIL TO: **BUREAU OF HEALTH FINANCE**  
**ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES**  
 201 S. Grand Avenue East  
 Springfield, IL 62763-0001  
 Phone # (217) 782-1630

Facility Name & ID Number: **FREEMONT REHAB & HEALTH CARE CTR**  
**X: BUILDING AND GENERAL INFORMATION:**

A. Square Feet: 43,050 B. General Construction Type: Exterior Brick & Block Frame Number of Stories: 2

C. Does the Operating Entity?  (a) Own the Facility  (b) Rent from a Related Organization.  (c) Rent from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.)

D. Does the Operating Entity?  (a) Own the Equipment  (b) Rent equipment from a Related Organization.  (c) Rent equipment from Completely Unrelated Organization.  
 (Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.)

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, CNA training facilities, etc.)  
 List entity name, type of business, square footage, and number of beds/units available (where applicable).

F. Does this cost report reflect any organization or pre-operating costs which are being amortized?  
 If so, please complete the following:

1. Total Amount Incurred: 632,321 2. Number of Years Over Which it is Being Amortized: Various

3. Current Period Amortization: 20,721 4. Dates Incurred: Various

Nature of Costs:  
 (Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

	1	2	3	4
	Use	Square Feet	Year Acquired	Cost
1	Facility	43,050		\$
2				\$
3	TOTALS	43,050		\$

A. Land.

Facility Name & ID Number: FREEPORT REHAB & HEALTH CARE CTR  
 XI. OVERSIGHT COSTS (continued)  
 R. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

1	2	3	4	5	6	7	8	9
Bed*	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation
4	122	85	2,400,000	381,000	30	80,000		1,793,333
5		85	77,523	2,578	30	2,578		57,774
6		98	91,858	2,184	Various	2,184		30,101
7		96	54,363	1,591	Various	1,591		17,391
8			147,020	60,018	Various	60,018		510,542
9	Improvement Type*							
10	Improvements 1985	1985	(80,268)	(4,765)	Various	(2,065)		(60,145)
11	Improvements 1986	1986	825	28	Various	28		612
12	Improvements 1988	1988	2,448	122	Various	122		2,296
13	Improvements 1989	1989	3,190		Various			3,190
14	Improvements 1990	1990	13,950		Various			13,950
15	Improvements 1991	1991	32,793		Various			32,789
16	Improvements 1992	1992	627		Various			627
17	Improvements 1993	1993	17,273		Various			17,273
18	Improvements 1994	1994	67,523		Various			67,240
19	Improvements 1996	1996	57,948	907	Various	907		42,623
20	Improvements 1997	1997	13,187	599	Various	599		10,684
21	Improvements 1998	1998	33,501	1,885	Various	1,885		26,108
22	Improvements 1998	1998	18,623	1,283	Various	1,283		11,233
23	Improvements 1999	1999	20,807	1,584	Various	1,584		13,321
24	Improvements 2000	2000	17,034	672	Various	672		13,310
25	Improvements 2001	2001	35,835	2,770	Various	2,770		16,932
26	Improvements 2002	2002	778	778	Various	778		3,732
27	Water Heater	2003	2,801	280	10	280		1,170
28	Install Wall With Fire Doors	2004	2,172	217	10	217		633
29	Print Doors	2006	1,678	1,368	10	1,368		2,052
30								
31								
32								
33								
34								
35								
36								

\*Total beds on this schedule must agree with page 2.

\*\*Improvement type must be detailed in order for the cost report to be considered complete.

See Page 12A, Line 70 for total

The building, which is "open for business" during the day is completely secured between the hours 9:00 P.M. and 6:00 A.M. Entrance may be obtained only by alerting the nursing staff by means of an intercom located by each of the main entrances.

In case of a power failure - as seldom occurs - the entire building is equipped with emergency lighting which illuminates the hallways the instant power is interrupted. If public power is not resumed within four seconds, our privately owned emergency generator automatically activates to provide power to the facility. In the event of an interruption in our water service, an alternate source of water is available.

## Room Furnishings

Residences have a wide variety of floor plans. All have a private bath; telephone hook-up, cable TV, water and electricity. Each resident furnishes their residence with items either chosen new or retained from the private residence left at the time of transition to the Parkview. Carpeting and blinds are furnished by the home. The interior decorating is at the discretion - and is the responsibility - of the resident. Each residence takes on the personality and character of the individual occupying it and helps to retain the "hominess" of the facility.

## Independent Apartments

In 1985, construction of the Garden Apartments was begun and independent living was introduced to Parkview. Forty-seven custom designed

duplex and four-plex and one and two bedroom apartments were added to the life care program of Parkview. In 2002, the spacious Church Park wing was completed adding another 20 independent apartments. All of these energy efficient units provide quality retirement living for individuals and couples. Many special features have been incorporated to facilitate comfort, security and gracious senior living.

These popular apartments are ideal for the retiree wishing to remain independent while being protected by the security of Parkview Home. Residents have access to Health Center care, if needed and they may choose to take some or all of their meals in our main dining room.

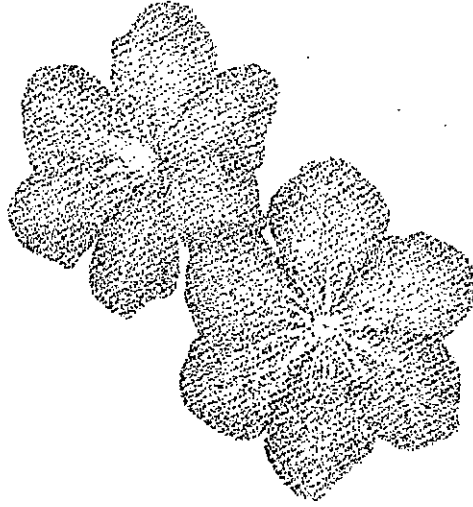
There are two entry fee options. A modest monthly fee covers insurance, taxes, maintenance, lawn care, snow removal, warranty service on all appliances and access to all activities and health care. The Parkview Home staff stands ready to serve the special needs of our independent residents.

## Admission Procedures

Admission to the family at Parkview Home is through a series of steps carefully designed to insure compatibility among residents. Potential applicants must be able to care for their daily needs and be ambulatory.

Applications are accepted and encouraged at any time and are contacted in the order that they are received in the Business Office. Personal interviews and physical examinations are performed as desired units become available. Submitted applications are not necessarily regarded as a commitment and may be withdrawn at any time. Detailed information and application forms are available at the Business Office or by phoning: 815-232-8612.

[www.parkviewhome.org](http://www.parkviewhome.org)



1234 South Park Boulevard  
Freeport, IL 61032



**P**arkview Home was founded in 1914 as a not-for-profit corporation designed to meet the needs of the elderly.

Businessmen Joseph Emmert and C. H. Little each generously pledged \$200,000 and challenged the community to raise the remaining funds to construct and maintain the facility; that goal, with the help of the local Rotarians, was realized in May of 1924. The home began to take the form of reality with the purchase of 10 acres on the corner of Globe Avenue (to be renamed Park Boulevard) and West Empire Street. Purchase price was \$650.00 per acre.

Construction soon followed on the residence, which officially opened on July 24, 1926, with 14 of the 25 rooms ready for occupancy. In 1962, a second story was added to the single story wing to care for those requiring more closely supervised nursing care. The Schulte Wing was added in 1974, bringing the capacity of the facility to 71 with 45 residing in Sheltered Care rooms and 26 available beds in the Health Center.

## Lifestyle

Each of the residents who have chosen Parkview Home as their home for life enjoys the "living" it provides. No more lawn maintenance or snow shoveling; no more cooking or heavy cleaning; no more laundry - all these services are provided allowing more time for leisure time shopping, crafts, sewing, reading, attending social functions, travel and visiting with friends (both old and new) and relatives. Individuals are free to come and go as they please - and are encouraged to do so!

Although not affiliated with any religious denomination, Parkview's overall program is very Christian oriented. Included in the activities are Bible study, daily devotions and Sunday church services. All residents are encouraged to maintain

their ties with local places of worship and church visitors are always welcomed.

The activity board is always full! Special programs are offered many times during each month and are interspersed among the scheduled crafts, exercises, shopping trips, "out-to-lunch" trips and much, much more.

Big events, which are becoming traditions for both residents and their invited guests, include a summer ice cream social, a lavish buffet held in the fall and a holiday banquet in December. Summer outings vary from week-to-week. Also available are facilities in the Craft Room, a monthly delivery of books from the Freeport Public Library, pianos located on all three floors and an organ. For those who view personal laundry as an activity, there are machines available for the use of the residents.

There are several rooms, or areas, throughout the building which may be used at any time or reserved for a group a resident might like to entertain. Scheduling the multi-purpose room for a group in excess of 100 can be accommodated with the same degree of ease as seating a bridge table or two in one of our smaller sun porches.

Dining at Parkview Home IS an epicurean delight. Numerous newspaper articles have been written spotlighting the excellence of the food quality and of its courteous, attentive staff. Many consider Parkview Home to be one of the finest dining establishments in Freeport.

The highest quality in nursing care is available from, and is offered by, the professional and dedicated staff in Nursing Services.

Headed by a Registered Nurse, all the members of the department are fully trained and are licensed or certified by the State of Illinois. Care and supervision is offered 24 hours per day, seven days a week, and exists solely for the convenience of Parkview Home, Church Park and Garden Park

residents. The finest and most modern equipment is available for the most minor irritation or the most major emergency. In addition, physical therapy is available in the Rehabilitation Department.



Residents and staff alike are proud to be associated with the facility and deem it a pleasure and privilege to live and work at Parkview Home.

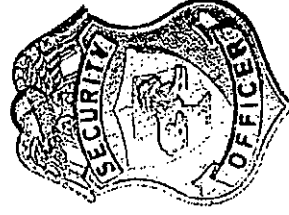
## Physical Plant

The building, rated one of the five most fire resistive in the city of Freeport, is constructed of cement, brick, steel and plaster. All carpeting and drapes meet and/or exceed the strict specifications set by the National Fire Protection Association.

The entire building is protected with both heat and smoke detectors; it also has self-closing fire doors that are activated by the pull of an alarm or the action of automatic detectors that are monitored 24 hours a day. When notified of an alarm, the Fire Department can reach Parkview in 2-1/2 minutes. Fire extinguishers of various types are located throughout the building and are monitored for operational readiness.

The grounds are patrolled periodically by the Freeport Police, the Stephenson County Sheriff's Police and the Illinois State Police.

Each exit door is connected to a central alarm system alerting key staff that a door has been opened and it's exact location.



Gross Square Footage and  
Age of Building Chart

FACID	FACNAME	CITY	# of Licensed Nursing Beds	GSF	GSF Per Bed	Year of Constructive Building	Age of Building
6005292	Lena Living Center	Lena	92	45546	495.1	1971	39
6003339	Freeport Rehab & Hlth Care Ctr	Freeport	143	43050	301.0	1971	39
<b>6016133</b>	<b>Manor Court of Freeport</b>	<b>Freeport</b>	<b>45</b>	<b>23829</b>	<b>529.5</b>	<b>2006</b>	<b>4</b>
6007231	Parkview Home	Freeport	28			1928	82
6009161	Stephenson Nursing Center	Freeport	162	54954	339.2	1971	39
6003347	Freeport Memorial Hospital/SNU (1)	Freeport	26			1988+	22
6008973	Provena St. Joseph Center	Freeport	120	51080	425.7	1988+	22
			616		<span style="border: 1px solid black; padding: 2px;">376.5</span>		40.5

Excluding Subject fac.

(1) Board discontinued 17 nursing care beds on 4/22/09, total now 26 nursing care beds.

Source: Long-Term Care Facility Questionnaire for 2008, Illinois Department of Public Health, Health Systems Development

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

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

#### SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.

This Applicant is not proposing any new construction. The addition of nursing beds will come through the conversion of assisted living and sheltered care beds and existing space. As proposed, this project will encompass 45,906 gross square feet or 510 gross square feet per bed. The current State Standard is 414 gross square feet per bed but the State has proposed a revision to this standard to provide a range of between 450 to 715 gross square feet per bed. As such, it appears that the proposed project's physical space is not excessive.

2. If the gross square footage exceeds the GSF 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;

As noted above, the proposed project's size per square foot is 96 gross square feet per bed over the State's standards. However, this space is needed to provide the proposed nursing care services. Published data supporting this additional space over the existing standards is the State's proposed rules that have been approved but not yet implemented. Appended as **ATTACHMENT-13A**, is a copy of the proposed standards as proposed that allow for nursing units that are between 450 and 715 gross square feet per bed. Therefore, the proposed 510 is on the conservative size of the range and is needed to provide the proposed service.

- 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;

The proposed project is proposing the use of existing space with no renovations. As such, the existing facilities physical configuration has determined the size of this project. The layout and flow of the two units being converted also limit the overall size of the project. These units cannot be divided up and still maintain the autonomy and, more importantly, the supporting ancillary space needed to provide nursing services to the residents and support to their families. Thus, the existing facility's physical structure and configuration has set the design that results in the size modestly exceeding the current standards.

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

The project does involve the conversion of existing bed space that results in excess square footage as compared to the current standards of Appendix B. Specifically, the Applicant is proposing to convert 24-assisted living and 21 sheltered care beds into 45-nursing care beds. The existing nursing beds were constructed to meet the standard of 414 gross square feet per bed. The units to be converted comprise 27,276 square feet with 45 beds. Even by themselves at 606 gross square feet per bed, it is well within the State's proposed range for this standard.

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**DRAFT FOR DISCUSSION PURPOSES ONLY**

**Section 1110. Appendix B State Guidelines and National Norms**

The following area standards are established for departments, clinical service areas and facilities.  
 For definitions see Section 1100.220

The following norms are established for gross square footage by department and/or utilization of medical equipment. NOTE: Gross Square Footage indicated as gft<sup>2</sup>.

**HOSPITAL BASED SERVICES**

For hospitals, area determinations for departments and clinical service areas are to be made in Departmental Gross Square Feet (DGSF). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required by the Illinois Hospital Licensing Act, applicable Federal certification, and any additional spaces required by the applicant's operational program.

<b>Service Areas</b>	<b>Square Feet/Unit or Key Room</b>	<b>Annual Utilization/Unit</b>
<i>Acute Care</i>		
Medical-Surgical, Pediatrics Care, Obstetric Service & Long Term Acute Care Service	500-660 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
Newborn Nursery (includes: -Level I -Level II -Level II+ with extended neonatal capabilities)	160 DGSF/Obstetrics Bed & LDRP	
Labor Delivery Recovery (LDR)	1120-1600 DGSF/Room	400 Births/LDR Room
Labor Delivery Recovery Postpartum (LDRP)	1120-1600 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
C-Section Suite	2075 DGSF/OR	800 Procedures/Room
Acute Mental Illness Service	440-560 DGSF/Bed	See 77 ILL. ADM.CODE 1100.

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HEALTH FACILITIES PLANNING BOARD

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Comprehensive Physical Rehabilitation Service	525-660 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
Hospital Based Long-Term Care	440-560 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
<i>Critical Care</i>		
Intensive Care Service	600-685 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
Neonatal Intensive Care (NICU) or Level III Nursery	434-568 DGSF/Bed or Bassinet	See 77 ILL. ADM.CODE 1100.
<i>Diagnostic and Treatment</i>		
Diagnostic/Interventional Radiology		
<i>*Excludes portables &amp; mobile equipment/Utilization</i>		
• General Radiology	1300 DGSF/Unit	8000 procedures
• Fluoroscopy/Tomography/Other X ray procedures	1300 DGSF/Unit	6500 procedures
• Dedicated Chest	900 DGSF/Unit	9000 procedures
• Mammography	900 DGSF/Unit	5000 visits
• Ultra-Sound	900 DGSF/Unit	3100 visits
• Angiography (Special Procedures)	1800 DGSF/Unit	1800 visits
• CT Scan	1800 DGSF/Unit	7000 visits
• PET	1800 DGSF/Unit	3600 visits
• MRI	1800 DGSF/Unit	2500 procedures
• Nuclear Medicine	1600 DGSF/Unit	2000 visits

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<b>Service Areas</b>	<b>Square Feet/Unit</b>	<b>Annual Utilization/Unit</b>
<b>Radiation Therapy</b>		
• Accelerator	2400 DGSF/Accelerator	7500 visits
• Simulator	1800 DGSF/Simulator	
<b>Emergency Department</b>	900 DGSF/ Treatment Station	2000 Visits/Station/Year
		See 77 ILL. ADM.CODE 1100. for establishment of service
<b>Cardiac Catheterization</b>	1800 DGSF	1500 visits /Year for additional units
<b>Ambulatory Care</b>	800 DGSF	2000 visits/Year
<b>Surgical Operating Suite (Class C)</b>	2750 DGSF/Operating Room	1500 hrs/Operating Room
<b>Surgical Procedure Suite (Class B)</b>	1100 DGSF/Procedure Room	1500 hrs/Procedure Room
<b>Post Anesthesia Recovery Phase I</b>	180 DGSF/Recovery Station	
<b>Post Anesthesia Recovery Phase II</b>	400 DGSF/Recovery Station	
<b>In Center Hemodialysis</b>	470 DGSF/ Station	See 77 ILL. ADM.CODE 1100.

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HEALTH FACILITIES PLANNING BOARD

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**OTHER FACILITIES**

The following standards apply to new construction – the development of free standing facilities, and to modernization – the development of facilities in existing structures including the use of leased space. For new construction the standards are based upon the inclusion of all building components and are expressed in building gross square feet (BGSF). For modernization projects, the standards are based upon interior build out only and are expressed in departmental gross square feet (DGSF). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required for the applicable service areas by the appropriate rules required for IDPH licensure and/or Federal certification and any additional spaces required by the applicant's operational program.

Service Areas	Square Feet/Unit	Annual Utilization/Unit
General Long-Term Care	435-713 BGSF/Bed 550-570 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
ICF/DD Facilities	505-580 BGSF/ Bed 404- 464 DGSF/Bed	See 77 ILL. ADM.CODE 1100.
Ambulatory Surgical Treatment Center (ASTC) - Operating Room - Procedure Room - Recovery	2075-2750 BGSF/Treatment Room 1660-2200 DGSF/Treatment Room	Maximum of 4 recovery stations per operating room 1500 Hrs of Surgery/OR or Procedure Room
In Center Hemodialysis	450-650 BGSF/Room 360-520 DGSF/Room	See 77 ILL. ADM.CODE 1100.
Free Standing Emergency Center	840-1170 BGSF/ Treatment Station 672- 936 DGSF/Treatment Station	2000visits/Treatment Room/Year

All Diagnostic and Treatment Utilization numbers are the minimums per unit for establishing more than one unit, except where noted under Part 1100.

The State Board shall periodically evaluate the norms to determine if revisions should be



HEALTH FACILITIES PLANNING BOARD

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made. Any revisions shall be promulgated in accordance with the provisions of the Illinois Administrative Procedure Act [5 ILCS 100].

(Source: Added at 31 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)

**Definitions to be included in Part 1100:**

- **Newborn Nursery includes the following as defined by the Perinatal Advisory Committee:**

Level I - provide care to normal and low-risk pregnant women and newborns, but do not operate NICUs or special care nurseries (SCNs); (77 Ill. Adm. Code 640)

Level II - provide care to women and newborns at moderate risk and do not operate NICUs or SCNs; (77 Ill. Adm. Code 640)

Level II with Extended Neonatal Capabilities provide care to women and newborns at moderate risk and do operate SCNs; and (77 Ill. Adm. Code. 640)

Level III care for perinatal patients requiring increasingly complex care, and do operate NICUs. (77 Ill. Adm. Code 640)

Neonatal Intensive Care Service means a category of service providing treatment of the infant for problems identified in the neonatal period which warrant intensive care. The service provides constant and close medical coordination, multi-disciplinary consultation and supervision to those neonates with serious and life threatening developmental or acquired medical and surgical problems which require highly specialized treatment and highly trained nursing personnel. An intensive neonatal care service shall include a related obstetric service for care of the high risk mother (except when the facility is dedicated to the care of the children)

Neonatal Intensive Care Unit (NICU) means a distinct part of a facility which provides a program of intensive neonatal care and which is designed, equipped, and operated to deliver medical and surgical care to high risk infants, as part of the Regionalized Perinatal Network.

- **Ambulatory Care**

All types of health care services that are provided on an outpatient basis, in contrast to services provided in the home or to persons who are inpatients. While many inpatients may be ambulatory, the term ambulatory care usually implies that the patient must travel to a location to receive services that do not require an overnight stay.

*[Source: Glossary of Terms Commonly Used in Health Care, 2004 Edition, Illinois Hospital Association (IHA)]*

HEALTH FACILITIES PLANNING BOARD

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- **Post Anesthesia Recovery Phase I**  
Phase I focuses on providing a transition from a totally anesthetized state to one requiring less acute interventions. Recovery occurs in the post anesthesia care unit (PACU). The purpose of this phase is for patients to regain physiological homeostasis and receive appropriate nursing intervention as needed.  
*[Source: 2005 Standards, Recommended Practices, and Guidelines, 2005 Edition, Association of PeriOperative Registered Nurses (AORN)]*
- **Post Anesthesia Recovery Phase II**  
Phase II focuses on preparing the patient for self care, care by family members, or care in an extended care environment. The patient is discharged to phase II recovery when intensive nursing care no longer is needed. In the phase II area, sometimes referred to as the step-down or discharge area, the patient becomes more alert and functional.  
*[Source: 2005 Standards, Recommended Practices, and Guidelines, 2005 Edition, Association of PeriOperative Registered Nurses (AORN)]*
- **Operating Room (Class C)** is defined as a setting designed and equipped for major surgical procedures that require general or regional block anesthesia and support of vital bodily functions (Source: Guidelines for Optimal Ambulatory Surgical Care and Office-based Surgery, third edition, American College of Surgeons)
- **Surgical Procedure room (Class B)** is defined as a setting designed and equipped for major or minor surgical procedures performed in conjunction with oral, parenteral, or intravenous sedation or under analgesic or dissociative drugs. (Source: Guidelines for Optimal Ambulatory Surgical Care and Office-based Surgery, third edition, American College of Surgeons)
- **Procedure** is defined as unique patient encounter by body part or CPT code (example: on a unique date of service, a patient presents for a knee and ankle study. These would be counted as two procedures)
- **Visit** is defined as a unique patient encounter on a unique date of service (example: a patient presents for a chest/abdomen/pelvis study (CT) which would count as 1 visit.)

## 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.

The HFSRB has established utilization standards for General Long-Term Nursing Care facilities of 90% by the second full year of operation. It should be known that the Applicant has reached and maintained 90% utilization even under the admission restriction of the Continuum of Care Retirement variance. Upon completion of this project (licensing the proposed 45-beds), the Applicant will have the existing nursing capacity of 41.6 persons according to the 2009 average daily census information, which equates to a 46.2% utilization based on existing utilization alone. What is not factored in is that immediately upon approval of this application and licensure from the Department of Public Health's Licensure Division, the Applicant estimates that all existing assisted living and sheltered care residents in the beds to be converted will be in need of nursing care services. It should be noted that a letter from the facility's medical director, appended as **ATTACHMENT-14A**, states that within 6-months to 1-year of the writing of this application it is expected that all residents (all 41 existing residents) medical needs will outweigh their programmatic needs. Therefore, this facility will have 82 residents out of a total licensed capacity of 90 nursing beds. This equates to 91% utilization. For the Applicant's existing utilization by level of care, please refer to **ATTACHMENT-11C**.

Additionally, appended as **ATTACHMENT-11E** is a campus waiting list and appended as **ATTACHMENT-11D** are nursing care residents turned away. With the

residency restriction lifted, the beds can now admit residents from the entire service area and not just the campus. Therefore, reaching and maintaining the optimal utilization of 90% should not be an issue.

**ATTACHMENT-14**



February 1, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W. Navajo Drive  
Freeport, IL 61032

RE: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois. I have been the Medical Director for your facility since the facility opened in 2005. During this time, I have been involved in the overall resident care and the services provided at Manor Court.

I have reviewed the current patient information from the applicant as well as the turnover ratios over the last 2 years. Based on this information, sixty percent (60%) of the current residents that are in the beds to be converted will require nursing home care within the next 10 to 14 months.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. The facility has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant environment, comfortable surroundings and a home-live atmosphere. All of these are provided by Manor Court of Freeport.

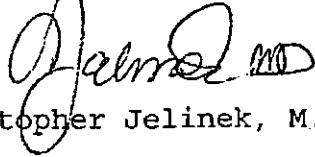
**FAMILY HEALTHCARE CENTER**

3001 Highland View Drive, Freeport, Illinois 61032  
Phone: 815-235-3165 Toll Free: 877-484-9068 Fax: 815-235-7903  
Website: [www.fhn.org](http://www.fhn.org)

ATTACHMENT-14A

As you can see, all can be better served by granting this request and I strongly support this project.

Respectfully,

A handwritten signature in cursive script, appearing to read "Jelinek MD".

Christopher Jelinek, M.D.

**FAMILY HEALTHCARE CENTER**

3001 Highland View Drive, Freeport, Illinois 61032  
Phone: 815-235-3165 Toll Free: 877-484-9068 Fax: 815-235-7903  
Website: [www.fhn.org](http://www.fhn.org)

## SECTION VIII. - SERVICE SPECIFIC REVIEW CRITERIA

### I. Criterion 1110.1730 - General Long Term Care

#### b) Planning Area Need – Review Criterion

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100 (formula calculation)

- A) The number of beds to be established for general long term care is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.

The proposed project is in total conformance with the bed need as identified in the latest Inventory of Health Care Facilities and Services and Need Determinations monthly update (January 16, 2010) for the Stephenson County Planning Area which shows a need for 46 additional general long-term care beds. The Inventory Update is appended as **ATTACHMENT-12C.**

- B) The number of beds proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.

This project does not exceed the number of beds needed in the Stephenson County Planning Area. The area's bed need is calculated based upon the projected population for the planning area and the utilization rates for the area's facilities. The State's Inventory of Health Care Facilities and Services and Need Determinations (2008 Edition) uses 2005 facility occupancy rates. As shown in **ATTACHMENTS-12B** and **11F** the utilization rates were low in 2005 but population projections still projected a need for additional nursing beds. The demographic profile of

the Illinois Department of Commerce and Economic Opportunity (appended as **ATTACHMENT-11G**) shows that the State's demographics appear understated and the growth of the elderly population will continue to show double digit growth through 2025. Therefore, the projected need only begins to address the need for nursing services in this planning area and the beds being proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, regardless to compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100. However, this Applicant is and will continue to be compliant with the State's occupancy standard.



## I. Criterion 1110.1730 - General Long Term Care

### b) Planning Area Need – Review Criterion (Continued ii)

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

#### 2) Service to Planning Area Residents

- A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

The primary purpose of this project is to provide the general long-term care category of service to the residents of the Applicant's geographic service area that equates to an approximate 30-minute travel time. While this project is for the establishment of nursing care beds, the campus is existing and the campus's patient origin data shows that 95% of its residents come from within the 30-minute travel time, which is essentially the Stephenson County Planning Area. As the campus is physically located in the City of Freeport, 63% of the campus residents originated from within the City itself. The summary of the patient origin data is appended as **ATTACHMENT-11B**. Therefore, it appears that the Applicant has already proven that the primary purpose of the project is to provide necessary health care to the residents of the area in which the proposed project will be physically located.

- B) Applicants proposing to add beds to an existing general long term care service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.

The proposed project is for the addition of beds to the existing facility coupled with the removal of the CCRC variance. The patient origin data, appended as **ATTACHMENT-11B** shows that not only did 63% of the admissions come from the City of Freeport, but that 95% of all admissions came from the Stephenson County Planning Area. Furthermore, as this project will continue to provide independent, supportive and sheltered care services, it is expected that at least half of all projected referrals will come from within the campus setting itself. Therefore, at least 50% of project referrals are projected to be residents from within the "area". Please note that upon completion of this project the Applicant is projecting to be 90% full with all residents originating from within the campus.

- C) Applicants proposing to expand an existing general long term care service shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

The patient origin information by resident initials, zip code, and city or State is appended as **ATTACHMENT-11B**.

**ATTACHMENT-34**

## I. Criterion 1110.1730 - General Long Term Care

### b) Planning Area Need – Review Criterion (Continued iii)

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

#### 3) Service Demand – Establishment of General Long Term Care

The number of beds proposed to establish a new general long term care service is necessary to accommodate the service demand experienced annually by the existing applicant facility over the latest two-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new long term care (LTC) facility, the applicant shall submit projected referrals. The applicant shall document subsection (b)(3)(A) and subsection (b)(3)(B) or (C).

##### A) Historical Referrals

If the applicant is an existing facility and is proposing to establish this category of service, the applicant shall document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years. Documentation of the referrals shall include: patient origin by zip code; name and specialty of referring physician; name and location of the recipient LTC facility.

The Applicant is an existing facility but it is not proposing to establish the nursing care category of service but rather re-establish the category of service without the CCRC variance restrictions and with an expansion of beds. As such an existing provider, this Applicant has been able to take the referrals for those who came through the campus. Referrals from outside of the campus had to be turned away. A listing of those referrals since the nursing unit's conception is appended as **ATTACHMENT-11D**. The listing provides the only information that this Applicant has and includes initials, reason referral was turned away, and the data of inquiry.

B) Projected Referrals

An applicant proposing to establish a category of service or establish a new LTC facility shall submit the following:

- i) Hospital referral letters that attest to the number of patients (by zip code of residence) who have received care at existing facilities located in the area during the 12-month period prior to submission of the application;

While this information from Freeport Memorial Hospital was not provided to the Applicant, this information is readily available from the State's annual facility's profiles. Including the Hospital's nursing unit, Stephenson County Planning Area had 1,068 admissions or accepted referrals. That number drops to 684 when those admissions from the hospital are omitted, as they appear to be short-term acute care patients as compared to the balance of facilities that appear to have more Skilled and Intermediate Care nursing residents. The average length of stay is less than 15 days for the hospital's nursing patients as compared to 242.4 days for the balance of the area facilities. Please refer to the chart below:

FACID	FACNAME	# of Licensed Nursing Beds	Total Patient Days	Admissions	ALOS
6005292	Lena Living Center	92	29,031	88	329.9
6003339	Freeport Rehab & Hlth Care Ctr	143	30,812	104	296.3
6016133	Manor Court of Freeport	45	24,849	161	154.3
6007231	Parkview Home	28	13,574	16	848.4
6009161	Stephenson Nursing Center	162	41,725	99	421.5
6008973	Provena St. Joseph Center	120	35,835	216	165.9
	<b>Sub-Total</b>	<b>590</b>	<b>175,826</b>	<b>684</b>	<b>257.1</b>
6003347	Freeport Memorial Hospital/SNU (1)	26	5,749	384	15.0
	<b>Grand Total</b>	<b>616</b>	<b>181,575</b>	<b>1,068</b>	<b>170.0</b>

(1) Board discontinued 17 nursing care beds on 4/22/09, total now 26 nursing care beds.  
 Source: Long-Term Care Facility Questionnaire for 2008, Illinois Department of Public Health, Health Systems Development

- ii) An estimated number of patients the hospital will refer annually to the applicant's facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the hospital's experienced LTC caseload;

This information was requested by the Applicant of Freeport Memorial Hospital without response.

- iii) Each referral letter shall contain the Chief Executive Officer's notarized signature, the typed or printed name of the referral resources, and the referral resource's address; and

This information was requested by the Applicant of Freeport Memorial Hospital without response. Information from the area hospital will be forwarded upon receipt.

- iv) Verification by the hospital that the patient referrals have not been used to support another pending or approved CON application for the subject services.

As there are not any other pending or approved CON applications for the subjected service it is presumed that the hospital referrals will continue to be sent to all Stephenson County Planning Area facilities. As such, however, this information was requested by the Applicant of Freeport Memorial Hospital without response.

C) Projected Service Demand – Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand shall be determined as follows:

- i) The applicant shall define the facility's market area based upon historical patient origin data by zip code or census tract;

While this project is for the establishment of nursing care beds, the campus is existing and the campus's patient origin data shows that 95% of its residents come from within the 30-minute travel time, which is essentially the Stephenson County Planning Area. As the campus is physically located in the City of Freeport, 63% of the campus residents originated from within the City itself. The summary of the patient origin data is appended as **ATTACHMENT-11B**. Therefore, it appears that the Applicant has a defined market area known as the Stephenson County Planning Area.

- ii) Population projections shall be produced, using, as a base, the population census or estimate for the most recent year, for county, incorporated place, township or community area, by the U.S. Census Bureau or IDPH;

Appended as **ATTACHMENTS-11F** and **11G** are the IDPH inventory of Health Care Facilities and Services and Need Determinations for Stephenson County and the Illinois Department of Commerce and Economic Opportunity, which both provide base year and projected population figures.

- iii) Projections shall be for a maximum period of 10 years from the date the application is submitted;

The population projections provided in the IDPH Inventory appended as **ATTACHMENT-11F** is a 10-year projection from base year 2005 through 2015. The State's data from the Illinois Department of Commerce and Economic Opportunity provides base year 2000 census information with five year incremental

projections through 2030 (appended as **ATTACHMENT-11G**). For consistency purposes, the Applicant is also looking at this data for the 2005 through 2015 data as well as the continued projected growth of the elderly in this Planning Area.

- iv) Historical data used to calculate projections shall be for a number of years no less than the number of years projected;

The IDPH utilized 2005 facility utilization figures, which is the same year as the base year demographics. Therefore, the data is consistent.

- v) Projections shall contain documentation of population changes in terms of births, deaths and net migration for a period of time equal to or in excess of the projection horizon;

It is presumed that the demographic data utilized by IDPH and IDCEO contain documentation of population changes in terms of births, deaths and net migration for the ten year projection provided.

- vi) Projections shall be for total population and specified age groups for the applicant's market area, as defined by HFPB, for each category of service in the application; and

The projections from both sources are for total population and by age cohorts for the Stephenson County Planning Area.

- vii) Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFPB.

The Applicant is presuming the use of the IDPH's need methodology with the supporting demographics from the IDCEO as documentation of future continued growth. The base year historic utilization rates are utilized to project forward additional need or the

lack thereof. In this instance, the State's 2005 facility utilization figures show an average occupancy of 77.2% (178,329 patient days divided by 365 days divided by 633 total beds). The State's optimal occupancy rate is 90%. Therefore, for the State's data to project a need forward, it has to be based on the rapid population growth as it is not based on utilization rates over the optimal rate.



## I. Criterion 1110.1730 - General Long Term Care

### b) Planning Area Need – Review Criterion (Continued iv)

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

#### 4) Service Demand – Expansion of Bed Category of Service

The number of beds to be added at an existing facility is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (b)(4)(A) and either subsection (b)(4)(B) or (C):

This Applicant's existing nursing unit is experiencing optimal utilization around 90%. However, the need for this project is based on the number of potential residents who are turned away and the outstanding need for additional nursing care beds as identified by the IDPH.

#### A) Historical Service Demand

- i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years.

The annual occupancy rate for Manor Court of Freeport has equaled or exceeded occupancy standards for the nursing category of service. According to the 77Ill. Adm. Code 1100, the optimal utilization rate is 90%. In Calendar Year 2008, according to the data reported to the State on the Facility's annual profile, the patient days of 14,791 equated to 90% occupancy rate. The facility realized patient days of 15,188, which equate to 92% utilization rate. The facility profile is appended as **ATTACHMENT-11A** and the total campus patient days and utilization rates are appended as **ATTACHMENT-11C**.

- ii) If prospective residents have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including completed applications that could not be accepted due to lack of the subject service and documentation from referral sources, with identification of those patients by initials and date.

The Applicant's nursing unit is operated in accordance to the Continuum of Care Retirement variance that restricts admissions to the nursing unit to only those from within the campus setting itself. As such, referrals made to the nursing unit from residents who come from outside of the campus were turned away. A listing of these potential residents is appended as **ATTACHMENT-11D**.

B) Projected Referrals

The applicant shall provide the following:

- i) Letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used;

While this information from Freeport Memorial Hospital was not provided to the Applicant, this information is readily available from the State's annual facility's profiles. Including the Hospital's nursing unit, Stephenson County Planning Area had 1,068 admissions or accepted referrals. That number drops to 684 when those admissions from the hospital are omitted, as they appear to be short-term acute care patients as compared to the balance of facilities that appear to have more Skilled and Intermediate Care nursing residents. The average length of stay is less than 15 days

for the hospital's nursing patients as compared to 242.4 days for the balance of the area facilities.

- ii) An estimated number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload. The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion;

The Applicant requested this information from Freeport Memorial Hospital to no avail. However, this project is unique as the majority of its admissions will continue to come from within the campus setting. Immediately upon approval of this Application, the project will have 42 residents based on 2009 utilization. Furthermore, of the 45 beds to be converted, 41 of the beds are currently utilized. It is estimated by the Applicant's medical director that 60% of the existing residents who are in beds to be converted will be in need of nursing care within one year. Therefore, within one year the unit's projected nursing resident count is expected to be 66-67 residents out of a total capacity of 90 beds. This equates to 74% utilization. The balance of 16.4 residents will be replaced whether through attrition or they will be transferred to unoccupied beds at appropriate levels of care throughout the campus.

The Applicant is comfortable, based on its experience, that given the number of potential residents that it has turned away and the reducing number of truly available beds in the service area, that

filling and maintaining the optimal occupancy rate of 90% is obtainable.

- iii) Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address; and

The Applicant requested referral letters from Freeport Memorial Hospital and other referral sources with no response. Information from the area hospital will be forwarded upon receipt.

- iv) Verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved CON application for the subject services.

Due to the nature of this application as an existing provider, it is estimated that about 74% of the prospective residents in the first full year of operation will be current residents of the Applicant's existing facility. As no other referral letters have been received, further verification has not been obtained.

- C) Projected Service Demand – Based on Rapid Population Growth If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand shall be determined as follows:

- i) The applicant shall define the facility's market area based upon historical patient origin data by zip code or census tract;

While this project is for the establishment of nursing care beds, the campus is existing and the campus's patient origin data shows that 95% of its residents come from within the 30-minute travel time, which is essentially the Stephenson County Planning Area. As the campus is physically located in the City of Freeport,

63% of the campus residents originated from within the City itself. The summary of the patient origin data is appended as **ATTACHMENT-11B**. Therefore, it appears that the Applicant has a defined market area known as the Stephenson County Planning Area.

- ii) Population projections shall be produced, using, as a base, the population census or estimate for the most recent year, for county, incorporated place, township or community area, by the U.S. Census Bureau or IDPH;

Appended as **ATTACHMENTS-11F** and **11G** are the IDPH inventory of Health Care Facilities and Services and Need Determinations for Stephenson County and the Illinois Department of Commerce and Economic Opportunity, which both provide base year and projected population figures.

- iii) Projections shall be for a maximum period of 10 years from the date the application is submitted;

The population projections provided in the IDPH Inventory appended as **ATTACHMENT-11F** is a 10-year projection from base year 2005 through 2015. The State's data from the Illinois Department of Commerce and Economic Opportunity provides base year 2000 census information with five year incremental projections through 2030 (appended as **ATTACHMENT-11G**). For consistency purposes, the Applicant is also looking at this data for the 2005 through 2015 data, as well as the continued projected growth of the elderly in this Planning Area.

- iv) Historical data used to calculate projections shall be for a number of years no less than the number of years projected;

The IDPH utilized 2005 facility utilization figures, which is the same year as the base year demographics. Therefore, the data is consistent.

- v) Projections shall contain documentation of population changes in terms of births, deaths and net migration for a period of time equal to or in excess of the projection horizon;

It is presumed that the demographic data utilized by IDPH and IDCEO contain documentation of population changes in terms of births, deaths and net migration for the ten year projection provided.

- vi) Projections shall be for total population and specified age groups for the applicant's market area, as defined by HFPB, for each category of service in the application; and

All projections from both sources are for total population and by age cohorts for the Stephenson County Planning Area.

- vii) Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFPB.

The Applicant is presuming the use of the IDPH's need methodology with the supporting demographics from the IDCEO as documentation of future continued growth. The base year historic utilization rates are utilized to project forward additional need or the lack thereof. In this instance, the State's 2005 facility utilization figures show an average occupancy of 77.2% (178,329 patient days divided by 365 days divided by 633 total beds). The State's optimal occupancy rate is 90%. Therefore, for the State's data to

project a need forward, it has to be based on the rapid population growth as it is not based on utilization rates over the optimal rate.

**ATTACHMENT-36**

**I. Criterion 1110.1730 - General Long Term Care**

b) Planning Area Need – Review Criterion (Continued v)

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

5) Service Accessibility

The number of beds being established or added for each category of service is necessary to improve access for planning area residents.

A) Service Restrictions

The applicant shall document that at least one of the following factors exists in the planning area, as applicable:

i) The absence of the proposed service within the planning area;

There is not an absence of the proposed service within the Stephenson County Planning Area; however, there does appear to be a shortage of beds to provide the service to all area facilities. Specifically, the IDPH has published its Inventory of Health Care Facilities and Services and Need Determinations that identified a need for 662 nursing care beds. Upon approval and completion of this project the Planning Area will only have 661 nursing beds. In having an outstanding need for additional beds in the planning area, there appears to be service accessibility issue in the service area.

ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;

Parkview Home in Freeport is licensed for 28 nursing care beds. This particular provider represents access limitation due to



payor status. This facility is not certified for Medicaid or Medicare.

Therefore, there appears to be a service accessibility issue.

iii) Restrictive admission policies of existing providers;

Four of the seven Planning Area facilities appear to have restrictive admission policies. Specifically, Lena Living Center, licensed for 92 nursing beds has 52 of its beds that are not licensed as Skilled Care. Therefore, 57% of this facility's beds are not accessible to the Skilled Care patients. Freeport Rehab & Health Care Center, licensed for 143 nursing care beds only has 114 peak set-up beds. Therefore, 29 beds or 20% of its capacity is not available for potential residents. Similarly, Provena St. Joseph's Center, licensed for 120 beds only has 109 peak beds set-up. Finally, Freeport Memorial Hospital recently reduced its licensed capacity from 43 beds down to 26 Skilled Nursing beds. However, according to its IDPH facility profile, only 18 beds are set-up. It would appear that it is the hospital's intent to use no more than 18 beds in their nursing unit. These facilities represent 48 beds that are not set-up or staffed and 54 nursing beds that restrict patients needing skilled care. These, along with the Applicant's Continuum of Care Retirement Variance on its existing beds, and with the outstanding need for additional nursing beds, present accessibility issues to the population of this County in need for general geriatric Skilled Nursing services.

- iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;

The need for additional nursing beds in this area stems from the increasing elderly population and the restrictive admission policies of the existing providers. The Applicant does not claim that the proposed area is in a Medically Underserved Area. Therefore, this item is not germane.

- v) For purposes of this subsection (b)(5) only, all services within the 45-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

The need for additional nursing beds in this area stems from the increasing elderly population and the restrictive admission policies of the existing providers. The Applicant does not claim that within the 45-minute travel time all services meet or exceed the utilization standards specified in the 77 Ill. Adm. Code 1100. Therefore, this item is not applicable.

B) Supporting Documentation

The applicant shall provide the following documentation, as applicable, concerning existing restrictions to service access:

- i) The location and utilization of other planning area service providers;

Appended as **ATTACHMENT-37A**, is a listing of all nursing care facilities within the Stephenson County Planning Area and their respective utilizations.

ii) Patient location information by zip code;

The only patient origin information that this Applicant has is its own admission patient origin data as shown under **ATTACHMENT-11B.**

iii) Independent time-travel studies;

Appended as **ATTACHMENT-37B** is a listing of the Planning Area nursing Facilities and their respective travel times to the location of the Applicant's facility. The independent time travel studies from MapQuest.com are provided as **ATTACHMENT-37C.**

iv) A certification of a waiting list;

The Applicant's waiting list for campus units is appended as **ATTACHMENT-11E.**

v) Scheduling or admission restrictions that exist in area providers;

The IDPH facility profiles for all Stephenson County Planning Area nursing facilities are appended as **ATTACHMENT-37D.**

vi) An assessment of area population characteristics that document that access problems exist;

Refer to IDPH facility profiles for peak and set-up beds information which is appended as **ATTACHMENT-37D.**

vi) Most recently published IDPH Long Term Care Questionnaire.

Refer to **ATTACHMENT-37D** for all Stephenson County IDPH nursing facilities' annual questionnaires.

**ATTACHMENT-37**

Stephenson County Planning Area  
Facility Utilization

FACID	FACNAME	# of Licensed	Nursing	Nursing	Admissions	ALOS
		Nursing Beds	Patient Days	Occupancy		
6005292	Lena Living Center	92	29,031	86.2%	88	329.9
6003339	Freeport Rehab & Hlth Care Ctr	143	30,812	58.9%	104	296.3
<b>6016133</b>	<b>Manor Court of Freeport</b>	<b>45</b>	<b>14,791</b>	<b>89.8%</b>	<b>161</b>	<b>154.3</b>
6007231	Parkview Home	28	7,334	71.6%	16	848.4
6009161	Stephenson Nursing Center	162	41,725	70.4%	99	421.5
6008973	Provena St. Joseph Center	120	35,835	81.6%	216	165.9
	<b>Sub-Total</b>	<b>590</b>	<b>159,528</b>	<b>73.9%</b>	<b>684</b>	<b>257.1</b>
6003347	Freeport Memorial Hospital/SNU (1)	26	5,749	60.4%	384	15.0
	<b>Grand Total</b>	<b>616</b>	<b>165,277</b>		<b>1,068</b>	<b>170.0</b>

(1) Board discontinued 17 nursing care beds on 4/22/09, total now 26 nursing care beds.  
Source: Long-Term Care Facility Questionnaire for 2008, Illinois Department of Public Health, Health Systems Development

Stephenson County Planning Area  
Facility Travel Time and Distance

FACID	FACNAME	CITY	ZIP	# of Licensed	Travel Time Adjusted	Drive
				Nursing Beds	77 IAC 1100.510(d)	Distance
6005292	Lena Living Center	Lena	61048-0000	92	19	13.19
6003339	Freeport Rehab & Hlth Care Ctr	Freeport	61032-0000	143	2	0.92
<b>6016133</b>	<b>Manor Court of Freeport</b>	<b>Freeport</b>	<b>61032</b>	45	0	0
6007231	Parkview Home	Freeport	61032-0000	28	3	1.34
6009161	Stephenson Nursing Center	Freeport	61032-0000	162	10	4.97
6008973	Provena St. Joseph Center	Freeport	61032-0000	120	9	3.3
	<b>Sub-Total</b>			590		
6003347	Freeport Memorial Hospital/SNU (1)	Freeport	61032-0000	26	4	1.59
	<b>Grand Total</b>			616		












(1) Board discontinued 17 nursing care beds on 4/22/09, total now 26 nursing care beds.  
Source: Long-Term Care Facility Questionnaire for 2008, Illinois Department of Public Health,  
Health Systems Development  
[www.mapquest.com](http://www.mapquest.com)

# MAPQUEST

Lena Living Cener

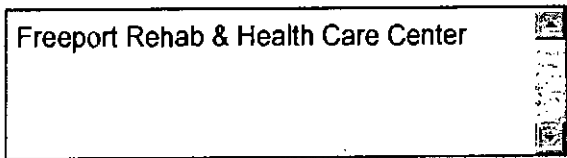
Total Travel Estimates: 19 minutes / 13.19 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

	1: Start out going WEST on W NAVAJO DR toward PARK CREST DR.	0.0 mi
	2: Turn RIGHT onto PARK CREST DR.	0.1 mi
	3: Turn RIGHT onto W STEPHENSON ST/CR-25.	0.7 mi
	4: Turn LEFT onto N PARK BLVD/CR-29.	0.6 mi
 	5: Turn LEFT onto W GALENA AVE/US-20 BR. Continue to follow US-20 BR.	4.0 mi
 	6: Turn LEFT onto US-20/ULYSSES S GRANT MEMORIAL HWY/US-20 W. Continue to follow US-20/ULYSSES S GRANT MEMORIAL HWY/US-20 W.	6.6 mi
 	7: Turn RIGHT onto IL-73 N/IL-73. Continue to follow IL-73.	1.1 mi
	8: 1010 S LOGAN ST is on the RIGHT.	0.0 mi

**B: 1010 S Logan St, Lena, IL 61048-9566**

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Total Travel Estimates: 2 minutes / 0.92 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

- START**
1: Start out going WEST on W NAVAJO DR toward PARK CREST DR.
0.0 mi
- 2: Turn RIGHT onto PARK CREST DR.
0.1 mi
- 3: Turn LEFT onto W STEPHENSON ST/CR-25.
0.3 mi
- 4: Turn LEFT onto KIWANIS DR.
0.5 mi
- END**
5: 900 KIWANIS DR is on the RIGHT.
0.0 mi

**B: 900 Kiwanis Dr, Freeport, IL 61032-4580**

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Parkview Home

Total Travel Estimates: 3 minutes / 1.34 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

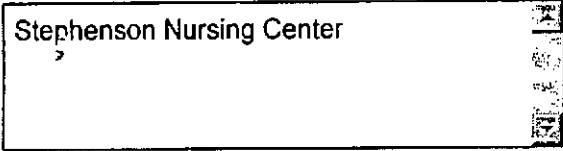
	1: Start out going WEST on W NAVAJO DR toward PARK CREST DR.	0.0 mi
	2: Turn RIGHT onto PARK CREST DR.	0.1 mi
	3: Turn RIGHT onto W STEPHENSON ST/CR-25.	0.7 mi
	4: Turn RIGHT onto S PARK BLVD/CR-29.	0.5 mi
	5: 1234 S PARK BLVD is on the RIGHT.	0.0 mi

**B: 1234 S Park Blvd, Freeport, IL 61032-4602**

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# MAPQUEST



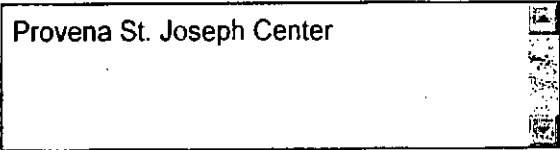
Total Travel Estimates: 10 minutes / 4.97 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

	1: Start out going WEST on W NAVAJO DR toward PARK CREST DR.	0.0 mi
	2: Turn RIGHT onto PARK CREST DR.	0.1 mi
	3: Turn LEFT onto W STEPHENSON ST/CR-25.	0.3 mi
	4: Turn LEFT onto KIWANIS DR.	0.8 mi
	5: KIWANIS DR becomes S FOREST RD.	0.8 mi
	6: S FOREST RD becomes W FAIRGROUNDS RD.	2.5 mi
	7: Turn RIGHT onto CR-12/S WALNUT RD/CR-12.	0.4 mi
	8: 2946 S WALNUT RD.	0.0 mi

**B: 2946 S Walnut Rd, Freeport, IL 61032-9528**

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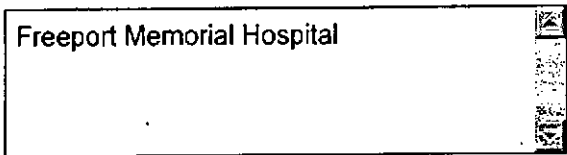
Total Travel Estimates: 9 minutes / 3.30 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

	1: Start out going <b>SOUTHEAST</b> on <b>W NAVAJO DR</b> toward <b>WHITE TAIL DR.</b>	0.4 mi
	2: Turn <b>RIGHT</b> onto <b>S GREENFIELD DR/GREENFIELD DR.</b>	0.2 mi
	3: <b>S GREENFIELD DR/GREENFIELD DR</b> becomes <b>SULLIVAN DR.</b>	0.1 mi
	4: Turn <b>LEFT</b> onto <b>W PEARL CITY RD/CR-13.</b> Continue to follow <b>CR-13.</b>	1.3 mi
	5: <b>CR-13</b> becomes <b>W EMPIRE ST.</b>	1.2 mi
	6: Turn <b>SLIGHT RIGHT</b> onto <b>S GALENA AVE/US-20 BR.</b>	0.1 mi
	7: Turn <b>SHARP RIGHT</b> onto <b>E JEFFERSON ST.</b>	0.0 mi
	8: <b>659 E JEFFERSON ST</b> is on the <b>LEFT.</b>	0.0 mi

**B: 659 E Jefferson St, Freeport, IL 61032-6027**

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Total Travel Estimates: 4 minutes / 1.59 miles

**A: 2080 W Navajo Dr, Freeport, IL 61032-7814**

- START
1: Start out going WEST on W NAVAJO DR toward PARK CREST DR.
0.0 mi
- 2: Turn RIGHT onto PARK CREST DR.
0.1 mi
- 3: Turn RIGHT onto W STEPHENSON ST/CR-25. Continue to follow W STEPHENSON ST.
1.4 mi
- END
4: 1045 W STEPHENSON ST is on the RIGHT.
0.0 mi

**B: 1045 W Stephenson St, Freeport, IL 61032-4864**

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ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 LENA LIVING CENTER, LLC

LENA LIVING CENTER, LLC
1010 S. LOGAN STREET
LENA, IL 61048

Table with columns: LEVEL OF CARE, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Nursing Care, Skilled Under 22, Intermediate DD, Sheltered Care, and TOTALS.

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

Table with columns: RACE, ETHNICITY, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Asian, Amer. Indian, Black, Hawaiian/Pac. Isl., White, Race Unknown, and ETHNICITY categories.

RESIDENTS BY RACIAL/ETHNICITY GROUPING

Table with columns: RACE, ETHNICITY, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Asian, Amer. Indian, Black, Hawaiian/Pac. Isl., White, Race Unknown, and ETHNICITY categories.

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Table with columns: Medicare, Medicaid, Other Public, Private Insurance, Charity Care, Expense as % of Total Net Revenue. Values: Medicare 16.5%, Medicaid 769,154, Other Public 23.7%, Private Insurance 1,029,890, Charity Care 179,319, Expense as % of Total Net Revenue 33.7%.

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 LENA LIVING CENTER, LLC

LENA LIVING CENTER, LLC
1010 S. LOGAN STREET
LENA, IL 61048

Table with columns: LEVEL OF CARE, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Nursing Care, Skilled Under 22, Intermediate DD, Sheltered Care, and TOTALS.

RESIDENTS BY PRIMARY DIAGNOSIS

Table with columns: DIAGNOSIS, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Aggressive/Anxi-Social, Chronic Alcoholism, Endocrine/Metabolic, Blood Disorders, Nervous System Non-Alzheimer, Alzheimer Disease, Mental Illness, Developmental Disability, Circulatory System, Respiratory System, Digestive System, Genitourinary System Disorders, Skin Disorders, Musculo-Skeletal Disorders, Injuries and Fractures, Other Medical Conditions, and Non-Medical Conditions.

ADMISSIONS AND DISCHARGES - 2008

Table with columns: Admissions on 1/1/2008, Total Admissions 2008, Discharges on 12/31/2008, Total Discharges 2008. Values: Admissions on 1/1/2008 82, Total Admissions 2008 68, Discharges on 12/31/2008 82, Total Discharges 2008 68.

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

Table with columns: LICENSED BEDS, PEAK BEDS, BEDS IN USE, MEDICARE CERTIFIED BEDS, MEDICAID CERTIFIED BEDS. Values: LICENSED BEDS 92, PEAK BEDS 88, BEDS IN USE 92, MEDICARE CERTIFIED BEDS 40, MEDICAID CERTIFIED BEDS 52.

ADMISSIONS AND DISCHARGES - 2008

Table with columns: LEVEL OF CARE, MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Nursing Care, Skilled Under 22, Intermediate DD, Sheltered Care, and TOTALS.

BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE

Table with columns: MEDICARE, MEDICAID, OTHER PUBLIC, PRIVATE INSURANCE, CHAIRTY CARE, TOTALS. Rows include Nursing Care, Skilled Under 22, Intermediate DD, Sheltered Care, and TOTALS.

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

Table with columns: AGE GROUPS, NURSING CARE, SKILLED UNDER 22, INTERMEDIATE DD, SHELTERED CARE, TOTALS. Rows include Under 18, 18 to 44, 45 to 59, 60 to 74, 75 to 84, 85+, and TOTALS.

FREEPORT REHAB & HLTH CARE CTR

900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61033  
 Facility ID 6003339  
 Health Service Area 001 Planning Service Area 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	7	51	0	4	17	0	79
Skilled Under 22	0	0	0	0	0	0	0
Intermediate DD	0	0	0	0	0	0	0
Skilled Care	0	0	0	0	0	0	0
<b>TOTALS</b>	<b>7</b>	<b>51</b>	<b>0</b>	<b>4</b>	<b>17</b>	<b>0</b>	<b>79</b>

AVERAGE DAILY PAYMENT RATES

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	100	135
Skilled Under 22	0	0
Intermediate DD	0	0
Skilled Care	0	0

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled	ICF/DD	Shelter	Totals
Asian	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	5	0	0	0	5
Hispanic/Latino	0	0	0	0	0
White	74	0	0	0	74
Race Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

RESIDENTS BY ETHNICITY

ETHNICITY	Nursing	Skilled	ICF/DD	Shelter	Totals
Hispanic	0	0	0	0	0
Non-Hispanic	79	0	0	0	79
Unk/Unknown	0	0	0	0	0
<b>Total</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79</b>

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
18.4%	45.4%	0.0%	3.1%	35.1%	0.0%
\$55,944	\$1,024,007	\$0	\$122,007	\$1,410,887	\$0

FREEPORT REHAB & HLTH CARE CTR

900 SOUTH KIWANIS DRIVE  
 FREEPORT, IL 61033  
 Facility ID 6003339  
 Health Service Area 001 Planning Service Area 177

ADMISSION RESTRICTIONS

ADMISSION RESTRICTIONS	RESTRICTIONS BY PRIMARY DIAGNOSIS
Aggressive/Anti-Social	Neoplasms
Chronic Alcoholism	Endocrine/Metabolic
Developmentally Disabled	Blood Disorders
Drug Addiction	*Narcotic System Non-Abstinent
Medical Recipient	Alzheimer Disease
Medicare Recipient	Mental Illness
Mental Illness	Developmental Disability
Non-Ambulatory	Circulatory System
Non-Mobile	Respiratory System
Public Aid Recipient	Digestive System
Under 65 Years Old	Constitutional System Disorders
Unable to Self-Medicare	Skin Disorders
Ventilator Dependent	Musculo-Skeletal Disorders
Infectious Disease w/ Isolation	Injuries and Poisoning
Other Restrictions	Other Medical Conditions
No Restrictions	Non-Medical Conditions
<b>TOTALS</b>	<b>TOTALS</b>

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

LEVEL OF CARE	PEAK	PEAK	BEDS	BEDS	MEDICARE	MEDICAID	ADMISSIONS AND DISCHARGES - 2008
	SETUP	USED	SET-UP	IN USE	CERTIFIED	CERTIFIED	Admissions on 1/1/2008
Nursing Care	143	114	96	114	79	143	Total Admissions 2008 104
Skilled Under 22	0	0	0	0	0	0	Total Discharges 2008 105
Intermediate DD	0	0	0	0	0	0	Residents on 12/31/2008 79
Skilled Care	0	0	0	0	0	0	
<b>TOTAL BEDS</b>	<b>143</b>	<b>114</b>	<b>96</b>	<b>114</b>	<b>79</b>	<b>143</b>	

BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Licensed Beds	Peak Beds
	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Pat. days	Set Up	Set Up
Nursing Care	3213	6.1%	19613	37.5%	0	0	30812	58.0%
Skilled Under 22	0	0.0%	0	0.0%	0	0	0	0.0%
Intermediate DD	0	0.0%	0	0.0%	0	0	0	0.0%
Skilled Care	0	0.0%	0	0.0%	0	0	0	0.0%
<b>TOTALS</b>	<b>3213</b>	<b>6.1%</b>	<b>19613</b>	<b>37.5%</b>	<b>0</b>	<b>0</b>	<b>30812</b>	<b>58.0%</b>

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	Male	Female	Male	Female	Male	Female	Male	Female	GRAND TOTAL
Under 19	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0
45 to 59	1	1	0	0	0	0	1	1	2
60 to 64	1	1	0	0	0	0	1	1	2
65 to 74	3	6	0	0	0	0	3	6	11
75 to 84	5	10	0	0	0	0	5	10	15
85+	5	43	0	0	0	0	5	43	48
<b>TOTALS</b>	<b>15</b>	<b>64</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>64</b>	<b>79</b>

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT, IL 61032

Reference Numbers Facility ID 8016133  
Health Service Area 001 Planning Services Area 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	MEDICARE				MEDICAID				OTHER				TOTALS			
	Nursing	Skilled Under 22	Intermediate	Shelved	Nursing	Skilled Under 22	Intermediate	Shelved	Private Pay	Insurance	Public	Charity	Private Pay	Insurance	Public	Charity
Nursing Care	8	5	0	0	0	0	0	0	28	0	0	0	0	0	0	0
Skilled Under 22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intermediate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shelved Care	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	8	5	0	0	0	0	0	0	61	0	0	0	0	0	0	74

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled Under 22	Intermediate	Shelved	TOTALS
African Amer. Indian	0	0	0	0	0
Asian	0	0	0	0	0
Hispanic	0	0	0	0	0
White	41	0	0	0	41
Other	0	0	0	0	0
TOTALS	41	0	0	0	41

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity
25.7%	4.2%	0.0%	1.0%	68.1%	0.0%
1,214,339	192,282	0	45,415	3,283,750	0
TOTALS	100.0%	4,722,795			

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT, IL 61032

Reference Numbers Facility ID 8016133  
Health Service Area 001 Planning Services Area 177

RESIDENTS BY PRIMARY DIAGNOSIS

ADMISSION RESTRICTIONS	DIAGNOSIS	RESIDENTS
Aggressive/Anti-Social	Neoplasms	0
Chronic Alcoholism	Endocrine/Metabolic	4
Developmentally Disabled	Blood Disorders	0
Drug Addiction	Nervous System Non-Alzheimer	6
Medicaid Recipient	Alzheimer Disease	29
Medicare Recipient	Mental Illness	4
Mental Illness	Developmental Disability	0
Non-Ambulatory	Circulatory System	8
Non-Mobile	Respiratory System	9
Public Aid Recipient	Digestive System	0
Under 65 Years Old	Genitourinary System Disorders	1
Unable to Self-Medicare	Skin Disorders	0
Verbalizer Dependent	Musculo-skeletal Disorders	7
Infectious Disease w/ Isolation	Injuries and Poisonings	5
Other Restrictions	Other Medical Conditions	1
No Restrictions	Non-Medical Conditions	0
TOTALS	TOTALS	74

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	RESIDENTS on 1/1/2008	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2008
Nursing Care	161	181	158	161
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	161	181	158	161

ADMISSIONS AND DISCHARGES - 2005

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT, IL 61032

Reference Numbers Facility ID 8016133  
Health Service Area 001 Planning Services Area 177

ADMISSION RESTRICTIONS

ADMISSION RESTRICTIONS	DIAGNOSIS	RESIDENTS
Aggressive/Anti-Social	Neoplasms	0
Chronic Alcoholism	Endocrine/Metabolic	4
Developmentally Disabled	Blood Disorders	0
Drug Addiction	Nervous System Non-Alzheimer	6
Medicaid Recipient	Alzheimer Disease	29
Medicare Recipient	Mental Illness	4
Mental Illness	Developmental Disability	0
Non-Ambulatory	Circulatory System	8
Non-Mobile	Respiratory System	9
Public Aid Recipient	Digestive System	0
Under 65 Years Old	Genitourinary System Disorders	1
Unable to Self-Medicare	Skin Disorders	0
Verbalizer Dependent	Musculo-skeletal Disorders	7
Infectious Disease w/ Isolation	Injuries and Poisonings	5
Other Restrictions	Other Medical Conditions	1
No Restrictions	Non-Medical Conditions	0
TOTALS	TOTALS	74

ADMISSIONS AND DISCHARGES - 2005

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT, IL 61032

Reference Numbers Facility ID 8016133  
Health Service Area 001 Planning Services Area 177

ADMISSION RESTRICTIONS

ADMISSION RESTRICTIONS	DIAGNOSIS	RESIDENTS
Aggressive/Anti-Social	Neoplasms	0
Chronic Alcoholism	Endocrine/Metabolic	4
Developmentally Disabled	Blood Disorders	0
Drug Addiction	Nervous System Non-Alzheimer	6
Medicaid Recipient	Alzheimer Disease	29
Medicare Recipient	Mental Illness	4
Mental Illness	Developmental Disability	0
Non-Ambulatory	Circulatory System	8
Non-Mobile	Respiratory System	9
Public Aid Recipient	Digestive System	0
Under 65 Years Old	Genitourinary System Disorders	1
Unable to Self-Medicare	Skin Disorders	0
Verbalizer Dependent	Musculo-skeletal Disorders	7
Infectious Disease w/ Isolation	Injuries and Poisonings	5
Other Restrictions	Other Medical Conditions	1
No Restrictions	Non-Medical Conditions	0
TOTALS	TOTALS	74

ADMISSIONS AND DISCHARGES - 2005

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 MANOR COURT OF FREEPORT

MANOR COURT OF FREEPORT  
2170 WEST NAVAJO DRIVE  
FREEPORT, IL 61032

Reference Numbers Facility ID 8016133  
Health Service Area 001 Planning Services Area 177

ADMISSION RESTRICTIONS

ADMISSION RESTRICTIONS	DIAGNOSIS	RESIDENTS
Aggressive/Anti-Social	Neoplasms	0
Chronic Alcoholism	Endocrine/Metabolic	4
Developmentally Disabled	Blood Disorders	0
Drug Addiction	Nervous System Non-Alzheimer	6
Medicaid Recipient	Alzheimer Disease	29
Medicare Recipient	Mental Illness	4
Mental Illness	Developmental Disability	0
Non-Ambulatory	Circulatory System	8
Non-Mobile	Respiratory System	9
Public Aid Recipient	Digestive System	0
Under 65 Years Old	Genitourinary System Disorders	1
Unable to Self-Medicare	Skin Disorders	0
Verbalizer Dependent	Musculo-skeletal Disorders	7
Infectious Disease w/ Isolation	Injuries and Poisonings	5
Other Restrictions	Other Medical Conditions	1
No Restrictions	Non-Medical Conditions	0
TOTALS	TOTALS	74

ADMISSIONS AND DISCHARGES - 2005

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

ADMISSIONS AND DISCHARGES - 2005 (continued)

LEVEL OF CARE	RESIDENTS on 1/1/2005	ADMISSIONS	DISCHARGES	RESIDENTS on 12/31/2005
Nursing Care	158	158	158	158
Skilled Under 22	0	0	0	0
Intermediate	0	0	0	0
Shelved Care	0	0	0	0
TOTALS	158	158	158	158

**ADMISSION RESTRICTIONS**

RESTRICTION	DIAGNOSIS
Aggressive/Abuse-Suspect	1
Chronic Alcoholism	0
Developmentally Disabled	1
Drug Addiction	1
Medicaid Recipient	1
Medicare Recipient	0
Mental Illness	3
Non-Ambulatory	1
Non-Mobile	0
Public Aid Recipient	0
Under 65 Years Old	0
Unable to Self-Medicate	0
Ventilator Dependent	1
Infectious Disease w/ Isolation	1
Other Restrictions	1
No Restrictions	0
TOTALS	37

*Note: Reported restrictions derived by IT.*

**ADMISSIONS AND DISCHARGES - 2008**

LEVEL OF CARE	RESIDENTS ON 1/1/2008	TOTAL ADMISSIONS 2008	TOTAL DISCHARGES 2008	RESIDENTS ON 12/31/2008
Nursing Care	28	23	18	16
Skilled Under 22	0	0	0	0
Intermediate DD	0	0	0	0
Skilled Care	44	30	19	25
TOTAL BEDS	72	50	47	37

**LICENSED BEDS, BEDS IN USE, MEDICAID/MEDICARE CERTIFIED BEDS**

LEVEL OF CARE	LICENSED BEDS	PEAK BEDS	BEDS IN USE	MEDICAID CERTIFIED BEDS	MEDICARE CERTIFIED BEDS
Nursing Care	28	23	28	18	10
Skilled Under 22	0	0	0	0	0
Intermediate DD	0	0	0	0	0
Skilled Care	44	30	20	19	25
TOTAL BEDS	72	50	47	37	35

**FACILITY UTILIZATION - 2008**

LEVEL OF CARE	Medicare		Medicaid		Other Public Insurance		Private Pay		Charity Care		Peak Beds
	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	
Nursing Care	0.0%	0	0.0%	0	0.0%	0	62.7%	1056	73.4%	71.6%	71.6%
Skilled Under 22	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	0.0%
Intermediate DD	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	0.0%
Skilled Care	0.0%	0	0.0%	0	0.0%	0	62.4%	0	62.4%	38.7%	56.6%
TOTALS	0.0%	0	0.0%	0	0.0%	0	125.1%	1056	137.4%	51.5%	63.9%

**RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008**

AGE GROUPS	NURSING CARE		SKILLED UNDER 22		INTERMEDIATE DD		SHELTERED		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Under 18	0	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0	0
45 to 59	0	0	0	0	0	0	0	0	0	0
60 to 84	0	0	0	0	0	0	0	0	0	0
85 to 94	0	0	0	0	0	0	0	0	0	0
75 to 84	0	1	0	0	0	0	1	3	1	4
85+	2	15	0	0	0	0	1	14	3	29
TOTALS	2	16	0	0	0	0	2	17	4	33

**ADMISSION RESTRICTIONS**

**ADMISSIONS AND DISCHARGES - 2008**

**LICENSED BEDS, BEDS IN USE, MEDICAID/MEDICARE CERTIFIED BEDS**

**FACILITY UTILIZATION - 2008**

**RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008**

**RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE**

LEVEL OF CARE	Medicare		Medicaid		Other Public Insurance		Private Pay		Charity Care	
	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days	Occ. Pct.	Pat. days
Nursing Care	0.0%	0	0.0%	0	0.0%	0	62.7%	1056	73.4%	71.6%
Skilled Under 22	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Intermediate DD	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Skilled Care	0.0%	0	0.0%	0	0.0%	0	62.4%	0	62.4%	38.7%
TOTALS	0.0%	0	0.0%	0	0.0%	0	125.1%	1056	137.4%	51.5%

**RESIDENTS BY RACIAL/ETHNICITY GROUPING**

ETHNICITY	Nursing	Skilled Under 22	ICF/DD	Skilled Care	TOTALS
Asian	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	0	0	0	0	0
Hispanic	0	0	0	0	0
White	18	0	0	19	37
Race Unknown	0	0	0	0	0
TOTAL	18	0	0	19	37

**NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)**

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
0	0	0	0	2,189,955	139,573
TOTALS	0.0%	0.0%	0.0%	100.0%	0.0%
2,189,955	0	0	0	2,189,955	139,573

**EMPLOYMENT CATEGORY**

EMPLOYMENT CATEGORY	Charity Care Expense as % of Total Net Revenue
Administrators	1.00
Physicians	0.00
Director of Nursing	1.00
Registered Nurses	7.50
LPNs	3.17
Classified Aides	16.00
Other Health Staff	0.00
Non-Health Staff	24.00
TOTALS	53.00

**STAFFING**

LEVEL OF CARE	SINGLE	DOUBLE
Nursing Care	173	151
Skilled Under 22	0	0
Intermediate DD	0	0
Skilled Care	69	0

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 STEPHENSON NURSING CENTER FREEPORT

STEPHENSON NURSING CENTER  
 2946 SOUTH WALNUT ROAD  
 FREEPORT, IL 61032  
 Facility ID 6009161  
 Reference Numbers Facility ID 6009161  
 Health Service Area 001 Planning Services Area 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private Insurance	Charity Care	TOTALS
Nursing Care	5	87	0	0	0	117
Skilled Under 22	0	0	0	0	0	0
Intermediate DD	0	0	0	0	0	0
Skilled Care	5	87	0	0	0	117
TOTALS	5	87	0	0	0	117

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	Skilled	ICF/DD	Shelter	Totals
Asian	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	9	0	0	0	9
Hawaiian/Pac. Isl.	0	0	0	0	0
White	108	0	0	0	108
Race Unknown	0	0	0	0	0
Total	117	0	0	0	117

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Expenses as % of Total Net Revenue
505,502	3,072,918	276,248	1,522,870	0	0	0.0%
8.4%	57.1%	5.1%	26.3%	0.0%	0	0.0%
	3,072,918	276,248	1,522,870	0	0	5,377,716

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 STEPHENSON NURSING CENTER FREEPORT

STEPHENSON NURSING CENTER  
 2946 SOUTH WALNUT ROAD  
 FREEPORT, IL 61032  
 Facility ID 6009161  
 Reference Numbers Facility ID 6009161  
 Health Service Area 001 Planning Services Area 177

RESIDENTS BY PRIMARY DIAGNOSIS

DIAGNOSIS	Count
Aggressive/Anxiety-Related	0
Chronic Alcoholism	5
Endocrine/Metabolic	6
Blood Disorders	0
Alzheimer Disease	7
Alzheimer Disease	32
Mental Illness	5
Developmental Disability	0
Circulatory System	40
Respiratory System	2
Digestive System	2
Cardiovascular System Disorders	3
Skin Disorders	0
Musculo-skeletal Disorders	5
Injuries and Poisonings	0
Other Medical Conditions	8
Non-Medical Conditions	0
TOTALS	117

LICENSED BEDS, BEDS IN USE, MEDICARE/MEDICAID CERTIFIED BEDS

LEVEL OF CARE	Medicare	Medicaid	MEDICAID CERTIFIED	ADMISSIONS AND DISCHARGES - 2008
Nursing Care	162	162	162	Residents on 1/1/2008: 112
Skilled Under 22	0	0	0	Total Admissions 2008: 99
Intermediate DD	0	0	0	Total Discharges 2008: 04
Skilled Care	162	162	162	Residents on 12/31/2008: 117
TOTAL BEDS	162	162	162	

BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private Insurance	Charity Care	Unlicensed Beds	Peak Beds
Nursing Care	2147	31439	53.0%	0	8139	41725	79.4%
Skilled Under 22	0	0	0.0%	0	0	0	0.0%
Intermediate DD	0	0	0.0%	0	0	0	0.0%
Skilled Care	2147	31439	53.0%	0	8139	41725	79.4%
TOTALS	2147	31439	53.0%	0	8139	41725	70.4%

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	Male	Female	Male	Female	Male	Female	Male	Female	GRAND TOTAL
Under 18	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0
45 to 69	4	3	0	0	0	0	4	3	7
70 to 84	4	2	0	0	0	0	4	2	6
85 to 94	8	11	0	0	0	0	6	11	18
75 to 84	13	25	0	0	0	0	13	25	38
85+	13	34	0	0	0	0	13	34	47
TOTALS	42	75	0	0	0	0	42	75	117



ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEDPORT MEMORIAL HOSPITALS/NF FREEDPORT

FREEDPORT MEMORIAL HOSPITALS/NF  
1043 WEST STEPHENSON STREET  
FREEDPORT, IL 61032  
Reference Numbers Facility ID 0003347  
Health Service Area 001 Planning Service Area 177

RESIDENTS BY PAYMENT SOURCE AND LEVEL OF CARE

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	TOTALS
Nursing Care	15	0	0	2	0	0	18
Skilled Under 22	0	0	0	0	0	0	0
ICF/DD	0	0	0	0	0	0	0
Skilled Care	15	0	0	2	0	0	18
TOTALS	15	0	0	2	0	0	18

RESIDENTS BY RACIAL/ETHNICITY GROUPING

RACE	Nursing	SubUnit22	ICF/DD	Shelter	Totals
Asian	0	0	0	0	0
Amer. Indian	0	0	0	0	0
Black	2	0	0	0	2
Hawaiian/Pac. Isl.	0	0	0	0	0
White	16	0	0	0	16
Race Unknown	0	0	0	0	0
Total	18	0	0	0	18

NET REVENUE BY PAYOR SOURCE (Fiscal Year Data)

Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0	0	0	0	0	0

ILLINOIS LONG-TERM CARE PROFILE-CALENDAR YEAR 2008 FREEDPORT MEMORIAL HOSPITALS/NF FREEDPORT

FREEDPORT MEMORIAL HOSPITALS/NF  
1043 WEST STEPHENSON STREET  
FREEDPORT, IL 61032  
Reference Numbers Facility ID 0003347  
Health Service Area 001 Planning Service Area 177

RESIDENTS BY PRIMARY DIAGNOSIS

DIAGNOSIS	Count
Neoplasms	1
Chronic Alcoholism	0
Endocrine/Metabolic	0
Developmentally Disabled	0
Drug Addiction	0
Blindness	0
Nervous System Non Alzheimer	2
Alzheimer Disease	0
Mental Illness	0
Developmental Disability	0
Circulatory System	3
Respiratory System	3
Digestive System	2
Genitourinary System Disorders	0
Skin Disorders	0
Intactio-stellar Disorders	5
Injuries and Poisonings	0
Other Medical Conditions	2
Non-Medical Conditions	0
TOTALS	18

ADMISSIONS AND DISCHARGES - 2008

LEVEL OF CARE	Medicare	Medicaid	Other Public	Private	Charity	Peak Beds
Nursing Care	43	18	18	25	43	314
Skilled Under 22	0	0	0	0	0	392
Intermediate DD	0	0	0	0	0	18
Skilled Care	43	18	18	25	43	392
TOTALS	43	18	18	25	43	18

BY LEVEL OF CARE PROVIDED AND PATIENT PAYMENT SOURCE

Medicare	Medicaid	Other Public	Private	Charity	TOTAL	Peak Beds
5056	248	156	0	328	84	31
Skilled Under 22	0	0.0%	0	0	0	0
Intermediate DD	0	0.0%	0	0	0	0
Skilled Care	5056	248	156	0	328	84
TOTALS	5056	248	156	0	328	84

RESIDENTS BY AGE GROUP, SEX AND LEVEL OF CARE - DECEMBER 31, 2008

AGE GROUPS	Male	Female	Male	Female	Male	Female	Male	Female	GRAND TOTAL
Under 18	0	0	0	0	0	0	0	0	0
18 to 44	0	0	0	0	0	0	0	0	0
45 to 59	1	1	0	0	0	0	1	1	2
60 to 84	4	1	0	0	0	0	4	1	5
85 to 94	7	0	0	0	0	0	7	0	7
95+	1	2	0	0	0	0	1	2	3
TOTALS	13	5	0	0	0	0	13	5	18



**I. Criterion 1110.1730 - General Long Term Care**

e) Unnecessary Duplication/Maldistribution – Review Criterion

- 1) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:

It should be known that this criterion is only applicable due to the technical nature of this project. Specifically, this project is an existing fully occupied nursing unit that is expanding due in part to the State's identified need for nursing beds. However, since part of this project consists of the removal of the Continuum of Care Retirement Community Variance, the Board has set precedent that the facility must be discontinued and then immediately reestablished. There will not be any interruption of care or displacement of residents. As such, it is considered a "paper" transaction only. Since these beds are currently existing and the beds are considered in the State's Inventory of Health Care Facilities and Services and Need Determinations not only as inventory but also against the need for additional beds. Thus, as the subject facility is fully occupied, discussing the "unnecessary duplication" when a new facility is not to be really established appears to make this criterion not germane.

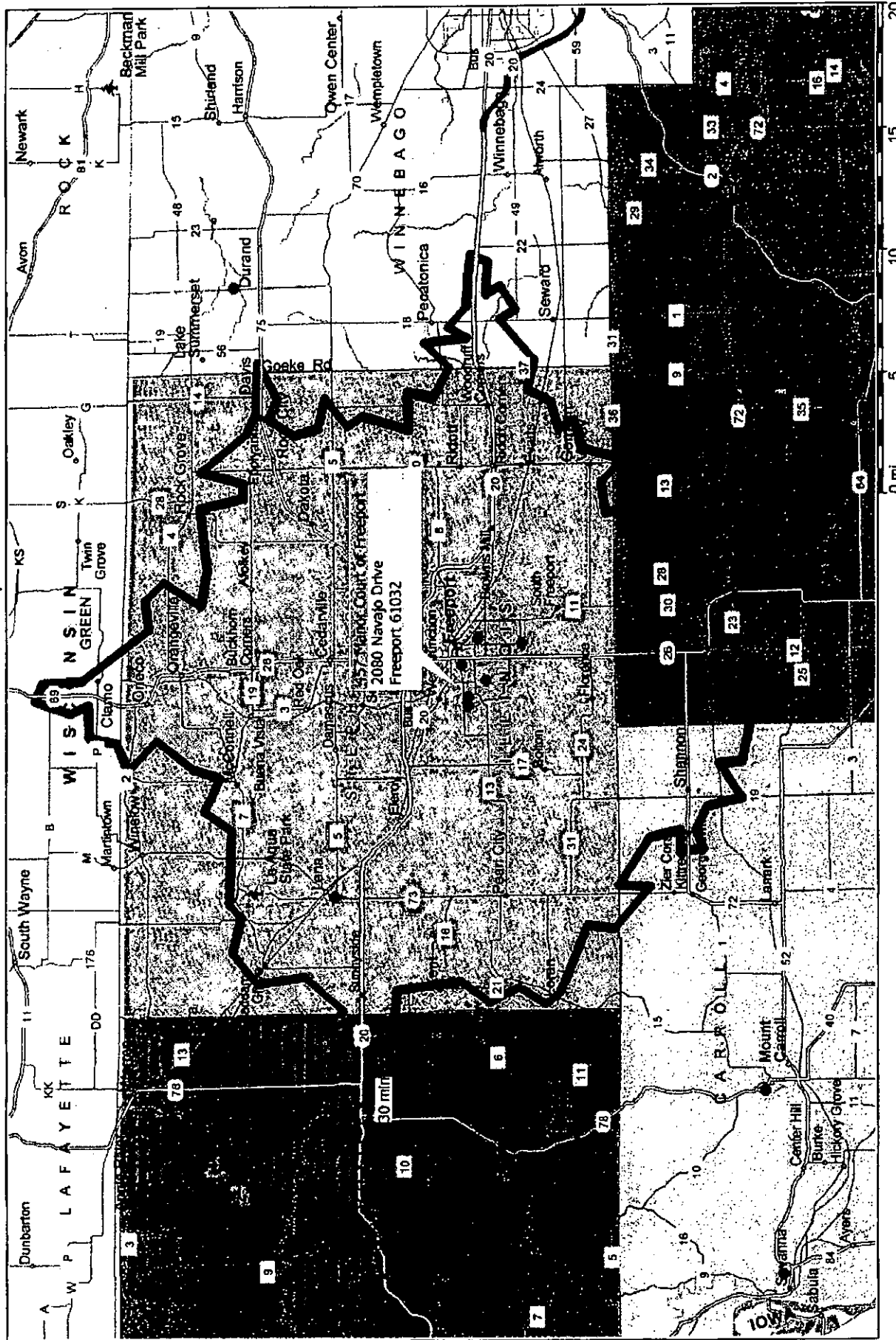
However, to be in technical compliance on this criterion, the following items are addressed.

- A) A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
- B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and
- C) The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.

According to the Mappoint map appended as **ATTACHMENT-44A**, the thirty-minute travel time is essentially the entire County, Stephenson County Planning Area. Therefore, a listing of all zip codes within Stephenson County is appended as **ATTACHMENT-44B**. The total population for the County is provided from two authorities. The first is appended as **ATTACHMENT-11F** which is from the IDPH's Inventory of Health Care Facilities and Services and Need Determinations-2008 while the second is appended as **ATTACHMENT-11G** and comes from the IDCEO website providing 2000 census data with five year incremental projections through 2030. A listing of the Planning Area nursing units with their corresponding travel time and distances is appended as **ATTACHMENT-37B**.

**ATTACHMENT-44**

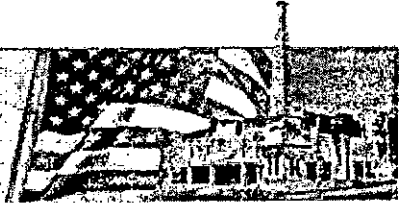
# Manor Court of Freeport



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Illinois



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Circuit Clerk and Court
Coroner
County Administrator
County Board
County Clerk and Recorder
Emergency Management
Health Department
Highway Department
Probation Office
Public Defender
Sheriff's Department
State's Attorney
Stephenson Nursing Center
Chief County Assessment Officer
Treasurer-Collector
Zoning

**Area ZIP Codes**

Apple River	61001	Milledgeville	61051
Baileyville	61007	Monroe, WI	53566
Cedarville	61013	Mt. Carroll	61053
Dakota	61018	Mt. Morris	61054
Davis	61019	Nora	61059
Dixon	61021	Orangeville	61060
Durand	61024	Oregon	61061
Eleroy	61027	Pearl City	61062
Elizabeth	61028	Pecatonica	61063
Forreston	61030	Polo	61064
Freeport	61032	Ridott	61067
Galena	61036	Rock City	61070
German Valley	61039	Rockton	61072
Hanover	61041	Savanna	61074
Kent	61044	Shannon	61078
Lanark	61046	Stockton	61085
Leaf River	61047	Warren	61087
Lena	61048	Winnebago	61088
McConnell	61050	Winslow	61089

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## I. Criterion 1110.1730 - General Long Term Care

- e) Unnecessary Duplication/Maldistribution – Review Criterion (Continued ii)
  - 2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as, but not limited to:

It should be known that this criterion is only applicable due to the technical nature of this project. Specifically, this project is an existing fully occupied nursing unit that is expanding due in part to the State's identified need for nursing beds. However, since part of this project consists of the removal of the Continuum of Care Retirement Community Variance, the Board has set precedent that the facility must be discontinued and then immediately reestablished. There will not be any interruption of care or displacement of residents. As such, it is considered a "paper" transaction only. Since these beds are currently existing and the beds are considered in the State's Inventory of Health Care Facilities and Services and Need Determinations not only as inventory but also against the need for additional beds. Thus, as the subject facility is fully occupied, discussing "maldistribution" when a new facility is not to be really established appears to make this criterion not germane.

Furthermore, this rule states that a maldistribution of beds exists when the identified area, i.e., the Stephenson County Planning Area, has an excess supply of facilities, beds, and services. However, the State's own bed need calculation indicates that in this Planning Area, that is not the case as there is an identified need for 662 beds and only 616 that are

existing. Thus, there is a need for an additional 46 beds. Therefore, it would appear that this item is not applicable.

**ATTACHMENT-45**



## I. Criterion 1110.1730 - General Long Term Care

- e) Unnecessary Duplication/Maldistribution – Review Criterion (Continued iii)
- 3) The applicant shall document that, within 24 months after project completion, the proposed project:
- A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and

Since the average utilization of area facilities within the 30-minute travel time is below the occupancy standards set forth in the 77 Ill. Adm. Code 1100, this item is not applicable. It is important to realize that the current bed need calculation utilized 2005 facility utilization data. This data represents a Planning Area that reported an annual occupancy rate of 83.1% which is below the optimal utilization rate of 90%. Please refer to **ATTACHMENT-12D**. Unrelated to this project however, according to a recent newspaper article appended as **ATTACHMENT-46A**, the County Nursing Home, Stephenson Nursing Center had lowered its expected census from 120 beds to 115 nursing beds. It should be noted that this facility is a 162 bed nursing home yet it is being run with an effective capacity of much fewer beds. This is indicative of the situation across the State, where many beds are not set-up but potentially used for other revenue enhancing services.

- B) Will not lower, to a further extent, the utilization of other area facilities that are currently (during the latest 12-month period) operating below the occupancy standards.

This project is proposed to achieve its first full year at target utilization in Calendar Year 2011-2012. The Applicant has showed that according to the Planning Area's demographic estimates and projections, the area's total population is growing at a modest rate

of 7% between Calendar Years 2005 and 2015. What is impressive is that the over 65 population is expected to increase at the astounding rate of 10.8% and 12.5% for the time periods of 2005 through 2010 and the 2010 through 2015 timeframes respectively. This population cohort is those likely to utilize rehabilitative services to get back to their homes and personal lives. The age cohort most in need of the long-term skilled care, those ages 75 and over are projected to continue to increase by a strong rate of 22.2% from 2005 through 2015. This is a rate higher than the respectable growth rate of the overall area. This means that although there are underutilized facilities and beds as compared to the State's optimal utilization rate, there is sufficient population to support not only this project but to maintain the utilization rates of the existing providers.

There has been minimal new construction in recent years and as such there are many older and more traditional facilities. It has been the trend for such facilities to utilize semiprivate, three and four bed ward rooms as private and semiprivate accommodations. Additionally, in recent time, there has been more demand and need for more and larger physical and occupational as well as other therapy units. These have reduced the activity/social space and number of set-up beds in existing facilities. Therefore, the need for the proposed project may be understated and as such

it would appear to give more credence to the issue that the introduction of this project will not, to a further extent, lower the utilization of other area facilities.

**ATTACHMENT-46**

# On track to pay the county back

Nursing center hopes to return funding

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## Photos



Photo: News / The Journal-Standard

Mary Kuhlemeier, L.P.N fills out charting on residents at the Stephenson County Nursing Center Friday, Jan. 8, 2010.

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**By Travis Morse**

**The Journal-Standard**

Posted Jan 09, 2010 @ 09:04 PM

Freeport, Ill. —

Stephenson Nursing Center Administrator Darnell Fortney said his facility is on track to make substantial payments back to the county's general fund in 2010, which could help offset the county's deficit budget.

According to Fortney, the nursing home is receiving additional revenue through its contract with Infinity Rehab, a company that provides skilled therapy services out of the facility. Also, the number of private pay and Veterans Administration (VA) residents is on the rise at the nursing center, he said.

The Stephenson County Board approved a 2009-2010 general fund budget with a roughly \$400,000 deficit. County Board Chairman John Blum has identified nursing center payments and economic development projects as potential sources of revenue to help with the deficit. The nursing home may be able to pay back anywhere from \$300,000 to \$600,000 to the general fund in 2010, Blum has said.

"His projections could be right on the money," Fortney said of Blum. "We are on the right track." Even so, Nursing Center Committee Chairman Sol Detente said he's still concerned about many of the nursing home's budgeting practices, and plans to keep a close eye on the facility's finances moving forward.

He said the nursing home increased its anticipated revenue line item by about \$461,000 in the 2009-2010 budget, even though the projected census was reduced from 120 per day to 115 per day. Also, the nursing home increased its projected expenses by more than \$500,000, Detente said.

"I'm concerned about the budget that was approved," Detente said. "It's simple business economics. We've got to stay on top of it. If we don't, we're back to where we were three years ago."

Fortney, who has been administrator since Jan. 17, 2008, said he has a strong background in marketing, and has made that a priority in trying to turn things around at the nursing home. He said he is very aware of spending at the facility, and has instituted numerous cost-saving measures.

In the 2008-2009 budget, the nursing home had projected 120 residents per day as its census. When it became clear in 2009 that the facility was only averaging around 118 residents, Fortney cut employee hours to save money, he said. This measure was implemented without cutting any staff, Fortney said.

### **Infinity Rehab**

Hiring Infinity Rehab to provide therapeutic services has proven to be another cost-effective decision, Fortney said. A contract with the Oregon-based firm was approved last August and since then the company has generated significant revenue for the nursing home, he said.

The firm provides physical, speech, and occupational therapy both to nursing home residents and to individuals not currently residing at the facility, Fortney said. Infinity Rehab is paid through the nursing home budget based on the number of people they serve. Much of the revenue generated comes from private pay, Medicare, and Medicaid reimbursements for the firm's therapeutic services.

In many cases, clients are referred to the nursing center for these services from hospitals and elsewhere, as a result of the efforts of Infinity Rehab and the nursing center's marketing director, Chris Schnierla, Fortney said.

"They are aggressively seeking clients," Fortney said. "People come to our facility from the outside to utilize this therapy, and that generates revenue."

### **Borrowing Money**

The nursing center has borrowed a substantial amount of money from the county, and at one time owed \$1.8 million to the general fund. Currently, the facility owes about \$700,000, and in 2009 the nursing home paid back an estimated \$600,000 to the general fund.

Despite his concerns about the facility's budget, Detente said the nursing home has made significant strides toward paying back what it owes to the county. The goal, he said, is for the debt to be completely paid off in the next two years.

County Board Vice Chairman Jim Graham, a member of the Nursing Center Committee, said he is not worried about the nursing home's budget. He said the nursing home's finances are stable, and that Infinity Rehab has already saved the facility about \$65,000 during the first four months of its contract.

"I have no concerns about that budget whatsoever," Graham said. "With the Infinity contract, that's proving to be a money-saver. ... We're on track to be able to pay the county back. We're watching it every month."

**I. Criterion 1110.1730 - General Long Term Care**

g) **Staffing Availability – Review Criterion**

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

Appended as **ATTACHMENT-50A**, is an existing and proposed staffing pattern for the project's nursing unit. The converted unit is estimated to only add 12.1 additional full time equivalents. Through the conversion, the Applicant is projecting that it will increase economies-of-scale. Specifically, the ratio of beds to staff currently is 1 bed to every 1.48 staff (FTE). The proposed project will lower the staffing ratio to one bed for every 0.88 staff (FTE).

It should be noted that the beds to be converted to the additional nursing care beds are from two units, an Assisted Living and a Sheltered Care unit. As both are highly staffed, it is expected that all employees will be retained and few new hires will be needed. Regardless, the Applicant has provided a listing of all employment applications received by position title and by date. The chart providing said listing is appended as **ATTACHMENT-50B**.

Finally, provided in **ATTACHMENT-50C** is an independent staffing study performed by the Illinois Department of Employment Security. This study indicates that there are 2 RNs, 1 LPNs and 5 Aides/Orderlies/Attendants seeking employment in the area.

**ATTACHMENT-50**

Staffing Pattern by FTE

	Existing Facility	Proposed Facility
RN - floor	2.3	4.6
LPN - floor	4.2	8.5
<b>Total Floor Nurse</b>	<b>6.5</b>	<b>13.1</b>
CNA - Nursing Home	14.0	31.8
CNA - Shelter Care	7.9	0.0
CNA - Assisted Living	5.8	0.0
<b>Total CNA</b>	<b>27.6</b>	<b>31.8</b>
Food Service Supervisor	1.0	1.0
Food Service Staff	9.3	9.3
<b>Total Food Service</b>	<b>10.3</b>	<b>10.3</b>
Hskpg/Laundry Supervisor	1.0	1.0
Hskpg/Custodial Staff	4.0	4.0
Laundry	2.2	2.2
<b>Total Hskpg/Custodial/Laundry</b>	<b>7.1</b>	<b>7.1</b>
Activity Director	1.0	1.0
Activity Staff	1.5	2.3
<b>Total Activity</b>	<b>2.5</b>	<b>3.3</b>
DON	1.0	1.0
MDS Coordinator	1.0	1.0
Medical Records	0.5	1.0
SCU Coordinator	1.0	1.0
RSD	1.0	1.0
Administrator	1.0	1.0
Assistant Administrator	1.0	1.0
BCS	1.0	1.0
Reception/Clerical	1.3	1.3
Marketing Director	1.0	1.0
Maintenance	3.0	3.0
<b>Total Full Time Equivalets</b>	<b>66.8</b>	<b>78.9</b>

Applications
Nurses and CNA's
Only Positions with change in staff

INITIAL	POSITION
KH	LPN
SM	LPN
DR	LPN
AH	LPN
SM	LPN
BL	LPN
CM	RN
MO	LPN
DF	LPN
TM	LPN
SD	RN
KN	RN
LA	RN
EV	RN
AR	RN
KW	RN
MG	RN
LA	RN
NR	LPN
MG	LPN
JW	CNA
NF	CNA
MA	CNA
EJ	CNA
AN	CNA
CM	CNA
TK	CNA
JA	CNA
PP	CNA
DS	CNA
MJ	CNA
AS	CNA
AM	CNA
NH	CNA
AB	CNA
VR	CNA
LD	CNA
MM	CNA
DT	CNA
KG	CNA

INITIAL	POSITION
JM	CNA
LS	CNA
EB	CNA
PW	CNA
JH	CNA
SV	CNA
SB	CNA
ML	CNA
AK	CNA
LH	CNA
BD	CNA
JW	CNA
TJ	CNA
PG	CNA
DA	CNA
LC	CNA
AB	CNA
MW	CNA
LV	CNA
MK	CNA
JW	CNA
TK	CNA
LT	CNA
SN	CNA
RL	CNA
TP	CNA
LK	CNA
EE	CNA
DB	CNA
RB	CNA
CS	CNA
RD	CNA
KC	CNA
SH	CNA
CB	CNA
SF	CNA
JP	CNA
SM	CNA
JZ	CNA
SR	CNA





September 4, 2009

Mr. John Kniery  
 Foley & Associates  
 1638 South MacArthur Boulevard  
 Springfield, Illinois 62704

Dear John:

The requested data describing projections for the registered nurse, licensed practical nurse, and nursing aide, orderly and attendant occupations in the Stephenson County labor market is shown below. Stephenson County itself is considered the relevant labor market area for a Freeport, IL facility site due to workforce availability, small workforce in other contiguous counties, availability of information, and probability of commuting to Rockford where more employment opportunities exist.

**OCCUPATIONAL EMPLOYMENT PROJECTIONS  
 2006 to 2016  
 Stephenson County**

	EMPLOYMENT			AVG. ANNUAL OPENINGS		
	2006	2016	Change	Total	Growth	Replacement
Registered Nurse	421	487	66-16%	14	7	7
Licensed Practical Nurse	89	94	5-5	2	0	2
Nursing Aides, Orderlies, & Attendants	284	314	30-11	6	3	3

Pat Quinn, Governor  
 Maureen T. O'Donnell, Director

33 South State Street  
 Chicago, Illinois 60603-2802  
[www.ides.state.il.us](http://www.ides.state.il.us)

ATTACHMENT-50C

For Stephenson, the number of job seekers registered with the Illinois Department of Employment Security's Illinois Skills Match employment system for these occupations in the January 1, 2009 to August 31, 2009 time period is shown below. This is as always an indication, neither comprehensive nor complete of workforce availability in the Stephenson County area. Not all job seekers, particularly RN's, register with Skills Match. These include individual job seekers available at least part of the 1/1/09-8/31/09 period but not necessarily the entire period.

RN-2

LPN-1

Aide/Orderly/Attendant-5

Sincerely

Richard W. Kaye  
Chicago Labor Market Economist  
Illinois Department of Employment Security.

**I. Criterion 1110.1730 - General Long Term Care**

h) Performance Requirements – Facility Size

The maximum size of a general long term care facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c – Long-Term Care Facilities) over a two-year period of time.

This item is not germane as the Subject facility will result in a total of 90 nursing care beds.

**I. Criterion 1110.1730 - General Long Term Care**

i) **Community Related Functions – Review Criterion**

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from such organizations.

Appended as **ATTACHMENT-52A** are 132 letters of community support for the proposed project. These letters are representative of the community and are from such groups as local merchants, residents and family members of residents of the Applicant's Liberty Village of Freeport campus, another long-term care nursing facility in Freeport, area physicians, the Stephenson County Senior Center, The State Senator from the 45<sup>th</sup> District, the Area Chamber of Commerce, an area Hospice provider, area providers for residents with developmental disabilities, the local television station, and ambulance service.

**ATTACHMENT-52**

**I. Criterion 1110.1730 - General Long Term Care**

j) Zoning – Review Criterion

The applicant shall document one of the following:

- 1) The property to be utilized has been zoned for the type of facility to be developed;
- 2) Zoning approval has been received; or
- 3) A variance in zoning for the project is to be sought.

The subject project is complete and does not require additional construction. Thus, zoning is in place and will not need to be altered.

## McPHERSON LAW OFFICES

1720 HANCE DRIVE  
FREEPORT, ILLINOIS 61032

TELEPHONE (815) 235-4411  
FACSIMILE (815) 235-8660

MALCOLM C. MCPHERSON  
HEATHER MCPHERSON\*

\*ALSO ADMITTED IN WISCONSIN

PHILIP L. KEISTER  
(1917-1978)

February 1, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant environment, comfortable surroundings and a home-like atmosphere. I understand that while this change does not increase the total number of beds that are part of the Liberty Village of Freeport campus, the change would require an increase in the staff at Manor Court in order to care for the higher number of residents requiring more care. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project. Thank you for your consideration.

Very truly yours,



Heather McPherson

ATTACHMENT-52A



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Peoria, IL 61612-3156

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January 26, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

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As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

Mr. Dan Langenfeld

	PEORIA	DAVENPORT	ROCKFORD	STREAMWOOD
TEL	309.692.7107	563.388.8990	815.874.0296	630.830.4900
FAX	309.692.7176	583.338.9119	815.874.0299	630.830.4969
TOLL FREE	800.322.5344	800.581.1777	800.874.0296	800.443.4377



# *Freeport Rehabilitation and Healthcare Center*

January 21, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant environment, comfortable surroundings and a home-like atmosphere. I understand that while this change does not increase the total number of beds that are part of the Liberty Village of Freeport campus, I understand that you would need to increase the staff at Manor Court in order to care for the higher number of residents requiring more care. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

*Erica Sprunger*

*900 South Kiwanis Drive • Freeport, Illinois 61032  
Phone 815/235-6196 • Fax 815/235-5365*



January 18, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

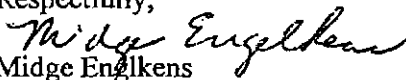
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Midge Englkens  
331 Valley view Dr  
Orangeville, IL 61060

January 18, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for two years.

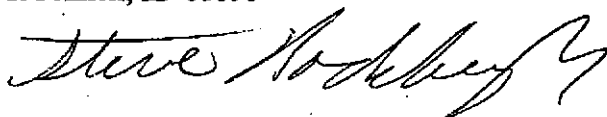
Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

Steve Rodcbaugh  
9402 Damascus Rd.  
McConnell, IL 61050





Career and Technical Education Consortium

2037 West Galena Avenue, Freeport, IL 61032

*"Partnering to prepare students for tomorrow's careers"*

Mr. Andres Bardelas

Liberty Village of Freeport Administrator

2080 W. Navajo Drive

Freeport, IL 61032

Dear Andres,

It is my understanding that you are taking into consideration the expansion of the number of skilled beds in your facility. I commend you and your staff for that consideration.

As the Health Occupations Youth Apprenticeship (HOYA) instructor here in Freeport, I am well aware of not only the need for our aging population but also the need for the availability of facilities to provide teaching opportunities for future health care workers. We know that both the aging population and the number of students preparing for entry into healthcare are on the rise. To that end, your expansion of skilled beds would provide for meeting that need in Freeport and the surrounding communities.

I have been fortunate to have you consider our HOYA program and your facility as 'Business Partners' since opening your doors. It has afforded my students the opportunity during their C N A student clinical rotation to see firsthand prime examples of how to care for the elderly. Several of the students each year, as you know, desire employment at your facility once clinical rotation ends.

I wish you well on your endeavor. I also look forward to our continued partnership as you expand.

Sincerely,

A handwritten signature in black ink that reads "Janet E. Golden". The signature is fluid and cursive.

Janet E. Golden, RN

HOYA Instructor

Dakota District 201

Durand District 322

Freeport District 145

Pearl City District 200

Pecatonica District 321

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01/19/2010

Mr. Andres Bardelas, Administrator  
Manor Court of Freeport  
2170 W. Navajo Drive  
Freeport, IL 61032

RE: Manor Court of Freeport.

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport and the surrounding area will be offered the availability of admittance to Manor Court of Freeport without being a resident of Liberty Village of Freeport campus. Our location has an excellent reputation for providing a comprehensive rehabilitative program and returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state of the art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, staff at Manor Court would increase and you would need to increase your staff by 30%. This would be a positive for Stephenson County since we unfortunately have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request, and I strongly support this project.

Sincerely,

Michael Merry, M.D.

MM/ljt

D: 01/19/2010 10:58 P

T: 01/25/2010 9:55 A

Family HealthCare Center - Burchard Hills  
1010 West Fairway Drive, Freeport, Illinois 61032  
Phone: 815-599-6000 Toll Free: 877-484-8084  
Website: www.fhn.org

No. 5926

# Loescher

Heating and Air Conditioning

1860 S. Walnut Ave.  
Freeport, Illinois 61032  
p: (815) 232-6166 f: (815) 232-8350

---

January 26, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant environment, comfortable surroundings and a home-live atmosphere. I understand that while this change does not increase the total number of beds that are part of the Liberty Village of Freeport campus, I understand that you would need to increase the staff at Manor Court in order to care for the higher number of residents requiring more care. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

Sean Lane  
Loescher HVAC  
1860 S Walnut Ave  
Freeport, IL 61032

---

This document and the information herein is the confidential property of Loescher Heating and Air Conditioning. The information on this document may only be used for the business purpose of Loescher Heating and Air Conditioning and in conformity with its policies and procedures regarding confidential and proprietary information.

[www.mecogroup.com](http://www.mecogroup.com)



**Stephenson County  
Senior Center**

---

*Serving Stephenson & Jo Daviess Counties*

121 N. Harlem, Freeport, Illinois 61032-3803

January 21, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W. Navajo Dr.  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

I am writing this letter in support of your application to expand the number of nursing home beds at Manor Court of Freeport. It is my understanding that this request will allow admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus.

The Senior Center strives to promote independence and quality of life for Seniors in our community. The availability of additional quality, comprehensive rehabilitation services contributes to ensuring Seniors continued self-determination and independence.

Please let me know if you desire further information.

Sincerely,

Kelly Ziemer  
Executive Director  
Stephenson County Senior Center

Phone 815-235-9777 1-800-424-6696 Fax 815-235-9571 TTY 815-235-6117 E-mail [scsc@aeroinc.net](mailto:scsc@aeroinc.net)





January 18, 2010

Mr. Andres Bardelas, Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas,

Please find this letter of support regarding your application to increase the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

The approval of this application will provide the citizens of Freeport, and the surrounding area, the ability of admittance to Manor Court of Freeport without prior residence at Liberty Village of Freeport Campus.

The senior citizens and frail elderly demand an environment that provides exceptional care, state of the art rehabilitation equipment, a pleasant atmosphere and comfortable surroundings. Manor Court of Freeport has an excellent reputation with all of these attributes, as well as a comprehensive rehabilitation program that provides residents throughout the continuum of care.

The approval of this application to change current beds to nursing home license would also directly result in staff increase of up to 20 percent. This would directly benefit Stephenson County, with one of the states highest unemployment rates.

Due to the increased need for nursing beds, comprehensive rehabilitation and community employment, I strongly support the application for Manor Court of Freeport.

Thank you for your consideration.

Respectfully,

Marc Mongan, RPh, Owner/President  
Oregon Healthcare Pharmacy Services, Inc.



# RIDGE TERRACE

A NOT-FOR-PROFIT INTERMEDIATE CARE FACILITY FOR THE DEVELOPMENTALLY DISABLED

January 18, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Dear Mr. Bardelas:

I support your expansion to the number of nursing home beds at Manor Court of Freeport located in Freeport, Illinois.

I think it will be a great benefit to offer the community the availability of admittance to Manor Court of Freeport without being a resident of Liberty Village. This Facility already has an outstanding reputation for providing a comprehensive rehabilitation program.

Senior citizen's care, at this facility is unmatched in the areas of high quality equipment and the comfortable family atmosphere. Not to mention, Stephenson County has one of the highest unemployment rates in the state. This will provide several jobs throughout the community.

As a member of this community, I strongly support this project.

Thank you for your consideration.

Respectfully,

Dina Bicker  
RSD/QMRP  
Ridge Terrace



R<sub>T</sub>



# RIDGE TERRACE

A NOT-FOR-PROFIT INTERMEDIATE CARE FACILITY FOR THE DEVELOPMENTALLY DISABLED

January 19, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

This letter is sent in support of your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport IL.

By granting this request the citizens of Freeport and surrounding areas can be offered the Availability of admittance to Manor Court without being a resident of Liberty Village of Freeport campus.

With today's need for excellent care of the senior citizens it would it would be essential for Stephenson county and surrounding areas in the expansion of beds at Manor Court. Your location has an excellent reputation of providing comprehensive rehabilitation Programs; that returns patients to the prior settings with good results.

This will also give a lending hand to the community with the increase of jobs.

Hopefully this request will be granted as it will serve many.

Thank you for you consideration.

Respectfully

Lisa Modlinger

January 18, 2009

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

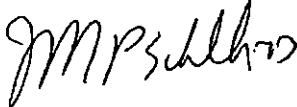
By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, the staff at Manor Court would increase and you would need to increase your staff by about 20%. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

  
Dr Jeffrey Schleich  
FHN Burchard Hills  
1010 W Fairway Dr  
Freeport IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at Manor Court of Freeport that is part of the Liberty Village of Freeport campus. She has lived there for 1 year.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mrs. Laurie Woessner  
101 N Stanton  
Shannon, IL 61078

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Court Assisted Living facility in Freeport for 2 years. I am 85 years old and a retired housewife. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Betty Jane Torsrud  
2140 W Navajo Drive#404  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

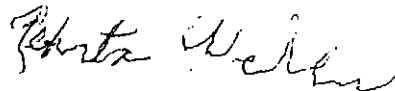
I have lived at the Hawthorne Court Assisted Living facility in Freeport for 1 month. I am 95 years old and a retired sales person. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Alberta Wells  
2140 W Navajo Drive #210A  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

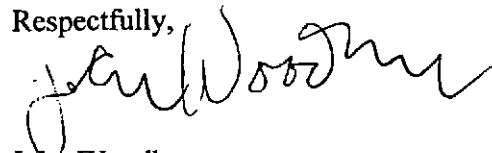
I have lived at the Hawthorne Court Assisted Living facility in Freeport for 3 years. I am 70 years old and a retired musician. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



John Woodhouse  
2140 W Navajo Drive #208B  
Freeport, IL 61032

**Clinical Social Work**

Elise Cadigan, L.C.S.W.  
D. Stephen Kiley, L.C.S.W.  
Martrice D. Williams, L.C.S.W.  
Fred J. Martinez, L.C.S.W.

**Clinical Psychiatry**

Anthony D'Souza, M.D.  
Shahina H. Jafry, M.D.

# Glenwood Center

2823 Glenwood  
Rockford, Illinois 61101-3542  
815-968-5342  
FAX 815-968-4656

**Clinical Psychology**

Frank E. Cushing, Jr., Ed.D.  
Kyle J. Cushing, Psy.D.

**Clinical Counselor**

Diane Cushing, RN., L.C.P.C.  
Dawn Carmichael, L.C.P.C.

**Educational Consultant**

Betsy V. Dietz, M.S. Ed.

January 19, 2010

Re: Manor Court of Freeport

To Whom It May Concern:

I am writing in support of letter Manor Court's application to expand the number of nursing home beds at their facility in Freeport, Illinois. In my role as Licensed Clinical Psychologist in private practice, I have evaluated hundreds of seniors who have become dependent on the aid of others to help them get through the day, or because they have medical or neuropsychological conditions that require around-the-clock care. Such folks and their families face one of the most stressful events in their lives – entrusting the care of a vulnerable loved one to strangers when such a need arises. I believe Manor Court's proposed expansion is capable of meeting those needs quite well.

Location appears to be the number one criteria when choosing a nursing home as family and friends need to be close by to encourage frequent visits. A nursing home needs to be close to the hospital (Freeport Memorial Hospital is less than one mile away) and the physician to provide continuity of care. Also, it should be close to the individual's home and neighborhood. The plan to change beds to a nursing home license would increase such needed availability for seniors in Stephenson County. Too often now, I hear from elderly patients and their families that they feel they must go to Rockford due to insufficient beds in the Freeport area.

Quality of care is also an ongoing concern when families need to make the decision to place a loved one in health care center or nursing home. With availability of Manor Court's extra beds, a difficult and emotional decision can be made a little easier for local families. With Manor Court and its parent company's excellent reputation for providing quality care to people who need it most, seniors in the Freeport area will be well served.

Having consulted with scores of residential facilities operated by Manor Court's parent company for 25+ years, I can attest, first hand, to their commitment to comprehensive rehabilitation and programming that provides patients with very good results. This company fully understands that atmosphere is a crucial factor. In their facilities, people seem friendly, courteous and respectful of one another. The devoted staff interacts regularly with residents, always addresses them by their names and knows each patient's history, needs and wants. They are most receptive to patient needs and wants and make every attempt to provide for them. There is a supportive, calm, service oriented mood throughout the facilities. I have found that in order for such facilities to appropriately, empathically, and fully meet the needs of residents, atmosphere is a crucial factor. Manor Court's parent company always provides a personalized environment that enhances the resident's

individuality and promotes independence. Good lighting, handrails, and wide uncluttered hallways are the norm. Cleanliness and odor free, comfortable space is the rule. Manor Court, understanding the needs of seniors, is the type of place I would feel quite comfortable in placing my own family in, if need be.

Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "Frank Cushing", with a long horizontal flourish extending to the right.

Dr. Frank Cushing  
Licensed Clinical Psychologist  
Certified School Psychologist  
Vocational Expert, Social Security Administration  
[www.doctorcushing.com](http://www.doctorcushing.com)

FC/dc



January 19, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W. Navajo Drive  
Freeport, IL. 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

In my role as Executive Director for Frances House, I have experienced the need for an expansion of Manor Court. As the residents who reside in our ICF and CILA facilities age and begin requiring increased nursing services, the ability to transition to a nursing home which is connected to the same parent company will provide for continuity of care.

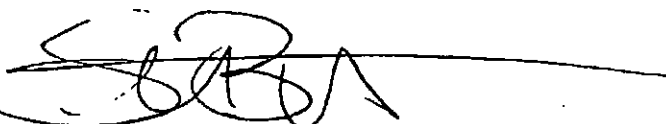
Additionally, residents residing in our ICF and CILA facilities occasionally require rehabilitation services for existing conditions or as an initial evaluation. With the expansion of Manor Court, these residents are able to be admitted for care within the same company and receive services under the supervision of consultants whom are familiar with the population and regulatory requirements.

Finally, the aging residents requiring nursing home care would be able to continue relationships with the peers they have lived with for many years and visits would be more easily facilitated.

It is for these reasons that an expansion of Manor Court would be highly beneficial and I strongly support this project.

Thank you for your consideration.

Respectfully,



Steve Bennett, Executive Director  
Frances House, Inc.

January 19, 2010

Mr. Andres Bardelas, Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas,

Please find this letter of support regarding your application to increase the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

The approval of this application will provide the citizens of Freeport, and the surrounding area, the ability of admittance to Manor Court of Freeport without prior residence at Liberty Village of Freeport Campus.


The senior citizens and frail elderly demand an environment that provides exceptional care, state of the art rehabilitation equipment, a pleasant atmosphere and comfortable surroundings. Manor Court of Freeport has an excellent reputation with all of these attributes, as well as a comprehensive rehabilitation program that provides residents throughout the continuum of care.

The approval of this application to change current beds to nursing home license would also directly result in staff increase of up to 20 percent. This would directly benefit Stephenson County, with one of the state's highest unemployment rates.

Due to the increased need for nursing beds, comprehensive rehabilitation and community employment, I strongly support the application for Manor Court of Freeport.

Thank you for your consideration.

Respectfully,

  
Marc Mongan, RPh, Owner/President  
Oregon Healthcare Pharmacy Services, Inc.

CAPITOL OFFICE:  
M103B STATE CAPITOL  
SPRINGFIELD, IL 62706  
217/782-0180  
217/782-9586 (FAX)

DISTRICT OFFICES:  
629 NORTH GALENA AVE.  
DIXON, IL 61021  
815/284-0045  
815/284-0207 (FAX)

50 W. DOUGLAS ST.  
FREEPORT, IL 60132  
815/233-0037  
815/232-0777 (FAX)  
E-MAIL: [senatorbivins@grics.net](mailto:senatorbivins@grics.net)  
WEB: <http://bivins.senategop.org>



ILLINOIS STATE SENATE  
**TIM BIVINS**  
STATE SENATOR - 45TH DISTRICT

COMMITTEES:  
MINORITY SPOKESPERSON:  
STATE GOVERNMENT  
& VETERANS AFFAIRS  
MEMBER:  
AGRICULTURE & CONSERVATION  
APPROPRIATIONS I  
COMMERCE  
CRIMINAL LAW

December 23, 2009

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 West Navajo Drive  
Freeport, IL 61032

Dear Mr. Bardelas,

Please accept this letter of support for your application to increase the number of licensed nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By granting this request, the citizens of the Freeport area will be offered the availability of admittance to Manor Court of Freeport without establishing residency at the Liberty Village of Freeport campus. Your facility has an excellent reputation in the community for providing exceptional care in a pleasant and comfortable environment that is not the typical nursing home. Your Bounce Back rehabilitation program has helped many of your campus residents return to their independent setting with very good results.

While this proposal converts existing assisted living or shelter care beds to nursing home beds, the total number of beds at Manor Court will not change. However, due to the higher level of care of nursing home residents, you would need to increase your current staff by 20%. This would be a tremendous benefit to Stephenson County, which has one of the highest unemployment rates in the state.

I support this project and feel all can be better served by granting this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Bivins".

Tim Bivins  
State Senator  
45<sup>th</sup> District

TB/gsd



**December 22, 2009**

**Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport IL 61032**

**Re: Manor Court of Freeport**

**Dear Mr. Bardelas:**

**Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.**

**By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.**

**Today's senior citizens (and future generations) demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, the staff at Manor Court would increase and you would need to hire more people. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the states.**

**As you can see, all can be better served by granting this request and I strongly support this project.**

**Thank you for your consideration.**

**Judy Barker, LNHA  
Administrator  
Unity Hospice of Western Illinois LLC**

1201 S. 7th Street, Suite 101  
Rochelle, Illinois 61068

web: [www.unityhospice.com](http://www.unityhospice.com)

phone: (815) 561-8866  
fax: (815) 561-8877

affiliated organizations:

Chicago, IL (312) 949-1188

Collinsville, IL (618) 346-1111

St. Louis, MO (314) 645-8648

Merrillville, IN (219) 769-8648



December 22, 2009

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, the staff at Manor Court would increase and you would need to increase your staff by about 20%. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

Freeport Area  
**Chamber**  
of Commerce

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, the staff at Manor Court would increase and you would need to increase your staff by about 20%. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the state.

As you can see, all can be better served by granting this request and I strongly support this project.

Sincerely,



Kim Grimes  
President/CEO  
Freeport Area Chamber of Commerce

[www.Freeportilchamber.com](http://www.Freeportilchamber.com)

27 W. Stephenson St., Freeport, IL 61032  
Ph 815.233.1350 Fax 815.235.4038

**Star Ambulance Service**

3155 Business 20 West  
P.O. Box 187  
Freeport, IL 61032

Office 815-235-0912  
Fax 815-235-0905

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December 29, 2009

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 Navajo Dr.  
Freeport, IL 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for your application to expand the number of nursing home beds at Manor Court of Freeport, in Freeport, Illinois.

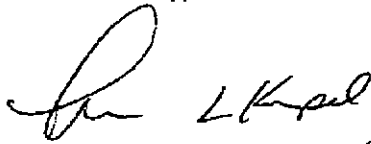
By allowing this request to be granted, the citizens of Freeport, and surrounding area, will be offered the availability of admittance to Manor Court of Freeport without being a resident of the Liberty Village of Freeport campus. Your location has an excellent reputation for providing a comprehensive rehabilitation program that returns patients to their prior setting with very good results.

Today's senior citizens demand an environment that not only provides exceptional care but also has state-of-the-art equipment, a pleasant atmosphere and comfortable surroundings. I also understand that by changing the beds to a nursing home license, the staff at Manor Court would increase and you would need to increase your staff by about 20%. This would be a plus for Stephenson County since we have one of the highest unemployment rates in the states.

As you can see, all can be better served by granting this request and I strongly support this project.

Thank you for your consideration.

Respectfully,

  
Thomas L. Kempel  
President

January 15, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother-in-law currently resides at Manor Court that is part of the Liberty Village of Freeport campus. She has lived there for 3 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother-in-law would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Scott Davis  
5034 Telluride Court  
Caledonia, IL 61011



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

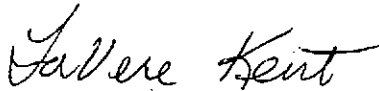
My wife currently resides at Manor Court that is part of the Liberty Village of Freeport campus. She has lived there for 3.5 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Lavere Kent  
420 Thorpe Ave  
Milledgeville, IL 61051

January 19, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for 1 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Jeff Dolan

516 Washington St.  
Pecatonica, IL 61063

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

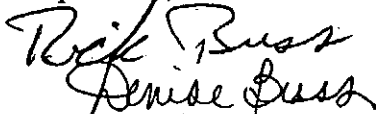
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Rick and Denise Buss  
1426 West Logan  
Freeport, IL  
61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently reside in one of the independent Villas that are part of the Liberty Village of Freeport campus. I have lived here for 3 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

Hedwig Kernbauer  
736 S Park Crest Dr  
Freeport, IL 61032



January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

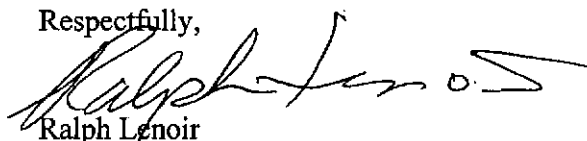
My brother currently resides at Manor Court that is part of the Liberty Village of Freeport campus. He has lived there for 1 year.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ralph Lenoir  
746 Alamo Dr  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother-in-law currently resides in the assisted living area that is part of the Liberty Village of Freeport campus.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Linda Genkinger  
1036 Arapaho Dr  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. We strongly support this.

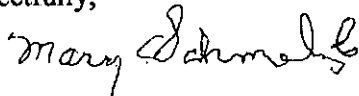
My husband and I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. We have lived here for 8 years. We are in our 90's and he is a retired attorney. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mary and Robert Schmelzle  
2080 W Navajo Drive #321  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. We strongly support this.

My wife and I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. We have lived here for 8 years. We are in our 90's and I am a retired attorney. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Robert and Mary Schmelzle  
2080 W Navajo Drive #321  
Freeport, IL 61032



January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

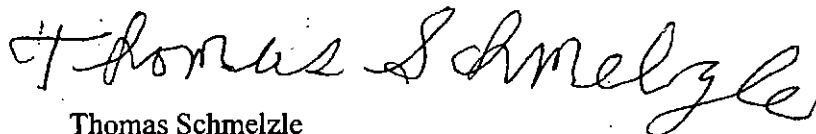
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 7 years. I am 68 years old and a retired engineer. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Thomas Schmelzle  
2080 W Navajo Drive #240  
Freeport, IL 61032

January 19, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

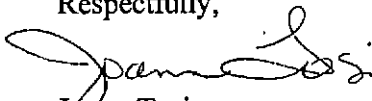
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for 4 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Joann Tosi  
2121 Bedford Dr.  
Freeport, IL 61032

January 15, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

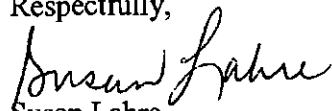
My father currently resides at Garden Court Special Care area that is part of the Liberty Village of Freeport campus. He has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Susan Lahre  
1244 Dunamon Dr.  
Bartlett, IL 60103

January 15, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

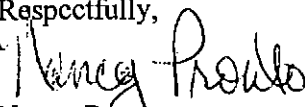
My father currently resides at Garden Court Special Care area that is part of the Liberty Village of Freeport campus. He has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Nancy Pronto  
1360 Campbell  
Hoffman Estates

January 15, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.


My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Ron Buss  
844 W. Hamilton  
Freeport, IL 61032

January 14, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

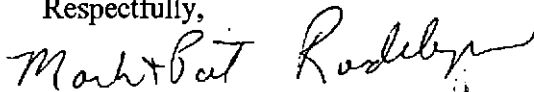
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for 2 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mark and Pat Rodebaugh  
625 W. James Rd.  
Orangeville, 61060

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My relative currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. He has lived there for four years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my relative would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Gene Heeren  
2361 Florence Rd  
Baillyville, IL 61007

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

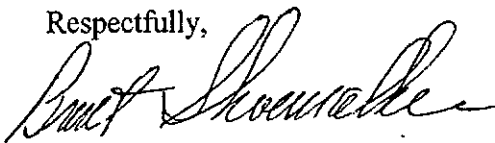
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for four years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Brent Shoemaker  
3184 Sandy Pointe Dr.  
Freeport, IL.  
61032



January 12, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

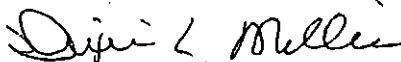
My mother currently resides at the Garden Court Special Care section that is part of the Liberty Village of Freeport campus. She has lived there for two years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Dixie Miller  
2621 Zurich Ct  
Woodridge, IL  
60517

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 80 years old and a retired clerk. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Jane Leeman  
2080 W Navajo Drive #343  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:


Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

We currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. We have lived here for 1 1/2 years. We are both in our 80's and retired from Honeywell and the State Highway Department. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully, 

Lewis & Lola Fransen  
2080 W Navajo Drive #121  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 1/2 years. I am 81 years old and a retired cheesemaker. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Charles Scheidegger  
2080 W Navajo Drive #311  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 1/2 years. I am 90 years old and a retired teacher and housewife. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Alice Wenzel  
2080 W Navajo Drive #328  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 9 years. I am 98 years old and a retired homemaker. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Winifred Armagost  
2080 W Navajo Drive #323  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

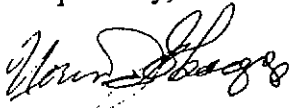
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 8 years. I am 85 years old and retired from New York Life Insurance Company. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Norma Skaggs  
2080 W Navajo Drive #211  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

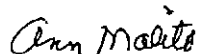
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 3 years. I am 88 years old and retired from Westinghouse. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ann Malito  
2080 W Navajo Drive #242  
Freeport, IL 61032



January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

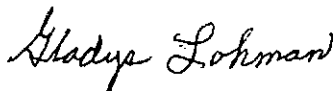
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 87 years old. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Gladys Lohman  
2080 W Navajo Drive #238  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 1/2 years. I am 93 years old and a retired beautician. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Verla Kuhlemeyer  
2080 W Navajo Drive #227  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

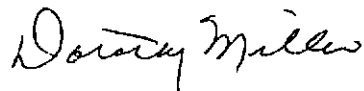
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 91 years old and a retired homemaker. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Dorothy Miller  
2080 W Navajo Drive #226  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 3 1/2 years. I am 90 years old and a retired teacher. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Dolores Shaughnessy  
2080 W Navajo Drive #221  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

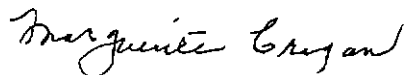
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 9 years. I am 95 years old and a retired housewife. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Marguerite Cregan  
2080 W Navajo Drive #235  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 6 years. I am 91 years old and a retired homemaker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Bernita Stubbe  
2140 W Navajo Drive #118  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

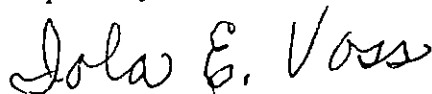
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 4 years. I am 83 years old and a retired farm wife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Iola Voss #107  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 years. I am 95 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

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The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we <sup>will</sup> ~~can~~ all be better served by granting this request.

Respectfully,  
*Leona Mayer*

Leona Mayer #111B  
2140 W Navajo Drive  
Freeport, IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 89 years old and a retired home maker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

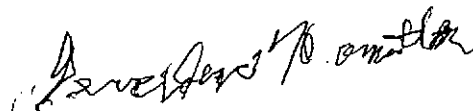
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The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

Geraldine Hamilton # 112B  
2140 W Navajo Drive  
Freeport, IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

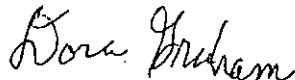
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 4 years. I am 87 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Dora Graham #105  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

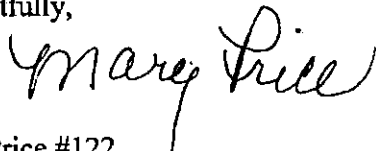
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 5 months. I am 76 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mary Price #122  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

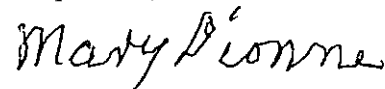
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 1 years. I am 86 years old and a retired certified nursing assistant. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mary Dionne  
2140 W Navajo Drive 110B  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.


I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 5 years. I am 87 years old and a retired homemaker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

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As you can see, we can all be better served by granting this request.

Respectfully,

  
Esther Guzzardo  
2140 W Navajo Drive#120  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

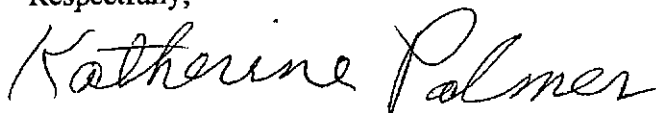
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 months. I am 88 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

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As you can see, we can all be better served by granting this request.

Respectfully,



Katherine Palmer  
2140 W Navajo Drive#108  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 years. I am 84 years old and a retired Stephenson Co. Title Clerk. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

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As you can see, we can all be better served by granting this request.

Respectfully,



Percy Scott  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

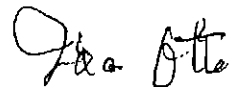
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 1 years. I am 94 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ida Otte #124  
2140 W Navajo Drive  
Freeport, IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

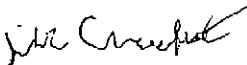
I have just moved in to the Hawthorne Inn Supportive Living facility in Freeport. I am 67 years old and a retired grocery clerk. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Jillian Croffoot #127A  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

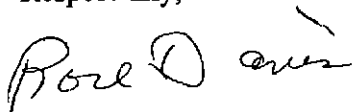
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 years. I am 80 years old and a retired house wife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Rose Danis  
2140 W Navajo Drive#109  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 4 years. I am 87 years old and a retired Receptionist. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Elaine Heimerdinger #102  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

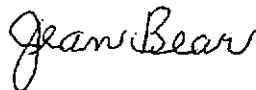
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 5 years. I am 87 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

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The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Jean Bear  
2140 W Navajo Drive#103  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 9 years. I am 83 years old and a retired car repairman. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Donald Timms  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

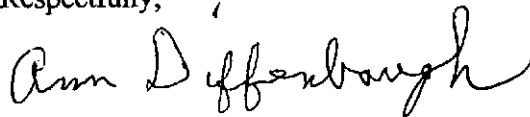
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 4 years. I am 70 years old and a retired factory worker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ann Diffenbaugh #115  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 1 years. I am 89 years old and a retired house wife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Wilma Fuchs #110A  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.


I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 6 years. I am 88 years old and a retired homemaker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Myrtle Lownik  
2140 W Navajo Drive  
Freeport, IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

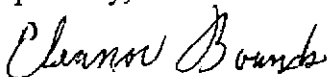
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 1/2 years. I am 88 years old and a retired factory worker. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Eleanor Bounds  
2140 W Navajo Drive #112A  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

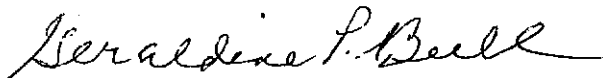
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 2 years. I am 86 years old and a retired loan teller. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Geraldine Bull #117  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

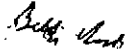
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 83 years old and a retired receptionist. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Betty Bast  
2140 W Navajo Drive#128B  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

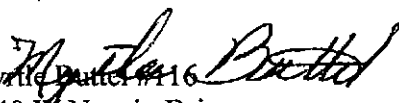
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 84 years old and a retired teacher. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Myrtle Butler #116  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

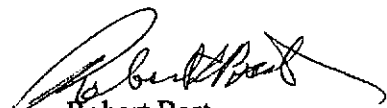
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 88 years old and a retired salesman. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Robert Bast  
2140 W Navajo Drive #128A  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

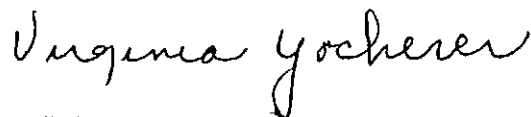
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 6 months. I am 89 years old and a retired housewife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Virginia Yocherer#111A  
2140 W Navajo Drive  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

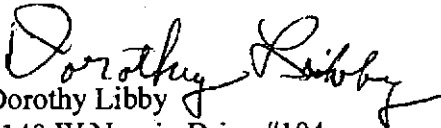
I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 1 year. I am 90 years old and a retired store clerk. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Dorothy Libby  
2140 W Navajo Drive #104  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 83 years old and a retired farm wife. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Esther Stykel #126*

Esther Stykel #126  
2140 W Navajo Drive  
Freeport, IL 61032



January 13, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

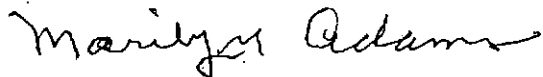
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 6 months. I am 79 years old and a retired inspector. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Marilyn Adams  
2080 W Navajo Drive #316  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 months. I am 69 years old and a retired housekeeper. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Opal M. Anderson  
2080 W Navajo Drive #213  
Freeport, IL 61032

January 13, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 84 years old and a retired school librarian. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Marlyn D. Babler  
2080 W Navajo Drive #120  
Freeport, IL 61032

January 13, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

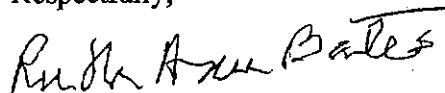
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 4 years. I am 90 years old and a retired school librarian. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ruth Ann Bates  
2080 W Navajo Drive #322  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 months. I am 89 years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Francis Carbaugh*  
*Francis Carbaugh*  
Francis Carbaugh  
2080 W Navajo Drive #117  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 months. I am 93 years old and a retired . The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Max Carbaugh  
2080 W Navajo Drive #117  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 4 years. I am 95 years old and a retired minister. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



M. Cronk  
2080 W Navajo Drive #341  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 7 years. I am 99 years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

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The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Carrie Evans*

Carrie Evans  
2080 W Navajo Drive #106  
Freeport, IL 61032



January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

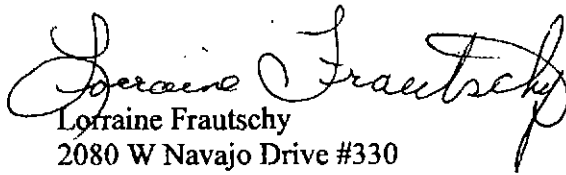
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 10 years. I am 80 years old and a retired secretary. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Lorraine Frautschy  
2080 W Navajo Drive #330  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 6 months. I am 82 years old and a retired factory worker. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ellen Greene  
2080 W Navajo Drive #215  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

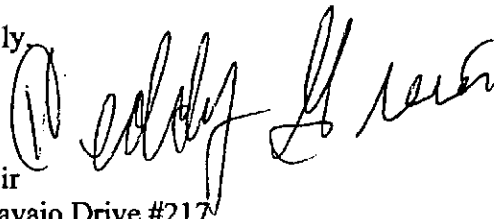
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 months. I am 81 years old and a retired firefighter. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully



Teddy Greir  
2080 W Navajo Drive #217  
Freeport, IL 61032

January 13, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

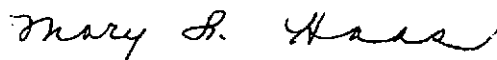
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 87 years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mary L. Haas  
2080 W Navajo Drive #105  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 91 years old and a retired nursing home administrator. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Mildred Harbers*

Mildred Harbers  
2080 W Navajo Drive #326  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 10 years. I am 96 years old and a retired employee. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Esther M. Harnish  
2080 W Navajo Drive #212  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 years. I am 91 years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Evelyn Hutmacher  
2080 W Navajo Drive #314  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

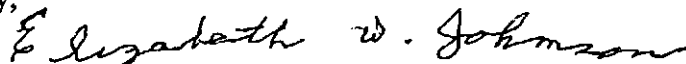
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 3 years. I am 84 years old and a retired employee. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Elizabeth W. Johnson  
2080 W Navajo Drive #241  
Freeport, IL 61032



January 13, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

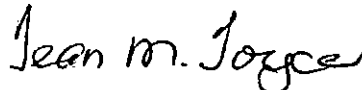
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 84 years old and a retired teacher. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Jean M. Joyce  
2080 W Navajo Drive #222  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 7 years. I am 88 years old and a retired nurse. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

Louella C. Karis  
2080 W Navajo Drive #325  
Freeport, IL 61032



January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 4 months. I am 84 years old and a retired milkman. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully, 

J. Ellsworth Lewis  
2080 W Navajo Drive #216  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 2 years. I am 94 years old and a retired secretary. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Mary Ellen Murray  
2080 W Navajo Drive #230  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 5 years. I am 82 years old and a retired chiropractor. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Ray W. Polsean  
2080 W Navajo Drive #223  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

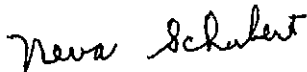
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 9 months. I am 94 years old and a retired farmer's wife. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Neva Schubert  
2080 W Navajo Drive #236  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

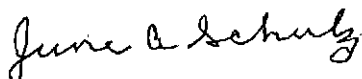
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 3 years. I am 83 years old and a retired micro worker. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



June Schulz  
2080 W Navajo Drive #119  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

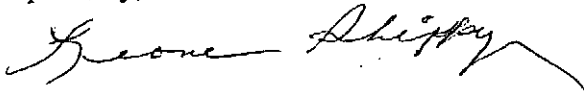
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for - years. I am -years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Leone Shippy  
2080 W Navajo Drive #317  
Freeport, IL 61032



January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

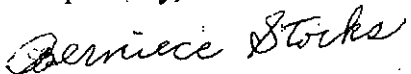
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 8 years. I am 93 years old and a retired secretary. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Berniece Stocks  
2080 W Navajo Drive #340  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

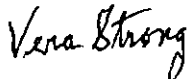
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 3 years. I am 94 years old and a retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

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The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Vera Strong  
2080 W Navajo Drive #108  
Freeport, IL 61032

January 12, 2010

Mr. Andres Bardelas  
Administrator  
Liberty Village of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

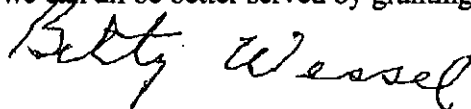
I currently live at the independent retirement center that is part of the Liberty Village of Freeport campus. I have lived here for 83 years. I am 87 years old and a retired retired. The Freeport Estates are part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Betty Wessel  
2080 W Navajo Drive #102  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.


My grandmother currently resides in the assisted living area that is part of the Liberty Village of Freeport campus.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Wayne Genkinger  
1267 Palmer  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

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The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Donna Genkinger  
1267 Palmer  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at Manor Court which is part of the Liberty Village of Freeport campus. She has lived there for 3 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Karen Davis*  
Karen Davis  
5034 Telluride Court  
Caledonia, IL 61011

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My father-in-law currently resides at Manor Court that is part of the Liberty Village of Freeport campus. He has lived there for 2 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Monte Kubik  
1946 W Laurel  
Freeport IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

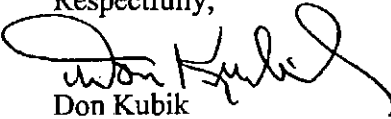
My father currently resides at Manor Court that is part of the Liberty Village of Freeport campus. He has lived there for 2 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where he has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

  
Don Kubik  
1946 W Laurel  
Freeport IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Inn Supportive Living facility in Freeport for 3 years. I am 92 years old and a retired electrician. The Hawthorne Inn is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

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As you can see, we can all be better served by granting this request.

Respectfully,



Allen Champion #125  
2140 W Navajo Drive  
Freeport, IL 61032

January 11, 2010.

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My grandmother currently resides in the assisted living area that is part of the Liberty Village of Freeport campus.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Karen Holden  
904 E Garden  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardclas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardclas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

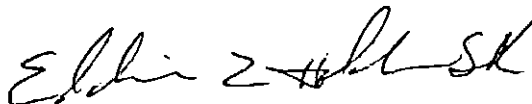
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As you can see, we can all be better served by granting this request.

Respectfully,



Eddie Holden Sr.  
904 E Garden  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides in the assisted living area that is part of the Liberty Village of Freeport campus.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

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As you can see, we can all be better served by granting this request.

Respectfully,



Martin Genkinger  
1036 Arapaho Dr  
Freeport, IL 61032

January 11, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

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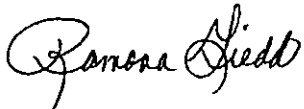
My mother currently resides at Manor Court of Freeport that is part of the Liberty Village of Freeport campus. She has lived there for 1 year.

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As you can see, we can all be better served by granting this request.

Respectfully,



Mrs. Ramona Giedd  
207 W Leland  
Lanark, IL 61046

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

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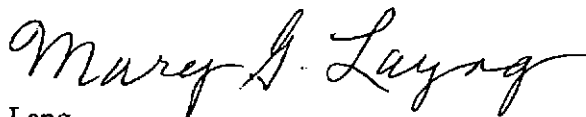
I have lived at the Hawthorne Court Assisted Living facility in Freeport for 2 years. I am 80 years old and a retired housewife. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

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As you can see, we can all be better served by granting this request.

Respectfully,



Mary Lang  
2140 W Navajo Drive#205A  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Court Assisted Living facility in Freeport for 2 years. I am 87 years old and a retired housewife. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

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As you can see, we can all be better served by granting this request.

Respectfully,



Dorothy Violet Babler  
2140 W Navajo Drive#204B  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

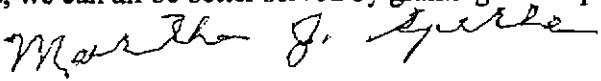
Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

I have lived at the Hawthorne Court Assisted Living facility in Freeport for 3 years. I am 90 years old and a retired housewife. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living, supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully, 

Martha Sperle  
2140 W Navajo Drive#201  
Freeport, IL 61032



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

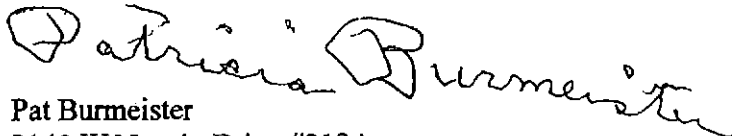
I have lived at the Hawthorne Court Assisted Living facility in Freeport for 4 months. I am 78 years old and a retired Bookkeeper. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know I would have a place available if my condition requires more care and I would not have to leave my friends nor the campus where I have been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephcnson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



Pat Burmeister  
2140 W Navajo Drive #213A  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

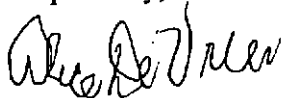
I have lived at the Hawthorne Court Assisted Living facility in Freeport for 6 months. I am 80 years old and a retired house wife. The Hawthorne Court is part of the Liberty Village of Freeport retirement community campus, which includes villas, independent living, assisted living supportive living and the current 45-bed nursing home.

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As you can see, we can all be better served by granting this request.

Respectfully,



Alice Devries  
2140 W Navajo Drive #212  
Freeport, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

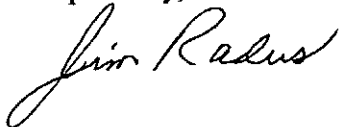
My Aunt currently resides at the Hawthorne Inn Supportive Living facility that is part of the Liberty Village of Freeport campus. She has lived there for 4 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



9283 W DAMMEIER RD

JENA, IL 61048

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at the Hawthorne Inn Supportive Living facility that is part of the Liberty Village of Freeport campus. She has lived there for 1 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

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As you can see, we can all be better served by granting this request.

Respectfully,

*Kathy Grunoble*

2026 WINCHESTER  
FREEPORT, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My Sister currently resides at the Hawthorne Inn Supportive Living facility that is part of the Liberty Village of Freeport campus. She has lived there for 1 Month.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,



112 TANGUAWA DR  
FREEPORT, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My Husband currently resides at Hawthorne Inn Supportive Living that is part of the Liberty Village of Freeport campus. He has lived there for 1 year.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Audrey Busekres*

5987 PRESTON RD  
FREEPORT, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My mother currently resides at Hawthorne Inn Supportive Living that is part of the Liberty Village of Freeport campus. She has lived there for 1 year.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my mother would have a place available as her condition requires more care. She would not have to leave her friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully,

*Maria Smith*

913 CLEVELAND ST

FREEPORT, IL 61032

January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My Father currently resides at the Hawthorne Inn Supportive Living facility that is part of the Liberty Village of Freeport campus. He has lived there for 3 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my Father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where she has been living.

The change to a nursing license for all the beds would require a staff increase to care for the higher number of residents requiring more care. This is something desperately needed in Stephenson County, one of the highest unemployment rate counties in the state.

As you can see, we can all be better served by granting this request.

Respectfully, *Leo Christiane*

507 CRESTVIEW  
LANARK, IL 61046



January 7, 2010

Mr. Andres Bardelas  
Administrator  
Manor Court of Freeport  
2170 W Navajo Drive  
Freeport, Illinois 61032

Re: Manor Court of Freeport

Dear Mr. Bardelas:

Please accept this letter of support for increasing the number of nursing beds at Manor Court of Freeport. I strongly support this.

My Father-in-law currently resides at the Hawthorne Inn Supportive Living facility that is part of the Liberty Village of Freeport campus. He has lived there for 3 years.

Liberty Village has already made an investment in excess of \$30 million to the Freeport area community. Their application to convert existing beds into a nursing home license would not only provide an immediate service to the current campus residents but more importantly to other citizens of the Freeport community. I know my Father would have a place available as his condition requires more care. He would not have to leave his friends nor the campus where she has been living.

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As you can see, we can all be better served by granting this request.

Respectfully,

*Bonnie Christians*

507 CRESTVIEW

LAWARK, IL 61046

**I. Criterion 1110.1730 - General Long Term Care**

k) Assurances

- 1) The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

Appended as **ATTACHMENT-54A**, is the above referenced and requested assurance.

**ATTACHMENT-54**

RE:

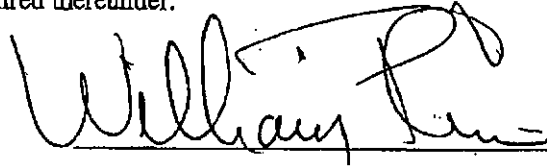
The undersigned applicant representative, who is the signatory to this application above, as a matter of assurance, pursuant to 77 Illinois Administrative Code 1110.1730(k), states and attests that the applicant will achieve and maintain the occupancy standards specified in 77 Illinois Administration Code 1100 for each category of services involved in the proposal.

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Counsel's Certificate

The undersigned is the attorney for the applicant set forth above.

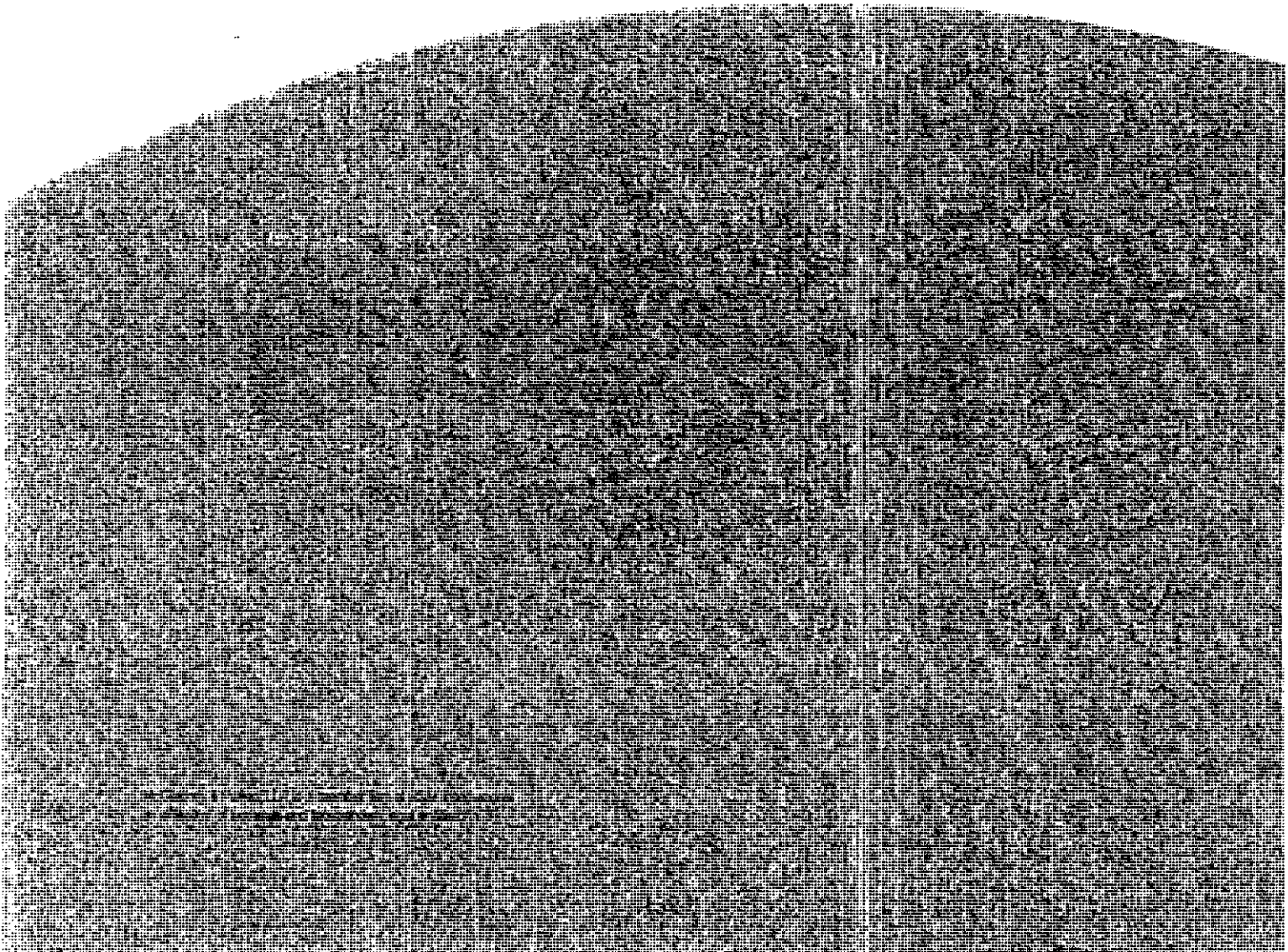
The foregoing representative is authorized by the applicant to execute and deliver the foregoing application and the assurances required thereunder.

  
\_\_\_\_\_

**McGladrey & Pullen**  
Certified Public Accountants

**Residential Alternatives of  
Illinois, Inc.**

Financial Report  
12.31.2007



## Contents

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Independent Auditor's Report	1
Financial Statements	
Balance Sheets	2 and 3
Statements of Operations and Changes in Net Assets	4
Statements of Cash Flows	5 and 6
Notes to Financial Statements	7 - 16

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors  
Residential Alternatives  
of Illinois, Inc.  
Galesburg, Illinois

We have audited the accompanying balance sheets of Residential Alternatives of Illinois, Inc. as of December 31, 2007 and 2006, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Residential Alternatives of Illinois, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
January 13, 2009

Residential Alternatives of Illinois, Inc.

Balance Sheets  
December 31, 2007 and 2006

	2007	2006
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 3,608,676	\$ 1,717,078
Fiduciary trust accounts	31,865	29,413
Receivables:		
Resident accounts, less allowance for doubtful accounts 2007 \$247,792; 2006 \$150,000	6,381,927	5,509,129
Other	56,563	5,145
Prepaid expense	30,332	154,895
<b>Total current assets</b>	<b>10,109,363</b>	<b>7,415,660</b>
Property and Equipment		
Land and land improvements	396,315	396,315
Building	7,399,125	7,399,125
Leasehold improvements	757,684	738,148
Equipment	2,001,158	1,844,509
Vehicles	638,710	632,551
	11,192,992	11,010,648
Less accumulated depreciation	2,013,216	1,395,965
	9,179,776	9,614,683
Other Assets		
Standby loan agreement receivable, related party	341,624	400,000
Other	36,769	-
	378,393	400,000
<b>Total assets</b>	<b>\$ 19,667,532</b>	<b>\$ 17,430,343</b>

	2007	2006
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,246,733	\$ 937,839
Accrued expenses	3,536,859	2,661,169
Deferred revenue	604,945	303,461
Refundable balances, including amounts due to third-party payors 2007 \$352,803; 2006 \$227,425	831,452	610,189
Due to residents, trust accounts	31,865	29,413
Current maturities of long term debt	146,638	178,627
Short term advance payable	-	375,000
<b>Total current liabilities</b>	<b>6,398,492</b>	<b>5,095,698</b>
Long-Term Note Payable, less current maturities	7,867,747	7,990,099
Standby Loan Agreement	3,500,000	3,500,000
Resident Security Deposits	1,476,302	1,346,436
<b>Total liabilities</b>	<b>19,242,541</b>	<b>17,932,233</b>
Commitments and Contingencies (Notes 6, 8, 9, 10, 11 and 13)		
Net Assets (Deficit), Unrestricted	424,991	(501,890)
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 19,667,532</b>	<b>\$ 17,430,343</b>

See Notes to Financial Statements.



Residential Alternatives of Illinois, Inc.

Statements of Operations and Changes in Net Assets  
Years Ended December 31, 2007 and 2006

	2007	2006
Net Resident Services and Rental Income	\$ 42,977,359	\$ 33,764,963
Other Operating Revenue	339,852	395,308
<b>Total revenue</b>	<b>43,317,211</b>	<b>34,160,271</b>
Operating Expenses:		
Facility operations and maintenance	13,213,024	11,466,707
Nursing and health care	14,738,307	10,923,169
General and administrative	6,328,700	5,118,688
Dietary	4,441,496	3,586,088
Housekeeping	1,130,875	943,180
Special services program	726,063	559,134
Depreciation	617,251	585,917
Laundry	387,666	290,021
Provider participation fees	236,063	188,701
<b>Total operating expenses</b>	<b>41,819,445</b>	<b>33,661,605</b>
<b>Operating income</b>	<b>1,497,766</b>	<b>498,666</b>
Nonoperating Income (Expense):		
Interest income	83,555	34,423
Interest expense	(654,440)	(640,988)
	<u>(570,885)</u>	<u>(606,565)</u>
<b>Excess (Deficit) of revenue over expenses</b>	<b>926,881</b>	<b>(107,899)</b>
Net Assets (Deficit):		
Beginning	<u>(501,890)</u>	<u>(393,991)</u>
Ending	<u>\$ 424,991</u>	<u>\$ (501,890)</u>

See Notes to Financial Statements.

Residential Alternatives of Illinois, Inc.

Statements of Cash Flows  
Years Ended December 31, 2007 and 2006

	2007	2006
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 926,881	\$ (107,899)
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	617,251	585,917
Provision for doubtful accounts	528,883	149,517
Changes in working capital components:		
(Increase) decrease in:		
Resident receivables	(1,401,681)	(2,949,331)
Other receivables	(51,418)	17,632
Prepaid expenses	124,563	(42,100)
Other assets	(36,769)	
Increase in:		
Accounts payable	308,894	239,691
Accrued expenses	875,690	567,973
Deferred revenue	301,484	233,573
Refundable balances, including amounts due to third-party payors	221,263	218,235
<b>Net cash (used in) provided by operating activities</b>	<b>2,415,041</b>	<b>(1,086,792)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(182,344)	(527,051)
Receipt of repayments on standby loan agreement receivable	123,376	-
Disbursement of standby loan agreement receivable	(65,000)	(400,000)
<b>Net cash (used in) investing activities</b>	<b>(123,968)</b>	<b>(927,051)</b>
<b>Cash Flows From Financing Activities</b>		
Repayments on long-term note payable	(8,238,590)	(121,774)
Proceeds on long-term note payable	8,084,249	-
Proceeds on standby loan agreement	-	1,700,000
Repayments of short-term advance	(375,000)	-
Proceeds on short-term advance	-	375,000
Increase in resident security deposits	129,866	184,426
<b>Net cash (used in) provided by financing activities</b>	<b>(399,475)</b>	<b>2,137,652</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 1,891,598</b>	<b>\$ 123,809</b>

(Continued)

Residential Alternatives of Illinois, Inc.

Statements of Cash Flows (Continued)  
Years Ended December 31, 2007 and 2006

	2007	2006
Net increase in cash and cash equivalents	\$ 1,891,598	\$ 123,809
Cash and Cash Equivalents:		
Beginning	<u>1,717,078</u>	<u>1,593,269</u>
Ending	<u>\$ 3,608,676</u>	<u>\$ 1,717,078</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	<u>\$ 496,940</u>	<u>\$ 499,815</u>
Supplemental Schedule of Noncash Investing and Financing		
Property received in exchange for note payable	<u>\$ -</u>	<u>\$ 8,290,500</u>

See Notes to Financial Statements.

Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Business

Nature of business: Residential Alternatives of Illinois, Inc. is an Illinois not-for-profit organization that provides housing, health care, and other related services to residents through the operation of the following facilities for the year ended December 31, 2007:

Facilities Located in Illinois	Total Beds/Units	Skilled Beds	Sheltered Beds	Assisted Beds	Apt. Units	Date Resident Operations Commenced
Hawthorne Inn of Danville	140	54	86	-	-	August 1, 2000
Hawthorne Inn of Freeport	37	-	-	37	-	July 1, 2002
Hawthorne Inn of Peoria	68	-	-	68	-	October 1, 2000
Hawthorne Inn of Peru	68	-	-	68	-	August 1, 2000
Liberty Estates of Danville	82	-	-	-	82	August 15, 1997
Liberty Estates of Freeport	69	-	-	-	69	January 14, 2000
Liberty Estates of Geneseo	49	-	-	-	49	August 22, 1997
Liberty Estates of Peoria	81	-	-	-	81	March 1, 2000
Liberty Estates of Peru	69	-	-	-	69	February 6, 2000
Liberty Estates of Streator	50	-	-	16	34	March 18, 2002
Manor Court of Clinton	161	134	-	27	-	January 10, 2005
Manor Court of Freeport	102	45	33	24	-	January 9, 2006
Manor Court of Peoria	50	50	-	-	-	August 22, 2006
Manor Court of Peru	103	75	28	-	-	February 8, 2005
Manor Court of Princeton	119	69	29	21	-	January 3, 2005
	<u>1248</u>	<u>427</u>	<u>176</u>	<u>261</u>	<u>384</u>	

Note 2. Significant Accounting Policies

Income taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and cash equivalents: For the purposes of reporting cash flows, the Organization considers money market funds and other short-term, highly liquid investments that have remaining maturities as of the date acquired of three months or less to be cash equivalents.

Fiduciary trust accounts: Cash held for residents and the related liability, due to residents, consists of cash that the Organization holds for its residents when they request the Organization to do so. Such cash consists of cash-on-hand and cash deposited in accounts at insured depository institutions, and is available for use or withdrawal by the residents at their request.

Resident accounts receivable: Resident accounts receivable, which include amounts due directly from residents and third-party payors on the resident's behalf, are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines whether an allowance for doubtful accounts is needed by identifying troubled accounts and by using historical experience applied to an aging of accounts. Resident accounts receivable are written off when deemed uncollectible. Recoveries of resident accounts receivable previously written off are recorded when received. Generally, interest is not charged on resident accounts receivable. Management has not specifically designated a time period for determining when a resident account receivable is past due.

## Residential Alternatives of Illinois, Inc.

### Notes to Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

The Organization extends credit for routine services provided to the residents of its facilities. A significant portion of these services provided to residents are paid by federal and state third-party payors as part of the Medicare and Medicaid programs. Credit risk with respect to the Medicare and Medicaid program receivables, as described in Note 3, is mitigated by the taxing authority of the governmental entities funding the programs while credit risk relating to private-pay accounts receivables are mitigated by the number of private-pay residents.

Property and equipment: Leasehold improvements and equipment are stated at cost less accumulated amortization and depreciation. Depreciation of equipment is computed using the straight-line method over the following estimated useful lives of the equipment.

<u>Classification</u>	<u>Years</u>
Building	40
Land Improvements	8 to 20
Equipment	3 to 20
Vehicles	4

Improvements to leased property are amortized using the straight-line method over the shorter of the duration of the leases or the estimated useful lives of the improvements. It is the Organization's policy to include amortization expense on leasehold improvements with depreciation expense on owned assets.

Resident services revenue: Resident services revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services provided. Resident services revenue is recognized on a monthly basis as services are rendered. Services subject to third-party payor agreements are reimbursed based on prospectively determined rates which are generally not subject to retroactive adjustment. The concentration of resident services revenue resulting from services rendered to Medicare and Medicaid beneficiaries is discussed in Note 3. The laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to frequent change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Organization's compliance with these laws and regulations. Such review may result in adjustments to Medicare and Medicaid reimbursement previously received and subject the Organization to fines and penalties. Any adjustments resulting from such reviews made by the Medicare or Medicaid programs are recognized in the period the Organization is notified by the governmental authorities. Although no assurances can be given, management believes they have complied with the requirements of the Medicare and Medicaid programs.

Resident security deposits: Refundable security deposits paid by residents upon entering into a rental agreement are reflected as other liabilities in the accompanying balance sheet.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

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**Note 2. Significant Accounting Policies (Continued)**

Economic dependency: The Organization has received substantial support from Frances House, Inc. in the past, in the form of financing and contributions, and continues to provide financial support in the form of a standby loan agreement with Frances House (see Note 8) and a long-term note payable (see Note 15). Additionally, Frances House has guaranteed the majority of the Organization's lease commitments (see Note 11).

Start-up costs: Start-up costs incurred by the Organization in connection with start-up activities have been charged to income as they were incurred. For the years ended December 31, 2007 and 2006, start-up costs incurred and included in operating expenses were approximately none and \$122,000, respectively.

Pending adoption of new accounting standards: In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, except for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis for which delayed application is permitted until fiscal years beginning after November 15, 2008. The Company is currently assessing the potential effect of SFAS No. 157 on its financial position, results of operations and cash flows.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 permits companies to elect to follow fair value accounting for certain financial assets and liabilities in an effort to mitigate volatility in earnings without having to apply complex hedge accounting provisions. The standard also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of the adoption of SFAS No. 159, if any, on our financial position, results of operations and cash flows.

Reclassifications: Certain balances on the financial statements for the year ended December 31, 2006 have been reclassified, with no effect on excess of revenue over expenses or net assets, to be consistent with the classifications adopted for the year ended December 31, 2007.

**Note 3. Concentration of Credit Risk and Major Third-Party Payors**

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses from these accounts and believes it is not exposed to any significant credit risk on bank deposit accounts.

## Residential Alternatives of Illinois, Inc.

### Notes to Financial Statements

#### Note 3. Concentration of Credit Risk and Major Third-Party Payors (Continued)

Approximately 30% of net resident services revenue was derived under federal and state third-party reimbursement programs for the years ended December 31, 2007 and 2006. Net resident service revenue by payor for the year ended December 31, 2007 and 2006 and resident accounts receivable as of December 31, 2007 and 2006, by payor, as a percentage of total net resident services revenue and resident accounts receivable, respectively, were as follows:

Payor Types	2007	2006
Net Resident Service Revenue:		
Medicare	24%	22%
Medicaid	7%	8%
Private	69%	70%
Resident Accounts Receivable:		
Medicare	62%	62%
Medicaid	13%	18%
Private	25%	20%

#### Note 4. Provider Participation Fees

The Illinois Department of Public Aid assesses provider participation fees on Illinois healthcare providers receiving Medicaid payments. Provider participation fees totaled approximately \$236,000 and \$189,000 for the years ended December 31, 2007 and 2006, respectively.

#### Note 5. Contractual Arrangements With Third-Party Payors

The Organization has cost reimbursement agreements with third-party payors (Medicare and Medicaid) with costs submitted subject to audit and adjustment by these payors. In the opinion of management, retroactive adjustments that have not already been considered and recorded, would not be material to the financial position or results of operations of the Organization.

#### Note 6. Related Party Balances and Commitment

During the year ended December 31, 2006, the Organization made advances to Residential Alternatives of Iowa, a related party through a common board of directors, totaling \$400,000 and pursuant to a standby loan agreement executed on August 1, 2006. The agreement is unsecured, provides for a credit limit of up to \$500,000 and expires on December 31, 2009. The terms of the standby loan agreement include a variable interest rate that is reset annually based on the Applicable Federal Rate in effect at the beginning of the year for a mid-term loan with interest paid quarterly. The interest rate was 4.50% as of January 1, 2007 and will be reset to 3.53% effective January 1, 2008. Principal is payable as available surplus funds are accumulated. Residential Alternatives of Iowa made payments of approximately \$123,000 on behalf of the Organization, as described below, during 2007. The Organization also advanced Residential Alternatives of Iowa \$65,000 during the year ended December 31, 2007. The balance of this loan as of December 31, 2007 was approximately \$342,000. The accrued interest receivable related to this loan was approximately \$24,000 and was included in other receivables as of December 31, 2007.

Subsequent to year end, the Organization advanced Residential Alternatives of Iowa approximately \$180,000 and increased the credit limit from \$500,000 to \$750,000.

The Organization and Residential Alternatives of Iowa have property and automobile insurance coverage through a joint policy. During 2007, Residential Alternatives of Iowa made payments of approximately \$123,000 on behalf of the Organization relating to this policy.

## Residential Alternatives of Illinois, Inc.

### Notes to Financial Statements

#### Note 7. Accrued Expenses

Accrued expenses consisted of the following as of December 31, 2007 and 2006:

	2007	2006
Real estate taxes	\$ 1,284,480	\$ 1,224,530
Wages	437,643	309,335
Employee time	321,846	256,032
Rent	344,596	190,731
Interest	328,287	170,787
Workers' compensation	270,548	152,000
Unremitted payroll taxes and withholdings	87,280	92,854
Utilities	61,029	62,430
Health insurance program	43,000	43,000
Administrative and support services fees	225,550	19,000
Miscellaneous	132,600	140,470
	<u>\$ 3,536,859</u>	<u>\$ 2,661,169</u>

#### Note 8. Standby Loan Agreement

The Organization has a standby loan agreement with Frances House, Inc., an unrelated nonprofit organization, which operates long-term care facilities in Illinois. Through this agreement, Frances House, Inc. has agreed to advance, from time to time, working capital funds to the Organization for the purpose of funding startup operations of facilities. The agreement is unsecured, provides for a credit limit of up to \$4,000,000, and expires on December 31, 2009. Interest shall be reset annually based on the Applicable Federal Rate in effect at the beginning of the year for mid-term loans with interest paid quarterly. The interest rate was 4.50% as of January 1, 2007 and will reset to 3.53% effective January 1, 2008. Principal is payable as available surplus funds are accumulated. The balance of the standby loan for each of the years ended December 31, 2007 and 2006 was \$3,500,000.

#### Note 9. Employee Benefit Plans

The Organization has adopted a medical benefit plan providing medical benefits, short-term disability benefits, group term life insurance, dependent care assistance and medical expense reimbursement. The medical benefits, short-term disability benefits and group term insurance portion of this plan is administered by an unrelated third-party organization. The medical and short-term disability benefits are, in effect, self-insured. This plan involves several organizations who contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the claims of all eligible employees and certain administrative fees. The portion of the plan relating to dependent care and medical expense reimbursement is administered by employees of Community Living Options, Inc., through July 31, 2007 and RFMS, Inc., unrelated organizations. Qualifying expenses are paid from the related participants contributions. Expenses relating to the medical benefit plan totaled approximately \$449,000 and \$409,000 for the years ended December 31, 2007 and 2006, respectively; which includes the accrued liability for estimated retrospective premiums or assessments that the Plan may charge. As of December 31, 2007 and 2006, the Organization recorded an estimated liability relating to plan assessments of approximately \$43,000 each year that was included in accrued expenses summarized in Note 7.



Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

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**Note 9. Employee Benefit Plans (Continued)**

As of the date of the Plan's most recent year-end, October 31, 2007, financial statements indicate the Plan's reported obligations exceeded the Plan's net assets available for benefits by approximately \$33,000. During the calendar years of 2007 and 2006, the Plan levied special assessments of approximately none and \$410,000, respectively. There have not been any special assessments levied for the 2008 calendar year through the date of this report; however, uncertainty exists about whether any special assessments will be needed before the end of the 2008 calendar year. The Organization's eligible participants accounted for approximately 12% of the total participation in the Plan for both of the years ending December 31, 2007 and 2006.

The Organization covered their employees under a standard workers' compensation plan through June 30, 2006; however, on July 1, 2006 the Organization changed plans. As of July 1, 2006 the workers' compensation insurance plan is administered by a third-party organization and, in effect, is a self-insured plan involving several not-for-profit organizations who formed a not-for-profit trust. The Organization's Board of Directors Secretary is also a member of the Board of Trustees for this plan. The participating organizations contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the workers' compensation claims of all participating organizations plus administrative fees. Expenses relating to both of these plans totaled approximately \$802,000 and \$549,000, respectively, for the years ended December 31, 2007 and 2006.

The Organization adopted a multiple-employer 401(k) retirement savings plan covering substantially all employees. The Plan is administered by an unrelated third-party. Plan management consists of employees of Community Living Options, Inc. through July 31, 2007, after which these personnel were employed by LTC Support Services, a related Organization, and RFMS, Inc., an unrelated organization. The Plan is funded by (a) participant contributions and (b) 50 percent matching by the Organization of the participant's eligible contributions up to 3 percent of the participant's compensation. Participant contributions are fully vested at the time they are made. Employer contributions begin vesting after 2 years of service at 20 percent per year. Expenses related to these plans totaled approximately \$63,000 and \$34,000 for the years ended December 31, 2007 and 2006, respectively.

**Note 10. Administrative Service Agreements**

The Organization has a contractual agreement with RFMS, Inc., an unrelated company, that provides administrative services. RFMS, Inc. is a related party, through common ownership, to certain facility lessors, including Edwin Enterprises, LLC, LB Properties, Inc., and Mid-Illini Healthcare, Inc. disclosed in Note 11. The agreement is for one year with an automatic one year renewal unless cancelled with at least 30 days notice. The administrative services provided by RFMS, Inc. are to include the functions of cash management, accounting and financial reporting, payroll and employee benefits, regulatory matters, and other general business and financial management services required. Fees paid under this agreement for the years ended December 31, 2007 and 2006 were approximately \$1,327,000 and \$1,288,000, respectively.

Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

Note 11. Lease Commitments, Total Rental Expense and Subsequent Event

The Organization leases its facilities from unrelated leasing companies under agreements that require monthly rentals plus the payment of real property taxes, insurance and maintenance costs. Monthly lease payments of certain leases are adjusted periodically according to the lease agreement based on 50 percent of the change in the consumer price index (CPI). Certain leases (\*) are guaranteed by Frances House, Inc., a related nonprofit organization, as described in Note 16, as required by the lessor's lender. Certain lease agreements contain options to renew for additional five-year periods. The terms of these leases as of December 31, 2007 were as follows:

Lessor and Facility Name	Monthly Lease Payment		Expiration of Lease	
Edwin Enterprises, LLC				
Hawthorne Inn of Freeport *	\$ 26,110		June 2011	
Hawthorne Inn of Peoria *	45,040		September 2010	
Hawthorne Inn of Peru *	44,720		July 2010	
Liberty Estates of Freeport *	53,589	(a)	January 2010	(g)
Liberty Estates of Peoria *	62,943	(b)	February 2010	(g)
Liberty Estates of Peru *	53,613	(c)	February 2010	(g)
Liberty Estates of Streator *	41,023		February 2011	
Manor Court of Peru	61,222		January 2015	
Manor Court of Peoria	30,000	(d)	July 2016	
LB Properties, Inc.				
Hawthorne Inn of Danville *	73,229	(e)	July 2015	(g)
Liberty Estates of Danville *	68,077	(f)	August 2013	(g)
Liberty Estates of Geneseo *	37,533		August 2013	
Hawthorne Inn of Princeton, LLC				
Manor Court of Princeton *	61,417		January 2015	
Mid-Illini Healthcare, Inc.				
Manor Court of Clinton	94,628		April 2015	
	\$ 753,144			

The following changes in the monthly lease payments have occurred or will occur subsequent to December 31, 2007:

- (a) Effective August 2008, the monthly lease payment decreases to \$49,000 when the facility was purchased by Frances House, Inc., as described in (g). This new lease terminates in July 2023.
- (b) Effective August 2008, the monthly lease payment decreases to \$59,000 when the facility was purchased by Frances House, Inc., as described in (g). This new lease terminates in July 2023.
- (c) Effective August 2008, the monthly lease payment decreases to \$46,000 when the facility was purchased by Frances House, Inc., as described in (g). This new lease terminates in July 2023.
- (d) Effective August 2008, the monthly lease payment increases to \$32,000 in accordance with the lease terms.
- (e) Effective August 2008, the monthly lease payment decreases to \$76,000 when the facility was purchased by a wholly-owned subsidiary of Frances House, Inc., as described in (g). In October 2008, the monthly lease payment increases to \$92,752. This new lease terminates in July 2023.
- (f) Effective August 2008, the monthly lease payment decreases to \$64,000 when the facility was purchased by Frances House, Inc., as described in (g). This new lease terminates in July 2023.
- (g) The Organization and its lessor mutually agreed to terminate the lease prior to its expiration pursuant to the sale of the facility to Frances House, Inc., a related party as described in Note 16.

## Residential Alternatives of Illinois, Inc.

### Notes to Financial Statements

#### Note 11. Lease Commitments, Total Rental Expense and Subsequent Event (Continued)

Minimum rental commitments under facility leases, excluding real property taxes, insurance and maintenance as of December 31, 2007 are due as follows:

Year Ending December 31	Amount
2008	\$ 9,010,728
2009	9,063,336
2010	8,728,616
2011	7,457,326
2012	7,218,620
Thereafter	<u>46,906,641</u>
	<u>\$ 88,385,267</u>

Total rental expense for the years ended December 31, 2007 and 2006, including real property taxes, insurance and maintenance costs, was approximately \$10,740,000 and \$9,465,000, respectively.

#### Note 12. Functional Expense Classifications

Operating and nonoperating expenses of the Organization according to their functional categories as of December 31 are as follows:

	2007	2006
Program activities	\$ 39,625,351	\$ 32,073,361
Management and general	<u>2,848,534</u>	<u>2,229,232</u>
	<u>\$ 42,473,885</u>	<u>\$ 34,302,593</u>

#### Note 13. Contingencies

The Organization is involved as a defendant in certain litigation and regulatory claims arising in the ordinary course of business. After consultation with legal counsel, management estimates that these claims will result in out-of-pocket costs of approximately \$133,000. The Organization has recorded this estimate as a miscellaneous accrued expense as described in Note 7.

#### Note 14. Professional Liability Insurance

The Organization is covered by professional liability insurance on an occurrence basis for individual and aggregate claims on an annual basis of \$1,000,000 and \$3,000,000, respectively.

Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

**Note 15. Long Term Debt**

The Organization purchased the Manor Court of Freeport facility effective January 1, 2006 from its lessor, Edwin Enterprises, LLC, in exchange for a note payable. The note payable had a fixed interest rate of 6% and required monthly payments of \$55,000 as of December 31, 2006. The balance of the note payable as of December 31, 2006 was \$8,168,726. The note payable was not due to mature until November 30, 2015; however, on July 31, 2007 the Organization borrowed \$8,084,249 from Frances House, Inc. for the purpose of paying off the balance owed to Edwin Enterprises as of this same date. The note payable to Frances House, Inc. is unsecured. The terms of the new note payable with Frances House include a fixed rate of interest at 6% per annum, monthly installments of \$52,016 beginning August 31, 2007 and continuing until a final payment of the unpaid principal and interest is due on July 31, 2012. The principal on this debt is due as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2008	\$ 146,638
2009	155,682
2010	165,284
2011	175,478
2012	<u>7,371,303</u>
	<u>\$ 8,014,385</u>

**Note 16. New Related Party Relationships**

The Organization is one of eight not-for-profit entities that became members of a newly formed limited liability company, LTC Support Services, LLC (hereafter LTC). The Organization executed LTC's operating agreement, along with the seven other members, effective February 1, 2007. The purpose of LTC is to support its members' operations by providing healthcare management services to its members and others. The Organization entered into a contractual agreement with this related party during August 2007 to obtain healthcare management services. The agreement is for one year with an automatic one year renewal unless cancelled with at least 30 days notice. Expenses related to this agreement totaled approximately \$270,000 during the year ending December 31, 2007. As of December 31, 2007, the Organization had a payable to LTC for approximately \$207,000.

Effective December 21, 2007, Frances House, Inc. became the sole corporate member of the Organization as authorized by the Board of Directors of the Organization. The Organization will continue to operate the facilities described in Note 1 as well as the facility purchased January 2008 and described in Note 17.

Residential Alternatives of Illinois, Inc.

Notes to Financial Statements

Note 17. Subsequent Event

During January 2008, the Organization purchased the facility known as Freeport Rehab & Healthcare Center from an unrelated party for approximately \$4,023,000. The Organization obtained financing from Frances House, Inc., an unrelated party, in the amount of \$4,022,766 in the form of a promissory note. The terms of the promissory note with Frances House, Inc. include a fixed rate of interest at 6% per annum, monthly installments of \$25,919 beginning February 29, 2008 and continuing until a final payment of the unpaid principal and interest is due on February 28, 2033. The principal on this debt is due as follows:

Year Ending December 31	Amount
2008	\$ 65,474
2009	75,645
2010	80,311
2011	85,264
2012	90,523
Thereafter	<u>3,625,549</u>
	<u>\$ 4,022,766</u>

The allocated costs of net assets acquired are as follows:

	Amount
Land and land improvements	\$ 258,000
Building	3,159,500
Equipment	<u>605,266</u>
	<u>\$ 4,022,766</u>

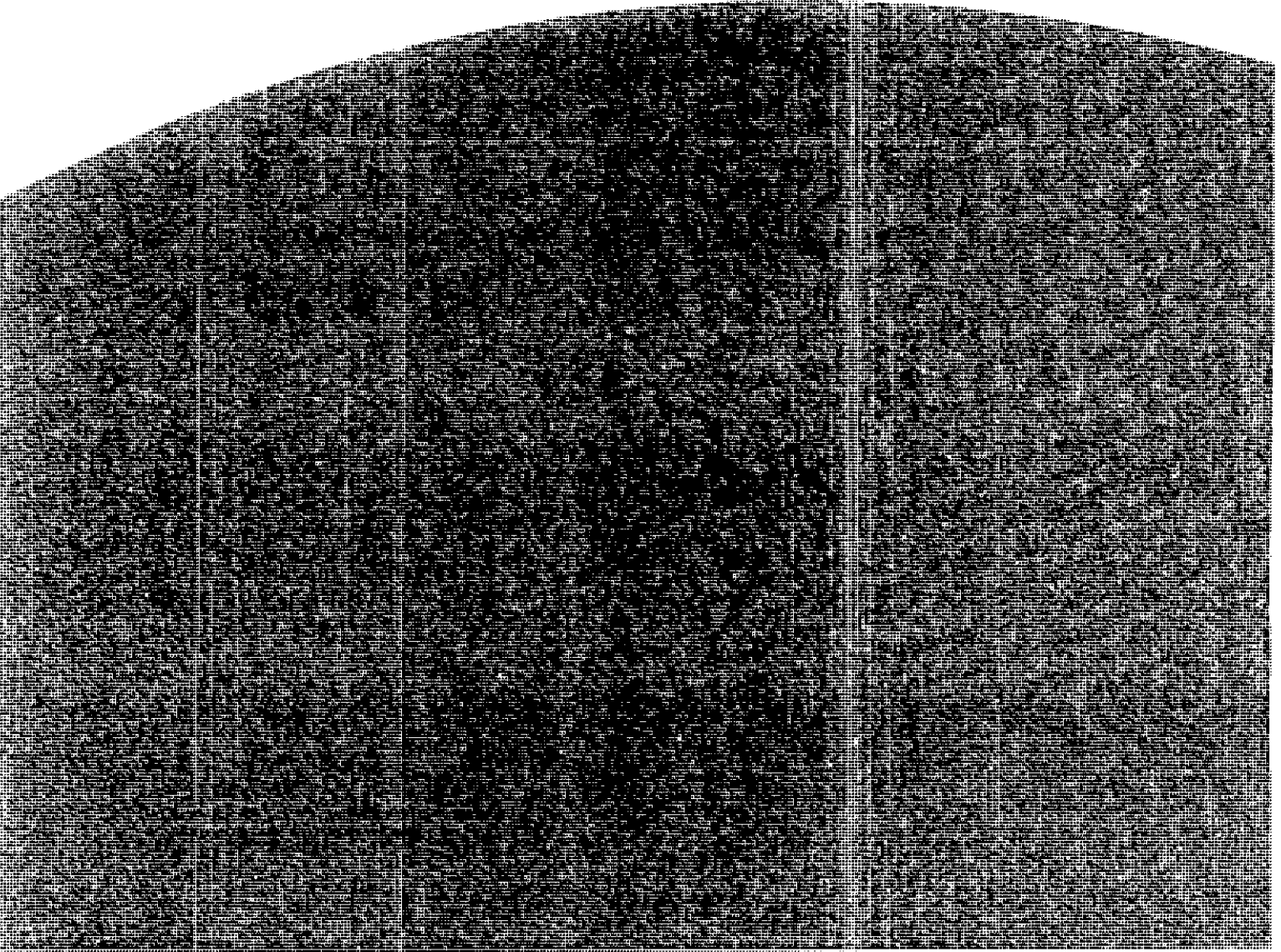


**McGladrey & Pullen**

Certified Public Accountants

**Frances House, Inc.  
and Subsidiaries**

Consolidated Financial Report  
03.31.2009



# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Financial Statements

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

We have audited the accompanying consolidated balance sheet of Frances House, Inc. and subsidiaries as of March 31, 2009, and the related consolidated statement of operations, changes in net assets and cash flows for the period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides 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 Frances House, Inc. and subsidiaries as of March 31, 2009, and the results of their operations, changes in net assets, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
September 22, 2009

Frances House, Inc. and Subsidiaries

Consolidated Balance Sheet  
March 31, 2009

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 13,220,202
Fiduciary trust accounts	40,072
Certificate of deposit	2,940,441
Receivables:	
Resident accounts, less allowance for doubtful accounts \$720,513	14,816,296
Other	269,818
Assets whose use is limited	109,990
Prepaid expenses	384,928
	<hr/>
<b>Total current assets</b>	<b>31,781,747</b>
<b>Long-Term Investments</b>	
Marketable securities	11,224,132
Assets whose use is limited	281,287
	<hr/>
	<b>11,505,419</b>
<b>Property and Equipment</b>	
Land	4,273,742
Land improvements	1,863,760
Buildings and improvements	69,803,469
Equipment, furniture and fixtures	5,187,069
Vehicles	2,257,678
Construction in Process	27,765
	<hr/>
	83,413,483
Less accumulated depreciation	13,666,871
	<hr/>
	<b>69,746,612</b>
<b>Long-Term Receivables and Other Assets</b>	
Receivables	925,000
Deferred debt issuance costs	742,103
Other	35,000
	<hr/>
	<b>1,702,103</b>
<b>Total assets</b>	<b>\$ 114,735,881</b>

See Notes to Consolidated Financial Statements.



**LIABILITIES AND NET ASSETS**

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**Current Liabilities**

Current maturities of long-term debt	\$ 701,172
Accounts payable	2,204,004
Accrued expenses	4,147,252
Checks written in excess of amounts on deposit	1,045,179
Deferred revenue	290,927
Refundable balances, including amounts due to third-party payors approximately \$1,400,000	1,836,445
Due to residents, trust accounts	<u>40,072</u>

**Total current liabilities**

10,265,051

LongTerm Debt, net of current maturities

34,862,950

Resident Security Deposits

1,408,107

**Total liabilities**

46,536,108

Commitments and Contingencies (Notes 6, 10, 11, 13, 17 and 18)

Net Assets, Unrestricted

68,199,773

**Total liabilities and net assets**

\$ 114,735,881

Frances House, Inc. and Subsidiaries

Consolidated Statement of Operations  
Year Ended March 31, 2009

Operating Revenue:	
Net resident services	\$ 77,439,426
Other	504,076
<b>Total operating revenue</b>	<b>77,943,502</b>
Operating Expenses:	
Program support	7,032,648
Nursing services	20,044,686
Dietary	8,651,670
General and administrative	15,505,424
Operations and maintenance	13,456,616
Provider participation fees	1,614,486
Housekeeping	2,441,911
Depreciation	3,157,847
Special services	102,556
Laundry	598,520
<b>Total operating expenses</b>	<b>72,606,364</b>
<b>Operating income</b>	<b>5,337,138</b>
Nonoperating Income (Expense):	
Investment income	724,032
Realized loss from other-than-temporary decline in investments	(7,136,169)
Interest expense	(1,499,985)
Contributions received	11,927
Contributions made	(89,510)
	<b>(7,989,705)</b>
<b>Excess of revenue over expenses</b>	<b>(2,652,567)</b>
Net Change in Unrealized Gains and Losses on Investments	1,176,985
<b>Increase in unrestricted net assets</b>	<b>\$ (1,475,582)</b>

See Notes to Consolidated Financial Statements.

**Frances House, Inc. and Subsidiaries**

**Consolidated Statement of Changes In Net Assets**  
**Year Ended March 31, 2009**

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<b>Unrestricted Net Assets</b>	
Excess of revenue over expenses	\$ (2,652,567)
Net change in unrealized gains and losses on investments	<u>1,176,985</u>
<b>Increase in unrestricted net assets</b>	<b>(1,475,582)</b>
<b>Total Net Assets</b>	
Beginning of year	<u>69,675,355</u>
End of year	<u><u>\$ 68,199,773</u></u>

See Notes to Consolidated Financial Statements.

Frances House, Inc. and Subsidiaries

Consolidated Statement of Cash Flows  
Year Ended March 31, 2009

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ (1,475,582)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net unrealized gains on investments	(1,176,985)
Realized loss from other-than-temporary decline in investments	7,136,169
Reinvested dividends	(221,854)
Interest reinvested in certificate of deposits	(60,183)
(Gain) on sale of equipment	(1,050)
Depreciation	3,157,847
Amortization	43,480
Provision for doubtful accounts	4,200,480
Change in working capital components:	
(Increase) decrease in:	
Receivables	(2,792,820)
Prepaid expenses	(113,830)
Other	35,848
(Decrease) increase in:	
Accounts payable	(204,768)
Accrued expenses	427,775
Deferred revenue	(549,370)
Refundable balances	880,792
	<u>9,285,949</u>
<b>Net cash provided by operating activities</b>	<u>9,285,949</u>
<b>Cash Flows From Investing Activities</b>	
Proceeds from sale and redemption of marketable securities	3,045,000
Proceeds from sale and redemption of certificates of deposits	5,622,357
Purchase of marketable securities	(2,005,105)
Purchase of certificates of deposit	(1,739,609)
Proceeds from sale of equipment	1,050
Purchase of property and equipment	(49,743,023)
Disbursements made on construction in progress	(27,765)
Disbursements on standby loan agreements receivable	(730,000)
Disbursement on long-term receivable	(225,000)
	<u>(45,802,095)</u>
<b>Net cash (used in) investing activities</b>	<u>(45,802,095)</u>

(Continued)

Frances House, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (Continued)  
Year Ended March 31, 2009

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Cash Flows From Financing Activities	
Payment of debt acquisition costs	(762,038)
Checks written in excess of amounts on deposit	(85,832)
Decrease in resident security deposits	(46,220)
Proceeds from margin account	5,919,013
Payments on margin accounts	(5,919,013)
Proceeds from line of credit	2,167,055
Payments on line of credit	(2,167,055)
Proceeds from long-term debt	36,000,000
Principal payments on long-term debt	<u>(435,878)</u>
<b>Net cash provided by financing activities</b>	<b>34,670,032</b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>(1,846,114)</u></b>
Cash and Cash Equivalents:	
Beginning	<u>15,457,593</u>
Ending, including cash and cash equivalents whose use is limited 2009 \$391,277	<u>\$ 13,611,479</u>
Supplemental Disclosures of Cash Flow Information	
Cash payments for interest	<u>\$ 1,455,335</u>

See Notes to Consolidated Financial Statements.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities

Frances House, Inc. and its subsidiaries (together the "Organization") are Illinois not-for-profit organizations that provide housing, healthcare, and other related services to residents through the operations of the following facilities for the year ended March 31, 2009:

Frances House, Inc. (FHI)

- Thirteen 16-bed facilities
- One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Subsidiaries, of which FHI is the sole corporate member:

Concepts Plus, Inc. (CPI)

- One 16-bed facility
- One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Pioneer Concepts, Inc. (PIO)

- Six 16-bed facilities
- Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

Pinnacle Opportunities, Inc. (PIN)

- Four 16-bed facilities
- Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

FHI, CPI, PIO and PIN operate long-term care facilities, detailed above for the developmentally disabled, all located in Illinois.

FHI is the sole member of Danville Independence, LLC (LLC), which is an Illinois not-for-profit limited liability company that owns the property of one facility operated by Residential Alternatives of Illinois, Inc. The LLC has a finite life and is to dissolve May 13, 2044. The LLC purchased the property and equipment for this facility and financed the purchase with Housing and Urban Development (HUD) insured mortgage.

FHI is the sole member of the following subsidiaries, which have not started operations as of March 31, 2009. These are Illinois not-for-profit limited corporations:

- Clinton Park Lane, Ltd., NFP
- Freeport Kiwanis, Ltd., NFP
- Freeport Navajo, Ltd., NFP
- Freeport Manor Court, Ltd., NFP
- Geneseo South Chicago, Ltd., NFP
- Manor Court of Princeton, Ltd., NFP
- Peoria Manor Court, Ltd., NFP
- Peoria Stalworth, Ltd., NFP
- Peru 31<sup>st</sup>, Ltd., NFP
- Peru Becker, Ltd., NFP
- Streator Eastwood, Ltd., NFP

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 1. Nature of Activities (Continued)

FHI is the sole corporate member of Residential Alternatives of Illinois, Inc. (RAI), an Illinois not-for-profit organization. RAI operates skilled nursing facilities, retirement living centers and assisted living facilities located in Illinois. The names of the facilities, bed/units and dates operations commenced are as follows:

Facility Name	Total Beds/Units	Skilled Beds	Sheltered Beds	Assisted Beds	Supportive Living Facility Units	Apt. Units	Date Resident Operations Commenced
Hawthorne Inn of Clinton	21	-	-	-	21	-	January 2, 2007
Hawthorne Inn of Danville	140	54	86	-	-	-	August 1, 2000
Hawthorne Inn of Freeport	29	-	-	-	29	-	July 1, 2002
Hawthorne Inn of Peoria	68	-	-	68	-	-	October 1, 2000
Hawthorne Inn of Peru	68	-	-	68	-	-	August 1, 2000
Hawthorne Inn of Princeton	21	-	-	-	21	-	January 29, 2007
Liberty Estates of Danville	82	-	-	-	-	82	August 15, 1997
Liberty Estates of Freeport	69	-	-	-	-	69	January 14, 2000
Liberty Estates of Geneseo	49	-	-	15	-	34	August 22, 1997
Liberty Estates of Peoria	81	-	-	-	-	81	March 1, 2000
Liberty Estates of Peru	69	-	-	-	-	69	February 6, 2000
Liberty Estates of Streator	50	-	-	16	-	34	March 18, 2002
Manor Court of Clinton	134	134	-	-	-	-	January 10, 2005
Manor Court of Freeport	102	45	33	24	-	-	January 9, 2006
Manor Court of Peoria	50	50	-	-	-	-	August 22, 2006
Manor Court of Peru	103	75	28	-	-	-	February 8, 2005
Manor Court of Princeton	98	69	29	-	-	-	January 3, 2005
Freeport Rehab & Healthcare Center	143	143	-	-	-	-	February 1, 2008
	<u>1377</u>	<u>570</u>	<u>176</u>	<u>191</u>	<u>71</u>	<u>369</u>	

#### Note 2. Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies:

**Principles of consolidation:** The consolidated financial statements include the accounts of Frances House, Inc. and its subsidiaries as described in Note 1. All material intercompany balances and transactions have been eliminated in consolidation.

**Income taxes:** The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Cash equivalents:** For purposes of reporting cash flows, the Organization considers money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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**Note 2. Significant Accounting Policies (Continued)**

Fiduciary trust accounts: Cash held for residents and the related liability, due to residents, consists of cash that the Organization holds for its residents when they request the Organization to do so. Such cash consists of cash-on-hand and cash deposited in accounts at insured depository institutions, and is available for use or withdrawal by the residents at their request.

Resident accounts receivable: Resident accounts receivable, which include amounts due directly from residents and third-party payors on the resident's behalf, are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Resident accounts receivable are written off when deemed uncollectible. Recoveries of resident accounts receivable previously written off are recorded when received. Generally, interest is not charged on resident accounts receivable. Management has not specifically designated a time period for determining when a resident account receivable is past due.

The Organization extends credit for routine services provided to the residents of its facilities. A significant portion of these services provided to residents are paid by federal and state third-party payors as part of the Medicare and Medicaid programs. Credit risk with respect to the Medicare and Medicaid program receivables, as described in Note 12, is mitigated by the taxing authority of the governmental entities funding the programs while credit risk relating to private-pay accounts receivables are mitigated by the number of private-pay residents.

Standby Loan Agreement Receivables: Interest is accrued monthly on the outstanding balances of each loan. A loan is considered impaired when it is probable the Organization will be unable to collect all contractual principal and interest payments due in accordance with the terms of the standby loan agreement. Impaired loans are evaluated based on the present value of expected future cash flows discounted at the loan's effective interest rate.

Resident services revenue: Resident services revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services provided. Services subject to third party payor agreements (see concentration described in Note 12) are reimbursed based on prospectively determined rates, which are generally not subject to retroactive adjustment. However, the laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to frequent change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Organization's compliance with these laws and regulations. Such review may result in adjustments to Medicare and Medicaid reimbursement previously received and subject the Organization to fines and penalties. Any retroactive adjustments resulting from such reviews made by Medicare and Medicaid programs are recognized in the period the Organization is notified by the governmental authorities of such adjustment. Although no assurances can be given, management believes they have complied with the requirements of the Medicare and Medicaid programs.

Resident security deposits: Refundable security deposits paid by residents upon entering into a rental agreement are reflected as other liabilities in the accompanying balance sheet.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Realized gains and losses are determined based on the specific identification of securities sold. Unrealized gains and losses are determined based on the increase or decrease in the fair value of investments. Investment income or loss, including realized gains and losses on investments, interest and dividends, is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. The net change in unrealized gains and losses on investments are excluded from the excess of revenue over expenses and presented as an increase or decrease in unrestricted net assets unless the gain or loss is restricted by donor or law.



## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

Declines in the fair value of individual securities below their cost that are determined to be other-than temporary are reflected in earnings as realized losses. In estimating other-than temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the following estimated useful lives:

Classification	Years
Land improvements	8 to 20
Buildings and improvements	5 to 40
Equipment, furniture and fixtures	3 to 25
Vehicles	4

Debt issuance costs: Debt issuance costs are deferred and amortized over the term of the related loan agreement.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Excess of revenue over expenses: The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments.

Donor-restricted contributions: The Organization reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Contributions made: Contributions made are recognized at the time the unconditional promise to give is approved by the Board of Directors and communicated to the donee.

Fair value of financial instruments: The estimated fair values of the Organization's short-term financial instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Pending Adoption of New Accounting Standards: In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

**Note 2. Significant Accounting Policies (Continued)**

In February 2008, the FASB issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*, which permits a one-year deferral for the implementation of SFAS No. 157 with regard to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis. The Company adopted SFAS No. 157 for the fiscal year beginning April 1, 2008, except for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis for which delayed application is permitted until our fiscal year beginning April 1, 2010. The Company is currently assessing the potential effect of the adoption of the remaining provisions of SFAS No. 157 on its financial position, results of operations and cash flows. The adoption of the remaining provisions of SFAS No. 157 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes (FIN 48)*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The Organization has elected this deferral and accordingly will be required to adopt FIN 48 in its 2010 annual financial statements. Prior to adoption of FIN 48, the Company will continue to evaluate its uncertain tax positions and related income tax contingencies under Statement No. 5, *Accounting for Contingencies*. SFAS No. 5 requires the Company to accrue for losses it believes are probable and can be reasonably estimated. Management is currently assessing the impact of FIN 48 on its consolidated financial position and results of operations and has not yet determined if the adoption of FIN 48 will have a material effect on its financial statements.

**Note 3. Investments**

Marketable securities as of March 31, 2009 consisted of the following:

	Fair Value	Cost Basis
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agencies obligations	\$ 1,997,511	\$ 2,005,104
Marketable equity securities, mutual funds which invest in widely diverse holdings	8,494,562	8,494,562
Marketable debt securities, U.S. Treasury and Government Agency obligations	732,059	777,301
	<u>\$ 11,224,132</u>	<u>\$ 11,276,967</u>

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Investments (Continued)

The net change in unrealized gains and (losses) on investments for the year ended March 31, 2009 consisted of the following:

Classification	
Marketable securities:	
Equity securities	\$ 1,240,234
Debt securities	<u>(63,249)</u>
Net unrealized gain	<u>\$ 1,176,985</u>

The following tables show the gross unrealized losses and fair value of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in continuous loss position, as of March 31, 2009:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2009						
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agency obligations	\$ 1,997,511	\$ 7,593	\$ -	\$ -	\$ 1,997,511	\$ 7,593
Marketable debt securities, U.S. Treasury and Government Agency obligations	38,532	1,088	693,527.00	44,154.00	732,059	45,242
	<u>\$ 2,036,043</u>	<u>\$ 8,681</u>	<u>\$ 693,527</u>	<u>\$ 44,154</u>	<u>\$ 2,729,570</u>	<u>\$ 52,835</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 3. Investments (Continued)

The Organization had four marketable equity securities and one marketable debt security that had unrealized losses at March 31, 2009.

Based on the Organization's assessment of the near-term prospects of the issuers of common stocks and debt securities with unrealized losses and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired as of March 31, 2009.

Management and a third-party broker evaluate the investment portfolio on an annual basis to determine if investments have suffered an other-than-temporary decline in value. In addition, management and a third-party broker monitor market trends and other circumstances to identify trends and circumstances that might impact the carrying value of securities. Management believes that, at March 31, 2009, there had been a significant impairment related to its investment in marketable equity securities consisting of one mutual fund security which invests in widely diverse holdings. This security's fair value at year end was less than 50% of the recorded cost and had been in a loss position for more than one year. Therefore, a realized loss due to an other-than temporary decline of its investment value of approximately \$7,136,169 was recorded. There were \$7,136,169 realized investment losses from impairment for the year ended March 31, 2009. There were no other realized gains or losses for the year ended March 31, 2009.

#### Note 4. Assets Whose Use is Limited, Escrow Deposits

The HUD insured mortgage note payable described in Note 6, required the Organization's subsidiary to make monthly escrow deposits for mortgage insurance, real estate taxes and property insurance of \$5,621, \$9,100 and \$1,000, respectively, during the year ended March 31, 2009. The balance of the aggregate escrow deposits for mortgage insurance, real estate taxes and property insurance combined were \$109,990 as of March 31, 2009.

#### Note 5. Assets Whose Use is Limited, Replacement Reserves and Repair Deposit

The reserve for replacement represents restricted cash held jointly by HUD and the Organization's subsidiary to be used for capital expenditures and replacements. The HUD insured mortgage note payable, described in Note 6, required the Organization's subsidiary to make monthly deposit to the reserve for replacements in the amount of \$3,500. Activity in the replacement reserves as of March 31, 2009 included the following:

Balance at beginning of year	\$	-
Initial deposits		425,000
Total of monthly deposits		21,000
Approved withdrawal		(164,649)
Fees charged on approved withdrawal		(375)
Interest earned on replacement reserve account		311
		<hr/>
Balance at end of year	\$	<u>281,287</u>

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt, Line of Credit, Commitment and Subsequent Event

Long-term debt and pledged assets consisted of the following as of March 31, 2009:

Borrower and Description of Debt	Amount
<u>Danville Independence, LLC</u>	
Cambridge Realty Capital, Ltd. of Illinois, mortgage note payable, 6.18%, due in monthly installments of \$73,531, including interest, with the remaining balance due September 1, 2043, collateralized by substantially all of the assets of the related LLC, approximately \$14,612,000 book value, insured by HUD under Section 232, pursuant to Section 223(f) of the National Housing Act	\$ 12,575,329
<u>Frances House, Inc.</u>	
First Bank, mortgage note payable, 6.50%, due in monthly installments of \$174,263, including interest, with the remaining balance due July 2013, collateralized by substantially all of the assets of Liberty Estates of Danville, Liberty Estates of Peoria, Liberty Estates of Peru and Liberty Estates of Freeport, approximately \$32,520,000 book value	22,988,793
	35,564,122
Less current maturities	701,172
Long-Term Portion	<u>\$ 34,862,950</u>

Scheduled maturities of long-term debt as of March 31, 2009 were as follows:

Year Ending March 31	Amount
2010	\$ 701,172
2011	748,332
2012	794,813
2013	852,124
2014	20,506,912
Thereafter	11,960,769
	<u>\$ 35,564,122</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 6. Long-Term Debt, Line of Credit, Commitment and Subsequent Event (Continued)

In connection with certain bank notes, the Organization has agreed to certain restrictive covenants, including but not limited to: (1) minimum fixed charge coverage ratio; (2) minimum current ratio; and (3) annual minimum tangible net worth step-up. The Organization was in violation of a certain covenant with the First Bank note as of March 31, 2009. However, this violation was waived by the note holder subsequent to year-end.

During September 2008, the Organization obtained a line of credit from a third-party in the amount of \$7,000,000. Through this agreement, the Organization may borrow funds from time to time, not to exceed the principal balance. This note is secured by an investment account held on deposit with the third-party with a fair market value of approximately \$9,227,000 at March 31, 2009. The agreement bears interest at the LIBOR Market Index Rate plus 1.00% per annum (1.50% as of March 31, 2009) and is due on demand or at expiration on October 15, 2009. As of March 31, 2009, there were no borrowed amounts owed on this agreement. Subsequent to year end, the Organization received proceeds from their revolving line of credit for \$150,000. These proceeds were subsequently repaid in full in June 2009.

#### HUD Insured Debt

The Organization's subsidiary loan with HUD insured financing has certain regulatory and compliance requirements, including but not limited to, required deposits (Notes 4 and 5) and reporting requirements.

#### Note 7. Administrative and Support Service Agreements

The Organization has an administrative service agreement with RFMS, Inc. RFMS, Inc. is a related party, through common ownership with certain facility lessors, including Edwin Enterprises, LLC, LB Properties, Inc., and Mid-Illini Healthcare, Inc., disclosed in Note 13. RFMS, Inc. provides administrative services for cash management, accounting and financial reporting, payroll and employee benefits, information technology, and other general operational and financial management. As of March 31, 2009, Frances House, Inc. and subsidiaries reported a total of approximately \$88,000 of payable expenses to RFMS, Inc. Expenses related to this agreement are discussed below.

Frances House, Inc. and Residential Alternatives of Illinois, Inc. are two of eight not-for-profit entities that became members of a newly formed limited liability company, LTC Support Services, LLC (hereafter LTC). The purpose of LTC is to support its members' operations by providing consulting services to its members and others. The Organization entered into a contractual agreement with this related party to obtain consulting services that include, but are not limited to: training, regulatory compliance, quality assurance programs, human resource support, marketing and maintenance. The agreement is for one year with an automatic one year renewal unless cancelled with at least 30 days notice. Each member made a \$10,000 investment in the Company. As of March 31, 2009, Frances House, Inc. and subsidiaries reported a total of approximately \$86,000 of prepaid expenses and \$208,000 of payable expenses to LTC. Expenses relating to this agreement are disclosed below.

Fees incurred under these agreements are included in general and administrative expenses for the year ended March 31, 2009 were as follows:

RFMS, Inc., administrative services	\$ 2,575,560
LTC Support Services, LLC, support services	<u>1,489,200</u>
	<u>\$ 4,064,760</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 8. Off-Site Programming Services

Pursuant to federal and state regulations, residential providers to persons with developmental disabilities are responsible for ensuring the provision of active treatment services for each resident. These active treatment services typically include developmental training, and if applicable, supported employment services. In cases where the residential facility is not certified by the Illinois Department of Human Services Division of Developmental Disabilities (DHSDD) to provide these services, another business entity which is certified by DHSDD may provide these services with the residential facility acting as an agent for the actual service provider. The Organization acts as such an agent for an unrelated provider of developmental services through an agreement renewed annually. The Illinois Department of Human Services issues a reimbursement rate to the developmental training services provider; however, the state requires the reimbursement to flow-through the residential facility provider. The state's administrative code specifies that the residential facility must flow-through payments to the developmental training services provider no later than ten working days after the facility receipt of the payment from the state. Depending on the timing of the receipt by the facility of the monthly flow-through payment from the state and the disbursement of the flow-through by the facility to the developmental provider, a liability to the service provider may exist as of year end. Such a liability, if any, is included in accounts payable of the Organization. As of March 31, 2009, the Organization had flow-through liabilities of approximately \$309,000. Since the arrangement between the residential facility and the developmental service provider is an agency relationship, no revenue or expense related to those services has been included in these financial statements.

#### Note 9. Provider Participation Fees

The Illinois Department of Healthcare and Family Services assesses provider participation fees on Illinois healthcare providers receiving Medicaid payments. Provider participation fees totaled approximately \$1,600,000 for the year ended March 31, 2009.

#### Note 10. Employee Benefit Plans

The Organization has adopted a medical benefit plan providing medical benefits, short-term disability benefits, group term life insurance, dependent care assistance and medical expense reimbursement. The medical benefits, short-term disability benefits and group term insurance portion of this plan is administered by an unrelated third-party organization. The medical and short-term disability benefits are, in effect, self-insured. This plan involves several organizations who contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the claims of all eligible employees and certain administrative fees. The portion of the plan relating to dependent care and medical expense reimbursement is administered by employees of RFMS, Inc., an unrelated organization. Qualifying expenses are paid from the related participants contributions. Expenses relating to the medical benefit plan totaled approximately \$992,000 for the year ended March 31, 2009.

The workers' compensation insurance plan for the Organization's employees is administered by a third party organization and, in effect, is a self-insured plan involving several not-for-profit organizations who formed a not-for-profit trust. These organizations contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the workers' compensation claims of all the participating organizations plus administrative fees. The President of the Organization's Board is also a member of the Board of Trustees for this plan. The Organization's share of expenses relating to this plan totaled approximately \$755,000 for the year ended March 31, 2009.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 10. Employee Benefit Plans (Continued)

The Organization has adopted a multiple-employer 401(k) retirement savings plan covering substantially all employees. The President of the Organization's Board is employed as a broker for the Company that administers the 401(k) Plan. The Plan's administrator is considered an unrelated party. Plan management consists of employees of LTC Support Services, LLC, a related party as described in Note 7, and RFMS, Inc., an unrelated organization. The Plan is funded by (a) participant contributions and (b) 50% matching by the Organization of participant's eligible contributions up to 5% of the participant's compensation. Participant contributions are fully vested at the time they are made. Employer contributions begin vesting after 2 years of service at 20% per year. Expenses related to this plan totaled approximately \$175,000 for the year ended March 31, 2009.

#### Note 11. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events

Frances House, Inc. has a standby loan agreement with Residential Alternatives of Iowa, a related party to Frances House, Inc.'s subsidiary, Residential Alternatives of Illinois, Inc., through a common Board of Directors. Through this agreement, Frances House, Inc. has agreed to advance, from time to time, working capital funds to Residential Alternatives of Iowa. The unsecured agreement provides for a credit limit of up to \$2,500,000 and expires December 2009. The Board of Directors of Frances House, Inc. intends to renew the agreement upon its expiration. Interest shall be reset annually based on the Applicable Federal Rate for mid-term loans in effect at the beginning of Residential Alternatives of Iowa's fiscal year with interest paid quarterly (2.04% as of March 31, 2009), and principal is payable as available surplus funds are accumulated. The balance of this standby loan agreement receivable as of March 31, 2009 is \$2,500,000. Accrued interest receivable of approximately \$79,000 was forgiven for the year ending March 31, 2009. Management has forgiven all applicable interest through March 31, 2009. Subsequent to year end, there have been no principal payments received and Frances House, Inc. has not advanced Residential Alternatives of Iowa any additional funds.

Residential Alternatives of Illinois, Inc. ("RAI") also has a standby loan agreement with Residential Alternatives of Iowa, a related party through a common board of directors. Through this agreement, RAI has agreed to advance, from time to time, working capital funds to Residential Alternatives of Iowa. The agreement is unsecured, provides for a credit limit of up to \$1,500,000 and expires on December 31, 2009. The Board of Directors of Frances House, Inc. intends to renew the agreement upon its expiration. Interest shall be reset annually based on the Applicable Federal Rate for mid-term loans in effect at the beginning of Residential Alternatives of Iowa's fiscal year (2.04% as of March 31, 2009), and principal is payable as available surplus funds are accumulated. The balance of this loan as of March 31, 2009 is approximately \$971,000. The accrued interest receivable related to this loan was approximately \$43,000 and was included in other receivables as of March 31, 2009. Subsequent to year end, there have been no principal payments received and RAI advanced \$700,000 to Residential Alternatives of Iowa. Also, subsequent to year end, RAI increased the credit limit to \$3,000,000.

The Organization's opinion as to the ultimate collectibility of standby loan agreement receivables is subject to estimates regarding borrower's future cash flows from operations. These estimates are affected by changing economic conditions and the economic prospects of the borrower. During the year ended March 31, 2009, the Organization recorded an allowance of approximately \$3,471,000 related to the stand-by loan agreement receivables.

France House, Inc. has guaranteed Residential Alternatives of Iowa's Windmill Pointe Estates facility lease with an unrelated lessor. The leased facility is located in Coralville, Iowa. The monthly lease payment is \$43,055 until the lease expiration in July 2012. Management has determined the liability for the fair value of the guarantee is not material to the Organization's financial statements.



**Frances House, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**Note 11. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events  
(Continued)**

Rental commitments as of March 31, 2009, under this lease guaranteed by the Organization is due as follows:

<u>Year Ending March 31</u>	<u>Amount</u>
2010	\$ 516,660
2011	516,660
2012	516,660
2013	<u>172,220</u>
	<u>\$ 1,722,200</u>

In April 2006, the Board of Directors approved a conditional promise to give not to exceed \$2 million to Community Residential Centers, Inc. (CRC), an unrelated not-for-profit organization. This refundable advance receivable is to be used by CRC to make building repairs necessary for CRC to be in compliance with Life Safety Codes. The agreement expires April 2011. CRC has not yet substantially met the conditions required to recognize these advances as a contribution. If these conditions are not met prior to the expiration of the agreement, these advances are required to be refunded. During prior years, the Organization removed the conditions for \$125,000 of the promise to give and recognized a \$125,000 expense in the consolidated statement of operations. As of March 31, 2009, \$925,000 is recorded as a long-term receivable and \$950,000 remains available to CRC.

The Organization is involved as a defendant in certain litigation and regulatory claims arising in the ordinary course of business. After consultation with legal counsel, management estimates that these claims will result in out-of-pocket costs of approximately \$51,000. The Organization has recorded this estimate as a miscellaneous accrued expense.

**Note 12. Concentration of Credit Risk and Major Third-Party Payors**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses from these accounts and believes it is not exposed to any significant credit risk on bank deposit accounts.

The Organization has cost reimbursement agreements with third-party payors (Medicaid and Medicare), with costs submitted subject to audit and adjustment by these payors. In the opinion of management, retroactive adjustments, that have not already been considered and recorded, would not be material to the financial position or results of operations of the Organization.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

**Note 12. Concentration of Credit Risk and Major Third-Party Payors (Continued)**

Approximately 54% of the net resident services revenue was derived under federal and state third-party reimbursement programs for the year ended March 31, 2009. Credit risk with respect to the Medicaid program receivables is mitigated by the taxing authority of the governmental entities funding the programs. Net resident services revenue by payor for the year ended March 31, 2009 and resident accounts receivable as of March 31, 2009 by payor, as a percentage of total net resident services revenue and resident accounts receivable, respectively, were as follows:

Payor Types	
Net Resident Service Revenue:	
Medicaid	34%
Medicare	20%
Private	46%
Resident Accounts Receivable:	
Medicaid	60%
Medicare	27%
Private	13%

**Note 13. Lease Commitments, Total Rental Expense and Subsequent Event**

The Organization leases some of its facilities from unrelated leasing companies under agreements that require monthly rentals plus the payment of real property taxes, insurance and maintenance costs. Monthly lease payments of certain leases are adjusted periodically according to the lease agreement based on 50 percent of the change in the consumer price index (CPI). Certain lease agreement contain options to renew for additional five-year periods. The terms of these leases as of March 31, 2009 were as follows:

Lessor and Facility Name	Monthly Lease Payment	Expiration of Lease
Edwin Enterprises, LLC		
Hawthorne Inn of Freeport	\$ 26,110	June 2011
Hawthorne Inn of Peoria	45,040	September 2010
Hawthorne Inn of Peru**	44,720	July 2010
Liberty Estates of Streator	41,023	February 2011
Manor Court of Peru**	61,222	January 2015
Manor Court of Peoria*	32,000	July 2016
LB Properties, Inc.		
Liberty Estates of Geneseo	37,533	August 2013
Hawthorne Inn of Princeton, LLC		
Manor Court of Princeton	61,417	January 2015
Mid-Illini Healthcare, Inc.		
Manor Court of Clinton	94,628	April 2015
	<u>\$ 443,693</u>	

\* Effective August 2009, the monthly lease payment increases to \$34,000 in accordance with the lease terms.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 13. Lease Commitments, Total Rental Expense and Subsequent Event (Continued)

\*\* Effective July 2009, these facilities were purchased by a subsidiary of Frances House, Inc. The leasing company and its lessee mutually agreed to terminate the lease prior to its expiration pursuant to the sale of the facility to a subsidiary of Frances House, Inc. as described in Note 18.

Minimum rental commitments under facility leases, excluding real property taxes, insurance and maintenance as of March 31, 2009 are due as follows:

Year Ending March 31	Amount
2010	\$ 4,492,780
2011	3,781,749
2012	2,833,266
2013	2,754,936
2014	2,492,205
Thereafter	<u>2,696,289</u>
	<u>\$ 19,051,225</u>

Total rental expense for the year ended March 31, 2009, including real property taxes, insurance and maintenance costs, was approximately \$8,000,000.

#### Note 14. Functional Expense Classifications

Operating and nonoperating expenses of the Organization according to their functional categories as of the year ended March 31, 2009 are as follows:

Program activities	\$ 63,625,848
Management and general	<u>10,570,011</u>
	<u>\$ 74,195,859</u>

#### Note 15. Professional Liability Insurance

The Organization is covered by professional liability insurance on an occurrence basis. Each entity is insured for individual and aggregate claims on an annual basis of \$1,000,000 and \$3,000,000, respectively.

#### Note 16. Accrued Expenses

Accrued expenses consisted of the following as of March 31, 2009:

Wages and other related payroll	\$ 1,929,699
Real estate taxes	1,790,197
Other	<u>427,356</u>
	<u>\$ 4,147,252</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 17. Construction Commitments and Subsequent Event

The Organization had two construction projects in process as of March 31, 2009. Construction in progress totaled approximately \$28,000 and total commitments on these projects totaled approximately \$150,000 as of March 31, 2009. Subsequent to year end, none of the projects were finished and no new projects were started. Approximately \$105,000 of the total commitment was paid subsequent to year end using unrestricted cash.

#### Note 18. Subsequent Events

During July 2009, Peru Becker, Ltd., NFP obtained a secured mortgage note from a third party in the amount of \$19,800,000 (the "Note") collateralized by substantially all the assets of the entity. The debt is insured by HUD under Section 232, pursuant to Section 223(f) of the National Housing Act. The proceeds of the Note have been used to finance the purchase of real estate and improvements consisting of one independent living facility and one skilled nursing facility, from an unrelated party, included in Note 13. The terms of the Note include a fixed rate of interest at 5.3% per annum, monthly installments of \$103,748 beginning September, 2009 and continuing until a final payment of the unpaid principal and interest is due on August 1, 2044.

The principal on this debt is due as follows:

Year Ending March 31	Amount
2010	\$ 115,610
2011	206,678
2012	217,902
2013	229,735
2014	242,211
Thereafter	<u>18,787,864</u>
	<u>\$ 19,800,000</u>

Allocated costs of assets acquired of approximately \$23,000,000 will be allocated among land; building; equipment; furniture and fixtures and deferred debt issuance costs.

During July 2009, Peoria Manor Court, Ltd., NFP executed a purchase agreement with an unrelated party to purchase the facilities known as Manor Court of Peoria and Hawthorne Inn of Peoria for the aggregate price of \$12,900,000. These pending sales are expected to close in December 2009. The Organization plans to obtain a secured mortgage note from a HUD insured note with an unrelated third party to finance the purchase.

**Notes to Consolidated Financial Statements**

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**Note 19. Fair Value of Financial Instruments**

Statement of Financial Accounting Standards No. 107 (SFAS No. 107), *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. Fair value is determined under the framework established by Statement of Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Organization. The following information presents estimated fair values of the Organization's financial instruments as of March 31, 2009 and the methods and assumptions used to estimate those fair values. The Organization's financial instruments consist of cash and cash equivalents, certificates of deposit, accounts receivable, accrued liabilities, deferred revenue and refundable balances. Based on the current maturity of these instruments, carrying value approximates fair value. The Organization also has assets whose use is limited, investments, other long-term receivables, and debt. The fair value of assets whose use is limited and investments is based upon quoted market rates or, if not available, estimated market rates. The fair value of the Organization's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Organization. Long-term debt at March 31, 2009 was approximately \$34,863,000.

**Note 20. Fair Value Measurements**

On April 1, 2008, the Organization adopted SFAS No. 157, except for nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis. There was no material impact to our financial statements upon adoption of SFAS No. 157. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS No. 157 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, SFAS No. 157 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to valuation hierarchy, is set forth below.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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Note 20. Fair Value Measurements (Continued)

Investments (recurring): The fair value of the Organization's investments are determined using the Level 1 input which is derived from readily available pricing sources for identical instruments.

Assets at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of March 31, 2009, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	March 31, 2009			
	Total	Level 1	Level 2	Level 3
Marketable Securities	\$ 11,224,132	\$ 11,224,132	\$ -	\$ -

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
September 22, 2009

Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet  
March 31, 2009

	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities Inc.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 4,243,774	\$ 2,531,037	\$ 896,614
Fiduciary trust accounts	-	-	-
Certificate of deposit	1,200,828	1,739,613	-
Receivables:			
Resident accounts, net	2,346,900	1,963,222	1,496,994
Other	641,893	5,988	69,935
Current maturities of mortgage notes receivable	235,567	-	-
Due from related party	2,409,880	7,592,766	785,000
Assets whose use is limited	-	-	-
Prepaid expenses	21,859	51,240	34,090
<b>Total current assets</b>	<b>11,100,701</b>	<b>13,883,866</b>	<b>3,282,633</b>
<b>Long-Term Investments</b>			
Marketable securities	9,226,621	993,691	505,920
Assets whose use is limited	-	-	-
	<b>9,226,621</b>	<b>993,691</b>	<b>505,920</b>
<b>Property and Equipment</b>			
Land	2,171,045	499,315	227,807
Land improvements	974,100	211,830	61,998
Buildings and improvements	37,387,968	4,325,378	2,414,278
Equipment, furniture and fixtures	1,026,319	171,516	260,054
Vehicles	761,878	374,209	298,926
Construction in Progress	-	-	22,250
	<b>42,321,310</b>	<b>5,582,248</b>	<b>3,285,313</b>
Less accumulated depreciation	6,048,837	2,418,116	1,071,530
	<b>36,272,473</b>	<b>3,164,132</b>	<b>2,213,783</b>
<b>Long-Term Receivables and Other Assets</b>			
Receivables	925,000	-	-
Mortgage notes receivable, intercompany	11,532,052	-	-
Standby loan agreement receivables	3,300,000	-	-
Deferred debt issuance costs	386,181	-	-
Other	10,000	-	-
	<b>16,153,233</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 72,753,028</b>	<b>\$ 18,041,689</b>	<b>\$ 6,002,336</b>



Concepts Plus, Inc.	Danville Independence, LLC	Other LTD, NFP's	Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 1,582,256	\$ 227,447	\$ -	\$ 3,739,074	\$ -	\$ 13,220,202
-	-	-	40,072	-	40,072
-	-	-	-	-	2,940,441
530,913	-	-	8,478,267	-	14,816,296
-	45,989	-	130,099	(624,086)	269,818
-	-	-	-	(235,567)	-
2,155,000	-	-	-	(12,942,646)	-
-	109,990	-	-	-	109,990
27,941	61,698	-	188,100	-	384,928
4,296,110	445,124	-	12,575,612	(13,802,299)	31,781,747
497,900	-	-	-	-	11,224,132
-	281,287	-	-	-	281,287
497,900	281,287	-	-	-	11,505,419
253,575	886,000	-	236,000	-	4,273,742
52,517	145,000	-	418,315	-	1,863,760
1,165,675	12,503,803	-	12,006,367	-	69,803,469
68,533	504,000	-	3,156,647	-	5,187,069
162,355	-	-	660,310	-	2,257,678
-	-	-	5,515	-	27,765
1,702,655	14,038,803	-	16,483,154	-	83,413,483
637,431	376,696	-	3,114,261	-	13,666,871
1,065,224	13,662,107	-	13,368,893	-	69,746,612
-	-	-	-	-	925,000
-	-	-	-	(11,532,052)	-
-	-	-	-	(3,300,000)	-
-	223,186	132,736	-	-	742,103
-	-	-	25,000	-	35,000
-	223,186	132,736	25,000	(14,832,052)	1,702,103
\$ 5,859,234	\$ 14,611,704	\$ 132,736	\$ 25,969,505	\$ (28,634,351)	\$ 114,735,881

Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)  
March 31, 2009

<b>LIABILITIES AND NET ASSETS</b>	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
<b>Current Liabilities</b>			
Current maturities of long-term debt	\$ 592,928	\$ -	\$ -
Accounts payable	273,257	439,696	122,741
Accrued expenses	229,775	274,292	370,223
Checks written in excess of amounts on deposit	726,196	86,030	163,440
Deferred revenue	8,739	4,727	11,213
Refundable balances	146,711	201,504	193,252
Due to residents, trust accounts	-	-	-
Due to related party	10,162,766	-	370,000
<b>Total current liabilities</b>	<b>12,140,372</b>	<b>1,006,249</b>	<b>1,230,869</b>
Long-Term Note Payable, less current maturities	22,395,865	-	-
Standby Loan Agreements	-	-	-
Resident Security Deposits	-	-	-
<b>Total liabilities</b>	<b>34,536,237</b>	<b>1,006,249</b>	<b>1,230,869</b>
<b>Net Assets, Unrestricted</b>	<b>38,216,791</b>	<b>17,035,440</b>	<b>4,771,467</b>
<b>Total liabilities and net assets</b>	<b>\$ 72,753,028</b>	<b>\$ 18,041,689</b>	<b>\$ 6,002,336</b>

Concepts Plus, Inc.	Danville Independence, LLC	Other LTD., NFP's	Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ -	\$ 108,244	\$ -	\$ 235,567	\$ (235,567)	\$ 701,172
35,212	251	-	1,332,847	-	2,204,004
63,745	128,463	-	3,704,840	(624,086)	4,147,252
69,513	-	-	-	-	1,045,179
1,544	-	-	264,704	-	290,927
25,928	-	-	1,269,050	-	1,836,445
-	-	-	40,072	-	40,072
-	2,277,144	132,736	-	(12,942,646)	-
195,942	2,514,102	132,736	6,847,080	(13,802,299)	10,265,051
-	12,467,085	-	11,532,052	(11,532,052)	34,862,950
-	-	-	3,300,000	(3,300,000)	-
-	-	-	1,408,107	-	1,408,107
195,942	14,981,187	132,736	23,087,239	(28,634,351)	46,536,108
5,663,292	(369,483)	-	2,882,266	-	68,199,773
\$ 5,859,234	\$ 14,611,704	\$ 132,736	\$ 25,969,505	\$ (28,634,351)	\$ 114,735,881

Frances House, Inc. and Subsidiaries

Consolidating Statement of Operations  
Year Ended March 31, 2009

	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
<b>Operating revenue:</b>			
Net resident services	\$ 9,939,378	\$ 7,054,206	\$ 4,639,989
Leasing	1,744,000	-	-
Other	77,098	59,972	45,736
<b>Total operating revenue</b>	<b>11,760,476</b>	<b>7,114,178</b>	<b>4,685,725</b>
<b>Operating expenses:</b>			
Program support	2,485,447	1,967,644	1,308,645
Nursing services	261,391	151,447	132,209
Dietary	1,299,712	874,573	647,864
General and administrative	4,464,017	988,302	1,017,235
Operations and maintenance	709,770	539,978	399,374
Provider participation fees	545,117	391,871	258,622
Housekeeping	456,295	291,520	214,645
Depreciation	1,289,923	280,919	202,660
Special services	35,029	18,789	18,882
Laundry	26,972	22,415	18,393
<b>Total operating expenses</b>	<b>11,573,673</b>	<b>5,527,458</b>	<b>4,218,529</b>
<b>Operating income</b>	<b>186,803</b>	<b>1,586,720</b>	<b>467,196</b>
<b>Nonoperating income (expense):</b>			
Investment income	1,334,859	121,998	16,552
Realized investment loss from impairment	(7,136,169)	-	-
Interest expense	(1,044,146)	-	-
Contributions received	5,352	100	-
Contributions made	(84,652)	(2,250)	(1,750)
	<b>(6,924,756)</b>	<b>119,848</b>	<b>14,802</b>
<b>Excess of revenue over expenses</b>	<b>(6,737,953)</b>	<b>1,706,568</b>	<b>481,998</b>
<b>Net change in unrealized gains and (losses) on investments</b>	<b>1,184,578</b>	<b>(6,400)</b>	<b>(1,093)</b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ (5,553,375)</b>	<b>\$ 1,700,168</b>	<b>\$ 480,905</b>

Concepts Plus, Inc.	Danville Independence, LLC	Other LTD, NFP's	Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 1,780,782	\$ -	\$ -	\$ 54,025,071	\$ -	\$ 77,439,426
-	661,500	-	-	(2,405,500)	-
14,754	-	-	306,516	-	504,076
1,795,536	661,500	-	54,331,587	(2,405,500)	77,943,502
457,808	-	-	813,104	-	7,032,648
40,939	-	-	19,458,700	-	20,044,686
227,140	-	-	5,602,381	-	8,651,670
290,362	83,135	-	8,662,373	-	15,505,424
161,767	70,156	-	13,981,071	(2,405,500)	13,456,616
101,327	-	-	317,549	-	1,614,486
70,487	-	-	1,408,964	-	2,441,911
89,733	376,696	-	917,916	-	3,157,847
2,935	-	-	26,921	-	102,556
3,888	-	-	526,852	-	598,520
1,446,386	529,987	-	51,715,831	(2,405,500)	72,606,364
349,150	131,513	-	2,615,756	-	5,337,138
55,143	375	-	49,522	(854,417)	724,032
-	-	-	-	-	(7,136,169)
-	(475,952)	-	(834,304)	854,417	(1,499,985)
682	-	-	5,793	-	11,927
(750)	-	-	(108)	-	(89,510)
55,075	(475,577)	-	(779,097)	-	(7,989,705)
404,225	(344,064)	-	1,836,659	-	(2,652,567)
(100)	-	-	-	-	1,176,985
\$ 404,125	\$ (344,064)	\$ -	\$ 1,836,659	\$ -	\$ (1,475,582)





**McGladrey & Pullen**

Certified Public Accountants

**Frances House, Inc.  
and Subsidiaries**

Consolidated Financial Report  
03.31.2008



## Contents

Independent Auditor's Report on the Financial Statements	1
Financial Statements	
Consolidated Balance Sheet	2 and 3
Consolidated Statement of Operations	4
Consolidated Statement of Changes In Net Assets	5
Consolidated Statement of Cash Flows	6 and 7
Notes to Consolidated Financial Statements	8 - 21
Independent Auditor's Report on the Supplementary Information	22
Supplementary Information	
Consolidating Balance Sheet	23 - 26
Consolidating Statement of Operations	27 - 28



# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Financial Statements

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

We have audited the accompanying consolidated balance sheet of Frances House, Inc. and subsidiaries as of March 31, 2008, and the related consolidated statement of operations, changes in net assets and cash flows for the period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

As explained in Note 16 to the consolidated financial statements, the Organization obtained control of Residential Alternatives of Illinois, Inc. (RAIL) on January 1, 2008. Generally accepted accounting principles require the Organization to report the results of operations for the period in which the combination occurs as though the Organizations had been combined as of the beginning of the period. Management has elected to report the results of operations for RAIL from the combination date instead of the required twelve months reporting period. In accordance with the terms of our engagement for the year ended March 31, 2008, we did not audit the results of operations, change in net assets or cash flows for the nine month period ended December 31, 2007 of RAIL.

In our opinion, except for the effects of the generally accepted accounting principles exception as discussed in the preceding paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Frances House, Inc. and subsidiaries as of March 31, 2008, and the results of their operations, changes in net assets, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
March 9, 2009

Frances House, Inc. and Subsidiaries

Consolidated Balance Sheet  
March 31, 2008

**ASSETS**

Current Assets	\$ 15,457,593
Cash and cash equivalents	31,855
Fiduciary trust accounts	6,763,006
Certificate of deposit	
Receivables:	
Resident accounts, less allowance for doubtful accounts \$559,000	12,865,158
Other	156,992
Prepaid expenses	271,098
<b>Total current assets</b>	<u>35,545,702</u>
Long-Term Investments	18,001,357
Marketable securities	20,000
Member interest	<u>18,021,357</u>
Property and Equipment	1,413,797
Land	1,049,260
Land improvements	26,032,204
Buildings and improvements	3,991,223
Equipment, furniture and fixtures	1,888,308
Vehicles	34,374,792
Less accumulated depreciation	<u>11,241,121</u>
	<u>23,133,671</u>
Long-Term Receivables and Other Assets	700,000
Receivables	2,784,054
Standby loan agreement receivables	31,963
Other	<u>3,516,017</u>
<b>Total assets</b>	<u>\$ 80,216,747</u>

See Notes to Consolidated Financial Statements.

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 2,408,772
Accrued expenses	3,719,477
Checks written in excess of amounts on deposit	1,131,011
Deferred revenue	840,297
Refundable balances, including amounts due to third-party payors approximately \$400,000	955,653
Due to residents, trust accounts	<u>31,855</u>
<b>Total current liabilities</b>	<b>9,087,065</b>
<b>Resident Security Deposits</b>	<b><u>1,454,327</u></b>
<b>Total liabilities</b>	<b>10,541,392</b>
<b>Commitments and Contingencies (Notes 7, 8, 9 and 10)</b>	
<b>Net Assets, Unrestricted</b>	<b><u>69,675,355</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 80,216,747</u></b>

**Frances House, Inc. and Subsidiaries**

**Consolidated Statement of Operations  
Year Ended March 31, 2008 (See Note 16)**

Operating Revenue:	
Net resident services	\$ 36,369,648
Other	343,578
<b>Total operating revenue</b>	<b>36,713,226</b>
Operating Expenses:	
Program support	6,509,538
Nursing services	5,019,808
Dietary	4,166,599
General and administrative	5,967,742
Operations and maintenance	5,446,972
Provider participation fees	1,462,342
Housekeeping	1,425,475
Depreciation	1,058,100
Special services	104,474
Laundry	276,634
<b>Total operating expenses</b>	<b>31,437,684</b>
<b>Operating income</b>	<b>5,275,542</b>
Nonoperating Income (Expense):	
Investment income	3,080,588
Interest expense	(8,363)
Contributions received	5,799
Contributions made	(135,217)
	<b>2,942,807</b>
<b>Excess of revenue over expenses</b>	<b>8,218,349</b>
Net Change in Unrealized Gains and Losses on Investments	(1,917,431)
<b>Increase in unrestricted net assets</b>	<b>\$ 6,300,918</b>

See Notes to Consolidated Financial Statements.

Frances House, Inc. and Subsidiaries

Consolidated Statement of Changes In Net Assets  
Year Ended March 31, 2008 (See Note 16)

<b>Unrestricted Net Assets</b>	
Excess of revenue over expenses	\$ 8,218,349
Net change in unrealized gains and losses on investments	<u>(1,917,431)</u>
<b>Increase in unrestricted net assets</b>	6,300,918
<b>Total Net Assets</b>	
Beginning of year	62,949,446
Net assets transferred in with subsidiary, January 1, 2008 (see Note 1)	<u>424,991</u>
End of year	<u>\$ 69,675,355</u>

See Notes to Consolidated Financial Statements.

Frances House, Inc. and Subsidiaries

Consolidated Statement of Cash Flows  
Year Ended March 31, 2008 (See Note 16)

Cash Flows From Operating Activities	\$ 6,300,918
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net unrealized (gains) losses on investments	1,917,431
Reinvested dividends	(1,520,904)
Interest reinvested in certificate of deposits	(296,249)
(Gain) on sale of equipment	(800)
Depreciation	1,058,100
Provision for doubtful accounts	476,580
Change in working capital components:	
(Increase) decrease in:	
Receivables	(2,322,172)
Prepaid expenses	(121,535)
Other	4,806
(Decrease) in:	
Accounts payable	370,971
Accrued expenses	(358,181)
Deferred revenue	228,072
Refundable balances	131,481
<b>Net cash provided by operating activities</b>	<u>5,868,518</u>
Cash Flows From Investing Activities	
Proceeds from sale and redemption of marketable securities	1,702,128
Proceeds from sale and redemption of certificates of deposits	1,130,982
Purchase of marketable securities	(3,200,000)
Investment in nonmarketable equity security	(20,000)
Proceeds from sale of equipment	800
Purchase of property and equipment	(4,797,455)
Disbursements on standby loan agreements receivable	(942,430)
Disbursement on note receivable	(8,084,249)
Disbursement on long-term receivable	(700,000)
Proceeds from note receivable	69,864
Cash transferred in by new subsidiary	3,608,676
<b>Net cash (used in) investing activities</b>	<u>(11,231,684)</u>
Cash Flows From Financing Activities	
Checks written in excess of amounts on deposit	1,131,011
Decrease in resident security deposits	(21,975)
<b>Net cash provided by financing activities</b>	<u>1,109,036</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(4,254,130)</u>

(Continued)

Frances House, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (Continued)  
Year Ended March 31, 2008 (See Note 16)

<b>Net decrease in cash and cash equivalents</b>	<b>(4,254,130)</b>
Cash and Cash Equivalents:	
Beginning	<u>19,711,723</u>
Ending	<u>\$ 15,457,593</u>
Supplemental Disclosures of Cash Flow Information	
Cash payments for interest	<u>\$ 80,302</u>
Supplemental Schedule of Noncash Investing Activities	
Net liabilities transferred in with subsidiary (Note 1)	<u>(3,183,685)</u>
Cash transferred in by subsidiary	<u>3,608,676</u>
<b>Net assets transferred</b>	<b>\$ 424,991</b>

See Notes to Consolidated Financial Statements.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 1. Nature of Activities

Frances House, Inc. and its subsidiaries (together the "Organization") are Illinois not-for-profit organizations that provide housing, healthcare, and other related services to residents through the operations of the following facilities for the year ended March 31, 2008:

Frances House, Inc.

Thirteen 16-bed facilities

One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Subsidiaries, of which Frances House, Inc. is the sole corporate member:

Concepts Plus, Inc.

One 16-bed facility

One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Pioneer Concepts, Inc.

Six 16-bed facilities

Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

Pinnacle Opportunities, Inc.

Four 16-bed facilities

Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

Danville Independence, LLC

Purchased Hawthorne Inn of Danville August 2008

Residential Alternatives of Illinois, Inc. (RAIL)

16 long-term care facilities as described below:

Facilities Located In Illinois	Total Beds/Units	Skilled Beds	Sheltered Beds	Assisted Beds	Apt. Units	Date Resident Operations Commenced
Hawthorne Inn of Danville	140	54	86	-	-	August 1, 2000
Hawthorne Inn of Freeport	37	-	-	37	-	July 1, 2002
Hawthorne Inn of Peoria	68	-	-	68	-	October 1, 2000
Hawthorne Inn of Peru	68	-	-	68	-	August 1, 2000
Liberty Estates of Danville	82	-	-	-	82	August 15, 1997
Liberty Estates of Freeport	69	-	-	-	69	January 14, 2000
Liberty Estates of Geneseo	49	-	-	-	49	August 22, 1997
Liberty Estates of Peoria	81	-	-	-	81	March 1, 2000
Liberty Estates of Peru	69	-	-	-	69	February 6, 2000
Liberty Estates of Sreator	50	-	-	16	34	March 18, 2002
Manor Court of Clinton	161	134	-	27	-	January 10, 2005
Manor Court of Freeport	102	45	33	24	-	January 9, 2006
Manor Court of Peoria	50	50	-	-	-	August 22, 2006
Manor Court of Peru	103	75	28	-	-	February 8, 2005
Manor Court of Princeton	119	69	29	21	-	January 3, 2005
Freeport Rehab & Healthcare Center	143	143	-	-	-	February 1, 2008
	<u>1391</u>	<u>570</u>	<u>176</u>	<u>261</u>	<u>384</u>	



## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies:

Principles of consolidation: The consolidated financial statements include the accounts of Frances House, Inc. and its subsidiaries as described in Note 1. As described in Note 16, the results of operations, change in net assets, and cash flows of RAIL for the nine month period ended December 31, 2007 have not been included in the consolidated financial statements. All material intercompany balances and transactions have been eliminated in consolidation.

Income taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash equivalents: For purposes of reporting cash flows, the Organization considers money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fiduciary trust accounts: Cash held for residents and the related liability, due to residents, consists of cash that the Organization holds for its residents when they request the Organization to do so. Such cash consists of cash-on-hand and cash deposited in accounts at insured depository institutions, and is available for use or withdrawal by the residents at their request.

Resident accounts receivable: Resident accounts receivable, which include amounts due directly from residents and third-party payors on the resident's behalf, are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Resident accounts receivable are written off when deemed uncollectible. Recoveries of resident accounts receivable previously written off are recorded when received. Generally, interest is not charged on resident accounts receivable. Management has not specifically designated a time period for determining when a resident account receivable is past due.

The Organization extends credit for routine services provided to the residents of its facilities. A significant portion of these services provided to residents are paid by federal and state third-party payors as part of the Medicare and Medicaid programs. Credit risk with respect to the Medicare and Medicaid program receivables, as described in Note 9, is mitigated by the taxing authority of the governmental entities funding the programs while credit risk relating to private-pay accounts receivables are mitigated by the number of private-pay residents.

Standby Loan Agreement Receivables: Interest is accrued daily on the outstanding balances of each loan. A loan is considered impaired when it is probable the Organization will be unable to collect all contractual principal and interest payments due in accordance with the terms of the standby loan agreement. Impaired loans are evaluated based on the present value of expected future cash flows discounted at the loan's effective interest rate.

Resident services revenue: Resident services revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services provided. Services subject to third party payor agreements (see concentration described in Note 9) are reimbursed based on prospectively determined rates, which are generally not subject to retroactive adjustment. However, the laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to frequent change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Organization's compliance with these laws and regulations. Such review may result in adjustments to Medicare and Medicaid reimbursement previously received and subject the Organization to fines and penalties. Any retroactive adjustments resulting from such reviews made by Medicare and Medicaid programs are recognized in the period the Organization is notified by the governmental authorities of such adjustment. Although no assurances can be given, management believes they have complied with the requirements of the Medicare and Medicaid programs.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Significant Accounting Policies (Continued)

Resident security deposits: Refundable security deposits paid by residents upon entering into a rental agreement are reflected as other liabilities in the accompanying balance sheet.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Realized gains and losses are determined based on the specific identification of securities sold. Unrealized gains and losses are determined based on the increase or decrease in the fair value of investments. Investment income or loss, including realized gains and losses on investments, interest and dividends, is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. The net change in unrealized gains and losses on investments are excluded from the excess of revenue over expenses and presented as an increase or decrease in unrestricted net assets unless the gain or loss is restricted by donor or law.

Declines in the fair value of individual securities below their cost that are determined to be other-than temporary are reflected in earnings as realized losses. In estimating other-than temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the following estimated useful lives:

Classification	Years
Land improvements	8 to 20
Buildings and improvements	5 to 40
Equipment, furniture and fixtures	3 to 25
Vehicles	4

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Excess of revenue over expenses: The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments.

Donor-restricted contributions: The Organization reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Contributions made: Contributions made are recognized at the time the unconditional promise to give is approved by the Board of Directors and communicated to the donee.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Investments

Marketable securities as of March 31, 2008 consisted of the following:

	Fair Value	Cost Basis
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agencies obligations	\$ 14,200,670	\$ 15,448,497
Marketable equity securities, mutual funds which invest in widely diverse holdings	975,000	975,000
Marketable debt securities, U.S. Treasury and Government Agency obligations	2,825,687	2,807,682
	<u>\$ 18,001,357</u>	<u>\$ 19,231,179</u>

The net change in unrealized gains and (losses) on investments for the year ended March 31, 2008 consisted of the following:

Classification		
Marketable securities:		
Equity securities		\$ (1,937,520)
Debt securities		20,089
		<u>\$ (1,917,431)</u>
Net unrealized (loss)		

The following tables show the gross unrealized losses and fair value of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in continuous loss position, as of March 31, 2008:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2008						
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agency obligations	\$ 12,485,304	\$ (963,194)	\$ 1,715,367	\$ (284,633)	\$ 14,200,671	\$ (1,247,827)

The unrealized loss on the Organization's investments relate principally to fluctuations in the current interest rate environment. The Organization had four marketable equity securities that had unrealized losses at March 31, 2008.

Based on the Organization's assessment of the near-term prospects of the issuers of common stocks and debt securities with unrealized losses and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired as of March 31, 2008.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 3. Investments (Continued)

There were no net realized gains or losses for the year ended March 31, 2008.

Management and a third party broker evaluate the investment portfolio on an annual basis to determine if investments have suffered an other-than-temporary decline in value. In addition, management and a third party broker monitor market trends and other circumstances to identify trends and circumstances that might impact the carrying value of securities.

#### Note 4. Administrative and Support Service Agreements

The Organization has an administrative service agreement with RFMS, Inc. RFMS, Inc. is a related party, through common ownership with certain facility lessors, including Edwin Enterprises, LLC, LB Properties, Inc., and Mid-Illini Healthcare, Inc., disclosed in Note 10. RFMS, Inc. provides administrative services for cash management, accounting and financial reporting, payroll and employee benefits, information technology, and other general operational and financial management. The Organization also has a support service agreement with Community Living Options, Inc., an unrelated nonprofit organization, which provides staff training and development services.

Frances House, Inc. and Residential Alternatives of Illinois, Inc. are two of eight not-for-profit entities that became members of a newly formed limited liability company, LTC Support Services, LLC (hereafter LTC). These entities executed LTC's operating agreement, along with the six other members, effective February 1, 2007. The purpose of LTC is to support its members' operations by providing consulting services to its members and others. The Organization began receiving services from LTC during August 2007 and entered into a contractual agreement with this related party to obtain consulting services that include, but are not limited to: training, regulatory compliance, quality assurance programs, human resource support, marketing and maintenance. The agreement is for one year with an automatic one year renewal unless cancelled with at least 30 days notice. In August 2007, each entity made a \$10,000 investment in the Company. As of March 31, 2008, Frances House, Inc. and subsidiaries reported a total of approximately \$149,000 of prepaid expenses and \$85,000 of payable expenses to LTC. Expenses relating to this agreement are disclosed below.

Fees incurred under these agreements are included in general and administrative expenses for the year ended March 31, 2008 (see Note 16) were as follows:

RFMS, Inc., administrative services	\$ 1,421,410
Community Living Options, Inc., support services	60,520
LTC Support Services, LLC, support services	<u>403,200</u>
	<u>\$ 1,885,130</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Off-Site Programming Services

Pursuant to federal and state regulations, residential providers to persons with developmental disabilities are responsible for ensuring the provision of active treatment services for each resident. These active treatment services typically include developmental training, and if applicable, supported employment services. In cases where the residential facility is not certified by the Illinois Department of Human Services Division of Developmental Disabilities (DHSDD) to provide these services, another business entity which is certified by DHSDD may provide these services with the residential facility acting as an agent for the actual service provider. The Organization acts as such an agent for an unrelated provider of developmental services through an agreement renewed annually. The Illinois Department of Human Services issues a reimbursement rate to the developmental training services provider; however, the state requires the reimbursement to flow-through the residential facility provider. The state's administrative code specifies that the residential facility must flow-through payments to the developmental training services provider no later than ten working days after the facility receipt of the payment from the state. Depending on the timing of the receipt by the facility of the monthly flow-through payment from the state and the disbursement of the flow-through by the facility to the developmental provider, a liability to the service provider may exist as of year end. Such a liability, if any, is included in accounts payable of the Organization. As of March 31, 2008, the Organization had flow-through liabilities of none. Since the arrangement between the residential facility and the developmental service provider is an agency relationship, no revenue or expense related to those services has been included in these financial statements.

#### Note 6. Provider Participation Fees

The Illinois Department of Healthcare and Family Services assesses provider participation fees on Illinois healthcare providers receiving Medicaid payments. Provider participation fees totaled \$1,462,342 for the year ended March 31, 2008 (see Note 16).

#### Note 7. Employee Benefit Plans and Subsequent Events

The Organization has adopted a medical benefit plan providing medical benefits, short-term disability benefits, group term life insurance, dependent care assistance and medical expense reimbursement. The medical benefits, short-term disability benefits and group term insurance portion of this plan is administered by an unrelated third-party organization. The medical and short-term disability benefits are, in effect, self-insured. This plan involves several organizations who contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the claims of all eligible employees and certain administrative fees. The portion of the plan relating to dependent care and medical expense reimbursement is administered by employees of Community Living Options, Inc. through July 31, 2007 and RFMS, Inc., unrelated organizations. Qualifying expenses are paid from the related participants contributions. Expenses relating to the medical benefit plan totaled approximately \$596,000 for the year ended March 31, 2008 (see Note 16). At March 31, 2008, the Organization had recorded an estimated liability of approximately \$87,000 included in accrued expenses.

The Plan's reported benefits obligations exceeded the net assets available for benefits by approximately \$33,000 as of October 31, 2007. There have not been any special assessments levied for the 2008 calendar year through the date of this report and none are anticipated. The Organization's eligible participants accounted for approximately 22% of the total participation in the Plan for the year ended October 31, 2007.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 7. Employee Benefit Plans and Subsequent Events (Continued)

The workers' compensation insurance plan for the Organization's employees is administered by a third party organization and, in effect, is a self-insured plan involving several not-for-profit organizations who formed a not-for-profit trust. These organizations contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the workers' compensation claims of all the participating organizations plus administrative fees. The President of the Organization's Board is also a member of the Board of Trustees for this plan. Expenses relating to this plan totaled approximately \$254,000 for the year ended March 31, 2008 (see Note 16).

The Organization has adopted a multiple-employer 401(k) retirement savings plan covering substantially all employees. The President of the Organization's Board is employed as a broker for the Company that administers the 401(k) Plan. The Plan's administrator is considered an unrelated party. Plan management consists of employees of Community Living Options, Inc., through July 31, 2007, after which these personnel were employed by LTC Support Services, LLC, a related party as described in Note 4 and RFMS, Inc., unrelated organizations. The Plan is funded by (a) participant contributions and (b) fifty percent matching by the Organization of participant's eligible contributions up to three percent of the participant's compensation. Participant contributions are fully vested at the time they are made. Employer contributions begin vesting after two years of service at 20 percent per year. Expenses related to this plan totaled approximately \$87,000 for the year ended March 31, 2008 (see Note 16).

#### Note 8. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events

Frances House, Inc. has a standby loan agreement with Residential Alternatives of Iowa, an unrelated not-for-profit organization. Through this agreement, the Organization has agreed to advance, from time to time, working capital funds to Residential Alternatives of Iowa. The unsecured agreement provides for a credit limit of up to \$2,500,000 and expires December 2009. Interest shall be reset annually based on the Applicable Federal Rate for mid-term loans in effect at the beginning of Residential Alternatives of Iowa's fiscal year with interest paid quarterly (3.53 percent as of March 31, 2008). The balance of this standby loan agreement receivable as of March 31, 2008 was \$2,400,000. Interest on balances related to this standby loan agreement is payable at least quarterly, and principal is payable as available surplus funds are accumulated. Accrued interest receivable of approximately \$135,000 was forgiven for the year ending March 31, 2008. Management has forgiven all applicable interest through December 31, 2008. Subsequent to year end, there have been no principal payments received and Frances House, Inc. advanced Residential Alternatives of Iowa an additional \$100,000.

Residential Alternatives of Illinois, Inc. ("RAIL") also has a standby loan agreement with Residential Alternatives of Iowa, a related party through a common board of directors. The agreement is unsecured, provides for a credit limit of up to \$500,000 and expires on December 31, 2009. The terms of the standby loan agreement include a variable interest rate that is reset annually based on the Applicable Federal Rate in effect at the beginning of the year for a mid-term loan with interest paid quarterly. The interest rate was reset to 3.53% from 4.5% effective January 1, 2008. Principal is payable as available surplus funds are accumulated. Residential Alternatives of Iowa made payments of approximately \$123,000 on behalf of the Organization, as described below, during 2008. RAIL also advanced Residential Alternatives of Iowa \$65,000 during the year ended March 31, 2008. The balance of this loan as of March 31, 2008 was approximately \$342,000. The accrued interest receivable related to this loan was approximately \$27,000 and was included in other receivables as of March 31, 2008. Subsequent to year end, RAIL advanced Residential Alternatives of Iowa approximately \$180,000 and increased the credit limit from \$500,000 to \$750,000.

RAIL and Residential Alternatives of Iowa have property and automobile insurance coverage through a joint policy. During 2008, Residential Alternatives of Iowa made payments of approximately \$123,000 on behalf of the Organization relating to this policy.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 8. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events (Continued)

The Organization's opinion as to the ultimate collectibility of standby loan agreement receivables is subject to estimates regarding borrower's future cash flows from operations. These estimates are affected by changing economic conditions and the economic prospects of the borrower.

France House, Inc. has guaranteed Residential Alternatives of Iowa's Windmill Pointe Estates facility lease with an unrelated lessor. The leased facility is located in Coralville, Iowa. Effective October 1, 2006, the monthly lease payment decreased from \$38,266 to \$37,016 until March 1, 2007 at which time the monthly lease payment decreased again from \$37,016 to \$35,766 until July 2012. Both decreases were due to the sale of a condo. Management has determined the liability for the fair value of the guarantee is not material to the Organization's financial statements.

Rental commitments as of March 31, 2008, under this lease guaranteed by the Organization is due as follows:

Year Ending March 31	Amount
2009	\$ 429,192
2010	429,192
2011	429,192
2012	429,192
2013	143,064
	<u>\$ 1,859,832</u>

In April 2006, the Board of Directors approved a conditional promise to give not to exceed \$2 million to Community Residential Centers, Inc. (CRC), an unrelated not-for-profit organization. This refundable advance receivable is to be used by CRC to make building repairs necessary for CRC to be in compliance with Life Safety Codes. The agreement expires April 2011. CRC has not yet substantially met the conditions required to recognize these advances as a contribution. If these conditions are not met prior to the expiration of the agreement, these advances are required to be refunded. During prior years, the Organization removed the conditions for \$125,000 of the promise to give and recognized a \$125,000 expense in the consolidated statement of operations. As of March 31, 2008, \$700,000 is recorded as a long-term receivable and \$1,175,000 remains available to CRC.

The Organization is involved as a defendant in certain litigation and regulatory claims arising in the ordinary course of business. After consultation with legal counsel, management estimates that these claims will result in out-of-pocket costs of approximately \$85,000. The Organization has recorded this estimate as a miscellaneous accrued expense.

#### Note 9. Concentration of Credit Risk and Major Third-Party Payors

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses from these accounts and believes it is not exposed to any significant credit risk on bank deposit accounts.

The Organization has cost reimbursement agreements with third-party payors (Medicaid and Medicare), with costs submitted subject to audit and adjustment by these payors. In the opinion of management, retroactive adjustments, that have not already been considered and recorded, would not be material to the financial position or results of operations of the Organization.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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**Note 9. Concentration of Credit Risk and Major Third-Party Payors (Continued)**

Approximately 69% of the net resident services revenue was derived under federal and state third-party reimbursement programs for the year ended March 31, 2008 (see Note 16). Credit risk with respect to the Medicaid program receivables is mitigated by the taxing authority of the governmental entities funding the programs. Net resident services revenue by payor for the year ended March 31 and resident accounts receivable as of March 31, by payor, as a percentage of total net resident services revenue and resident accounts receivable, respectively, were as follows:

Payor Types	2008
Net Resident Service Revenue:	
Medicaid	59%
Medicare	10%
Private	31%
Resident Accounts Receivable:	
Medicaid	58%
Medicare	30%
Private	12%



Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Lease Commitments, Total Rental Expense and Subsequent Event

The Organization leases some of its facilities from unrelated leasing companies under agreements that require monthly rentals plus the payment of real property taxes, insurance and maintenance costs. Monthly lease payments of certain leases are adjusted periodically according to the lease agreement based on 50 percent of the change in the consumer price index (CPI). Certain lease agreement contain options to renew for additional five-year periods. The terms of these leases as of March 31, 2008 were as follows:

Lessor and Facility Name	Monthly Lease Payment	Expiration of Lease
Edwin Enterprises, LLC		
Hawthorne Inn of Freeport	\$ 26,110	June 2011
Hawthorne Inn of Peoria	45,040	September 2010
Hawthorne Inn of Peru	44,720	July 2010
Liberty Estates of Freeport*	53,589	January 2010
Liberty Estates of Peoria*	62,943	February 2010
Liberty Estates of Peru*	53,613	February 2010
Liberty Estates of Streator	41,023	February 2011
Manor Court of Peru	61,222	January 2015
Manor Court of Peoria**	30,000	July 2016
LB Properties, Inc.		
Hawthorne Inn of Danville*	73,229	July 2015
Liberty Estates of Danville*	68,077	August 2013
Liberty Estates of Geneseo	37,533	August 2013
Hawthorne Inn of Princeton, LLC		
Manor Court of Princeton	61,417	January 2015
Mid-Illini Healthcare, Inc.		
Manor Court of Clinton	94,628	April 2015
	\$ 753,144	

\* Effective August 2008, these facilities were purchased by the Organization. The leasing Organization and its lessor mutually agreed to terminate the lease prior to its expiration pursuant to the sale of the facility to Frances House, Inc.

\*\* Effective August 2008, the monthly lease payment increases to \$32,000 in accordance with the lease terms.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

**Note 10. Lease Commitments, Total Rental Expense and Subsequent Event (Continued)**

Minimum rental commitments under facility leases, excluding real property taxes, insurance and maintenance as of March 31, 2008 are due as follows:

<u>Year Ending March 31</u>	<u>Amount</u>
2009	\$ 6,562,120
2010	5,324,316
2011	4,524,510
2012	3,493,820
2013	3,441,600
Thereafter	<u>6,244,623</u>
	<u>\$ 29,590,989</u>

Total rental expense for the year ended March 31, 2008 (see Note 16), including real property taxes, insurance and maintenance costs, was approximately \$2,734,000.

**Note 11. Functional Expense Classifications**

Operating and nonoperating expenses of the Organization according to their functional categories as of the year ended March 31 (see Note 16) are as follows:

Program activities	\$ 28,715,009
Management and general	<u>2,986,291</u>
	<u>\$ 31,701,300</u>

**Note 12. Professional Liability Insurance**

The Organization is covered by professional liability insurance on an occurrence basis. Each entity is insured for individual and aggregate claims on an annual basis of \$1,000,000 and \$3,000,000, respectively.

**Note 13. Accrued Expenses**

Accrued expenses consisted of the following as of March 31, 2008:

Wages and other related payroll	\$ 1,823,617
Real estate taxes	1,573,671
Other	<u>322,189</u>
	<u>\$ 3,719,477</u>

Notes to Consolidated Financial Statements

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**Note 14. Pending Adoption of Accounting Standards**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, except for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis for which delayed application is permitted until fiscal years beginning after November 15, 2008. The Company is currently assessing the potential effect of SFAS No. 157 on its financial position, results of operations and cash flows.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 permits companies to elect to follow fair value accounting for certain financial assets and liabilities in an effort to mitigate volatility in earnings without having to apply complex hedge accounting provisions. The standard also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of the adoption of SFAS No. 159, if any, on our financial position, results of operations and cash flows.

The Financial Accounting Standards Board ("FASB") has issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return including positions that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonable possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*.

The Organization has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic Organizations included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Organization will be required to adopt FIN 48 in its 2009 annual financial statements. The provisions of FIN 48 are to be applied to all tax positions upon initial application of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption.

The cumulative effect, if any, of applying the provisions of FIN 48 will be reported as an adjustment to the opening balance of net assets for the fiscal year of adoption. Management has not assessed the impact of FIN 48 on its consolidated financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 15. Subsequent Event

During July 2008, the Organization entered into a secured loan agreement with a third party in the amount of \$23,373,000 (the "Loan"). The proceeds of the Loan are evidenced by a promissory note and have been used to finance the purchase of real estate and improvements consisting of four independent living facilities included in Note 10. The terms of the promissory note include a fixed rate of interest at 6.50% per annum, monthly installments of \$174,263 beginning August 30, 2008 and continuing until a final payment of the unpaid principal and interest is due on July 30, 2013.

During August 2008, the Organization obtained a secured mortgage note from a third party in the amount of \$12,627,000 (the "Note"). The proceeds of the Note have been used to finance the purchase of real estate and improvements consisting of one independent living facility included in Note 10. The terms of the Note include a fixed rate of interest at 6.18% per annum, monthly installments of \$73,531 beginning October 1, 2008 and continuing until a final payment of the unpaid principal and interest is due on October 1, 2043.

During September 2008, the Organization obtained a line-of-credit from a third-party in the amount of \$7,000,000. The proceeds of the line-of-credit are evidenced by a secured promissory note. Through this agreement, the Organization may borrow funds from time to time, not to exceed the principal balance, to support business investments and working capital. This note is secured by substantially all financial assets held in accounts with the third-party. The line-of-credit bears interest at the LIBOR Market Index Rate plus 1.00% per annum and due on demand or at expiration on October 15, 2009. There have been no draws on this line-of-credit as of the report date.

The principal on the above debt is due as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 440,000
2010	723,000
2011	771,000
2012	822,000
2013	877,000
Thereafter	<u>32,367,000</u>
	<u>\$ 36,000,000</u>

#### Note 16. Combination of Residential Alternatives of Illinois, Inc. (RAIL)

On January 1, 2008, Frances House, Inc. (the "Company") became the sole corporate member of Residential Alternatives of Illinois, Inc. ("RAIL"), an Illinois not-for-profit organization. RAIL previously had a December 31 year end and adopted a March 31 year end when it became a subsidiary of the Company. RAIL's balance sheet as of March 31, 2008 and the related statement of operations for the three months ended March 31, 2008 have been included in the consolidated financial statements. RAIL plans to continue to operate long-term care facilities.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 16. Combination of Residential Alternatives of Illinois, Inc. (RAIL) (Continued)

As mentioned above, RAIL became a subsidiary of the Company on January 1, 2008. The carrying values of RAIL's assets and liabilities on January 1, 2008 were:

Accounts receivable	\$ 6,438,490
Fiduciary trust accounts	31,865
Prepaid expense	30,332
Property and equipment	9,179,776
Standby loan agreement receivable, related party	341,624
Other assets	36,769
Due to residents, trust accounts	(31,865)
Accounts payable	(1,246,733)
Accrued expenses	(3,536,859)
Deferred revenue and refundable balances	(1,436,397)
Note payable to Frances House, Inc.	(8,014,385)
Standby loan agreement to Frances House, Inc.	(3,500,000)
Resident security deposits	(1,476,302)
Noncash net (liabilities)	(3,183,685)
Cash	3,608,676
Net assets transferred in with subsidiary	<u>\$ 424,991</u>

Frances House, Inc. obtained control of RAIL upon becoming the sole corporate member of RAIL without exchange of consideration. Generally accepted accounting principles requires this combination transaction similar to the accounting for a pooling of interest transaction. The accounting method requires the Organization to report the results of operations for the period in which the combination occurs as though the Organizations had been combined as of the beginning of the period. Management has elected to report the results of operations for RAIL from the combination date instead of the required twelve months reporting period. The results of operations, net eliminations as a result of consolidation, for RAIL were as follows:

	9-Months Ended 12/31/07 (Unaudited)	3-Months Ended 3/31/08	Year Ended 3/31/08 (Unaudited)
Revenues	\$ 32,487,908	\$ 12,805,096	\$ 45,293,004
Expenses	31,432,084	12,044,807	43,476,891
Operating income	1,055,825	760,289	1,816,114
Interest income and (expense)	46,466	11,688	58,154
Excess (deficit) of revenue over expenses	1,102,291	771,977	1,874,268
Change in unrestricted net assets	1,102,291	771,977	1,874,268

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
March 9, 2009

Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet  
March 31, 2008

<b>ASSETS</b>	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities Inc.
<b>Current Assets</b>			
Cash and cash equivalents	\$ 4,302,478	\$ 3,045,910	\$ 1,366,831
Fiduciary trust accounts	-	-	-
Certificate of deposit	5,075,858	1,687,148	-
Receivables:			
Resident accounts, net	1,633,257	1,767,201	1,518,766
Other	546,953	14,159	42,574
Prepaid expenses	95,914	76,845	73,486
<b>Total current assets</b>	<b>11,654,460</b>	<b>6,591,263</b>	<b>3,001,657</b>
<b>Long-Term Investments</b>			
Marketable securities	14,956,357	2,070,000	175,000
Member interest	10,000	-	-
	<b>14,966,357</b>	<b>2,070,000</b>	<b>175,000</b>
<b>Property and Equipment</b>			
Land	197,100	499,315	227,807
Land improvements	304,600	211,830	61,998
Buildings and improvements	7,057,763	4,322,087	2,167,010
Equipment, furniture and fixtures	878,587	174,286	146,046
Vehicles	622,483	280,779	214,646
	9,060,533	5,488,297	2,817,507
Less accumulated depreciation	5,309,248	2,262,464	922,294
	<b>3,751,285</b>	<b>3,225,833</b>	<b>1,895,213</b>
<b>Long-Term Receivables and Other Assets</b>			
Receivables	700,000	-	-
Mortgage notes receivable, intercompany	10,271	5,913	-
Standby loan agreement receivables	17,924,684	4,022,766	-
Other	-	-	-
	<b>18,634,955</b>	<b>4,028,679</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 49,007,057</b>	<b>\$ 15,915,775</b>	<b>\$ 5,071,870</b>

(Continued)

Concepts Plus, Inc.	Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 2,870,404	\$ 3,871,970	\$ -	\$ 15,457,593
-	31,855	-	31,855
-	-	-	6,763,006
526,763	7,419,171	-	12,865,158
7,831	60,978	(515,503)	156,992
24,852	1	-	271,098
3,429,850	11,383,975	(515,503)	35,545,702
800,000	-	-	18,001,357
-	10,000	-	20,000
800,000	10,000	-	18,021,357
253,575	236,000	-	1,413,797
52,517	418,315	-	1,049,260
1,165,675	11,319,669	-	26,032,204
65,534	2,726,770	-	3,991,223
115,890	654,510	-	1,888,308
1,653,191	15,355,264	-	34,374,792
550,770	2,196,345	-	11,241,121
1,102,421	13,158,919	-	23,133,671
-	-	-	700,000
-	-	(16,184)	-
-	360,509	(19,523,905)	2,784,054
-	31,963	-	31,963
-	392,472	(19,540,089)	3,516,017
\$ 5,332,271	\$ 24,945,366	\$ (20,055,592)	\$ 80,216,747



Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)  
March 31, 2008

<b>LIABILITIES AND NET ASSETS</b>	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
<b>Current Liabilities</b>			
Accounts payable	\$ 240,593	\$ 217,153	\$ 133,991
Accrued expenses	252,574	143,798	334,951
Checks written in excess of amounts on deposit	690,392	194,594	232,141
Deferred revenue	50,072	24,958	69,954
Refundable balances	-	-	-
Due to residents, trust accounts	-	-	-
<b>Total current liabilities</b>	<b>1,233,631</b>	<b>580,503</b>	<b>771,037</b>
Long-Term Note Payable, less current maturities	5,913	-	10,271
Standby Loan Agreements	4,022,766	-	-
Resident Security Deposits	-	-	-
<b>Total liabilities</b>	<b>5,262,310</b>	<b>580,503</b>	<b>781,308</b>
<b>Net Assets, Unrestricted</b>	<b>43,744,747</b>	<b>15,335,272</b>	<b>4,290,562</b>
<b>Total liabilities and net assets</b>	<b>\$ 49,007,057</b>	<b>\$ 15,915,775</b>	<b>\$ 5,071,870</b>

Concepts Plus, Inc.	Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 27,245	\$ 1,789,790	\$ -	\$ 2,408,772
31,973	3,471,684	(515,503)	3,719,477
13,884	-	-	1,131,011
2	695,311	-	840,297
-	955,653	-	955,653
-	31,855	-	31,855
73,104	6,944,293	(515,503)	9,087,065
-	-	(16,184)	-
-	15,501,139	(19,523,905)	-
-	1,454,327	-	1,454,327
73,104	23,899,759	(20,055,592)	10,541,392
5,259,167	1,045,607	-	69,675,355

\$ 5,332,271    \$ 24,945,366    \$ (20,055,592)    \$ 80,216,747

Frances House, Inc. and Subsidiaries

Consolidating Statement of Operations  
Year Ended March 31, 2008

	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
Operating revenue:			
Net resident services	\$ 9,990,926	\$ 7,085,185	\$ 4,724,294
Other	101,181	87,185	62,227
<b>Total operating revenue</b>	<b>10,092,107</b>	<b>7,172,370</b>	<b>4,786,521</b>
Operating expenses:			
Program support	2,563,150	1,947,238	1,437,681
Nursing services	264,787	150,273	152,803
Dietary	1,218,042	824,367	653,347
General and administrative	2,066,216	886,602	830,961
Operations and maintenance	766,423	540,946	367,827
Provider participation fees	588,466	418,525	270,483
Housekeeping	442,907	314,596	237,897
Depreciation	351,082	278,890	168,624
Special services	52,097	14,911	28,052
Laundry	59,285	14,726	15,893
<b>Total operating expenses</b>	<b>8,372,455</b>	<b>5,391,074</b>	<b>4,163,568</b>
<b>Operating income</b>	<b>1,719,652</b>	<b>1,781,296</b>	<b>622,953</b>
Nonoperating income (expense):			
Investment income	2,551,205	436,384	58,309
Interest expense	-	-	-
Contributions received	4,550	100	-
Contributions made	(135,217)	-	-
	<u>2,420,538</u>	<u>436,484</u>	<u>58,309</u>
<b>Excess of revenue over expenses</b>	<b>4,140,190</b>	<b>2,217,780</b>	<b>681,262</b>
Net change in unrealized gains and losses on investments	(1,914,285)	(3,146)	-
<b>Increase in unrestricted net assets</b>	<b>\$ 2,225,905</b>	<b>\$ 2,214,634</b>	<b>\$ 681,262</b>

\* Includes only the three months ended March 31, 2008, as described in Note 16.

Concepts Plus, Inc.	*Residential Alternatives of Illinois, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 1,834,838	\$ 12,734,405	\$ -	\$ 36,369,648
22,294	70,691	-	343,578
1,857,132	12,805,096	-	36,713,226
436,069	125,400	-	6,509,538
42,374	4,409,571	-	5,019,808
229,372	1,241,471	-	4,166,599
293,901	1,890,062	-	5,967,742
204,957	3,566,819	-	5,446,972
112,343	72,525	-	1,462,342
77,832	352,243	-	1,425,475
62,174	197,330	-	1,058,100
3,779	5,635	-	104,474
2,979	183,751	-	276,634
1,465,780	12,044,807	-	31,437,684
391,352	760,289	-	5,275,542
166,000	20,051	(151,361)	3,080,588
-	(159,724)	151,361	(8,363)
1,149	-	-	5,799
-	-	-	(135,217)
167,149	(139,673)	-	2,942,807
558,501	620,616	-	8,218,349
-	-	-	(1,917,431)
\$ 558,501	\$ 620,616	\$ -	\$ 6,300,918



**McGladrey & Pullen**

Certified Public Accountants

**Frances House, Inc.  
and Subsidiaries**

Consolidated Financial Report  
03.31.2007

## Contents

Independent Auditor's Report on the Financial Statements	1
Financial Statements	
Consolidated Balance Sheets	2 - 3
Consolidated Statements of Operations	4
Consolidated Statements of Changes In Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 16
Independent Auditor's Report on the Supplementary Information	17
Supplementary Information	
Consolidating Balance Sheet	18 - 21
Consolidating Statement of Operations	22 - 23

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Financial Statements

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

We have audited the accompanying consolidated balance sheets of Frances House, Inc. and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Frances House, Inc. and subsidiaries as of March 31, 2007 and 2006, and the results of their operations, changes in net assets, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
October 31, 2007



Frances House, Inc. and Subsidiaries

Consolidated Balance Sheets  
March 31, 2007 and 2006

<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 19,711,723	\$ 11,403,996
Certificate of deposit	6,489,681	5,101,032
Receivables:		
Resident accounts, less allowance for doubtful accounts 2006 \$115,000; 2005 \$115,000	4,230,870	4,392,874
Other	507,198	430,442
Prepaid expenses	119,231	121,550
<b>Total current assets</b>	<b>31,058,703</b>	<b>21,449,894</b>
<b>Long-Term Investments</b>		
Marketable securities	16,900,012	20,005,731
Certificate of deposit	1,108,058	1,180,292
	<b>18,008,070</b>	<b>21,186,023</b>
<b>Property and Equipment</b>		
Land	1,177,797	1,177,797
Land improvements	630,945	757,877
Buildings and improvements	14,506,744	15,843,040
Equipment, furniture and fixtures	1,124,619	1,163,998
Vehicles	988,794	952,073
	<b>18,428,899</b>	<b>19,894,785</b>
Less accumulated depreciation	8,214,359	9,328,491
	<b>10,214,540</b>	<b>10,566,294</b>
<b>Other Assets</b>		
Standby loan agreement receivables	5,000,000	2,575,000
<b>Total assets</b>	<b>\$ 64,281,313</b>	<b>\$ 55,777,211</b>

See Notes to Consolidated Financial Statements.

<u>LIABILITIES AND NET ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Liabilities		
Accounts payable	\$ 791,068	\$ 841,861
Accrued expenses	540,799	550,380
<b>Total current liabilities</b>	<u>1,331,867</u>	<u>1,392,241</u>
Commitments and Contingencies (Notes 8 and 9)		
Net Assets, Unrestricted	<u>62,949,446</u>	<u>54,384,970</u>
<b>Total liabilities and net assets</b>	<u>\$ 64,281,313</u>	<u>\$ 55,777,211</u>

Frances House, Inc. and Subsidiaries

Consolidated Statements of Operations  
Years Ended March 31, 2007 and 2006

	2007	2006
Operating revenue:		
Net resident services	\$ 23,708,314	\$ 23,316,567
Other	327,920	213,257
<b>Total operating revenue</b>	<b>24,036,234</b>	<b>23,529,824</b>
Operating expenses:		
Program support	6,315,780	6,000,475
Nursing services	581,096	530,350
Dietary	2,815,053	2,866,718
General and administrative	3,436,498	3,250,284
Operations and maintenance	1,708,660	1,678,799
Provider participation fees	1,409,832	1,403,253
Housekeeping	986,434	1,023,699
Depreciation	839,200	832,024
Special services	110,482	105,640
Laundry	77,881	62,211
<b>Total operating expenses</b>	<b>18,280,916</b>	<b>17,753,453</b>
<b>Operating income</b>	<b>5,755,318</b>	<b>5,776,371</b>
Nonoperating income (expense):		
Investment income	2,287,228	1,304,525
Interest expense	(594)	-
Contributions received	5,470	8,493
Contributions made	(150,000)	-
Realized loss on disposal of investment	(757,968)	-
<b>Total nonoperating income (expense)</b>	<b>1,384,136</b>	<b>1,313,018</b>
<b>Excess of revenue over expenses</b>	<b>7,139,454</b>	<b>7,089,389</b>
Net change in unrealized gains and losses on investments	1,425,022	(274,587)
<b>Increase in unrestricted net assets</b>	<b>\$ 8,564,476</b>	<b>\$ 6,814,802</b>

See Notes to Consolidated Financial Statements.

Frances House, Inc. and Subsidiaries

Consolidated Statements of Changes In Net Assets  
Years Ended March 31, 2007 and 2006

	2007	2006
<b>Unrestricted Net Assets</b>		
Excess of revenue over expenses	\$ 7,139,454	\$ 7,089,389
Net change in unrealized gains and losses on investments	1,425,022	(274,587)
<b>Increase in unrestricted net assets</b>	<b>8,564,476</b>	<b>6,814,802</b>
<b>Total Net Assets</b>		
Beginning of year	54,384,970	47,570,168
End of year	<u>\$ 62,949,446</u>	<u>\$ 54,384,970</u>

See Notes to Consolidated Financial Statements.

Frances House, Inc. and Subsidiaries

Consolidated Statements of Cash Flows  
Years Ended March 31, 2007 and 2006

	2007	2006
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 8,564,476	\$ 6,814,802
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized (gains) losses on investments	(1,425,022)	274,587
Net realized losses on investments	757,968	-
Reinvested dividends	(764,274)	(361,299)
Interest reinvested in certificate of deposits	(316,415)	(143,454)
(Gain) on sale of equipment	(100)	(300)
Depreciation	839,200	832,024
Provision for doubtful accounts	16,764	109,254
Change in working capital components:		
(Increase) decrease in:		
Receivables	68,484	(1,983,217)
Prepaid expenses	2,319	13,184
(Decrease) in:		
Accounts payable	(50,793)	(233,585)
Accrued expenses	(9,581)	(407,728)
<b>Net cash provided by operating activities</b>	<b>7,683,026</b>	<b>4,914,268</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and redemption of marketable securities	18,438,047	-
Purchase of certificate of deposit	(1,000,000)	(5,000,000)
Purchase of marketable securities	(13,901,000)	(2,000,000)
Proceeds from sale of equipment	100	300
Purchase of property and equipment	(487,446)	(271,062)
Disbursements on standby loan agreements receivable	(2,425,000)	(2,475,000)
<b>Net cash (used in) investing activities</b>	<b>624,701</b>	<b>(9,745,762)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,307,727</b>	<b>(4,831,494)</b>
<b>Cash and cash equivalents:</b>		
Beginning	11,403,996	16,235,490
Ending	<u>\$ 19,711,723</u>	<u>\$ 11,403,996</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash payments for interest	\$ 594	\$ -

See Notes to Consolidated Financial Statements.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities

Frances House, Inc. and its subsidiaries (together the "Organization") are Illinois not-for-profit organizations that operate the following long-term care facilities for the developmentally disabled, all located in Illinois.

Frances House, Inc.

Nineteen 16-bed facilities

One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Subsidiaries, of which Frances House, Inc. is the sole corporate member:

Concepts Plus, Inc.

One 16-bed facility

One 16-bed group home, consisting of two 6-bed and one 4-bed facilities

Pioneer Concepts, Inc.

Four 16-bed facilities

Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

Pinnacle Opportunities, Inc.

Two 16-bed group homes, each consisting of two 6-bed and one 4-bed facilities

The Organization extends credit for routine services provided to the residents of its facilities. Substantially all of those services provided are paid by third-party agencies, primarily the Illinois Department of Healthcare and Family Services.

#### Note 2. Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies:

Principles of consolidation: The consolidated financial statements include the accounts of Frances House, Inc. and its subsidiaries as described in Note 1. All material intercompany balances and transactions have been eliminated in consolidation.

Income taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash equivalents: For purposes of reporting cash flows, the Organization considers money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Resident accounts receivable: Resident accounts receivable, which include amounts due directly from residents and third-party payors on the resident's behalf, are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Resident accounts receivable are written off when deemed uncollectible. Recoveries of resident accounts receivable previously written off are recorded when received. Generally, interest is not charged on resident accounts receivable. Management has not specifically designated a time period for determining when a resident account receivable is past due.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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Note 2. Significant Accounting Policies (Continued)

Standby Loan Agreement Receivables: Interest is accrued daily on the outstanding balances of the loan. A loan is considered impaired when it is probable the Organization will be unable to collect all contractual principal and interest payments due in accordance with the terms of the standby loan agreement. Impaired loans are evaluated based on the present value of expected future cash flows discounted at the loan's effective interest rate or as a practical expedient, at the loans observable market price.

Resident services revenue: Resident services revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for service provided. Services rendered to Medicaid program beneficiaries, (see concentration described in Note 9) are reimbursed based on prospectively determined rates, which are generally not subject to retroactive adjustment. However, the laws and regulations under which the Medicaid program operates are complex, subject to frequent change and subject to interpretation. As part of operating under the Medicaid program, there is a possibility that governmental authorities may review the Organization's compliance with these laws and regulations. Such review may result in adjustments to Medicaid reimbursement previously received and subject the Organization to fines and penalties. Although no assurances can be given, management believes they have complied with the requirements of the Medicaid program. Any retroactive adjustments made by the Medicaid program are recognized in the period the Organization is notified by the state third party payor, the Illinois Department of Healthcare and Family Services, of such adjustment.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Realized gains and losses are determined based on the specific identification of securities sold. Unrealized gains and losses are determined based on the increase or decrease in the fair value of investments. Investment income or loss, including realized gains and losses on investments, interest and dividends, is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. The net change in unrealized gains and losses on investments are excluded from the excess of revenue over expenses and presented as an increase or decrease in unrestricted net assets unless the gain or loss is restricted by donor or law.

Property and equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the following estimated useful lives:

Classification	Years
Land improvements	8 to 15
Buildings and improvements	5 to 30
Equipment, furniture and fixtures	3 to 25
Vehicles	4

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Excess of revenue over expenses: The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Donor-restricted contributions: The Organization reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Contributions made: Contributions made are recognized at the time the unconditional promise to give is approved by the Board of Directors and communicated to the donee.

Note 3. Investments

Marketable securities as of March 31, 2007 and 2006 consisted of the following:

	2007		2006	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Marketable equity securities, mutual funds	\$ 16,652,095	\$ 15,965,274	\$ 10,277,163	\$ 10,745,955
Marketable debt securities, U.S. Government Agency obligations	247,917	250,000	9,728,568	10,000,060
	<u>\$ 16,900,012</u>	<u>\$ 16,215,274</u>	<u>\$ 20,005,731</u>	<u>\$ 20,746,015</u>

The net change in unrealized gains and losses on investments for the years ended March 31, 2007 and 2006 consisted of the following:

Classification	2007	2006
Marketable securities:		
Equity securities	\$ 1,155,613	\$ (189,607)
Debt securities	269,409	(84,980)
Net unrealized gain/(loss)	<u>\$ 1,425,022</u>	<u>\$ (274,587)</u>

The net change in realized gains and losses on investments for the years ended March 31, 2007 and 2006 consisted of the following:

Classification	2007	2006
Marketable securities:		
Equity securities	\$ (574,446)	\$ -
Debt securities	(183,522)	-
Net realized gain/(loss)	<u>\$ (757,968)</u>	<u>\$ -</u>



Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Investments (Continued)

The following tables show the gross unrealized losses and fair value of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in continuous loss position, as of March 31, 2007 and 2006:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2007						
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agency obligations	\$ -	\$ -	\$ 1,948,196	\$ 51,804	\$ 1,948,196	\$ 51,804
Marketable debt securities, U.S. Treasury and Government Agency obligations	-	-	247,917	2,083	247,917	2,083
	\$ -	\$ -	\$ 2,196,113	\$ 53,887	\$ 2,196,113	\$ 53,887

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2006						
Marketable equity securities, mutual funds which invest primarily in U.S. Treasury and Government Agency obligations	\$ -	\$ -	\$ 6,728,411	\$ 490,106	\$ 6,728,411	\$ 490,106
Marketable debt securities, U.S. Treasury and Government Agency obligations	1,993,420	6,585	7,735,148	264,907	9,728,568	271,492
	\$ 1,993,420	\$ 6,585	\$ 14,463,559	\$ 755,013	\$ 16,456,979	\$ 761,598

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 3. Investments (Continued)

The unrealized loss on the Organization's investments relate principally to fluctuations in the current interest rate environment. The Organization had one marketable debt security and one marketable equity security that had unrealized losses at March 31, 2007.

Based on the Organization's assessment of the near-term prospects of the issuers of common stocks and debt securities with unrealized losses and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired as of March 31, 2007 and 2006.

Net realized loss for the years ended March 31, 2007 and 2006 were \$757,968 and none, respectively, and are reported in the statement of operations as a part of nonoperating expenses.

Management and a third party broker evaluate the investment portfolio on an annual basis to determine if investments have suffered a less-than-temporary decline in value. In addition, management and a third party broker monitor market trends and other circumstances to identify trends and circumstances that might impact the carrying value of securities.

#### Note 4. Administrative and Support Service Agreements

The Organization has an administrative service agreement with RFMS, Inc. RFMS, Inc. provides the functions of cash management, accounting and financial reporting, payroll and employee benefits, information technology, and other general operational and financial management services. The Organization also has a support service agreement with Community Living Options, Inc., an unrelated nonprofit organization, which provides staff training and development services. Fees incurred under these agreements are included in general and administrative expenses for the years ended March 31, 2007 and 2006 and were as follows:

	<u>2007</u>	<u>2006</u>
RFMS, Inc., administrative services	\$ 1,057,980	\$ 1,029,600
Community Living Options, Inc., support services	<u>160,200</u>	<u>160,200</u>
	<u>\$ 1,218,180</u>	<u>\$ 1,189,800</u>

The Organization is one of eight not-for-profit entities that became a member of a newly formed limited liability company, LTC Support Services, LLC, effective January 1, 2007. The LLC was formed for the purpose of providing healthcare management services. The Organization is anticipating entering into a contractual agreement with this related party sometime during 2007 to obtain healthcare management services.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Off-Site Programming Services

Pursuant to federal and state regulations, residential providers to persons with developmental disabilities are responsible for ensuring the provision of active treatment services for each resident. These active treatment services typically include developmental training, and if applicable, supported employment services. In cases where the residential facility is not certified by the Illinois Department of Human Services Division of Developmental Disabilities (DHSDD) to provide these services, another business entity which is certified by DHSDD may provide these services with the residential facility acting as an agent for the actual service provider. The Organization acts as such an agent for an unrelated provider of developmental services through an agreement renewed annually. The Illinois Department of Human Services issues a reimbursement rate to the developmental training services provider; however, the state requires the reimbursement to flow-through the residential facility provider. The state's administrative code specifies that the residential facility must flow-through payments to the developmental training services provider no later than ten working days after the facility receipt of the payment from the state. Depending on the timing of the receipt by the facility of the monthly flow-through payment from the state and the disbursement of the flow-through by the facility to the developmental provider, a liability to the service provider may exist as of year end. Such a liability, if any, is included in accounts payable of the Organization. As of March 31, 2007 and 2006, the Organization had flow-through liabilities of none. Since the arrangement between the residential facility and the developmental service provider is an agency relationship, no revenue or expense related to those services has been included in these financial statements.

#### Note 6. Provider Participation Fees

The Illinois Department of Healthcare and Family Services assesses provider participation fees on Illinois healthcare providers receiving Medicaid payments. Provider participation fees totaled \$1,409,832 and \$1,403,253 for the years ended March 31, 2007 and 2006, respectively.

#### Note 7. Employee Benefit Plans and Subsequent Events

The Organization has adopted a medical benefit plan providing medical benefits, short-term disability benefits, group term life insurance, dependent care assistance and medical expense reimbursement. The medical benefits, short-term disability benefits and group term insurance portion of this plan is administered by an unrelated third-party organization. The medical and short-term disability benefits are, in effect, self-insured. This plan involves several organizations who contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the claims of all eligible employees and certain administrative fees. The portion of the plan relating to dependent care and medical expense reimbursement is administered by employees of Community Living Options, Inc. and RFMS, Inc., unrelated organizations. Qualifying expenses are paid from the related participants contributions. Expenses relating to the medical benefit plan totaled approximately \$510,000 and \$430,000 for the years ended March 31, 2007 and 2006, respectively.

The Plan's reported benefits obligations exceeded the net assets available for benefits by approximately \$600,000 and \$346,000 as of October 31, 2006 and 2005, respectively. The Organization recognized approximately \$53,000 and \$106,000 of additional assessed premiums for the years ended March 31, 2007 and 2006, respectively. The Organization's eligible participants accounted for approximately 11% and 12% of the total participation in the Plan as for each of the years ended October 31, 2006 and 2005, respectively. At March 31, 2007 and 2006, the Organization had recorded an estimated liability of approximately \$30,000 and \$40,000, respectively.

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 7. Employee Benefit Plans and Subsequent Events (Continued)

The workers' compensation insurance plan for the Organization's employees is administered by a third party organization and, in effect, is a self-insured plan involving several not-for-profit organizations who formed a not-for-profit trust. These organizations contribute monthly premiums to a special pooled account, which is to be used exclusively for payment of the workers' compensation claims of all the participating organizations plus administrative fees. The President of the Organization's Board is also a member of the Board of Trustees for this plan. Expenses relating to this plan totaled approximately \$167,000 and \$226,000 for the years ended March 31, 2007 and 2006, respectively.

The Organization has adopted a multiple-employer 401(k) retirement savings plan covering substantially all employees. The President of the Organization's Board is employed as a broker for the Company that administers the 401(k) Plan. The Plan's administrator is considered an unrelated party. Plan management consists of employees of Community Living Options, Inc. and RFMS, Inc., unrelated organizations. The Plan is funded by (a) participant contributions and (b) fifty percent matching by the Organization of participant's eligible contributions up to three percent of the participant's compensation. Participant contributions are fully vested at the time they are made. Employer contributions begin vesting after two years of service at 20 percent per year. Expenses related to this plan totaled approximately \$56,000 and \$67,000 for the years ended March 31, 2007 and 2006, respectively.

#### Note 8. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events

The Organization had a \$350,000 unsecured standby loan agreement with Achievement Unlimited, Inc., an unrelated not-for-profit organization which operates homes for the developmentally disabled. This loan agreement did not have a stated interest rate but rather stated the interest rate is to be determined by the Organization's Board of Directors. Any billed interest was payable quarterly. The standby loan agreement expired November 2006. No advances were made during the years ended March 31, 2007 and 2006.

Frances House, Inc. has a standby loan agreement with Residential Alternatives of Illinois, Inc. an unrelated not-for-profit corporation which operates retirement and assisted living facilities. Through this agreement, Frances House, Inc. has agreed to advance up to \$4,000,000, from time-to-time, on a discretionary basis for working capital funds to Residential Alternatives of Illinois, Inc. The agreement expires December 2009. The interest rate per annum was 6.5% through December 14, 2004, but could be waived by the Board of Directors of Frances House, Inc. Effective December 15, 2004, interest shall be reset annually based on the Applicable Federal Rate for mid-term loans in effect at the beginning of Residential Alternatives of Illinois, Inc.'s year with interest paid quarterly (4.5 percent as of March 31, 2007). Interest is to be paid as billed and the principal balance is to be paid as available surplus funds are accumulated by Residential Alternatives of Illinois, Inc. The outstanding balance of the standby loan agreement receivable as of March 31, 2007 and 2006 was \$3,500,000 and \$1,800,000, respectively. Accrued interest receivable of approximately \$167,000 and \$45,000 was recorded at March 31, 2007 and 2006, respectively. Subsequent to March 31, 2007, no advances had been made. No interest has been billed and no principal payments have been received.

On July 31, 2007, the Organization loaned \$8,073,219 to Residential Alternatives of Illinois, Inc. in exchange for an unsecured note receivable including interest at 6% annum, monthly installments of \$52,016 beginning August 31, 2007 and continuing through July 2012.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events  
(Continued)

As of March 31, 2007, annual maturities of the note receivable are as follows:

Year Ending March 31	Amount
2008	\$ 94,847
2009	149,558
2010	158,782
2011	168,576
2012	178,973
Thereafter	7,322,483
	<u>\$ 8,073,219</u>

Frances House, Inc. has guaranteed certain of Residential Alternatives of Illinois, Inc.'s facility leases with unrelated lessors. The leased facilities and terms of the related lease agreements are as follows:

Facilities	Location	Monthly Lease Payment	Expiration Date
Hawthorne Inn	Danville, IL	\$ 73,229	July 2015
Hawthorne Inn	Peoria, IL	45,040	September 2010
Hawthorne Inn	Peru, IL	44,720	July 2010
Hawthorne Inn	Freeport, IL	26,110	June 2011
Liberty Estates	Danville, IL	60,584	August 2013
Liberty Estates	Freeport, IL	53,589	January 2010
Liberty Estates	Geneseo, IL	33,402	August 2013
Liberty Estates	Peoria, IL	62,943	February 2010
Liberty Estates	Peru, IL	53,613	February 2010
Liberty Estates	Streator, IL	41,023	February 2011
Manor Court	Princeton, IL	43,610	January 2015

Rental commitments as of March 31, 2007, under these facility leases guaranteed by the Organization total and are due as follows:

Year Ending March 31	Amount
2008	\$ 6,454,356
2009	6,454,356
2010	6,123,420
2011	3,743,593
2012	2,608,230
Thereafter	5,872,066
	<u>\$ 31,256,021</u>

## Frances House, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 8. Standby Loan Agreement Receivables, Commitments, Contingencies and Subsequent Events (Continued)

Frances House, Inc. has a standby loan agreement with Residential Alternatives of Iowa, an unrelated not-for-profit organization. Through this agreement, the Organization has agreed to advance, from time to time, working capital funds to Residential Alternatives of Iowa. The unsecured agreement provides for a credit limit of up to \$500,000 (subsequently increased to \$1,500,000) and expires December 2009. Interest shall be reset annually based on the Applicable Federal Rate for mid-term loans in effect at the beginning of Residential Alternatives of Iowa's fiscal year with interest paid quarterly (4.5 percent as of March 31, 2007). The balance of this standby loan agreement receivable as of March 31, 2007 and 2006 was \$1,500,000 and \$775,000, respectively. Interest on balances related to this standby loan agreement is payable at least quarterly, and principal is payable as available surplus funds are accumulated. Accrued interest receivable of approximately \$60,000 and \$15,000 was recorded at March 31, 2007 and 2006, respectively. Subsequent to year end, no additional advances have been made on the advance and there have been no principal payments received.

France House, Inc. has guaranteed Residential Alternatives of Iowa's Windmill Pointe Estates facility lease with an unrelated lessor. The leased facility is located in Coralville, Iowa. Effective October 1, 2006, the monthly lease payment decreased from \$38,266 to \$37,016 until March 1, 2007 at which time the monthly lease payment decreased again from \$37,016 to \$35,766 until July 2012. Both decreases were due to the sale of a condo.

The Organization's opinion as to the ultimate collectibility of standby loan agreement receivables and note receivables is subject to estimates regarding borrower's future cash flows from operations. These estimates are affected by changing economic conditions and the economic prospects of borrowers.

At December 31, 2007 and 2006, the fair value of the Organization's guarantees are estimated at approximately \$300,000 and \$350,000, respectively. Management has determined the liabilities for the fair values of the guarantees are not material to the Organization's financial statements.

In April 2006, the Board of Directors approved a conditional promise to give not to exceed \$2 million to Community Residential Centers, Inc. (CRC), an unrelated not-for-profit organization. This grant will be used by CRC to make building repairs necessary for CRC to be in compliance with Life Safety Codes. CRC has not yet met the conditions to receive the contribution. The Organization removed the conditions for \$125,000 of the promise to give and recognized a \$125,000 expense in the consolidated statement of operations.

The Organization has a cost reimbursement agreement under the Medicaid program with a state third party payor, the Illinois Department of Healthcare and Family Services, with costs submitted subject to audit and adjustment by this payor. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position or results of operations of the Organization.

The Organization is involved as a defendant in certain litigation and regulatory claims arising in the ordinary course of business. After consultation with legal counsel, management estimates that these claims will be resolved without material adverse effect on the Organization's net assets.

#### Note 9. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses from these accounts and believes it is not exposed to any significant credit risk on bank deposit accounts.

Frances House, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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**Note 9. Concentration of Credit Risk (Continued)**

Substantially all of the net resident services provided to the Organization's residents are paid by third-party agencies, primarily the Illinois Department of Healthcare and Family Services, as part of the Medicaid program. Credit risk with respect to the Medicaid program receivables is mitigated by the taxing authority of the governmental entities funding the programs.

**Note 10. Functional Expense Classifications**

Operating and nonoperating expenses of the Organization according to their functional categories as of March 31 are as follows:

	<u>2007</u>	<u>2006</u>
Program activities	\$ 17,032,207	\$ 16,336,650
Management and general	1,399,303	1,416,803
	<u>\$ 18,431,510</u>	<u>\$ 17,753,453</u>

**Note 11. Professional Liability Insurance**

The Organization is covered by professional liability insurance on an occurrence basis. Each entity is insured for individual and aggregate claims on an annual basis of \$1,000,000 and \$3,000,000, respectively.

**Note 12. Reclassification of Certain Assets**

Certain assets on the balance sheet as of March 31, 2006, have been reclassified, with no effect on total assets or net assets, to be consistent with the classifications adopted as of March 31, 2007.

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
Frances House, Inc.  
Galesburg, Illinois

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Galesburg, Illinois  
October 31, 2007



Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet  
March 31, 2007

ASSETS	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities Inc.
<b>Current Assets</b>			
Cash and cash equivalents	\$ 10,758,818	\$ 6,338,087	\$ 1,141,097
Certificate of deposit	3,885,605	1,604,076	-
Receivables:			
Resident accounts, net	1,423,850	1,458,359	916,629
Other	627,138	40,271	28,981
Prepaid expenses	16,324	53,421	22,006
<b>Total current assets</b>	<b>16,711,735</b>	<b>9,494,214</b>	<b>2,108,713</b>
<b>Long-Term Investments</b>			
Marketable securities	15,352,095	747,917	-
Certificate of deposit	1,108,058	-	-
	<b>16,460,153</b>	<b>747,917</b>	<b>-</b>
<b>Property and Equipment</b>			
Land	197,100	499,315	227,807
Land improvements	304,600	211,830	61,998
Buildings and improvements	6,988,989	4,243,403	2,108,677
Equipment, furniture and fixtures	800,710	162,263	120,381
Vehicles	541,577	252,646	170,246
	<b>8,832,976</b>	<b>5,369,457</b>	<b>2,689,109</b>
Less accumulated depreciation	4,970,190	2,001,906	753,667
	<b>3,862,786</b>	<b>3,367,551</b>	<b>1,935,442</b>
<b>Long-Term Receivables and Other Assets</b>			
Mortgage notes receivable, intercompany	(778)	-	-
Standby loan agreement receivable	5,000,000	-	-
	<b>4,999,222</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 42,033,896</b>	<b>\$ 13,609,682</b>	<b>\$ 4,044,155</b>

(Continued)

	Concepts Plus, Inc.	Intercompany Eliminations	Consolidated Totals
\$	1,473,721	\$ -	\$ 19,711,723
	1,000,000	-	6,489,681
	432,032	-	4,230,870
	12,113	(201,305)	507,198
	27,480	-	119,231
	<u>2,945,346</u>	<u>(201,305)</u>	<u>31,058,703</u>
	800,000	-	16,900,012
	-	-	1,108,058
	<u>800,000</u>	<u>-</u>	<u>18,008,070</u>
	253,575	-	1,177,797
	52,517	-	630,945
	1,165,675	-	14,506,744
	41,265	-	1,124,619
	24,325	-	988,794
	<u>1,537,357</u>	<u>-</u>	<u>18,428,899</u>
	488,596	-	8,214,359
	<u>1,048,761</u>	<u>-</u>	<u>10,214,540</u>
	-	778	-
	-	-	5,000,000
	-	778	5,000,000
\$	<u>4,794,107</u>	<u>\$ (200,527)</u>	<u>\$ 64,281,313</u>

Frances House, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)  
March 31, 2007

	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 250,267	\$ 351,867	\$ 120,381
Accrued expenses	264,787	143,090	309,339
<b>Total current liabilities</b>	<b>515,054</b>	<b>494,957</b>	<b>429,720</b>
Mortgage notes payable, intercompany	-	(5,913)	5,135
<b>Total liabilities</b>	<b>515,054</b>	<b>489,044</b>	<b>434,855</b>
<b>Net Assets, Unrestricted</b>	<b>41,518,842</b>	<b>13,120,638</b>	<b>3,609,300</b>
 <b>Total liabilities and net assets</b>	 <b>\$ 42,033,896</b>	 <b>\$ 13,609,682</b>	 <b>\$ 4,044,155</b>

Concepts Plus, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 68,553	\$ -	\$ 791,068
24,888	(201,305)	540,799
93,441	(201,305)	1,331,867
-	778	-
93,441	(200,527)	1,331,867
4,700,666	-	62,949,446

\$ 4,794,107    \$ (200,527)    \$ 64,281,313

Frances House, Inc. and Subsidiaries

Consolidating Statement of Operations  
Year Ended March 31, 2007

	Frances House, Inc.	Pioneer Concepts, Inc.	Pinnacle Opportunities, Inc.
<b>Operating revenue:</b>			
Net resident services	\$ 10,037,099	\$ 7,182,849	\$ 4,585,925
Other	116,882	89,666	92,062
<b>Total operating revenue</b>	<b>10,153,981</b>	<b>7,272,515</b>	<b>4,677,987</b>
<b>Operating expenses:</b>			
Program support	2,571,356	1,961,840	1,391,301
Nursing services	224,948	161,922	151,723
Dietary	1,174,767	802,984	627,051
General and administrative	1,768,852	796,044	599,257
Operations and maintenance	718,779	446,287	374,690
Provider participation fees	595,230	417,377	279,038
Housekeeping	432,778	274,146	209,630
Depreciation	343,351	285,532	153,212
Special services	61,225	17,190	26,639
Laundry	36,087	18,251	12,811
<b>Total operating expenses</b>	<b>7,927,373</b>	<b>5,181,573</b>	<b>3,825,352</b>
<b>Operating income</b>	<b>2,226,608</b>	<b>2,090,942</b>	<b>852,635</b>
<b>Nonoperating income (expense):</b>			
Investment income	1,775,703	327,186	99,328
Interest expense	(594)	-	(40,261)
Contributions received	4,031	668	-
Contributions made	(150,000)	-	-
Realized gain (loss) on disposal of investments	(757,968)	-	-
	<b>871,172</b>	<b>327,854</b>	<b>59,067</b>
<b>Excess of revenue over expenses</b>	<b>3,097,780</b>	<b>2,418,796</b>	<b>911,702</b>
<b>Net change in unrealized gains and losses on investments</b>	<b>1,420,495</b>	<b>4,531</b>	<b>-</b>
<b>Increase in unrestricted net assets</b>	<b>\$ 4,518,275</b>	<b>\$ 2,423,327</b>	<b>\$ 911,702</b>

Concepts Plus, Inc.	Intercompany Eliminations	Consolidated Totals
\$ 1,902,441	\$ -	\$ 23,708,314
29,310	-	327,920
<u>1,931,751</u>	<u>-</u>	<u>24,036,234</u>
391,283	-	6,315,780
42,503	-	581,096
210,251	-	2,815,053
272,345	-	3,436,498
168,904	-	1,708,660
118,187	-	1,409,832
69,880	-	986,434
57,105	-	839,200
5,428	-	110,482
10,732	-	77,881
<u>1,346,618</u>	<u>-</u>	<u>18,280,916</u>
<u>585,133</u>	<u>-</u>	<u>5,755,318</u>
125,268	(40,261)	2,287,224
-	40,261	(594)
771	-	5,470
-	-	(150,000)
-	-	(757,968)
<u>126,039</u>	<u>-</u>	<u>1,384,132</u>
711,172	-	7,139,450
-	-	1,425,026
<u>\$ 711,172</u>	<u>\$ -</u>	<u>\$ 8,564,476</u>

**Section XXV, Part D**  
**Criterion 1120.310(d), Projected Operating Costs**

The projected operating costs for the first full fiscal year when the Project achieves target Utilization (2010) are as follows:

Total Operating Expenses:	\$4,017,090
Depreciation Expense:	\$ 222,390
Bad Debt Expense:	<u>          0</u>
	\$3,794,700

Estimated Patient Days: 33,507

Proj. Operating Costs = Total Operating Expenses – Depreciation Expense – Bad Debt Expense  
Estimated Patient Days

$$= \frac{\$3,794,700}{33,507}$$

$$= \$113.25$$