

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)]

Part 1110 Classification:

- ☒ Substantive
- ☐ Non-substantive

Part 1120 Applicability or Classification:

[Check one only.]

- ☐ Part 1120 Not Applicable
- ☐ Category A Project
- ☒ Category B Project
- ☐ DHS or DVA Project

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	x				24
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.

Pecatonica Pavilion LLC, the applicant, proposes to construct and operate Pecatonica Pavilion, a continuing care retirement community in Pecatonica, Winnebago County, Illinois. Applicant proposes to establish a 24 bed skilled nursing unit. The project will include 120 residential units in the following mix:

- 26 memory support assisted living units
- 39 geriatric assisted living units
- 55 independent living units

Pecatonica Pavilion will be located at the property bordered by Sumner Road, Grove Street, and Parkview Streets in Pecatonica, Illinois.

Pecatonica Pavilion will be Medicare and Medicaid certified and will offer highly skilled nursing care with intensive rehabilitative therapies, independent living, memory support, and assisted living.

The modern, fully equipped nursing facility will conform with all federal, state and local regulations relating to construction, staffing, sanitation and environmental protection.

By offering state-of-the-art design, operations and resident care, Pecatonica Pavilion will provide residents with the appropriate physical environment and programs to improve their quality of life. The services to be offered will be enhanced by a design that incorporates residential features that support the physical, social and psychological needs of the residents. The building design will meet functional needs of the staff, without sacrificing quality of life features.

The proposed skilled/assisted living facility will be a two-story building containing 109,022 gross square feet, of which 14,730 will be Skilled Nursing. The facility will contain 12 two bed semi-private skilled nursing rooms, 26 one bedroom private memory support rooms, 39 one bedroom private assisted living rooms, 52 one bed private independent living rooms, and 3 two bedroom semi-private independent living rooms.

In addition, it will contain 2 dining rooms, 1 nurse station, a physical and occupational therapy room, recreational therapy, family rooms, beauty/barber shop, a kitchen, administrative offices, and support areas.

Construction is projected to commence the month after permits are issued, and the facility is projected to open 10 months thereafter.

The cost of the skilled nursing and support areas is \$1,767,600. The project is classified as 'substantive' as it establishes a new health care facility.

Project Costs and Sources of Funds
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Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	387,640	104,360	492,000
Site Survey and Soil Investigation	-	-	-
Site Preparation	-	-	-
Off Site Work	-	-	-
New Construction Contracts	10,307,628	2,775,012	13,082,640
Modernization Contracts	-	-	-
Contingencies	585,557	157,643	743,200
Architectural/Engineering Fees	360,767	97,125	457,892
Consulting and Other Fees	-	-	-
Movable or Other Equipment (not in construction contracts)	315,154	84,846	400,000
Bond Issuance Expense (project related)	-	-	-
Net Interest Expense During Construction (project related)	319,882	86,118	406,000
Fair Market Value of Leased Space or Equipment	-	-	-
Other Costs to be Capitalized	578,293	155,688	733,981
Acquisition of Building or Other Property (excluding land)	-	-	-
TOTAL USES OF FUNDS	12,854,920	3,460,793	16,315,713
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	-	-	-
Pledges	-	-	-
Gifts and Bequests	-	-	-
Bond Issues (project related)	-	-	-
Mortgages	12,854,920	3,460,793	16,315,713
Leases (fair market value)	-	-	-
Governmental Appropriations	-	-	-
Grants	-	-	-
Other Funds and Sources	-	-	-
TOTAL SOURCES OF FUNDS	12,854,920	3,460,793	16,315,713

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

Related Project Costs

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

Land acquisition is related to project ☐ Yes ☒ No

Purchase Price: \$ _____

Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service

☒ Yes ☐ No

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

Estimated start-up costs and operating deficit cost is \$ 789,348.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable

☐ Preliminary

☒ Schematics

☐ Final Working

Anticipated project completion date (refer to Part 1130.140): March 2012

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.

☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.

☒ Project obligation will occur after permit issuance.

State Agency Submittals

Are the following submittals up to date as applicable:

☐ Cancer Registry N/A

☐ APORS N/A

☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted N/A

☐ All reports regarding outstanding permits N/A

Dept./Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet that is:			
		Existing	Proposed	New Construction	Modernized	As Is	Vacated Space
CLINICAL	991,440	-	8,262	8,262	-	-	-
Medical Surgical	-	-	-	-	-	-	-
Intensive Care	-	-	-	-	-	-	-
Diagnostic Radiology	-	-	-	-	-	-	-
MRI	-	-	-	-	-	-	-
Total Clinical	991,440	-	8,262	8,262	-	-	-
NON CLINICAL							
Administrative	776,160	-	6,468	6,468	-	-	-
Parking		-	-	-	-	-	-
Gift Shop		-	-	-	-	-	-
Total Non-Clinical	776,160	-	6,468	6,468	-	-	-
TOTAL	1,767,600	-	14,730	14,730	-	-	-

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**.

FACILITY NAME: Pecatonica Pavilion LLC		CITY: Pecatonica IL			
REPORTING PERIOD DATES: From: 1/1/2008 to: 12/31/2008					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes*	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	2,338*	5,130	673,028		24
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:					

***As of the 4/26/2010 update to the Inventory.**

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 checked="" type="checkbox"/> General Long Term Care		24	24		
<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				

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

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)
Enter Historical and/or Projected Years:				
Current Ratio				7.55
Net Margin Percentage				3.99%
Percent Debt to Total Capitalization				79%
Projected Debt Service Coverage				1.51
Days Cash on Hand				88.14
Cushion Ratio				1.2

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.

Methodology for Page 59

	Year 3
Current Ratio	
A Current Assets	\$1,420,838
B Current Liabilities	\$188,216
Current ratio (A/B)	7.55
Net Margin percentage	
C Net Income/(Loss)	\$238,499
D Net Operating Revenue	\$5,972,602
Net Margin percentage (C/D)	3.99%
Percent Debt to Total Capitalization	
E LT Debt	\$15,618,459
F LT Debt + Equity	\$19,750,874
Debt service coverage ratio (E/F)	79%
Projected Debt Service Coverage	
G Net inc + depr+int+amort/P&I payment	\$1,679,370
H Principal and interest payment	\$1,111,666
Debt capitalization ratio (G/H)	1.51
Days Cash on Hand	
I Cash + investments	\$1,333,625
J Operating expense-depreciation/365	\$15,131
Days cash on hand (I/J)	88
Cushion Ratio	
K Cash + investments	\$1,333,625
L Max Annual Debt Service	\$1,111,666
Cushion Ratio (K/L)	1.20

Variance:

Additional 4 years of operating result will generate an additional \$2 million in cash, which will meet the target cushion ratio.

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.

\$16,315,713 Debt Financing (indicate type(s): HUD 30 year nonrecourse USDA insured loan

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.

\$16,315,713 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 ☐. 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.

Pecatonica Pavilion LLC
 COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE
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Department (listed below)	A	B	C	D	E	F	G	H	
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. \$	Mod. \$	Total cost
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Nursing Care	\$ 114	\$ 85	14,730	-	-	-	\$ 1,683,428	\$ -	\$ 1,683,428
Contingency	\$ 6	\$ -	14,730	-	-	-	\$ 84,171	\$ -	\$ 84,171
TOTALS	\$ 120	\$ 85	14,730	-	-	-	\$ 1,767,600	\$ -	\$ 1,767,600

Project Costs and Sources of Funds

USE OF FUNDS	CLINICAL	SUBTOTAL CL	NON-CLINICAL	SUBTOTAL NON-CL	TOTAL
Preplanning Costs		387,640		104,360	
Legal and Accounting	15,758		4,242		20,000
Initial Marketing	340,367		91,633		432,000
Taxes, Title & Insurance	31,515		8,485		40,000
Site Survey and Soil Investigation		-		-	-
Included in construction	-		-		-
	-		-		-
Site Preparation	-	-		-	-
Included in construction	-		-		-
Off Site Work	-	-	-	-	-
New Construction Contracts		10,307,628	-	2,775,012	
Construction	10,307,628		2,775,012		13,082,640
Builder profit	-		-		-
	-		-		-
Modernization Contracts		-		-	-
Contingencies		585,557		157,643	
Working capital allowance	275,760		74,240		350,000
Construction contingency	-		-		-
Minor movable escrow	34,037		9,163		43,200
Financing working capital	275,760		74,240		350,000
Architectural/Engineering Fees		360,767		97,125	
Architect's fee (3.5% of construction cost)	360,767		97,125		457,892
	-		-		-
Consulting and Other Fees	-	-	-	-	
Movable or Other Equipment (not in construction contracts)		315,154		84,846	
Furnishings and security	315,154		84,846		400,000
	-		-		-
	-		-		-
Bond Issuance Expense (project related)		-	-	-	-
Net Interest Expense During Construction (project related)		319,882		86,118	
	319,882		86,118		406,000
	-		-		-
	-		-		-
Fair Market Value of Leased Space or Equipment		-		-	
Other Costs to be Capitalized		578,293		155,688	
Cost of financing (3.5% of financed amount)	578,293		155,688		733,981
Cost of financing (1.93% of financed amount)	-		-		-
Acquisition of Building or Other Property (excluding land)		-		-	
TOTAL USES OF FUNDS	12,854,920	12,854,920	3,460,793	3,460,793	16,315,713
SOURCE OF FUNDS	CLINICAL		NON-CLINICAL		
Cash and Securities		-		-	
Owner cash (TIF)	-		-		-
	-		-		-
Pledges		-		-	
Gifts and Bequests		-		-	
Bond Issues (project related)		-		-	
Mortgages	-	12,854,920	-	3,460,793	
HUD 40 year nonrecourse loan	12,854,920		3,460,793		16,315,713
Leases (fair market value)		-		-	
Governmental Appropriations		-		-	
Grants		-		-	
Other Funds and Sources		-		-	
	-		-		-
TOTAL SOURCES OF FUNDS	12,854,920	12,854,920	3,460,793	3,460,793	16,315,713

		Gross Square Feet		Amount of Proposed Total Gross Square Feet that is:			
Dept./Area	Cost	Existing	Proposed	New Construction	Modernized	As Is	Vacated Space
CLINICAL							
Patient Rooms	384,480	-	3,204	3,204	-	-	-
Patient Bathrooms	82,080	-	684	684	-	-	-
Nurses Station/Med Prep	59,280	-	494	494	-	-	-
LR/DR/Activity	179,280	-	1,494	1,494	-	-	-
Exam Room	33,480	-	279	279	-	-	-
Kitchen/Food Svc	26,280	-	219	219	-	-	-
PT/OT	170,400	-	1,420	1,420	-	-	-
Laundry	-	-	-	-	-	-	-
Janitor Closet	12,360	-	103	103	-	-	-
Clean/Soiled Linen	43,800	-	365	365	-	-	-
Beauty/Barber	-	-	-	-	-	-	-
Total CLINICAL	991,440	-	8,262	8,262	-	-	-
NON CLINICAL							
Office/Admin	153,960	-	1,283	1,283	-	-	-
Kitchen	-	-	-	-	-	-	-
EE Lounge	30,480	-	254	254	-	-	-
Locker, Training	21,360	-	178	178	-	-	-
Mechanical	-	-	-	-	-	-	-
Lobby	134,760	-	1,123	1,123	-	-	-
Storage/Maint	29,280	-	244	244	-	-	-
Corridor/Public Toilet	349,320	-	2,911	2,911	-	-	-
Structure/Misc	-	-	-	-	-	-	-
Stairs/Elevators	57,000	-	475	475	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total NON CLINICAL	776,160	-	6,468	6,468	-	-	-
TOTAL	1,767,600	-	14,730	14,730	-	-	-

Total for entire building:

Note: the balance of the cost and square footage applies to the assisted living facility which is part of this structure.

Alternatives

1. Do nothing

This alternative was rejected due to the absence of a facility providing quality skilled nursing and rehabilitative services in close proximity to residents of Pecatonica and similar small communities in western Winnebago and eastern Stephenson Counties.

1. Purchase existing facility

This alternative was rejected because there are no facilities currently in existence in Pecatonica. The only facility outside of the Rockford metropolitan area is Median Nursing Center in Durand. This facility is not for sale at this time.

2. Expand an existing facility

This was rejected because there are no such facilities currently in existence in or near Pecatonica, nor does the applicant own any such facilities. All facilities in Winnebago County are located in Rockford or a suburb of Rockford. Also, the only facility that serves the “rural” older adult, Medina Nursing Center, does not offer assisted living or residential dementia care as is proposed. The continuum of older adult housing and care offered by the proposed project is superior to simply expanding Medina Nursing Center licensed bed capacity.

3. Purchase or lease a building to convert

This was rejected because there are no suitable buildings in existence in Pecatonica, and conversion cost of those buildings that are available would be prohibitive.

4. Construct a smaller facility

The size of the facility being proposed meets the needs of the area in the most cost efficient method possible. A facility of smaller size still requires certain staff, such as an Administrator and a Director of Nursing, whose salaries would then be spread over fewer beds.

5. Construct a new facility

The final option, to construct a new facility, is the option chosen. The proposed continuing care retirement community will be a two-story building containing **109,022** gross square feet, of which 14,730 will be Skilled Nursing. The facility will contain 12 two bed semi-private skilled nursing rooms, or 24 beds, in addition to 120 residential units for older adults. The total project will be constructed for \$16.3 million. Locating 24 licensed skilled nursing beds and new therapy space in Pecatonica greatly improves access to these services due to the accessibility of the site via Rt. 20.

Project Scope, Utilization, and Unfinished/Shell Space

Size of Project:

1. The physical space is necessary for delivering the program – 24 skilled nursing beds, nurses station, therapy room, clean and dirty linen rooms, shower rooms, etc.
2. The gross square footage is in line with the BGSF standards in Appendix B.

SIZE OF PROJECT

DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
General Long-Term Care	614 BGSF/Bed	435-713 BGSF/Bed	N/A	Yes

Project Scope, Utilization, and Unfinished/Shell Space

PROJECT SERVICES UTILIZATION:

The operating proforma model projects a starting occupancy of 13 beds in month 1, and the project's occupancy will ramp up at a rate of 1 beds per month until achieving stabilized occupancy of 90% or 22 beds in month 10.

The rationale behind this fill rate is as follows:

- Three local physicians estimate that they will refer between 78 and 90 patients per year to the facility, which demonstrates a need in the local population for the proposed skilled nursing services.
- This need can be projected on the population of the 120 residential units.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	General Long-Term Care	Occupancy	100%	90%	YES
YEAR 2	General Long-Term Care	Occupancy	100%	90%	YES

1110.1730(g) Staffing Availability

The professional staffing needs of the proposed project are as follows:

Administrator	1.00
RN	2.31
LPN	4.23
CNA	24.89
Nursing admin	1.00
Dietary	18.00
Activities	1.50
Laundry	2.00
Housekeeping	5.00
Maintenance	1.50
Social Service	1.00
Clerical	3.00

The management company, Revere Healthcare, Ltd. has an Administrator and a Director of Nursing on staff. Professional nursing staff – RNs, LPNs, and CNAs – can be recruited from each of the nursing schools in Rockford. These schools are Saint Anthony College of Nursing, Rock Valley College, UIC Rockford, and Rockford College. Projections from Illinois Department of Employment Security for Winnebago County (attached) show growth in nurse aides of 268 to 1,811 by 2012, and in LPNs by 66 to 681.

The remaining facility staffing needs can be met by the local labor pool in Pecatonica.

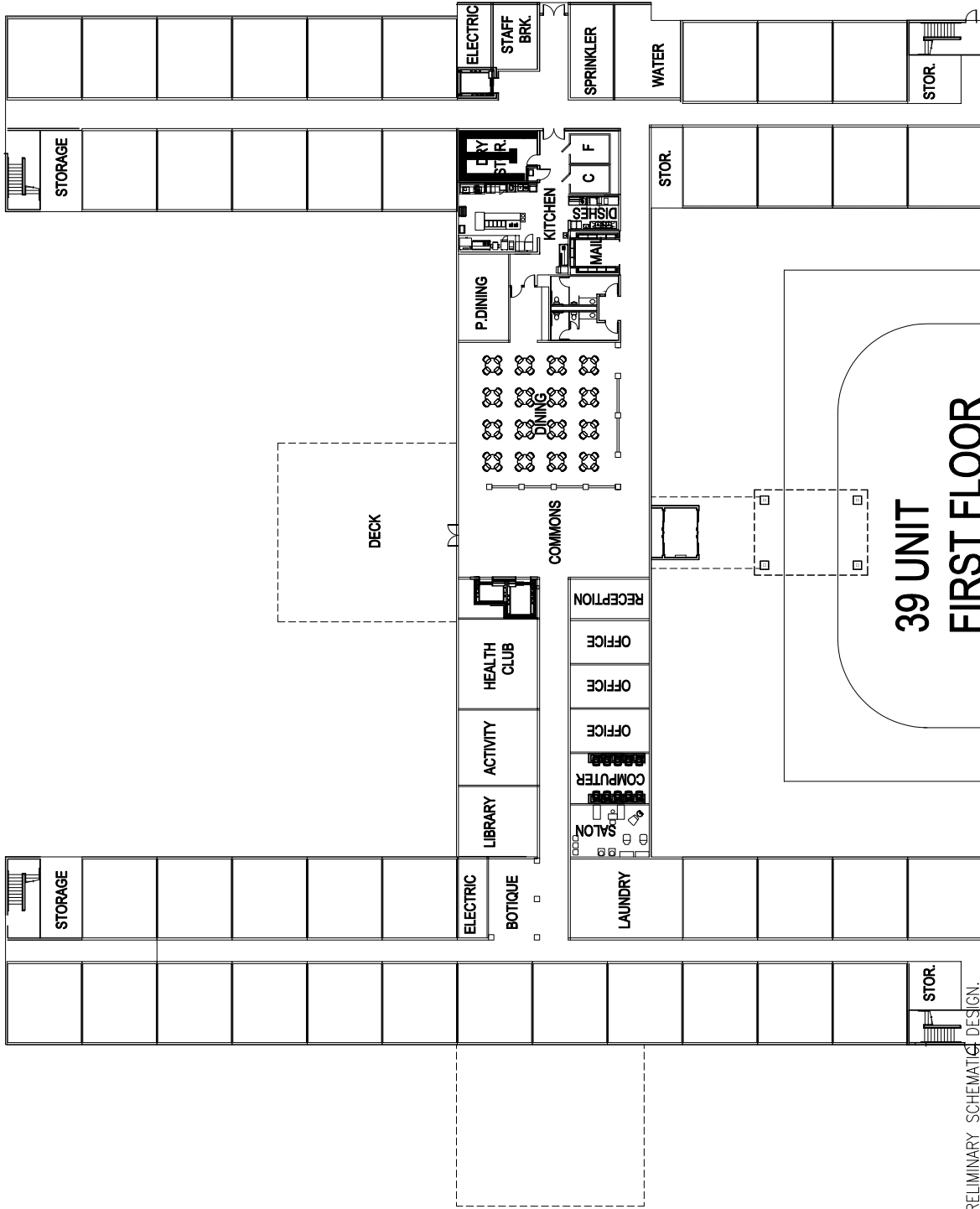
Pecatonica Pavilion LLC
1110.1730(h) Facility Size

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 IDPA's licensure standards.

This does not apply, as the facility is only proposing 24 SNF beds.

PECATONICA PAVILION

39475



39 UNIT
FIRST FLOOR
ASSISTED LIVING

FIRST FLOOR
NOT TO SCALE

PRELIMINARY SCHEMATIC DESIGN.
COPYRIGHT 2010 GLEASON ARCHITECTS, P.C.
DATE: 10/07/10
JOB NUMBER: 10-052

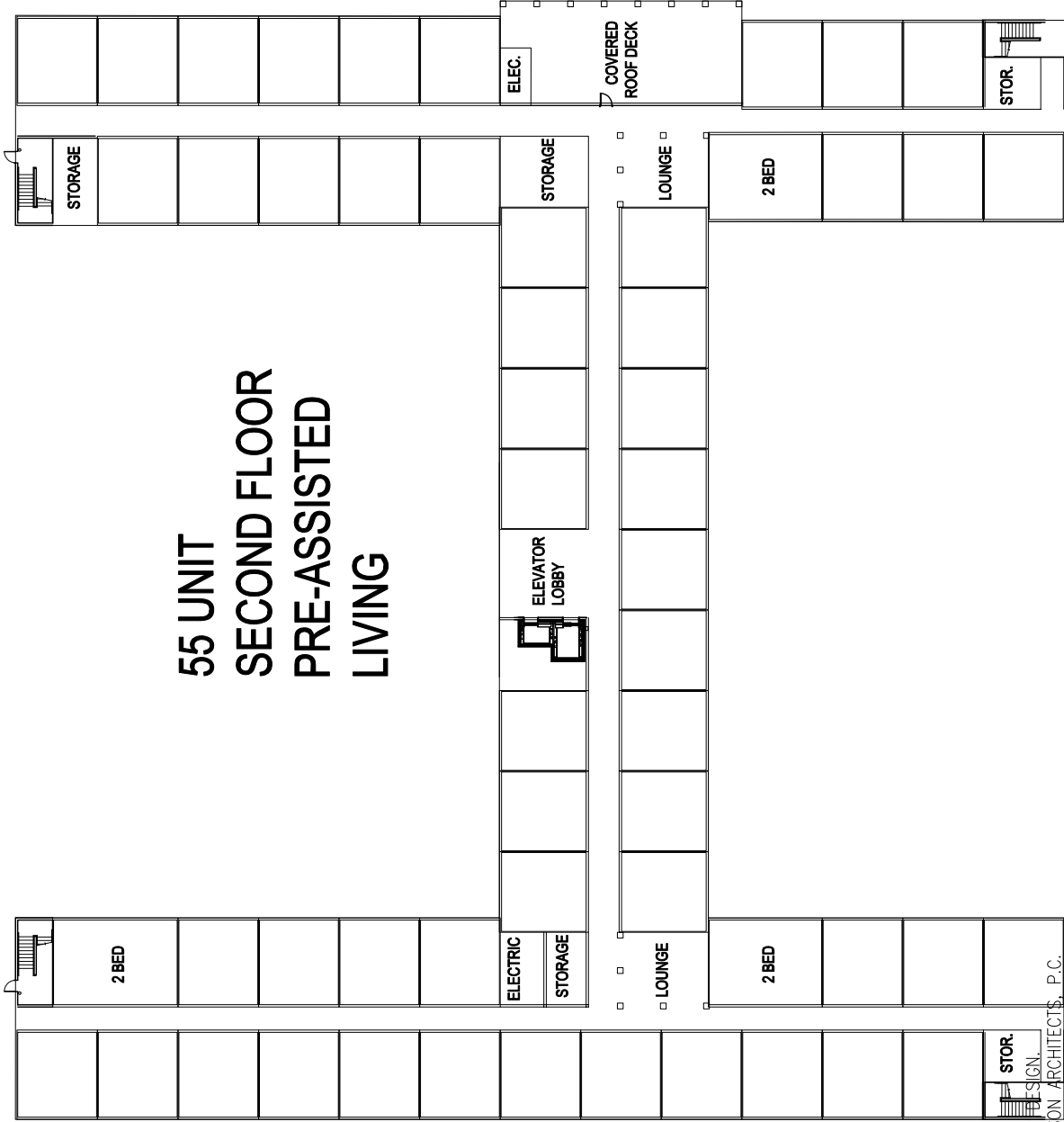


GLEASON ARCHITECTS, P.C.

769 Heartland Drive, Unit A Sugar Grove, Illinois
Phone: 630-466-8740 Fax: 630-466-8760

PECATONICA PAVILION

55 UNIT
SECOND FLOOR
PRE-ASSISTED
LIVING



SECOND FLOOR
NOT TO SCALE

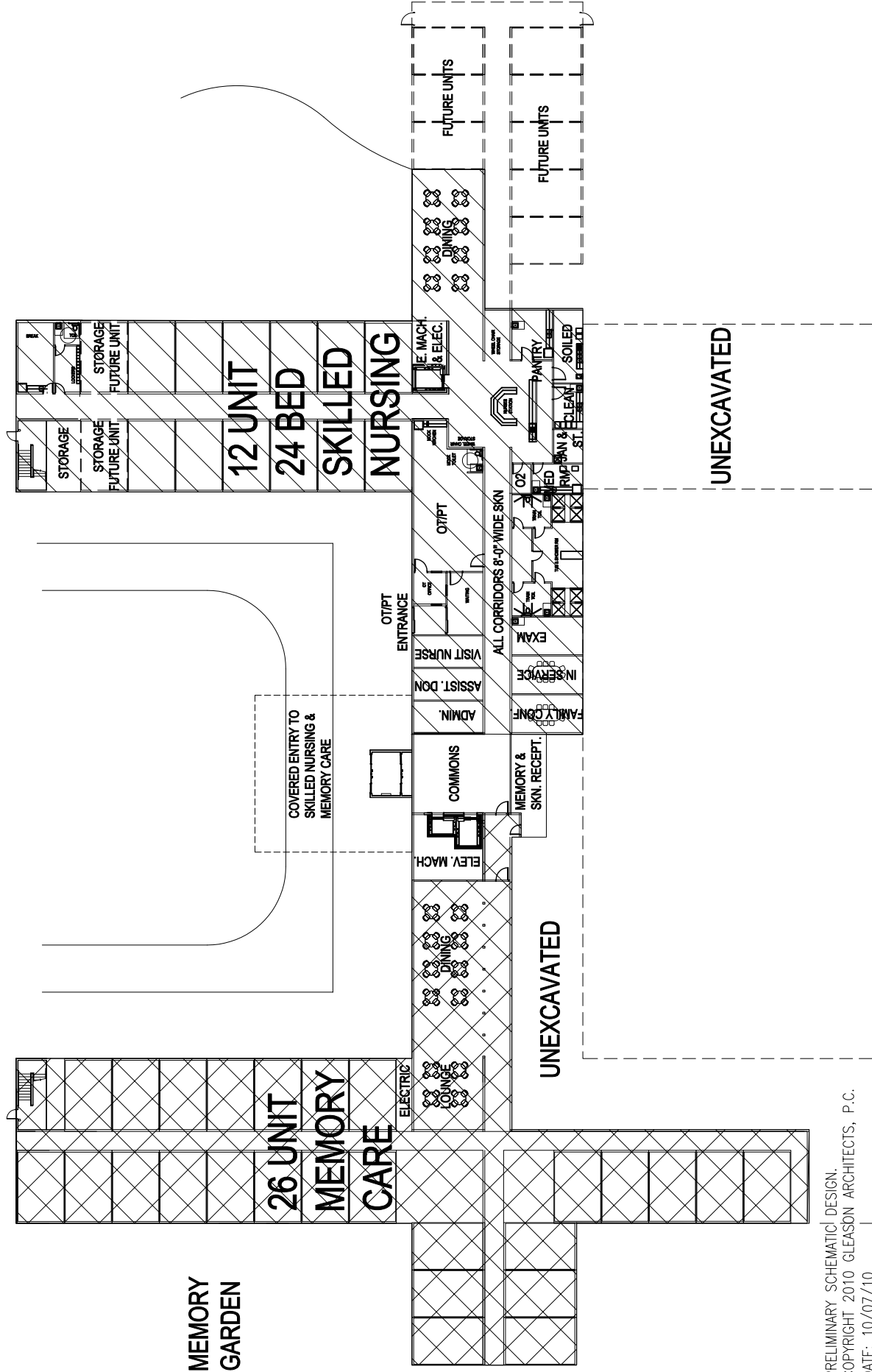
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GLEASON ARCHITECTS, P.C.

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Phone: 630-466-8740 Fax: 630-466-8760

PECATONICA PAVILION



LOWER LEVEL
NOT TO SCALE

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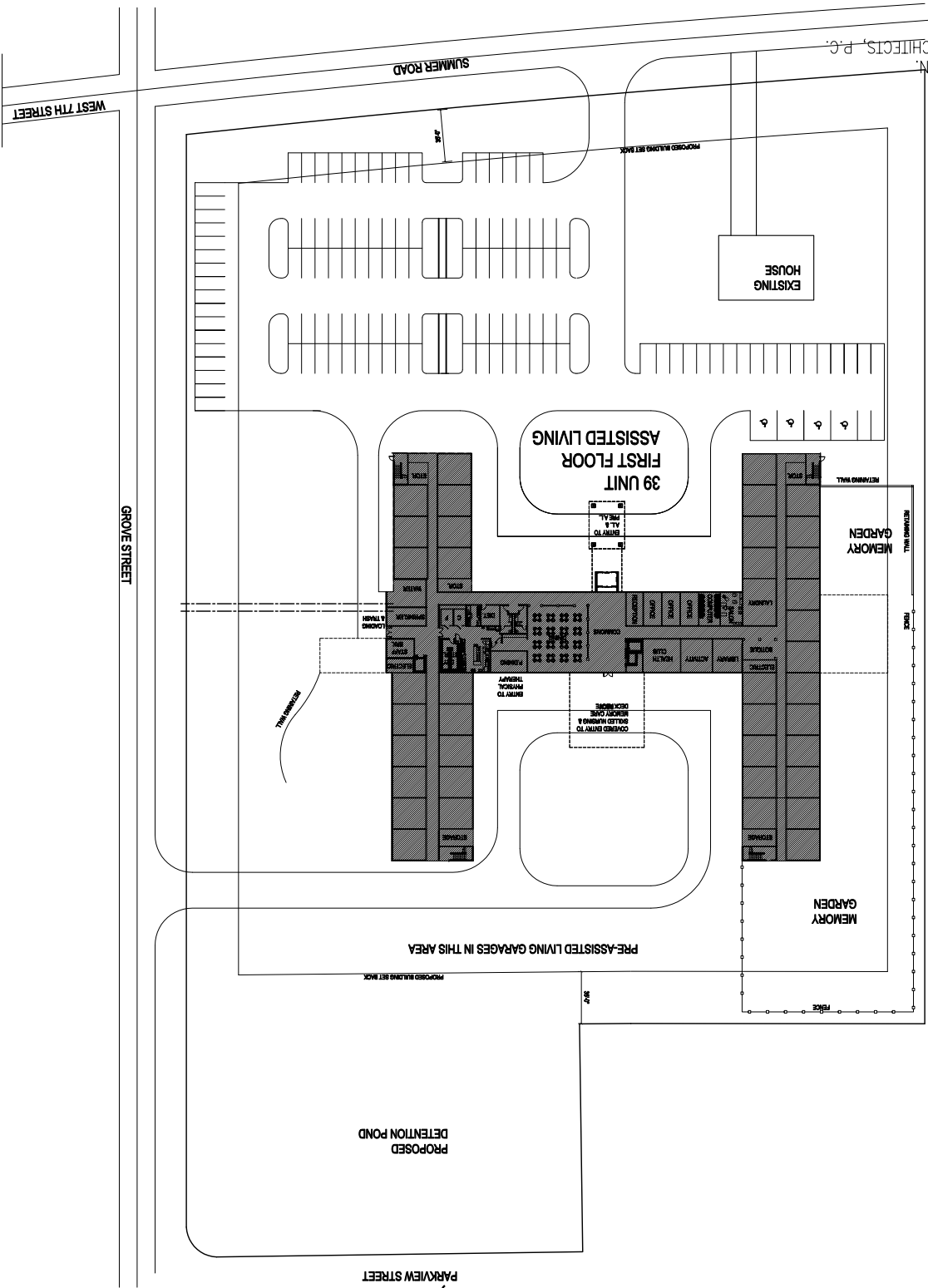
GLEASON ARCHITECTS, P.C.

769 Heartland Drive, Unit A Sugar Grove, Illinois
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PECATONICA PAVILION

GROVE ST. & SEVENTH ST.

PECATONICA, IL



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GLEASON ARCHITECTS, P.C.

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Phone: 630-466-8740 Fax: 630-466-8760

Pecatonica Pavilion, LLC
PROJECTED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

	As of December 31		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
SERVICE REVENUES			
Private	\$740,291	\$1,019,993	\$1,055,692
Medicaid	\$199,212	\$274,480	\$284,087
VA			
Medicare	\$361,920	\$498,663	\$516,116
AL Memory			
Mem support-1 BDR	\$702,000	\$1,453,140	\$1,504,000
AL Normal			
1 BDR	\$1,230,438	\$1,695,330	\$1,754,667
AL_extra residents			
IL_2 BD	\$59,494	\$81,972	\$84,841
Additional Person Revenue			
Ancillary Revenue	\$13,709	\$18,495	\$19,550
TOTAL SERVICE REVENUES	\$4,150,793	\$6,204,585	\$6,422,152
Less Vacancy	\$207,540	\$310,229	\$321,108
Less Bad Debt	\$78,865	\$124,092	\$128,443
Net Income	\$3,864,388	\$5,770,264	\$5,972,602
OPERATING EXPENSES			
Management Fee	\$193,219	\$288,513	\$298,630
Administrator	\$58,240	\$60,278	\$62,388
Nursing Salaries:			
RN	\$86,464	\$116,650	\$123,301
LPN	\$112,239	\$151,424	\$160,058
CNA	\$388,911	\$524,688	\$554,607
Nursing admin	\$54,080	\$55,973	\$57,932
Dietary	\$274,212	\$369,945	\$391,040
Activities	\$18,372	\$30,961	\$33,422
Laundry	\$28,124	\$37,943	\$40,107
Housekeeping	\$70,311	\$94,858	\$100,267
Maintenance	\$37,440	\$38,750	\$40,107
Social Service	\$24,960	\$25,834	\$26,738
Clerical	\$68,640	\$71,042	\$73,529
Employee Benefits and payroll taxes	\$425,643	\$501,549	\$522,534
Therapy	\$74,029	\$101,999	\$105,569
Pharmacy	\$28,789	\$39,666	\$41,055
Medical Supplies	\$155,473	\$206,971	\$206,971
Medicare Ancillary	\$6,134	\$8,451	\$8,747
Raw Food	\$175,912	\$242,376	\$250,859
Dietary Supplies	\$32,277	\$42,968	\$42,968
Laundry	\$9,665	\$13,317	\$13,783
Utilities	\$190,789	\$197,466	\$204,377
Maintenance	\$50,000	\$51,750	\$53,561
Housekeeping Supplies	\$37,781	\$50,296	\$50,296
Property Taxes	\$110,000	\$113,850	\$117,835
Insurance	\$60,000	\$62,100	\$64,274
Medical Director and Psychiatrist	\$12,000	\$12,420	\$12,855
Consulting	\$34,000	\$35,190	\$36,422
Bed Taxes	\$13,140	\$13,140	\$13,140
TOTAL OPERATING EXPENSES	\$3,543,846	\$4,489,768	\$4,656,543
INCOME (LOSS) BEFORE			
 OTHER EXPENSE (INCOME)	\$320,542	\$1,280,496	\$1,316,058
OTHER EXPENSES (INCOME)			
Depreciation and Amortization	(\$572,487)	(\$573,487)	(\$574,487)
TIF Revenue	\$350,000	\$350,000	\$350,000
Interest Income	\$4,475	\$5,736	\$13,312
Interest Expense	(\$891,879)	(\$879,481)	(\$866,384)
TOTAL OTHER EXPENSES (INCOME)	(\$1,109,891)	(\$1,097,232)	(\$1,077,559)
NET INCOME (LOSS)	(\$789,348)	\$183,264	\$238,499
RETAINED EARNINGS			
Beginning of Period		(\$789,348)	(\$606,084)
End of Period	(\$789,348)	(\$606,084)	(\$367,585)

Pecatonica Pavilion, LLC
PROJECTED STATEMENTS OF CASH FLOWS

Projected Statements of Cash Flows

	Based on 1st Three years of operation		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	(\$789,348)	\$183,264	\$238,499
Adjustments to Reconcile Net Revenues (Expenses) to Net Cash Provided (Used) By Operating Activities:			
Depreciation and Amortization	\$572,487	\$573,487	\$574,487
Changes in Current Assets and Liabilities:			
Accounts Receivable	(\$84,250)	\$124	(\$3,088)
Other Current Assets			
Accounts Payable	\$163,248	\$24,968	
Accrued Payroll and Payroll Taxes			
Operating Deficit Reserve			
Working Capital Reserve			
Deposits			
Replacement Reserves	(\$79,200)	(\$36,000)	(\$36,000)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(\$137,863)</u>	<u>\$781,844</u>	<u>\$809,899</u>
CASH FROM FINANCING ACTIVITIES			
Land	\$4,500,000		
Loan Acquisition Costs	(\$733,981)		
Proceeds from Long-Term Debt	\$16,315,713		
Principal Payments on Long-Term Debt	(\$219,787)	(\$232,185)	(\$245,282)
TOTAL CASH FROM (USED IN) FINANCING ACTIVITIES	<u>\$19,861,945</u>	<u>(\$232,185)</u>	<u>(\$245,282)</u>
CASH FROM (USED IN) INVESTING ACTIVITIES			
Capitalized Organization Costs	(\$492,000)		
Purchase of Land	(\$4,500,000)		
Purchase of Plant and Equipment	(\$14,351,532)	(\$5,000)	(\$5,000)
TOTAL CASH FROM (USED IN) INVESTING ACTIVITIES	<u>(\$19,343,532)</u>	<u>(\$5,000)</u>	<u>(\$5,000)</u>
INCREASE (DECREASE) IN CASH	\$301,350	\$508,659	\$523,617
INVESTMENT INCOME			
CASH - BEGINNING OF PERIOD		\$301,350	\$810,008
CASH - END OF PERIOD	<u>\$301,350</u>	<u>\$810,008</u>	<u>\$1,333,625</u>

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Pacatonica Pavilion, LLC					\$0													
2	PROJECTED REVENUE AND EXPENSES - YEAR ONE																		
3																			
4																			
5			Rate																
6	Number of Days in Month																		
7	Private	0	\$ 180.00																365
8	Medicaid	0	\$ 121.10																135
9	Medicare	0	\$ 440.00																54
10	AL Memory																		27
11	Mem support-1 BDR																		0
12	Mem support-1 BDR																		234
13	AL Normal																		0
14	1 BDR																		0
15	AL extra residents																		351
16	IL																		
17	IL 2 BD																		
18																			
19																			
20	Additional Persons																		
21																			187
22	Resident Days (Occupied)																		39660
23	Occupancy Percentage																		73.55%
24																			
25	SERVICE REVENUES																		
26	Private																		
27	Medicaid																		
28	Medicare																		
29	AL Memory																		
30	Mem support-1 BDR																		
31	Mem support-1 BDR																		
32	AL Normal																		
33	1 BDR																		
34	AL extra residents																		
35	IL 2 BD																		
36	Additional Person Revenue																		
37	Entrance Fees																		
38	Andillary Revenue																		
39	TOTAL SERVICE REVENUES																		
40	Less Vacancy																		
41	Less Bad Debt																		
42	Net Income																		
43																			
44																			
45																			
46																			
47																			
48	OPERATING EXPENSES																		
49	Management Fee																		
50	Administrator																		
51	Assistant Admin/AL																		
52	Nursing Salary																		
53	RN																		
54	LPN																		
55	CNA																		

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
59 Nursing admin	\$ 54,080.00	\$ 26.00	1.00	FTE	\$4,593	\$15,274	\$18,320	\$19,093	\$21,139	\$21,821	\$23,957	\$23,366	\$4,445	\$4,593	\$4,445	\$4,593	\$4,593	\$54,080
61 Dietary	\$ 20,280.00	\$ 9.75	18.00	FTE	\$15,602	\$15,274	\$18,320	\$19,093	\$21,139	\$21,821	\$23,957	\$23,366	\$25,912	\$28,185	\$28,640	\$31,003	\$31,003	\$274,212
64 Activities	\$ 20,800.00	\$ 10.00	1.50	FTE	\$662	\$712	\$925	\$1,038	\$1,232	\$1,356	\$1,562	\$1,774	\$1,913	\$2,190	\$2,337	\$2,650	\$2,650	\$18,372
65 Laundry	\$ 18,720.00	\$ 9.00	2.00	FTE	\$1,590	\$1,567	\$1,979	\$1,968	\$2,168	\$2,238	\$2,457	\$2,602	\$2,668	\$2,891	\$2,937	\$3,180	\$3,180	\$28,124
66 Housekeeping	\$ 18,720.00	\$ 9.00	5.00	FTE	\$3,975	\$3,917	\$4,897	\$4,896	\$5,420	\$5,595	\$6,143	\$6,504	\$6,644	\$7,227	\$7,343	\$7,950	\$7,950	\$70,311
68 Maintenance	\$ 24,960.00	\$ 12.00	1.50	FTE	\$3,180	\$2,872	\$3,180	\$3,077	\$3,180	\$3,077	\$3,180	\$3,180	\$3,077	\$3,180	\$3,077	\$3,180	\$3,180	\$37,440
69 Social Service	\$ 24,960.00	\$ 12.00	1.00	FTE	\$2,120	\$1,915	\$2,120	\$2,052	\$2,120	\$2,052	\$2,120	\$2,120	\$2,052	\$2,120	\$2,052	\$2,120	\$2,120	\$24,960
70 Clerical	\$ 11.00	\$ 3.00	FTE	\$5,830	\$5,268	\$5,830	\$5,830	\$5,642	\$5,830	\$5,642	\$5,830	\$5,830	\$5,642	\$5,830	\$5,642	\$5,830	\$5,830	\$68,640
74 Employee Benefits and payroll taxes	\$ 22,880.00	\$ 11.00	20%	%	\$25,555	\$24,807	\$29,377	\$30,282	\$33,208	\$33,994	\$37,048	\$38,971	\$39,578	\$42,824	\$43,311	\$46,686	\$46,686	\$425,643
75 Therapy		\$90.00	1.00	medicare	\$4,185	\$4,124	\$4,946	\$5,155	\$5,707	\$5,891	\$6,468	\$6,848	\$6,995	\$7,609	\$7,732	\$8,370	\$8,370	\$74,029
76 Pharmacy		\$ 35.00	1.00	medicare	\$1,628	\$1,604	\$1,923	\$2,005	\$2,219	\$2,291	\$2,515	\$2,663	\$2,720	\$2,959	\$3,007	\$3,255	\$3,255	\$28,789
77 Medical Supplies		\$ 4.02	1.00	Day	\$7,789	\$8,660	\$10,387	\$10,825	\$11,985	\$12,372	\$13,582	\$14,382	\$14,682	\$15,980	\$16,238	\$17,578	\$17,578	\$155,473
78 Medicare Ancillary		\$ 7.46	1.00	medicare	\$347	\$342	\$410	\$427	\$473	\$488	\$536	\$567	\$580	\$630	\$641	\$694	\$694	\$6,134
79 Raw Food		\$ 4.55	1.00	Day	\$9,945	\$9,789	\$11,753	\$12,248	\$13,561	\$13,998	\$15,369	\$16,273	\$16,623	\$18,081	\$18,373	\$19,899	\$19,899	\$175,912
80 Dietary Supplies		\$ 0.83	1.00	Day	\$1,825	\$1,798	\$2,156	\$2,247	\$2,488	\$2,568	\$2,820	\$2,986	\$3,050	\$3,318	\$3,371	\$3,649	\$3,649	\$32,277
81 Laundry		\$ 0.25	1.00	Day	\$546	\$538	\$646	\$673	\$745	\$769	\$844	\$894	\$913	\$993	\$1,009	\$1,093	\$1,093	\$9,665
82 Utilities		\$ 1.75	109022	Sq Ft	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$15,899	\$190,789
83 Maintenance		\$ 347	144	Bed	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
84 Housekeeping Supplies		\$ 0.98	1	Day	\$2,136	\$2,105	\$2,524	\$2,631	\$2,913	\$3,006	\$3,301	\$3,495	\$3,570	\$3,883	\$3,946	\$4,272	\$4,272	\$37,781
85 Property Taxes		\$ 110.00	1	Year	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$110,000
86 Insurance		\$ 60.00	1	Year	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
87 Medical Director and Psychiat		\$ 12,000	1	Year	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
88 Consulting		\$ 34,000	1	Year	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$2,833	\$34,000
89 Bed Taxes		\$ 1.50	24	BED	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$13,140
99																		
100 TOTAL OPERATING EXPENSES					\$221,891	\$216,973	\$250,170	\$257,066	\$278,502	\$284,509	\$306,887	\$321,098	\$325,770	\$349,662	\$353,340	\$378,078		\$3,543,846
101																		
102 INCOME (LOSS) BEFORE																		
103 OTHER EXPENSE (INCOME)		\$ 15,131			\$ 12,016	\$ 19,854	\$ 20,217	\$ 24,525	\$ 24,711	\$ 24,711	\$ 29,143	\$ 31,432	\$ 31,358	\$ 35,971	\$ 35,725	\$ 40,458		\$320,542
104																		
105 OTHER (EXPENSES) INCOME																		
106 Depreciation and Amortization																		
107 TIF Revenue																		
108 Interest Income																		
109 Interest Expense																		
110																		
111 TOTAL OTHER (EXPENSES) INCOME																		
112																		
113 NET INCOME (LOSS)																		
114																		
115																		
116 RETAINED EARNINGS - Beginning of Period					\$0													\$0
117																		
118 RETAINED EARNINGS - End of Period																		
119																		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Pecatonica Pavilion, LLC																		
2	PROJECTED REVENUE AND EXPENSES - YEAR TWO																		
3	Changed for amort																		
5			Rate			Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		2013
6	Number of Days in Month					31	28	31	30	31	30	31	31	30	31	30	31		365.00
7	Private		\$186			15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00		180.00
8	Medicaid		\$125			6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00		72.00
9	Medicare		\$455			3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00		36.00
10	AL Memory					-	-	-	-	-	-	-	-	-	-	-	-		-
11	AL Memory					-	-	-	-	-	-	-	-	-	-	-	-		-
12	Men support-1 BDR		\$153			26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00		312.00
13	Men support-1 BDR		\$0			-	-	-	-	-	-	-	-	-	-	-	-		-
14	AL Norma					-	-	-	-	-	-	-	-	-	-	-	-		-
15	1 BDR					-	-	-	-	-	-	-	-	-	-	-	-		-
16	AL extra residents		\$119			39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00		468.00
17	L		\$61			52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00		624.00
18	L 2 BD		\$75			3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00		36.00
19																			
20																			0
21	Additional Persons		\$0			20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80		20.80
22																			
23	Resident Days (Occupied)					4371	3948	4371	4230	4371	4230	4371	4371	4230	4371	4230	4371		51465
24	Occupancy Percentage					98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%		98%
25						40													
26	SERVICE REVENUES																		
27	Private					\$86,630	\$78,246	\$86,630	\$83,835	\$86,630	\$83,835	\$86,630	\$86,630	\$83,835	\$86,630	\$83,835	\$86,630		\$1,019,993
28	Medicaid					\$23,312	\$21,056	\$23,312	\$22,560	\$23,312	\$22,560	\$23,312	\$23,312	\$22,560	\$23,312	\$22,560	\$23,312		\$274,480
29	Medicare					\$42,352	\$38,254	\$42,352	\$40,986	\$42,352	\$40,986	\$42,352	\$42,352	\$40,986	\$42,352	\$40,986	\$42,352		\$498,663
30	AL Memory					\$123,417	\$111,474	\$123,417	\$119,436	\$123,417	\$119,436	\$123,417	\$123,417	\$119,436	\$123,417	\$119,436	\$123,417		\$0
31	Men support-1 BDR					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
32	Men support-1 BDR					\$143,987	\$130,053	\$143,987	\$139,342	\$143,987	\$139,342	\$143,987	\$143,987	\$139,342	\$143,987	\$139,342	\$143,987		\$1,695,330
33	AL Normal																		
34	1 BDR																		
35	AL extra residents					\$98,734	\$89,179	\$98,734	\$95,549	\$98,734	\$95,549	\$98,734	\$98,734	\$95,549	\$98,734	\$95,549	\$98,734		\$1,162,512
36	L					\$6,962	\$6,288	\$6,962	\$6,737	\$6,962	\$6,737	\$6,962	\$6,962	\$6,737	\$6,962	\$6,737	\$6,962		\$81,972
37	L 2 BD					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
38	Additional Person Revenue					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
39	Rental Income																		
40	Ancillary Revenue					\$1,571	\$1,419	\$1,571	\$1,520	\$1,571	\$1,520	\$1,571	\$1,571	\$1,520	\$1,571	\$1,520	\$1,571		\$18,495
41	TOTAL SERVICE REVENUES					\$526,965	\$475,988	\$526,965	\$509,966	\$526,965	\$509,966	\$526,965	\$526,965	\$509,966	\$526,965	\$509,966	\$526,965		\$6,204,585
42	Less Vacancy		5%			\$26,348	\$23,798	\$26,348	\$25,498	\$26,348	\$25,498	\$26,348	\$26,348	\$25,498	\$26,348	\$25,498	\$26,348		\$310,229
43	Less Bad Debt		2%			\$10,539	\$9,519	\$10,539	\$10,199	\$10,539	\$10,199	\$10,539	\$10,539	\$10,199	\$10,539	\$10,199	\$10,539		\$124,092
44																			
45	Net Income					\$490,077	\$442,660	\$490,077	\$474,268	\$490,077	\$474,268	\$490,077	\$490,077	\$474,268	\$490,077	\$474,268	\$490,077		\$5,770,284
46																			
47																			
48	OPERATING EXPENSES																		
49	Management Fee		5%			\$24,504	\$22,133	\$24,504	\$23,713	\$24,504	\$23,713	\$24,504	\$24,504	\$23,713	\$24,504	\$23,713	\$24,504		\$288,513
50	Administrator					\$5,120	\$4,624	\$5,120	\$4,954	\$5,120	\$4,954	\$5,120	\$5,120	\$4,954	\$5,120	\$4,954	\$5,120		\$60,278
51	Nursing Salaries:																		
52	RN					\$9,907	\$9,948	\$9,907	\$9,588	\$9,907	\$9,588	\$9,907	\$9,907	\$9,588	\$9,907	\$9,588	\$9,907		\$116,650
53	LPN					\$12,861	\$11,616	\$12,861	\$12,446	\$12,861	\$12,446	\$12,861	\$12,861	\$12,446	\$12,861	\$12,446	\$12,861		\$151,424
54	CNA					\$44,563	\$40,250	\$44,563	\$43,125	\$44,563	\$43,125	\$44,563	\$44,563	\$43,125	\$44,563	\$43,125	\$44,563		\$524,688
55																			

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
59	Nursing admin	\$ 55,972.80	\$ 26.91	1	FTE	\$4,754	\$4,294	\$4,754	\$4,601	\$4,754	\$4,601	\$4,754	\$4,601	\$4,601	\$4,754	\$4,601	\$4,754	\$4,601	\$55,973
60	Dietary	\$ 20,989.80	\$ 10.09	18	FTE	\$31,420	\$28,379	\$31,420	\$30,406	\$31,420	\$30,406	\$31,420	\$30,406	\$30,406	\$31,420	\$30,406	\$31,420	\$30,406	\$309,945
61	Activities	\$ 21,528.00	\$ 10.35	1.50	FTE	\$2,630	\$2,375	\$2,630	\$2,548	\$2,630	\$2,548	\$2,630	\$2,548	\$2,548	\$2,630	\$2,548	\$2,630	\$2,548	\$30,961
64	Laundry	\$ 19,375.20	\$ 9.32	2	FTE	\$3,223	\$2,911	\$3,223	\$3,119	\$3,223	\$3,119	\$3,223	\$3,119	\$3,119	\$3,223	\$3,119	\$3,223	\$3,119	\$37,943
65	Housekeeping	\$ 19,375.20	\$ 9.32	5	FTE	\$8,056	\$7,277	\$8,056	\$7,797	\$8,056	\$7,797	\$8,056	\$7,797	\$7,797	\$8,056	\$7,797	\$8,056	\$7,797	\$94,858
66	Maintenance	\$ 25,833.60	\$ 12.42	1.5	FTE	\$3,291	\$2,973	\$3,291	\$3,185	\$3,291	\$3,185	\$3,291	\$3,185	\$3,185	\$3,291	\$3,185	\$3,291	\$3,185	\$38,750
68	Social Service	\$ 25,833.60	\$ 12.42	1.00	FTE	\$2,194	\$1,982	\$2,194	\$2,123	\$2,194	\$2,123	\$2,194	\$2,123	\$2,123	\$2,194	\$2,123	\$2,194	\$2,123	\$25,834
69	Clerical	\$ 23,680.80	\$ 11.39	3	FTE	\$6,034	\$5,450	\$6,034	\$5,839	\$6,034	\$5,839	\$6,034	\$5,839	\$5,839	\$6,034	\$5,839	\$6,034	\$5,839	\$71,042
70	Employee Benefits and payroll	\$ -	20%			\$42,597	\$38,475	\$42,597	\$41,223	\$42,597	\$41,223	\$42,597	\$41,223	\$41,223	\$42,597	\$41,223	\$42,597	\$41,223	\$501,549
75	Therapy	\$ 93.15	\$ 36.23	1	medicare	\$8,663	\$7,825	\$8,663	\$8,384	\$8,663	\$8,384	\$8,663	\$8,384	\$8,384	\$8,663	\$8,384	\$8,663	\$8,384	\$101,999
76	Pharmacy	\$ 36.23	\$ 36.23	1	medicare	\$3,369	\$3,043	\$3,369	\$3,260	\$3,369	\$3,260	\$3,369	\$3,260	\$3,260	\$3,369	\$3,260	\$3,369	\$3,260	\$39,666
77	Medical Supplies	\$ 4.02	\$ 17.578	1	Day	\$17,578	\$15,877	\$17,578	\$17,011	\$17,578	\$17,011	\$17,578	\$17,011	\$17,011	\$17,578	\$17,011	\$17,578	\$17,011	\$206,971
78	Medicare Ancillary	\$ 7.72	\$ 7.72	1	medicare	\$718	\$648	\$718	\$695	\$718	\$695	\$718	\$695	\$695	\$718	\$695	\$718	\$695	\$8,451
79	Raw Food	\$ 4.71	\$ 4.71	1	Day	\$20,585	\$18,593	\$20,585	\$19,921	\$20,585	\$19,921	\$20,585	\$19,921	\$19,921	\$20,585	\$19,921	\$20,585	\$19,921	\$242,376
80	Dietary Supplies	\$ 0.83	\$ 0.83	1	Day	\$3,649	\$3,296	\$3,649	\$3,532	\$3,649	\$3,532	\$3,649	\$3,532	\$3,532	\$3,649	\$3,532	\$3,649	\$3,532	\$42,968
81	Laundry	\$ 0.26	\$ 0.26	1	Day	\$1,131	\$1,022	\$1,131	\$1,095	\$1,131	\$1,095	\$1,131	\$1,095	\$1,095	\$1,131	\$1,095	\$1,131	\$1,095	\$13,317
82	Utilities	\$ 1.81	\$ 1.81	109022	Sq Ft	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$16,456	\$197,466
83	Maintenance	\$ 359.38	\$ 359.38	144	Bed	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$4,313	\$51,750
84	Housekeeping Supplies	\$ 0.98	\$ 0.98	1	Day	\$4,272	\$3,868	\$4,272	\$4,134	\$4,272	\$4,134	\$4,272	\$4,134	\$4,134	\$4,272	\$4,134	\$4,272	\$4,134	\$50,296
85	Property Taxes	\$ 113,850	\$ 113,850	1	Year	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$9,488	\$113,850
86	Insurance	\$ 62,100	\$ 62,100	1	Year	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$5,175	\$62,100
87	Medical Director	\$ 12,420	\$ 12,420	1	Year	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$12,420
88	Consulting	\$ 35,190	\$ 35,190	1	Year	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$2,933	\$35,190
89	Bed Taxes	\$ 1.50	\$ 1.50	24	BED	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$13,140
90																			
99																			
100	TOTAL OPERATING EXPENSES	\$380,546	\$347,638			\$380,546	\$347,638	\$380,546	\$369,577	\$380,546	\$369,577	\$380,546	\$369,577	\$369,577	\$380,546	\$369,577	\$380,546	\$369,577	\$4,489,768
101																			
102	INCOME (LOSS) BEFORE																		
103	OTHER EXPENSE (INCOME)					\$ 109,531	\$ 95,013	\$ 109,531	\$ 104,692	\$ 109,531	\$ 104,692	\$ 109,531	\$ 109,531	\$ 104,692	\$ 109,531	\$ 104,692	\$ 109,531	\$ 104,692	\$1,280,496
104																			
105	OTHER (EXPENSES) INCOME																		
106	Depreciation and Amortization					(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$47,791)	(\$573,487)
107	TIF Revenue					\$377	\$409	\$423	\$441	\$455	\$473	\$485	\$503	\$523	\$533	\$551	\$563	\$576	\$5,736
108	Interest Income		2%			(\$73,773)	(\$73,687)	(\$73,600)	(\$73,512)	(\$73,425)	(\$73,337)	(\$73,248)	(\$73,159)	(\$73,070)	(\$72,980)	(\$72,890)	(\$72,800)	(\$72,710)	(\$879,481)
109																			
110																			
111	TOTAL OTHER (EXPENSES) INCOME					(\$121,187)	(\$121,068)	(\$120,968)	(\$120,862)	(\$120,760)	(\$120,654)	(\$120,554)	(\$120,447)	(\$120,338)	(\$120,238)	(\$120,130)	(\$120,023)	(\$119,915)	(\$1,097,232)
112																			
113	NET INCOME (LOSS)					(\$11,556)	(\$26,055)	(\$11,437)	(\$16,171)	(\$11,229)	(\$15,962)	(\$11,023)	(\$10,916)	(\$15,646)	(\$10,707)	(\$15,438)	(\$10,289)	(\$15,080)	\$183,264
114																			
115																			
116	RETAINED EARNINGS - Beginning of Period					(\$789,348)	(\$801,004)	(\$827,060)	(\$838,496)	(\$854,667)	(\$865,596)	(\$881,859)	(\$892,881)	(\$903,797)	(\$919,443)	(\$930,150)	(\$945,588)	(\$960,084)	(\$1,074,848)
117																			
118	RETAINED EARNINGS - End of Period					(\$801,004)	(\$827,060)	(\$838,496)	(\$854,667)	(\$865,596)	(\$881,859)	(\$892,881)	(\$903,797)	(\$919,443)	(\$930,150)	(\$945,588)	(\$960,084)	(\$975,000)	(\$1,088,264)
119																			

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Pecatonica Pavilion, LLC																	
2	PROJECTED REVENUE AND EXPENSES - YEAR THREE					89												
3	Changed for amort																	
5		Rate			Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		
6	Number of Days in Month				31	28	31	30	31	30	31	31	30	31	30	31	31	365
7	Private	\$193			15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	
8	Medicaid	\$130			6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
10	Medicare	\$471			3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
11	AL Memory																	
12	Mem support-1 BDR	\$158			26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	
13	Mem support-1 BDR	\$0																
14	AL Normal	\$0																
15	1 BDR	\$0																
16	AL extra residents	\$123			39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	
17	IL	\$63			52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	
18	IL_2 BD	\$77			3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
19																		
20																		
21	Additional Persons	\$0			20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	20.80	
22	Resident Days (Occupied)				4371	3948	4371	4230	4371	4230	4371	4371	4230	4371	4230	4371	4371	51465
23	Occupancy Percentage				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
24																		
25																		
26	SERVICE REVENUES																	
27	Private				\$89,662	\$80,985	\$89,662	\$86,769	\$89,662	\$86,769	\$89,662	\$89,662	\$86,769	\$89,662	\$86,769	\$89,662	\$89,662	\$1,055,692
28	Medicaid				\$24,128	\$21,793	\$24,128	\$23,350	\$24,128	\$23,350	\$24,128	\$24,128	\$23,350	\$24,128	\$23,350	\$24,128	\$24,128	\$284,087
30	Medicare				\$43,835	\$39,592	\$43,835	\$42,421	\$43,835	\$42,421	\$43,835	\$43,835	\$42,421	\$43,835	\$42,421	\$43,835	\$43,835	\$516,116
31	AL Memory																	
32	Mem support-1 BDR				\$127,737	\$115,375	\$127,737	\$123,616	\$127,737	\$123,616	\$127,737	\$127,737	\$123,616	\$127,737	\$123,616	\$127,737	\$127,737	\$1,504,000
33	Mem support-1 BDR				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
34	AL Normal																	
35	1 BDR																	
36	AL extra residents				\$149,026	\$134,605	\$149,026	\$144,219	\$149,026	\$144,219	\$149,026	\$149,026	\$144,219	\$149,026	\$144,219	\$149,026	\$149,026	\$1,754,667
37	IL				\$102,190	\$92,300	\$102,190	\$98,893	\$102,190	\$98,893	\$102,190	\$102,190	\$98,893	\$102,190	\$98,893	\$102,190	\$102,190	\$1,203,200
38	IL_2 BD				\$7,206	\$6,508	\$7,206	\$6,973	\$7,206	\$6,973	\$7,206	\$7,206	\$6,973	\$7,206	\$6,973	\$7,206	\$7,206	\$84,841
39					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
40																		
41	Ancillary Revenue	\$53.56	1 Res Day		\$1,660	\$1,500	\$1,660	\$1,607	\$1,660	\$1,607	\$1,660	\$1,660	\$1,607	\$1,660	\$1,607	\$1,660	\$1,660	\$19,550
42	TOTAL SERVICE REVENUES				\$545,443	\$492,658	\$545,443	\$527,848	\$545,443	\$527,848	\$545,443	\$545,443	\$527,848	\$545,443	\$527,848	\$545,443	\$545,443	\$6,422,152
43	Less Vacancy	5%			\$27,272	\$24,633	\$27,272	\$26,392	\$27,272	\$26,392	\$27,272	\$27,272	\$26,392	\$27,272	\$26,392	\$27,272	\$27,272	\$321,108
44	Less Bad Debt	2%			\$10,909	\$9,853	\$10,909	\$10,557	\$10,909	\$10,557	\$10,909	\$10,909	\$10,557	\$10,909	\$10,557	\$10,909	\$10,909	\$126,443
45																		
46	Net Income				\$507,262	\$458,172	\$507,262	\$490,899	\$507,262	\$490,899	\$507,262	\$507,262	\$490,899	\$507,262	\$490,899	\$507,262	\$507,262	\$5,972,602
47																		
48	OPERATING EXPENSES																	
49	Management Fee																	
50	Administrator	\$	29.99	1.00 FTE	\$25,363	\$22,909	\$25,363	\$24,545	\$25,363	\$24,545	\$25,363	\$25,363	\$24,545	\$25,363	\$24,545	\$25,363	\$25,363	\$298,630
51	Assistant Admin	\$	-	-	\$5,299	\$4,786	\$5,299	\$5,128	\$5,299	\$5,128	\$5,299	\$5,299	\$5,128	\$5,299	\$5,128	\$5,299	\$5,299	\$62,388
52	Nursing Salaries:																	\$0
53	RN	\$	25.71	2.31 FTE	\$10,472	\$9,459	\$10,472	\$10,134	\$10,472	\$10,134	\$10,472	\$10,472	\$10,134	\$10,472	\$10,134	\$10,472	\$10,472	\$123,301
54	LPN	\$	18.21	4.23 FTE	\$13,594	\$12,278	\$13,594	\$13,155	\$13,594	\$13,155	\$13,594	\$13,594	\$13,155	\$13,594	\$13,155	\$13,594	\$13,594	\$160,058
55	CNA	\$	10.71	24.89 FTE	\$47,104	\$42,545	\$47,104	\$45,584	\$47,104	\$45,584	\$47,104	\$47,104	\$45,584	\$47,104	\$45,584	\$47,104	\$47,104	\$554,607

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
59	Nursing admin		\$ 27.85	1 FTE		\$4,920	\$4,444	\$4,920	\$4,762	\$4,920	\$4,762	\$4,920	\$4,920	\$4,762	\$4,920	\$4,762	\$4,920		\$57,932
61	Dietary		\$ 10.44	18 FTE		\$33,212	\$29,998	\$33,212	\$32,140	\$33,212	\$32,140	\$33,212	\$33,212	\$32,140	\$33,212	\$32,140	\$33,212		\$391,040
64	Activities		\$ 10.71	150 FTE		\$2,839	\$2,664	\$2,839	\$2,747	\$2,839	\$2,747	\$2,839	\$2,839	\$2,747	\$2,839	\$2,747	\$2,839		\$34,422
65	Laundry		\$ 9.64	2 FTE		\$3,406	\$3,077	\$3,406	\$3,296	\$3,406	\$3,296	\$3,406	\$3,406	\$3,296	\$3,406	\$3,296	\$3,406		\$40,107
66	Housekeeping		\$ 9.64	5 FTE		\$8,516	\$7,692	\$8,516	\$8,241	\$8,516	\$8,241	\$8,516	\$8,516	\$8,241	\$8,516	\$8,241	\$8,516		\$100,267
68	Maintenance		\$ 12.85	15 FTE		\$3,406	\$3,077	\$3,406	\$3,296	\$3,406	\$3,296	\$3,406	\$3,406	\$3,296	\$3,406	\$3,296	\$3,406		\$40,107
69	Social Service		\$ 12.85	1 FTE		\$2,271	\$2,051	\$2,271	\$2,198	\$2,271	\$2,198	\$2,271	\$2,271	\$2,198	\$2,271	\$2,198	\$2,271		\$26,738
70	Clerical		\$ 11.78	3 FTE		\$6,245	\$5,641	\$6,245	\$6,043	\$6,245	\$6,043	\$6,245	\$6,245	\$6,043	\$6,245	\$6,043	\$6,245		\$73,529
74	Employee Benefits and payroll		\$ -	20% %		\$44,380	\$40,065	\$44,380	\$42,948	\$44,380	\$42,948	\$44,380	\$44,380	\$42,948	\$44,380	\$42,948	\$44,380		\$522,534
75	Therapy		\$ 96.41	1 medicare		\$8,966	\$8,098	\$8,966	\$8,677	\$8,966	\$8,677	\$8,966	\$8,966	\$8,677	\$8,966	\$8,677	\$8,966		\$105,569
76	Pharmacy		\$ 37.49	1 medicare		\$3,487	\$3,149	\$3,487	\$3,374	\$3,487	\$3,374	\$3,487	\$3,487	\$3,374	\$3,487	\$3,374	\$3,487		\$41,055
77	Medical Supplies		\$ 4.02	1 Day		\$17,578	\$15,877	\$17,578	\$17,011	\$17,578	\$17,011	\$17,578	\$17,578	\$17,011	\$17,578	\$17,011	\$17,578		\$206,971
78	Medicare Ancillary		\$ 7.99	1 medicare		\$743	\$671	\$743	\$719	\$743	\$719	\$743	\$743	\$719	\$743	\$719	\$743		\$8,747
79	Raw Food		\$ 4.87	1 Day		\$21,306	\$19,244	\$21,306	\$20,619	\$21,306	\$20,619	\$21,306	\$21,306	\$20,619	\$21,306	\$20,619	\$21,306		\$250,859
80	Dietary Supplies		\$ 0.83	1 Day		\$3,649	\$3,296	\$3,649	\$3,532	\$3,649	\$3,532	\$3,649	\$3,649	\$3,532	\$3,649	\$3,532	\$3,649		\$42,968
81	Laundry		\$ 0.27	1 Day		\$1,171	\$1,057	\$1,171	\$1,133	\$1,171	\$1,133	\$1,171	\$1,171	\$1,133	\$1,171	\$1,133	\$1,171		\$13,783
82	Utilities		\$ 1.87	109022 Sq Ft		\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031	\$17,031		\$204,377
83	Maintenance		\$ 371.95	144 Bed		\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463	\$4,463		\$53,561
84	Housekeeping Supplies		\$ 0.98	1 Day		\$4,272	\$3,888	\$4,272	\$4,134	\$4,272	\$4,134	\$4,272	\$4,272	\$4,134	\$4,272	\$4,134	\$4,272		\$50,296
85	Property Taxes		\$ 117.835	1 Year		\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820	\$9,820		\$117,835
86	Insurance		\$ 64.274	1 Year		\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356	\$5,356		\$64,274
87	Medical Director		\$ 12.855	1 Year		\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071		\$12,855
88	Consulting		\$ 36.422	1 Year		\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035	\$3,035		\$36,422
89	Bed Taxes		\$ 1.50	24 BED		\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095	\$1,095		\$13,140
90																			
99	TOTAL OPERATING EXPENSES					\$394,684	\$360,541	\$394,684	\$383,303	\$394,684	\$383,303	\$394,684	\$394,684	\$383,303	\$394,684	\$383,303	\$394,684		\$4,656,543
101																			
102	INCOME (LOSS) BEFORE																		
103	OTHER EXPENSE (INCOME)					\$ 112,578	\$ 97,631	\$ 112,578	\$ 107,596	\$ 112,578	\$ 107,596	\$ 112,578	\$ 112,578	\$ 107,596	\$ 112,578	\$ 107,596	\$ 112,578		\$1,316,058
104																			
105	OTHER EXPENSES INCOME																		
106	Depreciation and Amortization					(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)	(\$47,874)		(\$574,487)
107	TIF Revenue																		
108	Interest Income					\$1,013	\$1,037	\$1,041	\$1,054	\$1,075	\$1,096	\$1,114	\$1,135	\$1,159	\$1,176	\$1,197	\$1,215		\$350,000
109	Interest Expense					(\$72,709)	(\$72,617)	(\$72,526)	(\$72,434)	(\$72,341)	(\$72,248)	(\$72,154)	(\$72,061)	(\$71,966)	(\$71,871)	(\$71,776)	(\$71,681)		(\$866,384)
110																			
111	TOTAL OTHER EXPENSES INCOME					(\$115,570)	(\$119,454)	(\$119,359)	(\$119,253)	(\$119,139)	(\$119,026)	(\$118,914)	(\$118,799)	(\$118,681)	(\$118,570)	(\$118,454)	(\$118,338)		(\$1,077,559)
112																			
113	NET INCOME (LOSS)					(\$5,992)	(\$21,823)	(\$6,781)	(\$11,657)	(\$6,562)	(\$11,430)	(\$6,336)	(\$6,222)	(\$11,086)	(\$5,992)	(\$10,858)	(\$344,238)		\$238,499
114																			
115																			
116	RETAINED EARNINGS - Beginning of Period					(\$806,064)	(\$613,077)	(\$634,900)	(\$641,681)	(\$653,339)	(\$659,900)	(\$671,330)	(\$677,667)	(\$683,888)	(\$694,974)	(\$700,966)	(\$711,823)		(\$906,064)
117																			
118	RETAINED EARNINGS - End of Period					(\$813,077)	(\$634,900)	(\$641,681)	(\$653,339)	(\$659,900)	(\$671,330)	(\$677,667)	(\$683,888)	(\$694,974)	(\$700,966)	(\$711,823)	(\$727,585)		(\$967,585)
119																			



Thomas Financial Group, LLC

10/15/2010

Mr. George Anderson
10263 Ridott Road
Pecatonica, IL 60163

RE: Certificate of Need Application for Pecatonica Pavilion, LLC
Pecatonica, Illinois
New Construction

Dear Mr. Anderson,

Thomas Financial Group is assisting Pecatonica Pavilion, LLC with the financing of a 144-bed retirement community located in Pecatonica, Illinois, via the USDA B&I Program.

Should you have any questions regarding the content of this letter or any other issues, please feel free to contact me at (404) 365-2042.

Sincerely,

Michael R. Thomas
President & CEO
Thomas Financial Group

Criterion 1120.210c Operating Start Up Costs

Pecatonica Pavilion, LLC

**PROJECTED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

	Year 1
SERVICE REVENUES	
Private	740,291
Medicaid	199,212
VA	
Medicare	361,920
AL Memory	
Mem support-1 BDR	702,000
Mem support-1 BDR	-
AL Normal	
1 BDR	1,230,438
AL_extra residents	-
Ancillary Revenue	13,709
TOTAL SERVICE REVENUES	4,150,793
Less Vacancy	207,540
Net Income	3,864,388
OPERATING EXPENSES	
Management Fee	193,219
Administrator	58,240
RN	86,464
LPN	112,239
CNA	388,911
Nursing admin	54,080
Dietary	274,212
Activities	18,372
Laundry	28,124
Housekeeping	70,311
Social Service	24,960
Clerical	68,640
Employee Benefits and payroll taxes	425,643
Therapy	74,029
Pharmacy	28,789
Medical Supplies	155,473
Medicare Ancillary	6,134
Raw Food	175,912
Dietary Supplies	32,277
Laundry	9,665
Utilities	190,789
Maintenance	50,000
Housekeeping Supplies	37,781
Property Taxes	110,000
Insurance	60,000
Medical Director and Psychiatrist	12,000
Consulting	34,000
Bed Taxes	13,140
TOTAL OPERATING EXPENSES	3,543,846
INCOME (LOSS) BEFORE	
OTHER EXPENSE (INCOME)	320,542
OTHER EXPENSES (INCOME)	
Depreciation and Amortization	(572,487)
TIF Revenue	350,000
Interest Income	4,475
Interest Expense	(891,879)
TOTAL OTHER EXPENSES (INCOME)	(1,109,891)
NET INCOME (LOSS)	(789,348)

Criterion 1120.210c Operating Start Up Costs

Operating Start Up Deficit

Year 1	\$301,350
Year 2	\$508,659
	<u>\$810,008</u>

See attachment 75A Statement of Cash Flows

Criterion 1120.310(d) Projected Operating Costs

For first full year of stabilized occupancy

Salaries	\$	1,272,455	includes staffing for AL
Supplies	\$	553,056	includes supplies for AL
Benefits	\$	<u>522,534</u>	Includes benefits for AL staffing
Total direct costs	\$	2,348,044	

Year of Target Utilization

Year 3

Patient days per year	\$	49,932	includes AL residents
Cost per patient day	\$	47.02	

Criterion 1120.310(e) Total Effect of the Project on Capital Costs

Depreciation	\$	574,487
Interest	\$	866,384
Property Tax	\$	<u>117,835</u>
Total annual capital cost	\$	1,558,706

Year of Target Utilization

Year 3

Patient days per year	\$	49,932	includes AL residents
	\$	31.22	



MARKET FEASIBILITY ANALYSIS

PECATONICA, ILLINOIS FINAL REPORT

PREPARED BY REVERE
HEALTHCARE, LTD.
Cary, Illinois

PREPARED FOR
W & A Development
Pecatonica, Illinois

October, 2010

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I. EXECUTIVE SUMMARY

W&A Development (the Client or Sponsor) has engaged Revere Healthcare, Ltd., to conduct a market feasibility analysis for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care services in the community of Pecatonica, Illinois. Demographic and utilization trends advocate further exploration of programs designed to meet the unique housing and health care needs of the mature adult population. Based on the information contained in this report, Revere identifies a need in 2015 with the following:

- A 55-unit independent living/pre-assisted living development targeting middle- and upper-income older adults who desire a maintenance-free lifestyle in a congregate living setting.
- A 39-unit assisted living development targeting middle- and upper-income older adults who need assistance with activities of daily living.
- A 26-unit residential dementia care development specializing in the care of middle and upper income older adults who need supervision and programming due to Alzheimer's disease or related dementia.
- A 24-bed development targeting older adults requiring licensed nursing care.

Summary of Key Indicators

- The service area for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care services communities is defined as the age- and income-qualified individuals residing in areas of the following communities located in Winnebago and Stephenson Counties: Pecatonica, Lake Summerset, Durand, Shirland, Winnebago, Seward, Freeport, Oneco, Orangeville, Cedarville, Didott, Dakota, Rock City, Davis, Rock Grove, and German Valley. The service area is depicted in the map in the Service Area Definition section of this report.
- The age screen for the proposed project was set at age 75+ for independent living/pre-assisted living and assisted living. The number of individuals 75 and older (4,265 in 2000) has increased an estimated 12.5% (4,799 total in 2010) and is projected to increase another 3.0% (4,943 total individuals) by 2015.

- The age screen for the proposed project was set at age 65+ for the residential dementia and licensed nursing care populations. The number of individuals 65 and older (8,641 in 2000) has increased an estimated 11.8% (9,659 total in 2010) and is projected to increase another 7.7% (10,405 total individuals) by 2015.
- In the Primary Market Area, there are two competitive communities with independent living/pre-assisted living units (totaling 89 ILUs), four communities with assisted living units (totaling 169 ALUs), one existing facility with residential dementia care units (totaling 12 residential dementia care units), and seven licensed nursing facilities (totaling 675 licensed nursing units).
- Income- and age-qualified households for the 75+ age group are projected to grow from 1,057 in 2010 to 1,184 in 2015. The increase of 127 income-qualified households created results in a need for housing options appropriate for this age group. Relatively high occupancy rates among the existing supply of appropriate facilities results in excess demand for housing.

Please note, these recommendations are future projection (2015) market demand based on current demographic data, market conditions and competitors in the market area. When the client has decided on a final project unit mix and unit count that will be built on a site then the penetration rates need to be calculated for each specific level of care and unit count to ensure that there is proper demand for the project.

II. INTRODUCTION

Revere Healthcare, Ltd. is pleased to submit this market feasibility analysis regarding the need for senior housing and care services in Pecatonica, Illinois. The market feasibility plan is determined by characterizing a few key areas:

- The current number of age-, income-, and disability-qualified adults in a defined geographic area relative to the number of units/homes available.
- The inventory of competitive units in the area.

Objectives

The primary objectives of this market analysis were to determine the following:

- Supply, future need, and demand for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care services in the service area of the Sponsor.
- Strength of market activity in the mature adult housing and geriatric nursing care market, at the present and in the near future, for determining and maximizing a product package.

Criteria and Scope

The scope of this report is defined in Phase 1 in the Approach and Methodology section of the agreement. In summary, the scope of this study is described below:

- A definition of the project's service area (Service Area Definition).
- A demographic analysis of primary market (Demographic).
- An analysis of facilities offering comparable services (Competitive).
- An analysis of market area demand for the proposed service(s) (Demand).

RISKS

This report must be read thoroughly in order to gain insight into the methodology and concepts used in forming our conclusions and recommendations. The analyses contain estimates of future events and trends based upon our market research, industry experience, and interaction with the Sponsor and other authorities in both the state and the nation. The conclusions and recommendations included in this report assume future developments in the economy, local real estate market, and the mature adult housing and health care industry. The viability of the proposed project depends on the timing and probability of a complex series of events both internal and external to the enterprise. Accordingly, we do not guarantee either the attainability of our recommendations or the viability of the proposed project.

Assumptions and Limitations

In order to make valid recommendations and conclusions, it is necessary to make certain assumptions about economic, political, and social forces that lie outside of the control of the project coordinators and consultants. Several basic assumptions exist that pertain specifically to this study. First, the concept, planning, execution, and management of the proposed development will incorporate the features necessary to create a substantial impact in the service area. Second, neither the service area, the geographic region, nor the nation as a whole will suffer any long-term or major economic decline or catastrophe during the period under consideration. Finally, this study assumes that population growth, demand for health care services, reimbursement for these services, and other related factors in the market area will perform at or above the rate predicted.

Market Risk

There is a possibility the project will not be accepted by the marketplace. Management of any risk begins with this strategic plan, which incorporates demographic, competitive, and demand analyses. Revere Healthcare, however, does not recommend proceeding with the proposed project until the Sponsor conducts all appropriate consumer research, explores facility design and composition options, and analyzes several operating pro forma scenarios. These actions will further minimize market risk.

Managing Project Risk

The project risks must be carefully assessed and managed. The currently known risks are not excessive or unusual; however, risks should be specifically addressed and contingency plans should be prepared, documented, and practiced as part of the development management plan.

INDUSTRY ANALYSIS

Independent Living Facilities/ Pre-Assisted Living

The various facilities in this category appeal to the older adult who is willing and able to remain living independently, but who requires assistance in coordinating the support and services they need. These older adults want to be a part of a supportive and caring group of neighbors while maintaining their independence and privacy.

To increase independence and offset social isolation, a facility must successfully coordinate environment, services, and community support. Residents should be able to arrange support as needed while not having these services become overly obtrusive. Different residents will have different levels of service requirements, with some needing no additional services.

Services fall into two general categories: formal and social. Formal supports are available to all residents; e.g., housekeeping, personal care, nutrition, and transportation. Other residents, family, and friends provide the social support.

The typical senior housing development has found that approximately 80% of all residents are women, mostly widows. A common mix in senior housing developments is 30% couples and 70% widowed or otherwise single women and men.

Real estate developments serving the retirement industry will usually target a particular segment of the elderly population. Depending upon the targeted group, the developer will package services and amenities hoping to attract this particular market. While projects may target several different segments of the market, they can generally be divided into the following categories: congregate living facilities, Continuing Care Retirement Communities (CCRCs), retirement villages, and residential care facilities (including personal care, and assisted living).

Congregate Living

Congregate living facilities are multiple unit, rental housing developments with independent living apartments and a variety of services. Congregate housing provides living arrangements that integrate shelter and services for those elderly persons who are frail, chronically ill, or socially isolated, but who do not need 24-hour supervision. The facilities typically include environmental security, meals (one to three), on-call medical assistance, transportation, recreation, housekeeping assistance, and social opportunities. The units are usually small in square footage with bathrooms included. Bathrooms offer specialized fixtures for the older adult. Facilities usually offer physical arrangements and services such as a library, crafts room, exercise room, convenience store, hair dresser, religious services, etc.

CCRCs

CCRCs are also called life care communities. This is physically and functionally the same facility as a congregate living facility. Both include private apartments and a wide variety of services. It will also have an assisted living and/or skilled nursing unit (wing or separate building) on site, however. CCRCs offer a broad continuum of health care and housing located in one building or complex.

Some CCRCs offer the endowment or entrance fee payment option, requiring the resident to pay a substantial entrance fee upon entering the facility in addition to the monthly maintenance charge. Fees vary widely: entrance fees are generally between \$25,000 and \$350,000 with a monthly service fee of \$300–\$900, and monthly rental charges are between \$750 and \$2,000. The entrance fee may or may not be fully or partially refundable. The entrance fee payment option appeals to the resident who views it as a guarantee of future services, or who prefers to lease rather than rent. The rental fee appeals to residents who are unwilling to give up control of their financial security to others, or who may want to retain the option to change their mind.

Retirement Village

Retirement villages are very similar to life care complexes in that they offer a variety of services and accommodations, which may range from cottages, single family homes, and duplexes to multifamily buildings and nursing homes. Services may include all amenities or may be completely optional.

Assisted Living Facilities

Assisted living facilities may also be known as domiciliary care, board and care, or adult foster care facilities depending on the state. These facilities typically provide apartment living in a congregate or communal setting. Most assisted living facilities have small apartments, frequently without private kitchens. These units are often offered on a semi-private basis, but they are generally occupied on a private basis. This type of facility integrates shelter and services for a more frail elderly population who are functionally and/or socially impaired and need 24-hour supervision. Assisted living is a service-intensive living environment with social and support services.

There are many different applications of assisted living. The most common, known as geriatric assisted living, focuses on providing the older adult population with assistance as they grow older and have increasing health needs. Geriatric assisted living combines a 24-hour per day monitored living environment with assistance (as required) in activities of daily living (ADLs); e.g., dressing, bathing, grooming, hygiene, and supervised medication. Emergency call provisions, all utilities, three meals a day, transportation, and social and recreation activities may also be provided. The physical standards and staffing requirements of these facilities may be, but are not always, licensed by the state. More states, however, are moving to regulate assisted living as awareness increases.

Assisted living is particularly well suited for dementia care as well. The Dementia Care Facilities section discusses this aspect in greater detail.

Supportive Living

The supportive living program essentially improves access to assisted living services for older adults who do not have the financial means to pay for market rate assisted living. Accommodations and service offerings are very similar, except where differences exist in the State regulations. Essentially, the primary difference is that funds are available through the Illinois Department of Public Aid for supportive living residents.

Comprehensive Care in Residential Settings

The Illinois Department on Aging (IDoA) created the Comprehensive Care in Residential Settings (CCRS) program, formerly the Community Based Residential Facility Program demonstration program, originating in fiscal year 1997. The CCRSs provide housing with assisted living services for underserved low- and moderate-income seniors. The Illinois Department on Aging provides reimbursement for the cost of some of the supportive services received by Community Care Program clients residing in CCRSs. Six facilities currently participate in this program. All of the facilities are required to become licensed under the Assisted Living and Shared Housing Act.

IHDA has funded four properties under this program and has converted one floor of an independent living building into a CCRS floor.

Residential Dementia Care Facilities

Dementia is defined as the loss of mental abilities in an alert and awake individual. There are varying degrees of dementia, and facilities typically target individuals suffering from light, moderate, or severe dementia. Light dementia includes individuals suffering from mild confusion or the early stages of Alzheimer's disease. Severe dementia occurs when individuals suffering from dementia become so incapacitated that continuous monitoring and care becomes necessary. Although severe dementia has several sources, the advanced stages of Alzheimer's disease is the typical cause of dementia among older adults.

Alzheimer's disease and related dementias are neurological disorders that require specialized treatments and therapies not available in facilities targeting other patients; i.e., a psychiatric hospital. In the past, nursing facilities have been the providers of dementia care. The growing popularity of assisted living, however, has led to a shift in the provision of dementia services. Distinct units in nursing facilities and specialized dementia-only facilities provide care for moderate to severe dementia patients, while assisted living facilities are increasingly targeting the mild to moderate dementia cases.

Nursing Care Facilities

Admissions to nursing facilities are by order of a physician. Nursing homes, as either free-standing facilities or as distinct wings, provide a living arrangement that integrates shelter with medical, nursing, psychological, and rehabilitative services for persons who require 24-hour supervision. Meals, utilities, housekeeping, laundry, and a social/activities program are all included in the fee.

States may classify nursing home beds as either skilled or intermediate care. Skilled Nursing Facilities (SNFs) are primarily for patients who require intensive nursing care; e.g., convalescence from a hospital stay. SNFs are state licensed and may be certified to participate in Medicare and/or Medicaid programs. Intermediate Care Facilities (ICF) are intended for patients whose needs are more custodial in nature. ICFs are also licensed by the state and may participate only in the Medicaid program. Medicare does not cover ICF services. SNFs generally provide a higher level of nursing care and a higher staff-to-patient ratio than ICFs. In addition to Medicare and Medicaid, nursing homes may also receive payment through third-party insurance and private cash payments.

III. SERVICE AREA DEFINITION

METHODOLOGY

Traditionally, the service area for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care services has been typically within a 20- to 30-mile radius of a rural or suburban location and within a 5-mile radius of an urban or dense suburban location. The area is usually limited by natural and cultural boundaries. The service area can be divided into primary and secondary market areas.

Depending on the location of a proposed facility, the primary market area may extend beyond the above guidelines. In addition, natural and cultural barriers may diminish or even eliminate what might have normally been defined as a secondary market area. Therefore, a market is defined through analysis of the above characteristics and verified through interviews with local planning officials.

MARKET DEFINITION

Primary Market Area

For the purpose of this study, the target market for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care will be represented by age- and income-qualified individuals residing in the area depicted in Figure 3.1.

Project Draw

Revere has set the primary market area (PMA) as the region from which 70 percent of the project's market will originate. The region from which the remaining 30 percent of the prospective residents will most likely be drawn is referred to as the secondary market area (SMA).

For planning purposes, Revere estimates that 30% of residents will come from beyond the boundaries of the service area.

Service Area

The service area for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care is the area within the boundaries illustrated on the map in Figure 3.1. For planning purposes, Revere has set the area within these boundaries as the primary market area for the project for the following reasons:

- Political boundaries; specifically, Pecatonica and the proposed project's site are located in the central area of the western side of Winnebago County. The primary market area encompasses parts of two counties: Winnebago and Stephenson in Illinois.
- Geographical boundaries; the Pecatonica River runs through the middle of the primary market area.
- Drive times for most individuals living within the service area would be 30 minutes or less.
- Accessibility from U.S. Highway 20 and IL Routes 26 and 75, and County Routes 18 and 21. Other smaller roads traverse the service area.

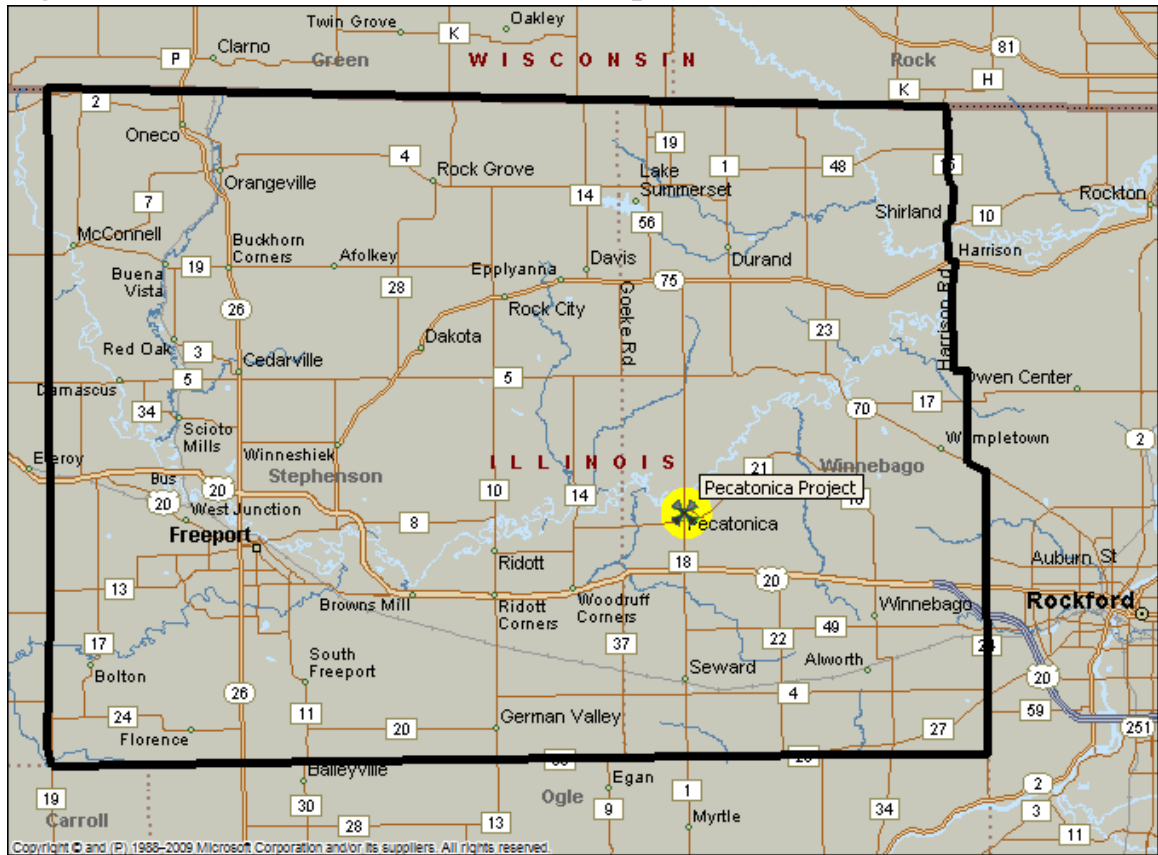
A description of the primary market area follows: the Wisconsin state line as the northern boundary, a line generally running along County Route 15, Harrison Road and Meridian Road as the eastern boundary, the County line for Winnebago and Stephenson as the southern boundary, and a line generally running along Voss Road, Rink Road, and N. Old Mill Road as the western boundary.

Parts or all of the following Illinois communities in Winnebago County make up this area: Pecatonica, Lake Summerset, Durand, Shirland, Winnebago, and Seward. Parts or all of the following Illinois communities in Stephenson County: Freeport, Oneco, Orangeville, Cedarville, Didott, Dakota, Rock City, Davis, Rock Grove, and German Valley.

Maps

Figures 3.1 illustrates the boundaries of the primary service area.

Figure 3.1 Service Area Definition Map (PMA)



IV. DEMOGRAPHIC STUDY

METHODOLOGY

Demographic information was obtained using the services of Nielsen Claritas, Inc. The information is based on the 2000 census, which is projected by Nielsen Claritas for 2010 and 2015. Revere Healthcare analyzed and interpreted this information for the demographic study.

The following section of the market feasibility will analyze historical economic and demographic growth trends in the market area. The data included in this section are useful indicators of the potential strengths and weaknesses in key target markets for independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care.

NATIONAL DEMOGRAPHICS

- This country's already significant 55+ population is expected to continue to grow over the next several years and then, after 2010, surge as the baby-boom generation born between 1942 and 1964 begins to hit retirement age. The U.S. census expects today's senior population of approximately 35 million to jump to nearly 40 million this year and then rocket to close to 70 million by 2030.
- During this time, the 85-and-over population will be growing faster than the 65-84 age group, and it is estimated that by 2050 approximately 25% of the senior population will be 85 or older; the percentage of seniors 85 or older today is approximately 14%. The following trends discussed below will be crucial in shaping the housing choices of this population.

Living Longer with Spouses – Women will continue to make up a disproportionate share of the senior population, but recent trends indicate that men are closing the longevity gap. Because the presence of a spouse is critical to the ability of seniors to remain at home, this should mean less demand for assisted living communities and nursing homes than would otherwise be expected.

Higher Education Levels – Higher levels of education among seniors are likely to mean more demand for high-quality healthcare and other support services, as well as a stronger demand to live independently.

Longer Work Life – Improved health and policy changes that increase the incentive to continue working make it both possible and likely that seniors will be increasingly active in the labor force.

Greater Financial Resources – Due to social security and the expansion of private pension funds and other retirement accounts (IRA's, 401k's, etc.), there is good reason to believe that tomorrow's seniors will have a somewhat stronger buying power despite the current economic climate.

Fewer Children to Support – The availability of children to help provide care plays an important role in the choice of living arrangements for seniors. While today's seniors tend to have larger families, baby-boomers have smaller families, meaning that shared housing – a senior living with an adult child- is likely to become less common. The lack of children living nearby should also boost demand for alternatives like active adult communities and assisted living.

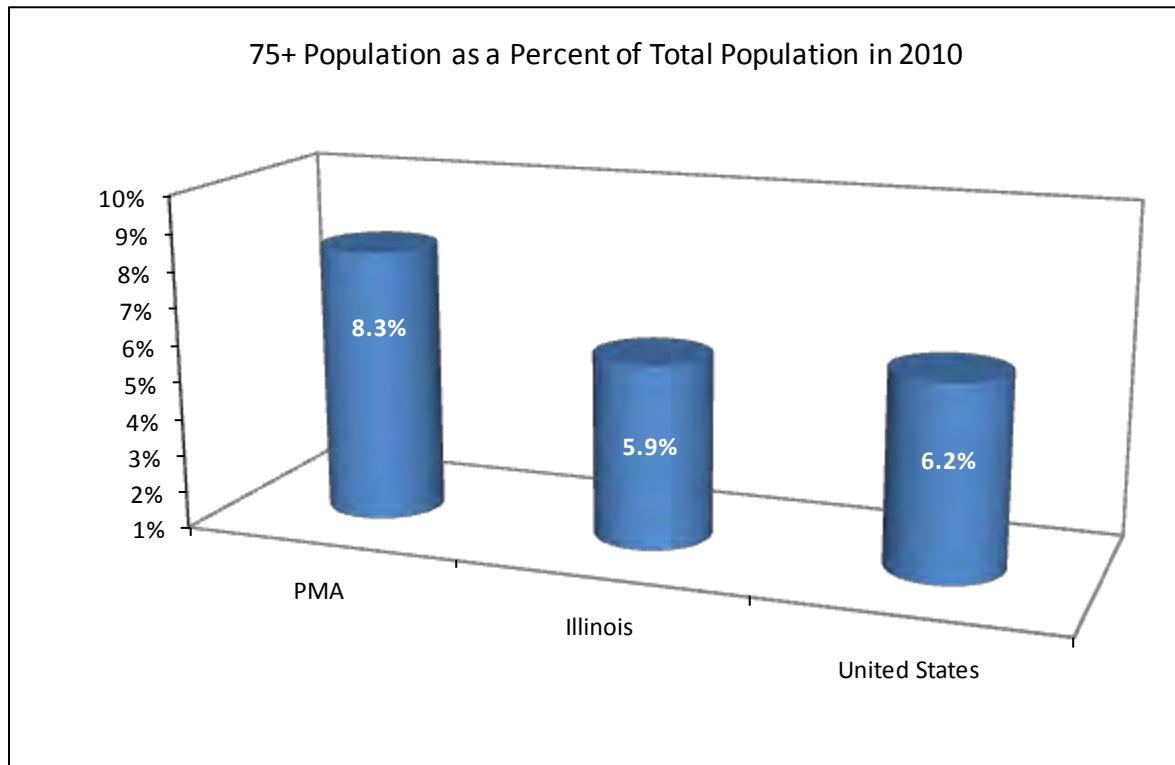
Sources: Current year projections are provided by Nielsen Claritas, Inc. Historical data and future projections are from the US Census Bureau except where otherwise noted. Housing trends by the Joint Center for Housing Studies at Harvard University.

MARKET CHARACTERISTICS

The market can be analyzed by identifiable traits or characteristics. Typical market characteristics include population and income distribution.

Population Distribution

- As highlighted in table 4.1 and figure 4.1 (below), the market is considered “old” with individuals age 75 and over representing an estimated 8.3% of the total population in 2010. Nationally, the 75+ age group represents over an estimated 6.2% of the total population. An old market has more 75+ households relative to young families, for example.

Figure 4.1 Comparison: 75+ as a Percent of Population

Source: Nielsen Claritas, Inc.

The strength of a market area is most accurately measured by growth trends. For the independent and assisted living population, the target market will consist of individuals age 75 years or more. This population is growing in the market area. The number of individuals 75 and older (4,265 in 2000) has increased an estimated 12.5% (4,799 total in 2010) and is projected to increase another 3.0 % (4,943 total individuals) by 2015.

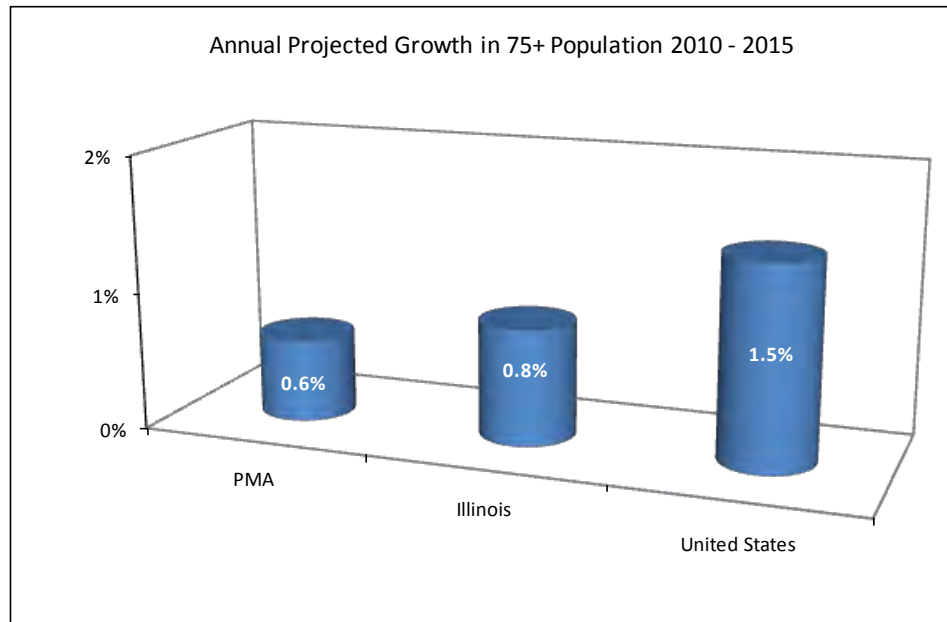
For the residential dementia care and licensed nursing care population, the target market will be individuals age 65 years or more. This population is growing in the market area. The number of individuals 65 and older (8,641 in 2000) has increased an estimated 11.8% (9,659 total in 2010) and is projected to increase another 7.7% (10,405 total individuals) by 2015.

The percentage of adult children in the target market (individuals between the age of 55 and 64) is also experiencing significant growth in the service area. The number of individuals ages 55-64 (5,593 in 2000) has increased an estimated 27.2% (7,114 total in 2010) and is projected to increase another 12.0% (7,970 total individuals) by 2015 (an approximately 42.5% increase over the 2000 census). Adult children can influence seniors residing outside of the primary market area to move.

Table 4.1 Population Distribution by Age Group 55+

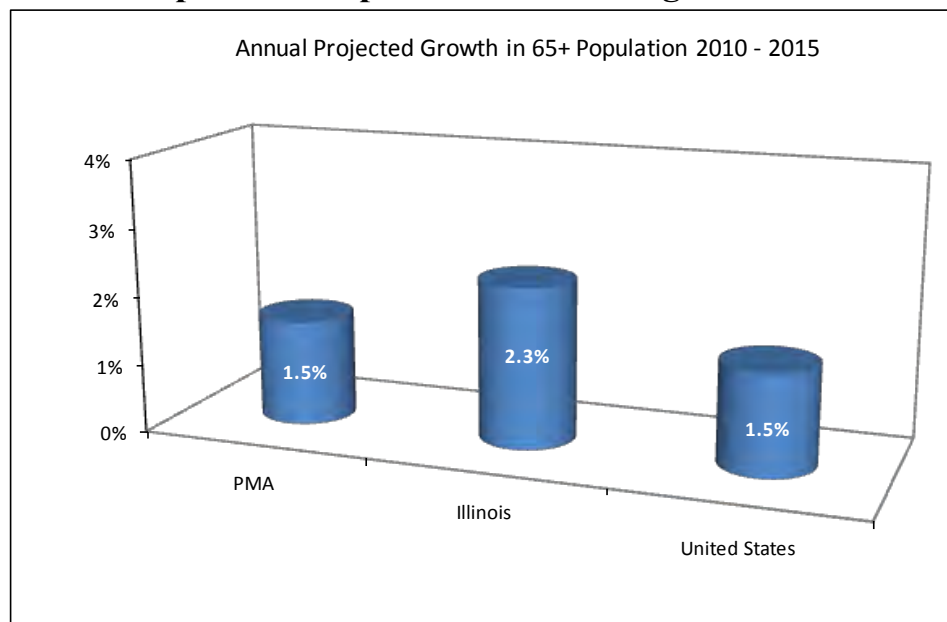
Age Group	2000	2010	% Change	2015	% Change
55-64	5,593	7,114	27.2%	7,970	12.0%
65-74	4,376	4,860	11.1%	5,462	12.4%
75-84	3,047	3,227	5.9%	3,258	1.0%
85+	1,218	1,572	29.1%	1,685	7.2%
55-74 Population	9,969	11,974	20.1%	13,432	12.2%
65+ Population	8,641	9,659	11.8%	10,405	7.7%
75+ Population	4,265	4,799	12.5%	4,943	3.0%
Total Population	56,081	57,626	2.8%	57,935	0.5%
Active (55-74) % of Population	17.8%	20.8%		23.2%	
Older (65+) % of Population	15.4%	16.8%		18.0%	
Elderly (75+) % of Population	7.6%	8.3%		8.5%	

Source: Nielsen Claritas, Inc.

Figure 4.2 Comparison: Population Growth Age 75+

Source: Nielsen Claritas, Inc.

Figure 4.2 illustrates that the growth in the target market for independent and assisted living is projected to be below the state and nation. As seen in Figure 4.3, growth in the target market for residential dementia care and licensed nursing care is projected to be below the state and matches the national level.

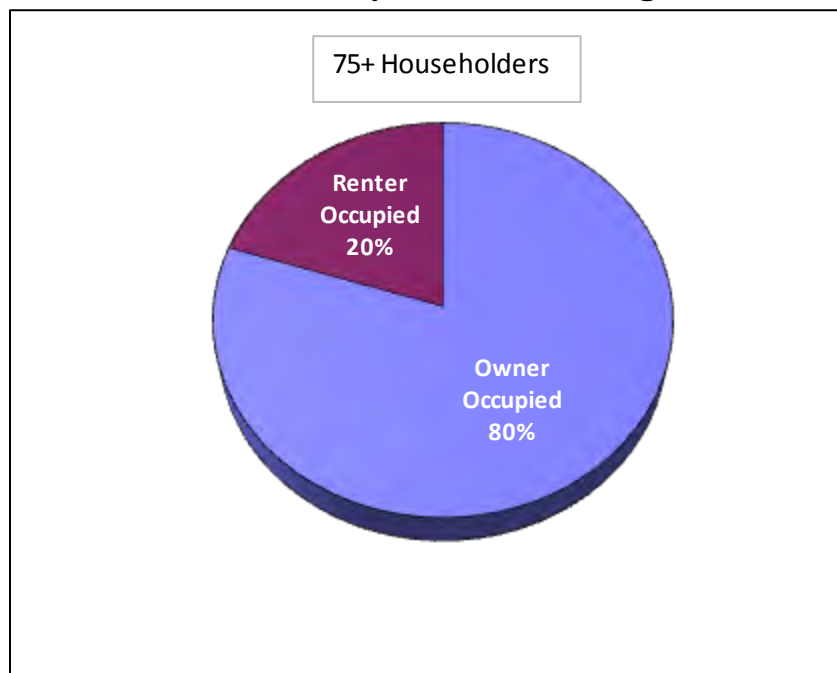
Figure 4.3 Comparison: Population Growth Age 65+

Source: Nielsen Claritas, Inc.

Households by Tenure

Of 2,922 households with a householder age 75 years or more (independent and assisted living population), 80% own and 20% rent. The percentage of owners in the market area is more heavily weighted toward owners as compared with the national averages of 74% who own and 26% who rent. The ratio of renters to owners can influence the types of pricing options offered. Figure 4.4 illustrates household tenure by age group for the population age 75+.

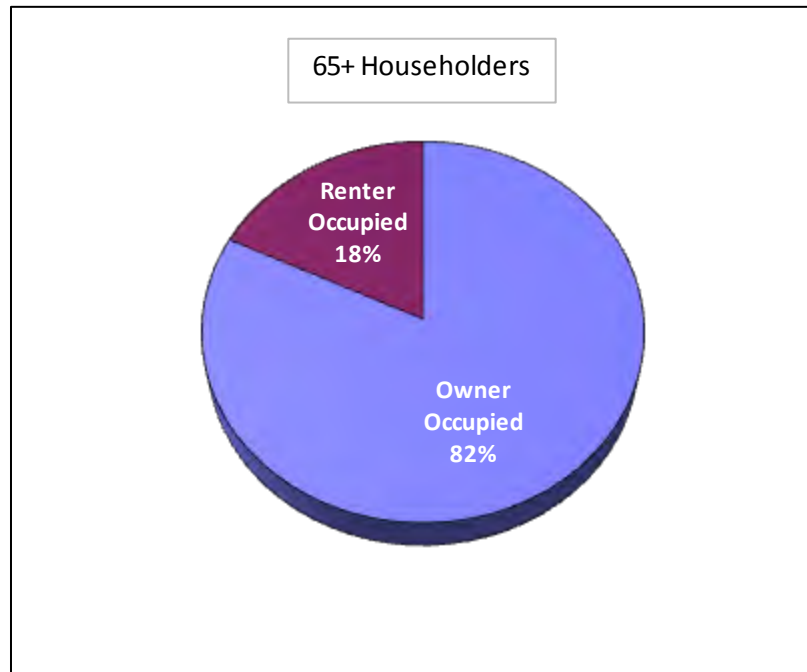
Figure 4.4 Household Tenure by Householder Age 75+



Source: Nielsen Claritas, Inc.

Of 5,722 households with a householder age 65 years or more (residential dementia and nursing care population), 82% own and 18% rent. The percentage of owners in the market area is above the national average of 78% and the percentage of renters in the market area is below the national average of 22% renters. The ratio of renters to owners can influence the types of pricing options offered. Figure 4.5 illustrates household tenure by age group for the population age 65+.

Figure 4.5 Household Tenure by Householder Age 65+



Source: Nielsen Claritas, Inc.

Income Distribution

Income distribution is an indicator of the economic wellbeing of a market.

- For the independent and assisted living population (householders age 75+) the median household income for the primary market area (PMA) is estimated to be \$25,538 in 2010, which is below the state and national averages. In 2015, it is estimated to be \$27,131, which remains below the state and national estimates for that year.
- For the residential dementia care and licensed nursing care population (householders age 65+) the median household income for the primary market area (PMA) is estimated to be \$30,398 in 2010 which is also below the state and national averages. For 2015, this age population is estimated to have a median household income of \$32,719, which remains below both the state and national projections.

The following tables illustrate the median income (table 4.2), median income by age group (table 4.3), and comparisons of the regional, state, and national averages (figures 4.6 through 4.9).

Table 4.2 Median Household Income (All Households)

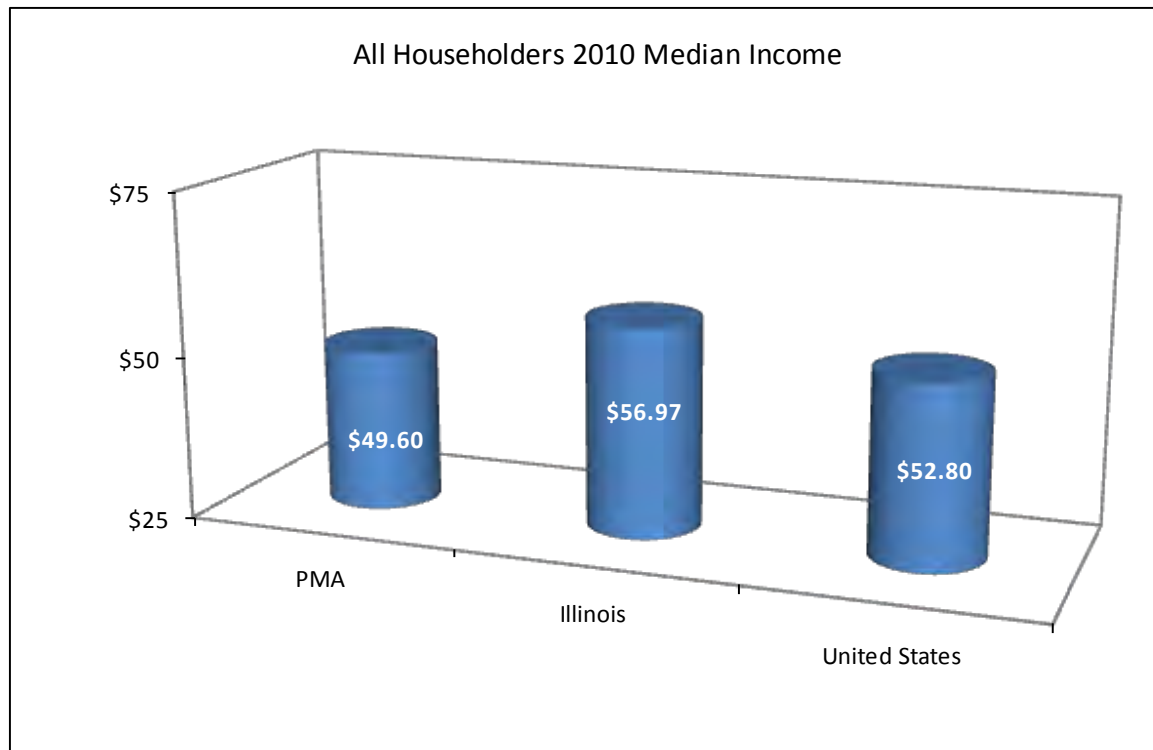
Household Income	2000	2010	% Change	2015	% Change
Less than \$15,000	2,968	2,562	-13.7%	2,426	-5.3%
\$15,000-\$34,999	5,799	5,170	-10.8%	4,949	-4.3%
\$35,000-\$74,999	9,211	8,912	-3.2%	8,697	-2.4%
\$75,000-\$99,999	3,858	5,525	43.2%	5,988	8.4%
\$100,000-\$499,999	1,801	3,128	73.7%	3,677	17.6%
\$500,000 and over	20	48	140.0%	67	39.6%
Total	23,657	25,345	7.1%	25,804	1.8%
Average Household Income	\$ 51,887	\$ 60,154	15.9%	\$ 63,664	5.8%
Median Household Income	\$ 43,818	\$ 49,602	13.2%	\$ 52,336	5.5%
Per Capita HH Income	\$ 20,779	\$ 24,097	16.0%	\$ 25,467	5.7%

Source: Nielsen Claritas, Inc.

Table 4.3 Median Household Income by Age Group (55+ Households)

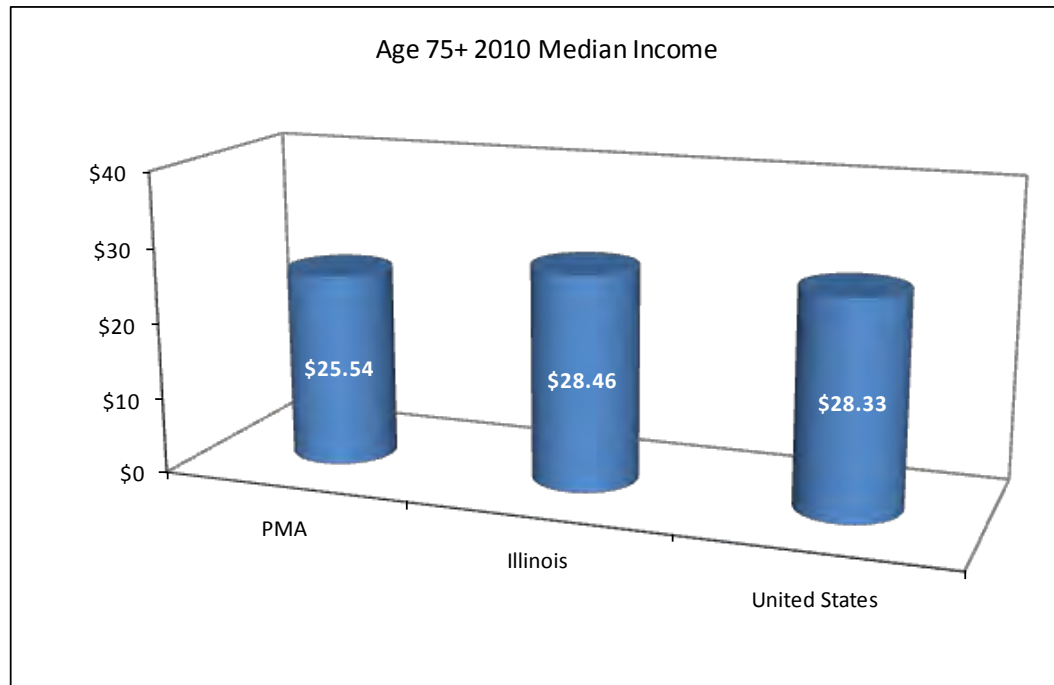
Age Group	2000	2010	% Change	2015	% Change
55-64	\$ 49,864	\$ 57,439	15.2%	\$ 61,087	6.4%
65-74	\$ 30,253	\$ 35,448	17.2%	\$ 38,087	7.4%
75-84	\$ 23,338	\$ 26,983	15.6%	\$ 29,016	7.5%
85+	\$ 19,258	\$ 22,155	15.0%	\$ 23,046	4.0%
55-74 Population	\$ 40,803	\$ 48,021	17.7%	\$ 51,239	6.7%
65+ Population	\$ 26,391	\$ 30,398	15.2%	\$ 32,719	7.6%
75+ Population	\$ 22,476	\$ 25,538	13.6%	\$ 27,131	6.2%
Total Population	\$ 43,818	\$ 49,602	13.2%	\$ 52,336	5.5%

Source: Nielsen Claritas, Inc.

Figure 4.6 Comparison: Median Income All Households

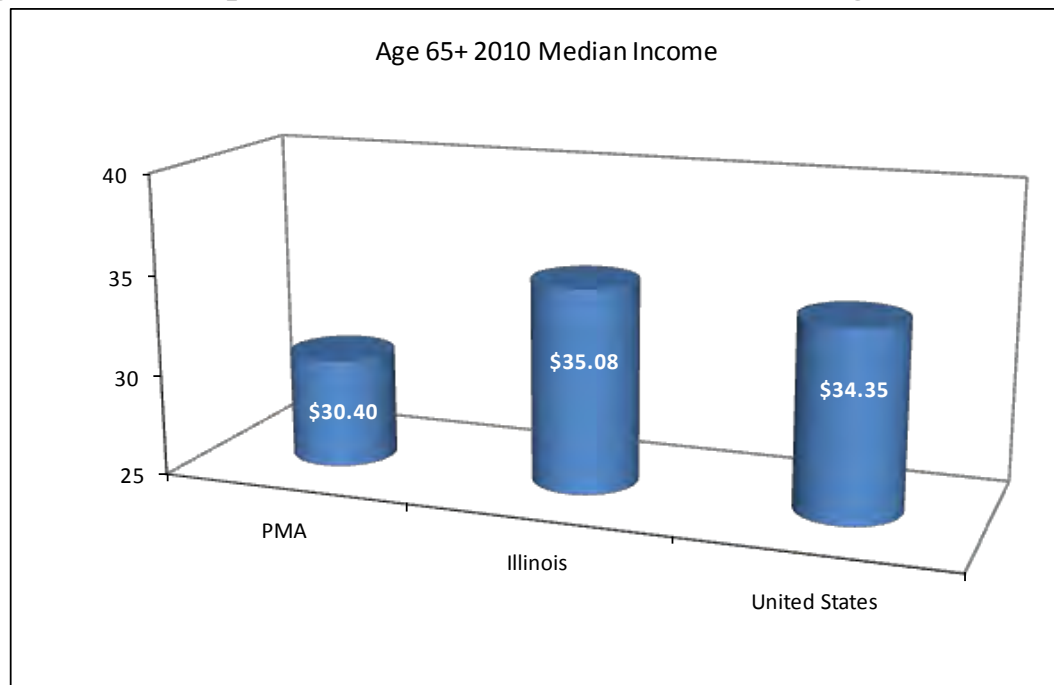
Source: Nielsen Claritas, Inc.

In Thousands

Figure 4.7 Comparison: Median Income Households Age 75+

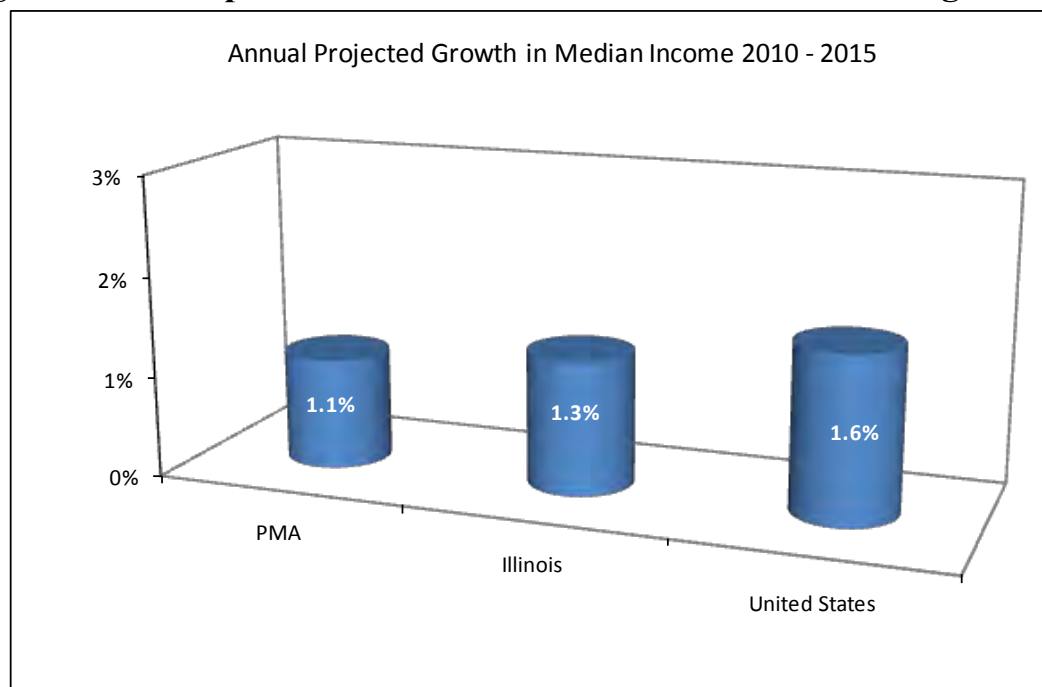
Source: Nielsen Claritas, Inc.

In Thousands

Figure 4.8 Comparison: Median Income Households Age 65+

Source: Nielsen Claritas, Inc.

In Thousands

Figure 4.9 Comparison: Growth in Median Income for All Ages

Source: Nielsen Claritas, Inc.

In Thousands

Housing Values

Housing values are both an indicator of the economic wellbeing of a market and a factor in determining entrance fees. The median housing value for the PMA is estimated to be \$115,441 in 2010, which is below both the state and national averages.

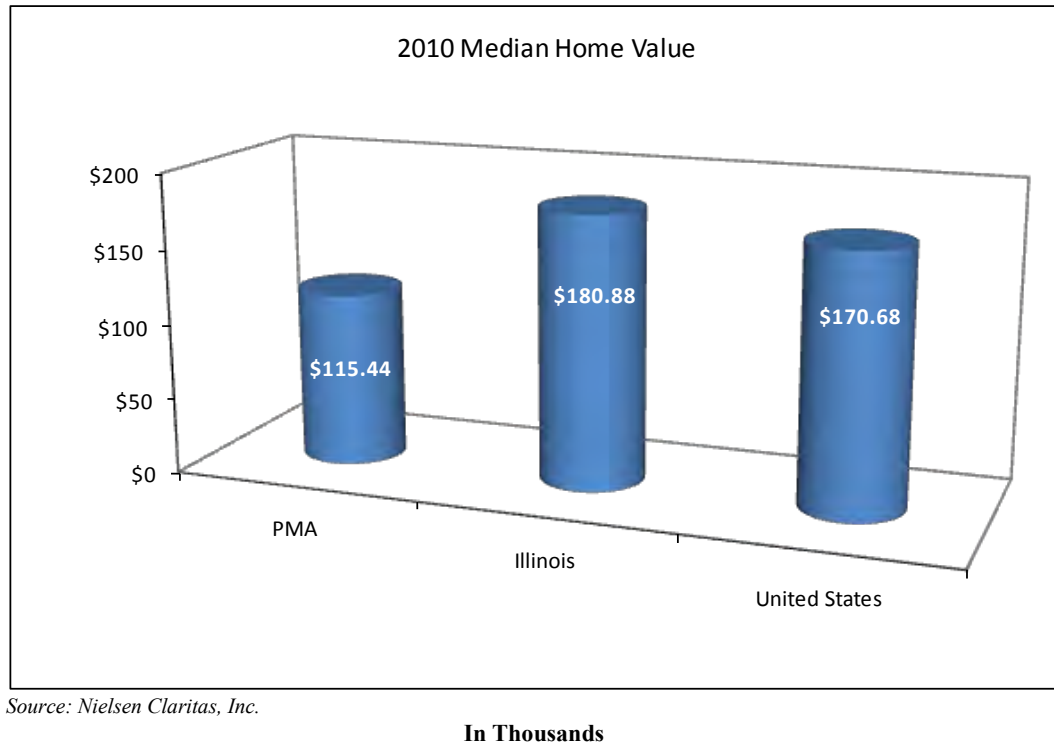
Table 4.4 Median Housing Values (All Households)

Housing Value	2000	2010	% Change	2015	% Change
Less than \$60,000	4,327	2,855	-34.0%	2,565	-10.2%
\$60,000-\$99,999	5,923	4,377	-26.1%	3,892	-11.1%
\$100,000-\$199,999	5,680	7,773	36.8%	8,078	3.9%
\$200,000-\$299,999	871	1,810	107.8%	2,177	20.3%
\$300,000-\$400,000	158	498	215.2%	566	13.7%
\$400,000-\$500,000	52	132	153.8%	214	62.1%
\$500,000+	75	144	92.0%	185	28.5%
Total Units	17,086	17,589	2.9%	17,677	0.5%
Median Housing Value	\$ 89,088	\$ 115,441	29.6%	\$ 123,120	6.7%

Source: Nielsen Claritas, Inc.

The affordability ratio of median house price to median household income is 2.33 for the PMA, which is considered to be in the ‘affordable’ category. Affordable is defined as 2.0 to 2.9.

Figure 4.10 Comparison: Median Housing Values (All Households)



V. COMPETITION STUDY

METHODOLOGY

An analysis of the older adult housing market in the primary market area provides the Sponsor and consultant with specific data on the supply and availability of competitive facilities. This section of the report analyzes the overall service area through a summary of the independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care facilities available to the population of Pecatonica, Illinois, and surrounding communities.

The purpose of the study was to locate all existing and planned facilities in the targeted market area, to identify the greatest competition to the proposed project, and to compare specific areas of operations and services. This summary represents Revere's best effort to identify all competitors, existing and potential, to the proposed project; however, facilities in the planning stages are difficult to identify and may not be reflected here.

Our survey of the competitive facilities identified two independent living/pre-assisted living, three assisted living, one residential dementia care, and seven licensed nursing competitors inside the primary market area. Our evaluation and the elements involved in establishing our conclusions are detailed below.

Revere visited select independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care communities in the primary market area. At no time were competitors aware that Revere was gathering information for the proposed project. Revere obtained information on the following comparative categories:

- Locations
- Number and type of units
- Occupancy levels
- Rates and payment structures
- Services and amenities

Sources

There are several sources of information on competitive facilities and alternative services. Revere used the following sources in conducting this analysis:

- Illinois Department of Public Health (IDPH) website (<http://www.idph.state.il.us>)
- Illinois Supportive Living Program (SLF) website (<http://www.slfillinois.com>)
- The National Investment Center for the Seniors Housing & Care Industry (NIC MAP) website (<http://www.nicmap.org>)
- Medicare Compare - <http://www.medicare.gov>
- Independent research conducted by Revere Healthcare, Ltd.

SUMMARY OF COMPETITIVE FACILITIES

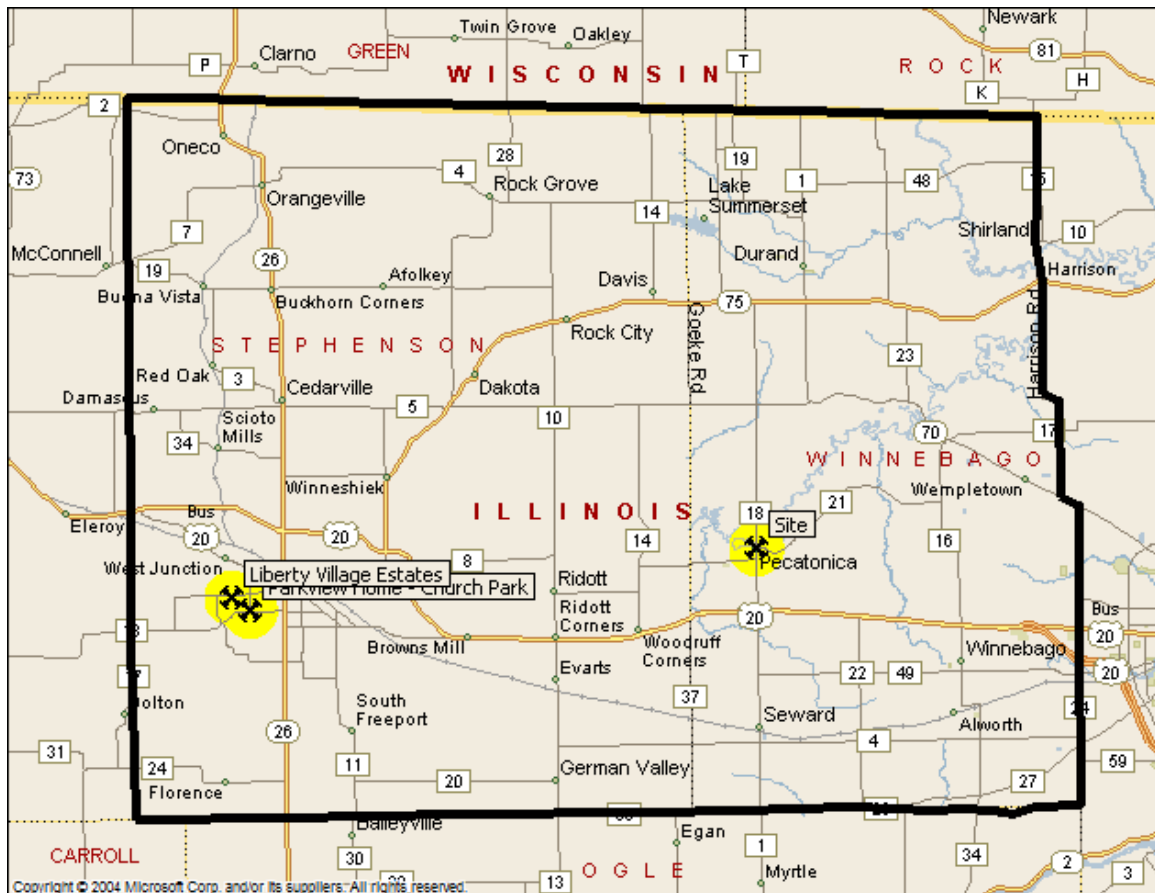
Independent Living/ Pre-assisted Living

There are two (2) facilities currently offering independent living/pre-assisted living in the primary market area. We have profiled these facilities with approximately 89 total independent living units. The most comparable facility in the primary market area is Parkview Home with 20 total IL units as this property has independent living/pre-assisted living, assisted living and skilled nursing units on site.

Table 5.1 Independent Living / Pre-Assisted Living Facilities – Primary Market Area

Facility Name	Address	City	State	ZIP Code	IL
Liberity Village Estates	2080 Navajo Dr.	Freeport	IL	61032	69
Parkview Home - Church Park	1234 South Park Blvd.	Freeport	IL	61032	20
					89

Figure 5.1 Independent Living / Pre-Assisted Living Competition Map – PMA



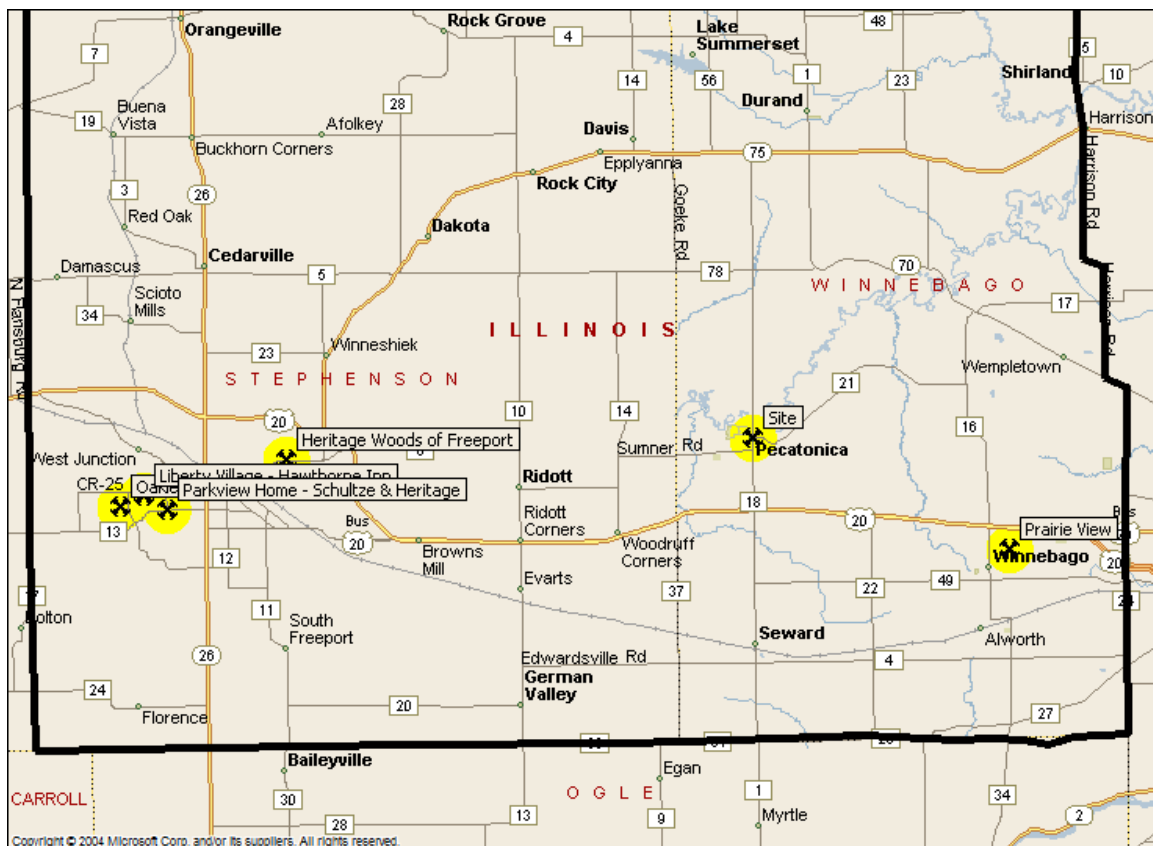
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 Revere Healthcare, Ltd. Copyright 2010

Assisted Living

There are four facilities in the primary market area. We have profiled three facilities from the primary market area with approximately 169 total assisted living units available. One facility, Heritage Woods of Freeport, is in the planning stages but has been included to be conservative. The most comparable assisted living facility in the primary market area is Parkview Home with 44 total assisted living units as this property has independent living, assisted living and nursing care on site.

Table 5.2 Assisted Living Facilities – Primary Market Area

Facility Name	Address	City	State	ZIP Code	AL
Parkview - Schultze & Heritage	1234 South Park Blvd.	Freeport	IL	61032	44
Oakley Courts	3117 Kunkle Blvd	Freeport	IL	61032	46
Prairie View	500 East McNair St.	Winnebago	IL	61088	30
Heritage Woods of Freeport	Rt. 75 & Tower Rd.	Freeport	IL	61088	49
					169

Figure 5.2 Assisted Living Competition Map – PMA

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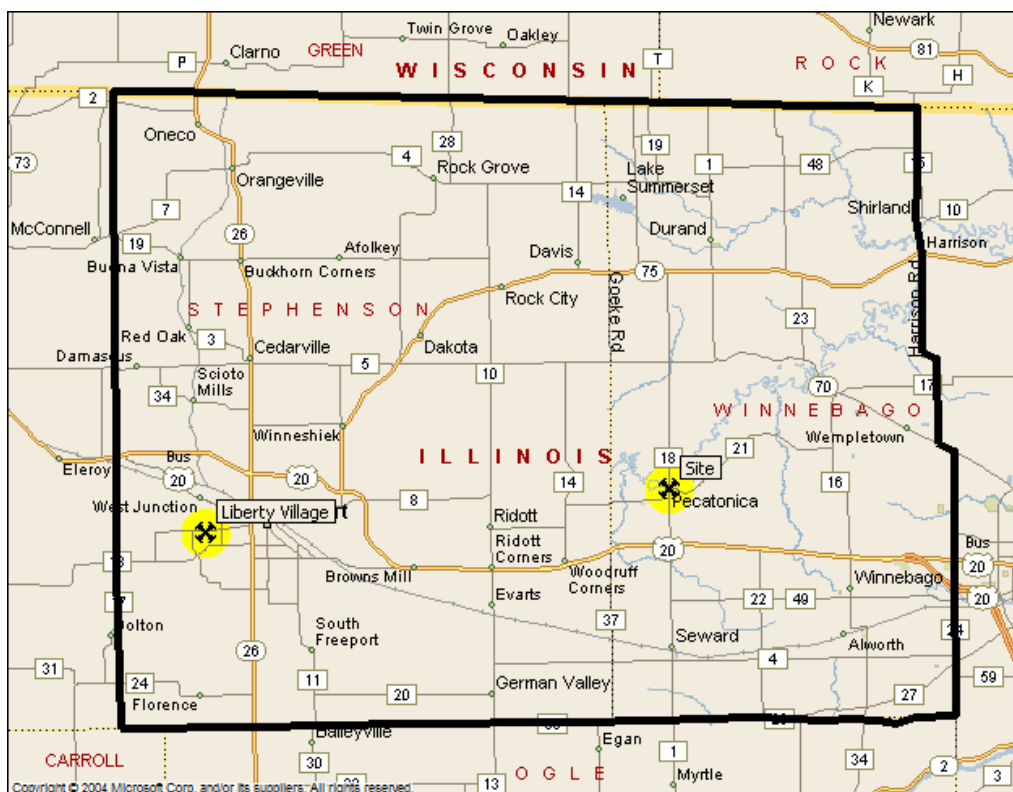
Residential Dementia Care Facilities

There is one facility currently offering residential dementia care in the primary market area, Liberty Village – Garden Court. We have profiled this facility with approximately 12 total residential dementia care units. This property has independent living, supportive living, residential dementia care units on site as well as skilled nursing.

Table 5.3 Residential Dementia Care Facilities – Primary Market Area

Facility Name	Address	City	State	ZIP Code	AL
Liberty Village - Garden Court	2170 Navajo Dr.	Freeport	IL	61032	12
					12

Figure 5.3 Residential Dementia Care Competition Map – PMA



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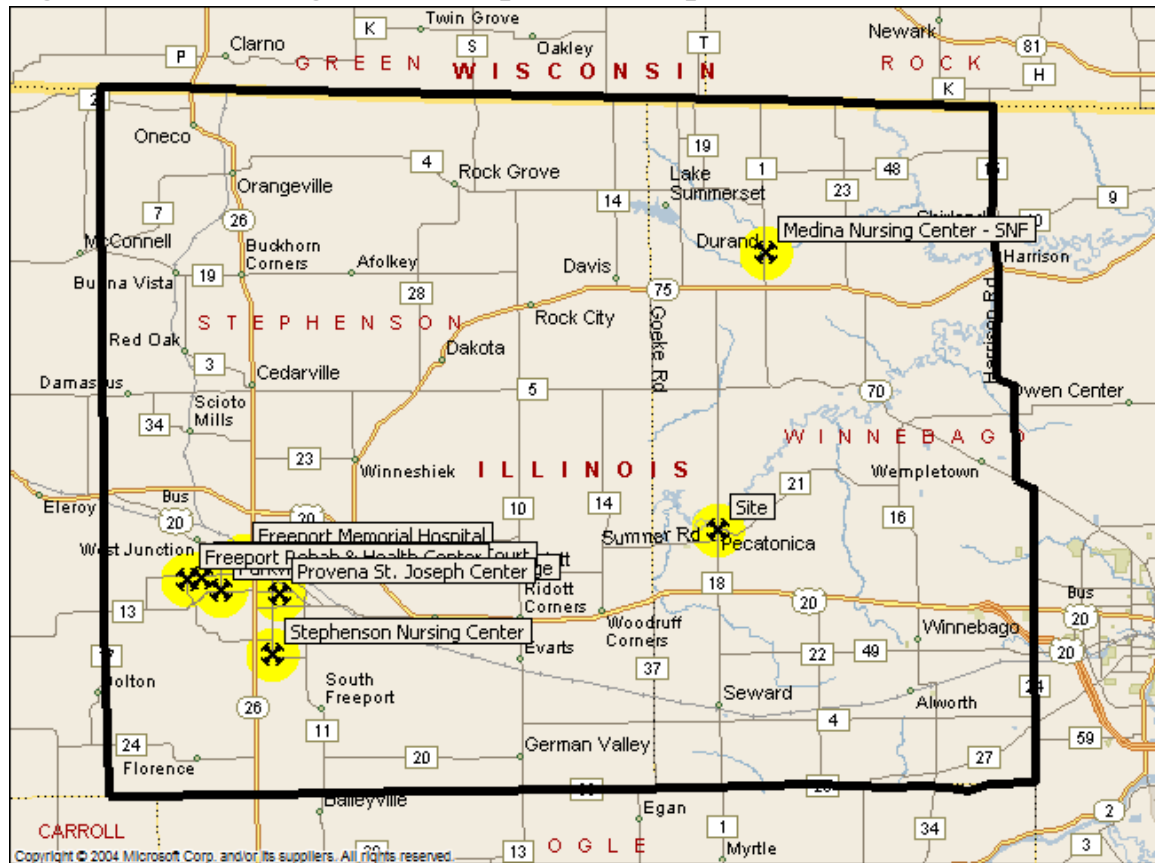
Licensed Nursing Care

There are seven facilities with approximately 675 total skilled nursing beds available within the primary market area. The largest facility in the primary market area is Stephenson Nursing Center, at 162 skilled nursing units. Skilled Nursing Facilities (SNFs) typically provide 24-hour nursing care. These facilities can care for individuals with mild to severe Alzheimer's disease by providing personal care assistance and nursing care services. The moderate and severe dementia population has historically been treated in nursing facilities. The Centers for Medicare and Medicaid Services (CMS) estimates that approximately 40% of nursing home residents suffer from dementia. The following licensed nursing care facilities are located in the primary market area:

Historically, individuals with dementia were dispersed among the general population in nursing facilities; however, there has been a shift towards specialization in dementia care. Secured dementia care units target individuals who have been diagnosed with Alzheimer's disease or a related dementia and are prone to wandering. Stephenson Nursing Center has a secure dementia unit with 24 beds.

Table 5.4 Competitive Nursing Facilities – Primary Market Area

Facility Name	Address	City	State	ZIP Code	SNF
Freeport Memorial Hospital	1045 W. Stephenson	Freeport	IL	61032	43
Freeport Rehab & Health Center	900 S. Kiwanis Dr.	Freeport	IL	61032	143
Manor Court of Freeport	2170 W. Navajo Dr.	Freeport	IL	61032	90
Parkview - Health Center	1234 South Park Blvd.	Freeport	IL	61032	28
Provena St. Joseph Center	659 E. Jefferson St.	Freeport	IL	61032	120
Stephenson Nursing Center	2946 S. Walnut Rd.	Freeport	IL	61032	162
Medina Nursing Center	402 Center St.	Durand	IL	61024	89
					675

Figure 5.4 Nursing Care Competition Map – PMA

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COMPETITION ASSESSMENT

Each service area competitor was visited in person by a representative of Revere. The following facility profiles identify specific data about each facility.

Independent Living / Pre-Assisted Living

Revere surveyed independent living/pre-assisted living options in the service area in order to more accurately assess the characteristics of potential market area projects. In particular, these assessments include information on the services and amenities available.

Typical Types of Services and Amenities

independent living/pre-assisted living is not licensed and therefore this category does not have specific service and amenity requirements. Independent living facilities typically offer congregate housing with convenience services such as housekeeping, maintenance, and meals.

Table 5.5 Typical Services – Independent Living / Pre-Assisted Living

Independent Living Services	Typical Offering
Building and grounds maintenance	Included
Dining services	Included - 1 meal/day
Housekeeping	Included
Activities	Included - 3-5/day
Linen service	Included
Scheduled transportation	Included
24-hour emergency call service	Included
Utilities (excluding telephone)	Included
Basic cable TV	Included
Concierge services	Included
Restricted-access building	Included
Property taxes and insurance	Included
Wellness programming	Included
Guest/respite suites	Available for a fee
Extra storage	Available for a fee
Internet	Available for a fee
Personal laundry service	Available for a fee
Indoor/covered parking	Available for a fee
Assistance with activities of daily living	N/A

Characteristics of Residents

Age can range anywhere from the low 50s to the upper 90s, with the average age of entry in the low 80s for independent living. The income bracket would be dependent on the demographic area, but the majority of residents are in the middle to upper income bracket. Residents are more frequently women due to differences in life expectancy between genders; however, the percentage of men has been increasing over the past few years.

Most residents come into a facility from their home. Individuals interested in independent living are pursuing a maintenance free lifestyle that includes the opportunity for socialization.

Independent Living / Pre-Assisted Living Facility Profiles

The following facility profiles identify specific data about primary market facilities which are considered comparable to aspects of the project as proposed.

Liberty Village - Liberty Estates

2080 Navajo Dr.
Freeport, IL 61032
815-233-2400

www.libertyvillageoffreeport.com



Project Type: Independent Living - Liberty Village of Freeport (CCRC)

Unit Type	# of units	Sq. Feet	Occupancy	Monthly Pricing
Independent Living				
Studio	-	366.5	-	\$1,625
1 Bdrm	-	573.5	-	\$1,750
2 Bdrm	-	765.5	-	\$1,925
Total	69		90.0%	

Deposit: None

Lease: Month-to-month

Year Built: 1999

Condition: New

Management Company: RFMS Inc.

Included in Rent IL:

- Two meals per day
- Weekly housekeeping
- Safety features and a secure environment
- All utilities paid, except telephone
- Building and grounds maintenance
- Trash removal
- Recreational, social and educational events
- Scheduled transportation
- Satellite television

Services for additional fees:

- Covered parking
- Beauty salon and barber shop
- Additional housekeeping
- Personal laundry service

Extra Monthly Fees:

Double person occupancy - \$300

Resident Units Include:

- Wall to wall carpeting except kitchen & bath
- Walk-in closets
- Kitchen with refrigerator, range and microwave
- Individual heating & cooling
- Emergency call system
- Bathroom with walk-in shower or tub and shower
- Blinds
- Pre-wired for telephone
- Smoke alarms

Facility Amenities

- On-site banking
- Facility Van
- Dining room
- Common areas
- Personal laundry areas
- Covered entryway
- Beauty and barber shop

Parkview - Church Park
1234 South Park Blvd.
Freeport, IL 61032
815-232-8612
www.parkviewhome.org



Project Type: Independent Living - Parkview Home (CCRC)

Unit Type	# of units	Occupancy	Sq. Feet	Monthly Pricing	Entry Fee Options	
					Option A - 36 Months	Option B - 90%
Independent Living						
Studio	-		423	\$1,405	\$45,979	\$74,160
1-Bdrm (Classic)	-		660	\$1,581	\$56,835	\$91,670
2-Bdrm (Suite)	-		931	\$1,755	\$67,053	\$108,150
Total	20	100%				

Deposit: NA

Entrance Fee Option A: Month-to-month

Traditional Entrance Fee:

Entrance fee is refundable, prorated for the first 36 months.
1/36th is retained by Parkview per month of residency.

90% Redfund Entrance Fee:

90% of the entrance fee is refundable.

Year Built: 2002

Condition: New

Management Company: Parkview Home

Included in Rent IL:

- Noon meal
- Weekly housekeeping and linens
- Safety features and 24 hour security
- All utilities paid, except telephone, cable & electric
- Building and grounds maintenance
- Trash removal
- Recreational, social and educational events
- Scheduled transportation
- Access to Parkview Health Center

Services for additional fees:

- Garages
- Additional meals
- Personal laundry service
- Restorative nursing in the Rehabilitation Center

Extra Monthly Fees:

Double person occupancy - \$311
One time Processing Fee - \$100

Resident Units Include:

- Wall to wall carpeting except kitchen & bath
- Walk-in closets (only in 2-bedroom)
- Kitchen with refrigerator and range
- Individual heating & cooling
- Emergency call system
- Bathroom with walk-in shower or tub and shower
- Blinds
- Pre-wired for telephone
- Smoke alarms
- Storage lockers

Facility Amenities

- Exercise room
- Dining room
- Common areas
- Covered entryway
- Community computer with Internet access
- Walking paths

Assisted Living

Revere surveyed assisted living options in the service area in order to more accurately assess the characteristics of potential market area competitors. In particular, these assessments include information on the services and amenities available.

Licensed assisted living must include 24-hour supervision, assistance with activities of daily living (ADLs), and supportive services for the semi-independent elderly person. These facilities typically include 3 meals per day, housekeeping and laundry service, maintenance, utilities, and medication supervision. Amenities commonly include beauty and barber shop, assistance with transportation, and outdoor recreation areas. Personal care assistance is typically charged on a tiered payment system to account for amount of assistance required.

Characteristics of Residents

Typical ages range from the mid-70s to the upper 80s, although residents could be as young as low 50s and as old as over 100. The income bracket would be dependent on the demographic area, but the majority of residents are in the middle- to upper-income bracket due to the general scarcity of public funds for assisted living. Residents are more frequently women due to differences in life expectancy between genders; however, the percentage of men has been increasing over the past several years.

Most assisted living residents come into a facility from their home. Assisted living services are attractive to individuals who require assistance with activities of daily living in the absence of a caregiver. This assistance can include one or more of the following: bathing, dressing, ambulation, household chores, and medication reminders.

Assisted Living Profiles

The following facility profiles identify specific data about primary market facilities which are considered comparable to aspects of the project as proposed.

Prairie View
 500 E. McNair St.
 Winnebago, IL 61088
 815-335-1800
www.prairieviewwinnebago.com



Project Type: Assisted Living

Unit Type	# of units	Sq. Feet	Occupancy	Monthly Pricing
1-Bedroom, 1 Bath	-	400	-	\$2,800
1-Bedroom, 1 Bath	-	600	-	\$2,900
1-Bedroom, 2 Bath	-	700	-	\$3,200
Two - 1-Bedroom (Connected)	-	-	-	\$5,500
Total	30		77.0%	

Deposit: NA
Lease: Month-to-month

Year Built: 2007
Condition: New
Management Company: Prairie View

Services Provided Include:

- Full dining services
- Housekeeping and laundry service
- 24 hour, in-house caregivers
- Social and recreational programs
- Access to rehabilitation services

Specials:

Sign for a 12 month lease and get \$200 off for the year
 Two 1-bedroom units can be connected to make a 2-bedroom apartments. Prices are in the table above.

Resident Units Include:

- Kitchen
- Bathroom with walk-in shower
- Emergency call system
- Individual heating
- Individual entries to apartments
- Private patio

Facility Amenities

- Activity room
- Beauty and barber shop

Oakley Courts
 3117 Kunkle Blvd.
 Freeport, IL 61032
 815-233-5129
www.tutera.com



Project Type: Assisted Living

Unit Type	# of units	Sq. Feet	Occupancy	Monthly Pricing
Studio	-	318	-	\$2,689
Deluxe Studio	-	338	-	\$2,789
1-Bedroom	-	365	-	\$2,889
Deluxe 1-Bedroom	-	475	-	\$2,989
Premium 1-Bedroom	-	500	-	\$3,318
Total	46		93.0%	

Deposit: NA
Lease: Month-to-month

Year Built: 2007
Condition: New
Management Company: The Tutera Group

Services Provided Include:

- 3 meals daily
- Housekeeping and flat linen service
- 24 hour in-house caregivers
- Social and recreational programs
- Medication assistance
- All utilities except phone and cable

Resident Units Include:

- Bathroom with walk-in shower, grab bars
- Emergency call system
- Individual heating and cooling
- Microwave oven and refrigerator
- Patio leading to enclosed courtyard *
- *(Some apartments)
- Small pets allowed

Facility Amenities

- Library
- Beauty and barber shop
- Enclosed Courtyard
- Walking path
- Whirlpool spa
- Laundry rooms
- Private dining
- Computer lab
- Ice cream parlor
- Multiple lounges

Parkview - Schultze & Heritage

1234 South Park Blvd.

Freeport, IL 61032

815-232-8612

www.parkviewhome.org



Project Type: Assisted Living - Parkview Home (CCRC)

Unit Type	# of units	Occupancy	Sq. Feet	Monthly Pricing	Entry Fee Options	
					Option A - 36 Months	Option B - 90%
Schultze						
Studio	-		270	\$1,836	\$38,316	\$61,800
1-Bdrm (Classic)	-		614	\$2,879	\$57,474	\$92,700
Heritage						
Studio	-		200	\$1,309	\$28,737	\$46,350
1-Bdrm (Classic)	-		550	\$2,355	\$47,895	\$77,250
Total	30	90%				

Deposit: NA

Entrance Fee Option A:

Entrance fee is refundable, prorated for the first 36 months.
1/36th is retained by Parkview per month of residency.

90% Redfund Entrance Fee:

90% of the entrance fee is refundable.

Year Built:

1974

Condition:

Aged

Management Company:

Parkview Home

Included in Rent AL:

- 3 meals daily
- Weekly housekeeping and linens
- Safety features and 24 hour security
- All utilities paid, except telephone, cable
- Laundry Service
- Recreational, social and educational events
- Scheduled transportation
- Access to Parkview Health Center
- 24 hour monitoring by Nursing staff
- Restorative nursing in the Rehabilitation Center

Services for additional fees:

- Garages
- Additional meals
- Personal nursing services (including daily living assistance)
- Restorative nursing in the Rehabilitation Center
- Telephone
- Cable

Extra Monthly Fees:

Double person occupancy - \$933

One time Processing Fee - \$100

Resident Units Include:

- Individual heating & cooling
- Emergency call system
- Bathroom with walk-in shower or tub and shower
- Blinds
- Pre-wired for telephone
- Smoke alarms
- Storage lockers

Facility Amenities

- Exercise room
- Dining room
- Common areas
- Multi-purpose room
- Craft room

Residential Dementia Care

Revere surveyed residential dementia care options in the primary and secondary market area in order to more accurately assess the characteristics of potential market area projects. In particular, these assessments include information on the services and amenities available through each program.

Typical Types of Services and Amenities - Residential Dementia Care

Assisted living facilities may offer specialized dementia services for beginning to moderate stages of the disease. Although specialized, these facilities are still classified as assisted living for state licensure purposes. To differentiate between specialized assisted living and standard assisted living, Revere designates specialized facilities as residential dementia care.

In addition to the regular services offered in an assisted living facility, those facilities with Alzheimer's and dementia care units typically offer a number of specialized services. Specialized services typically include staff trained in the treatment of Alzheimer's disease as well as coping with difficult behavior, activities designed for a cognitively impaired individual, physical plant features such as walkways for wandering residents and secured outdoor recreational areas, and security features to prevent residents from leaving the unit unsupervised.

Characteristics of Residents

Age can range anywhere from the low 50s to the upper 80s. The income bracket would be dependent on the demographic area, but the majority of residents are in the middle to upper income bracket due to the scarcity of public funds for assisted living. The persons with this disease are more frequently women; however, the percentage of men has been increasing over the past few years. Many of these persons still have a living spouse due to the fact that Alzheimer's can strike at a relatively young age.

Most Alzheimer's residents come into an assisted living facility from their home. Assisted living care is normally sought out due to the person's inability to live alone because of safety issues. They generally wander outside without taking into account the temperature and often not have a specific destination. They will turn on the water or appliances such as the stove and then forget about them. Their ability to complete activities of daily living will gradually decline. They also usually become incontinent, often going to the bathroom in inappropriate places. They will dress themselves in layers of clothing and put them on inappropriately. They forget to do things like brush their teeth and shower. Often a simple reminder or prompting is all that is needed in the early and middle stages of the disease, progressing to total dependency on staff for all ADL activities over time.

Residential Dementia Care Community Profiles

The following facility profiles identify specific data about service area facilities which are considered comparable to aspects of the project as proposed.

Liberty Village - Manor Court

2170 Navajo Dr.
Freeport, IL 61032
815-233-2400

www.libertyvillageoffreeport.com



Project Type: Independent Living, Residential Alzheimer's Care,
Skilled Nursing - Liberty Village of Freeport (CCRC)

Unit Type	# of units	Sq. Feet	Occupancy	Monthly Pricing
Alzheimer's Care - Garden Court	-	-	-	-
Semi-private	12	-	-	\$2,898
Skilled Nursing - Liberty Court	90	-	-	-
Total	102	-	-	-

Deposit: \$1,500 (refundable)

Lease: Month-to-month

Year Built: 2005

Condition: New

Management: Corr RFMS Inc.

Included in Rent AL & ALZ:

- Three meals per day
- Weekly housekeeping and personal laundry
- Safety features and a secure environment
- All utilities paid, except telephone
- Recreational, social and educational events
- Scheduled transportation
- Satellite television
- Activities of daily living
- Specialized dementia care on Alzheimer's unit

Services for additional fees:

- Skilled nursing services
- Rehabilitation services (occupational, speech, and physical)
- Respite and hospice care

Resident Units Include:

- Closet
- Individual heating & cooling
- Emergency call system
- Private bathroom (shower in AL units)
- Blinds
- Pre-wired for telephone
- Smoke alarms

Facility Amenities

- Facility Van
- Dining room
- Common areas
- Personal laundry areas
- Covered entryway
- Beauty and barber shop
- Library
- Outside courtyard

Licensed Nursing Care

Nursing facilities provide a living arrangement that integrates shelter with medical, nursing, psychological, and rehabilitative services for persons who require 24-hour supervision. Meals, utilities, housekeeping, laundry, and a social/activities program are all included in the fee. A wide range of rehabilitation and specialized programs can be offered.

Characteristics of Skilled Nursing Facility Residents

A skilled care resident is generally aged 80 or higher. The patients are generally female but the numbers of males utilizing nursing homes is increasing. These patients often have lived alone prior to admission to a nursing facility, because most have been widowed. The limitations in ADLs can vary greatly depending upon the patient's reasons for needing a skilled nursing unit. Patients can be admitted for short-term stays to recover and/or rehabilitate from a spell of illness and then return home or may be admitted due to an increased inability to live at home. Many long-term skilled nursing residents have some form of Alzheimer's or dementia with or without additional physical disabilities requiring the need for assistance with ADLs.

Skilled Nursing Facility Profiles

The following facility profiles identify specific data about primary market facilities which are considered comparable to aspects of the project as proposed.

Freeport Memorial Hospital

1045 W. Stephenson St.

Freeport, IL 61032

815-599-6000

www.fhn.org



Project Type: Skilled Nursing

(Picture from Google Maps Streetview)

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$322	\$9,821
Private Skilled Care	-	-	-	\$364	\$11,102
Total	26		58.0%		

Freeport Rehab & Health Care Center

900 S. Kiwanis Dr.

Freeport, IL 61032

815-235-6196

www.libertyvillageoffreeport.com



Project Type: Skilled Nursing

(Picture from Google Maps Streetview)

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$135	\$4,118
Private Skilled Care	-	-	-	\$155	\$4,728
Total	143		56.0%		

Manor Court of Freeport (Liberty Estates)

2170 W. Navajo Dr.

Freeport, IL 61032

815-233-2400

www.libertyvillageoffreeport.com**Project Type:** Skilled Nursing*(Picture from Google Maps Streetview)*

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$155	\$4,728
Private Skilled Care	-	-	-	\$180	\$5,490
Total	90		NA		

Comments: Manor Court of Freeport has recently applied to the State of Illinois Health Facilities and Services Review Board to change the configuration of its care units. The facility originally had 37 supportive living (SLF) beds, 24 assisted living beds and 5 sheltered care assisted living beds in its Hawthorne Inn neighborhood, 28 (sheltered care) residential dementia beds in its Garden Court neighborhood and 45 skilled nursing units in its Manor Court neighborhood. The facility now has approval as of July 28th for an additional 45 skilled beds for a total of 90 skilled beds and it has discontinued the assisted living and sheltered care beds in the Hawthorne Inn, discontinued 16 sheltered care beds in the Garden Court for a total of 12 residential dementia care beds.

Parkview - Church Park

1234 South Park Blvd.

Freeport, IL 61032

815-232-8612

www.parkviewhome.org**Project Type:** Skilled Nursing

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Level 1 (Paid Entry Fee)					
Semi-Private Skilled Care	-	-	-	\$131	\$3,996
Private Skilled Care	-	-	-	\$154	\$4,697
Level 2 (Paid Entry Fee)					
Semi-Private Skilled Care	-	-	-	\$154	\$4,697
Private Skilled Care	-	-	-	\$175	\$5,338
Level 1 (Without Entry Fee)					
Semi-Private Skilled Care	-	-	-	\$156	\$4,758
Private Skilled Care	-	-	-	\$179	\$5,460
Level 2 (Without Entry Fee)					
Semi-Private Skilled Care	-	-	-	\$179	\$5,460
Private Skilled Care	-	-	-	\$200	\$6,100
Total	28		87.0%		

Provena St. Joseph Center

659 E. Jefferson St.

Freeport, IL 61032

815-232-6181

<http://www.provena.org/seniors/body.cfm?id=2070>**Project Type:** Skilled Nursing*(Picture from Google Maps Streetview)*

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$157	\$4,789
Private Skilled Care	-	-	-	\$188	\$5,734
Total	120		90.0%		

Stephenson Nursing Center

2945 S. Walnut Rd.

Freeport, IL 61032

815-235-6173

www.co.stephenson.il.us/nursing/



Project Type: Skilled Nursing, Intermediat Care, Alzheimer's Care (Picture from Google Maps Streetview)

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$130	\$3,965
Private Skilled Care	-	-	-	\$145	\$4,423
Total	162		73.0%		

Medina Nursing Center

402 S. Center St.

Durand, IL 61024

(815) 248-2151

www.medinamanor.com

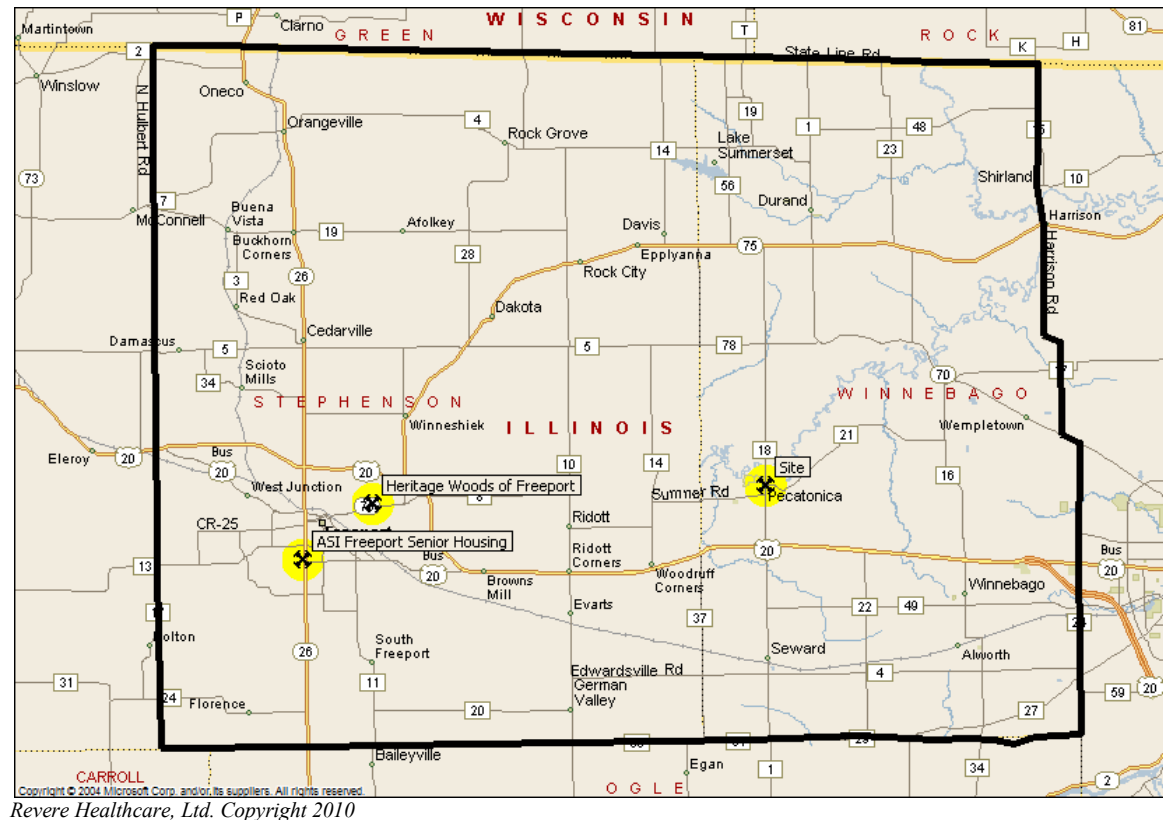


Project Type: Skilled Nursing, Independent Living *(Picture from Google Maps Streetview)*

Unit Type	# of units	Sq. Feet	Occupancy	Daily Pricing	Monthly Pricing
Semi-Private Skilled Care	-	-	-	\$155	\$4,728
Private Skilled Care	-	-	-	\$165	\$5,033
Total	89		81.0%		

PLANNED DEVELOPMENT

Figure 5.5 Planned Facilities



Freeport

Shelly Griswold – Freeport City Planner

Ms. Griswold indicated that there are two facilities currently being built in Freeport, a 23 unit affordable senior apartment building by ASI Freeport Senior Housing, and Heritage Woods, a supportive living facility. She feels there is a need for affordable beds in the area.

The ASI Freeport Senior Housing senior apartment building is located at 1764 South Dirck Drive. The development will have 22 one bedroom apartments and one, two bedroom apartment for the resident manager. It is an affordable HUD 202 Supportive Housing Project for the elderly and as such will not be competitive.

Heritage Woods of Freeport is a supportive living facility that is expected to break ground in 2010. Ms. Griswold indicated that they have started to annex property in order to get the project started. The facility is located at IL Rt. 75 and Tower Rd. in Freeport. It will have 99 supportive living units. The plans also indicate a development of active

adult homes on the site that will be age restricted to 55 and older. Heritage Woods may include competitive assisted living units if any are market rate.

Winnebago County

Planning & Zoning Staff

There are no facilities being built or in the planning phases in unincorporated Winnebago County. There is one proposed facility for senior veterans that is being planned in Rockton. The developers are seeking to annex into Rockton city limits but as of October 5, 2010 has not formally applied for annexation. Plans call for a 12 building living center for aging veterans with a capacity of 72 residents. The planned development is located at Yale Bridge Road on 20 acres of land. The facility is located beyond the primary market area and so will not be considered competitive to the clients proposed development.

CONCLUSIONS

Revere Healthcare identified several facilities as competitive to the Sponsor and/or the levels of care under consideration in the primary market area. In the primary market area, there are two communities with independent living units (totaling 248 ILUs), there are four facilities with assisted living units (totaling 169 ALUs), one competitive facility with residential dementia care units (totaling 12 beds) and seven competitive facilities with licensed nursing care units (totaling 675 beds).

VI. DEMAND ANALYSIS

METHODOLOGY

The demand analysis draws on the service area definition, demographic, and competition sections of this report. Relevant information collected to determine demand for the proposed services is summarized briefly in this section; however, the aforementioned sections must be read in order to fully understand the methodology used in this section. Analyses for independent living, assisted living, residential dementia care, and licensed nursing care are presented below.

INDEPENDENT LIVING / PRE-ASSISTED LIVING

Target Market

Revere Healthcare determined the target market for independent living/pre-assisted living services as older adults age 75+ with an annual income of \$35,000 or more.

Competition

Two (2) facilities with independent living/pre-assisted living containing 89 units (ILUs) were identified in the primary market area. Subsidized units are not considered competitive to the proposed project based on the income screen. Please note facilities offering varying levels of services and amenities when compared to the proposed project. The overall market supply currently has approximately 89 total units. All vacant units are considered competitive for the purpose of calculating demand. Industry statistics indicate that occupied independent living apartments experience a turnover rate of 33%. Therefore, competition from turnover is calculated to be 29 units on an annual basis.

Market Penetration for Independent Living / Pre-Assisted Living

The market penetration rate is a measurement the financial community uses to determine market risk. The higher the penetration rate, the higher the market risk. A simple market penetration rate can be obtained by taking the number of planned units for a proposed project and dividing it by the total age- and income-qualified population. Age and income qualifications are set using *screens*, which vary for independent living and assisted living. A number of *deductions* are used for further market segmentation. See the following sections for more information.

Deductions

Certain elements of the age- and income-qualified population are deducted to account for various phenomena; e.g., the number of institutionalized individuals and the number of units offered by competing facilities (both in operation and in the planning stages).

Market Penetration Calculation for Rental Fee Payment Option

For independent living, approximately 60% of annual income is considered adequate to cover the monthly fees, which pay for the room, basic utilities, security, maintenance, and other services. The rental component sans services is typically 35% of annual income.

Starting Monthly Fee Calculation (in 2010 \$)

IL fee – $(\$35,000 \text{ annual income} / 12 \text{ months}) \times 0.6 = \$1,750 \text{ monthly fee}$

Rent only – $(\$35,000 \text{ annual income} / 12 \text{ months}) \times 0.35 = \$1,021 \text{ monthly rent}$

Please note: A monthly fee of \$1,750 is merely a minimum the independent living population would be willing or able to pay. For example, a household with a **\$65,000** annual income, using the same 60 percent approximation, could pay **\$3,250** for a monthly fee, which would include standard IL services.

The age screen was set at 75+ years of age for independent living/pre-assisted living. Using the income ratios mentioned in the previous section, Revere Healthcare set the income screen at \$35,000 or more in annual household income. The number of age- and income-qualified individuals, less all appropriate deductions, is then divided into the number of proposed units to yield the final penetration rate.

Table 6.1 Penetration Calculation – Independent Living / Pre-Assisted Living

Household Income by Age of Householder	2015 Demographic Projections		
	75-84	85+	Total
\$35,000-\$49,999	389	125	514
\$50,000-\$74,999	285	96	381
\$75,000+	214	75	289
	888	296	1,184
Institutionalized	5.5%		(65)
		Subtotal	1,119
Assistance w/ ADLs (Assisted Living)	30%		(336)
		Subtotal	783
# of Existing Units Occupied from PMA	89		
Annual Turnover*	33%		
	Subtotal	29	
Proposed Units from New Entrants to the Market			-
Estimated Competition from PMA			(29)
	Net Age & Income Qualified		754
Number of Units Proposed			39
Penetration Rate**			5.1%
30% of the demand will come from the SMA			17
			55

Source: Calculations based on information obtained from Nielsen Claritas, Inc.

Interpreting the Penetration Rate (Independent Living / Pre-Assisted Living)

Generally, penetration rates between 3% and 6% are considered to indicate a very strong market demand. Based on industry guidelines and the market penetration rates indicated in table 6.1, a facility offering an independent living program with 55 units would have a 5.0% penetration rate in 2015.

Household Growth

Income qualified households are projected to grow from 1,057 in 2010 to 1,184 in 2015. The increase of 127 income-qualified households created results in a need for housing options appropriate for this age group. High occupancy rates among the existing supply of appropriate facilities results in excess demand for housing. When coupled with the pent up demand in 2015 (as identified in calculation 6.1 above), household creation will further imbalance demand as compared to supply.

ASSISTED LIVING

Target Market

Revere Healthcare, Ltd. determined the target market for assisted living services as older adults age 75+ with an annual income of \$35,000 or more. The income screen is calculated below. Based on industry standards for assisted living, an individual can use up to 80% of annual income for rent in a residential care setting.

Rental Fee Calculation

For assisted living, approximately 80% of annual income is considered adequate to cover the monthly rental fee, which pays for the room, basic utilities, three meals daily, activity program, security, scheduled transportation, maintenance, etc. Monthly fees in assisted living are typically higher because some amount of personal care is included in the fee.

Starting Monthly Fee Calculation (in 2010 \$)

$(\$35,000 \text{ annual income} / 12 \text{ months}) \times 0.8 = \$2,333 \text{ monthly rent}$

Competition

Four assisted living facilities with 169 units (ALUs) were identified in the primary market area. Subsidized units are not considered competitive to the proposed project based on the income screen. Please note that facilities are offering varying levels of services and amenities when compared to the proposed project. All vacant units are considered competitive for the purpose of calculating demand. Industry statistics indicate that occupied assisted living apartments experience a turnover rate of 50%. Therefore, competition from turnover is calculated to be 85 units on an annual basis.

Market Penetration Calculation for Assisted Living

The market penetration rate is a measurement the financial community uses to determine market risk. The higher the penetration rate, the higher the market risk. A simple market penetration rate can be obtained by taking the number of planned units for a proposed project and dividing it by the total age- and income-qualified population. Age and income qualifications are set using *screens*, which vary for assisted living. A number of *deductions* are used for further market segmentation. See the following sections for more information.

Deductions

Certain elements of the age- and income-qualified population are deducted to account for various social phenomena; e.g., the percentage of the 75 and older population with mobility and/or self care limitations is a primary indicator for assisted living projects.

Other factors to be considered include the number of institutionalized individuals and the number of units offered by competing facilities (both in operation and in the planning stages). The number of age- and income-qualified individuals, less all appropriate deductions, is then divided into the number of proposed units to yield the penetration rate.

Assisted Living Screens

For assisted living, the age screen was set at 75+ years of age. Using the 80% of monthly income for rent rule mentioned in the previous section, Revere Healthcare set the income screen at \$35,000 or more in annual household income.

Table 6.2 Penetration Calculation – Assisted Living

Household Income by Age of Householder	2015 Demographic Projections		
	75-84	85+	Total
\$35,000-\$49,999	389	125	514
\$50,000-\$74,999	285	96	381
\$75,000+	214	75	289
	888	296	1,184
Institutionalized	5.9%		(70)
			1,114
Assistance w/ ADLs			30%
Gross Age, Income, & Disability Qualified			334
# of Existing Units Occupied from PMA	169		
Annual Turnover*	50%		
Subtotal	85		
Vacant Units			-
Estimated Competition from PMA			(85)
Net Age, Income, & Disability Qualified			250
Number of Units Proposed			27
Penetration Rate**			10.8%
70% of the units will be filled by demand from the PMA			27
30% of the demand will come from the SMA			12
Total Project Size			39
*Assumes assisted living resident lives at the community 2 years on average.			
**Move rates have been excluded from this calculation.			

Source: Calculations based on information obtained from Nielsen Claritas, Inc.

Interpreting the Penetration Rate (Assisted Living)

For assisted living, market penetration rates may be higher than typical senior housing projects due to the health care aspects of the industry. Typically, acceptable penetration rates for assisted living have ranged between 8% and 15%. Based on existing market conditions, Revere Healthcare is estimating a penetration rate of 5% for assisted living.

Based on industry guidelines and the market penetration rates indicated in table 6.2, a project offering an assisted living program could support approximately 39 units by 2015.

RESIDENTIAL DEMENTIA CARE

Target Market

Revere determined the target market for this project as older adults age 65+ with an annual income of \$35,000 or more and moderate dementia. The income screen is calculated below. Based on industry standards for assisted living, an individual can use up to 80% of annual income for rent in a residential care setting.

Payment Options

Similar to assisted living, there are a variety of residential care pricing options including tiered programs and monthly rental programs. In addition to covering utilities and services, fees and rents also include ADL assistance and specialized activity programs. For residential dementia care, monthly fees or rents can range from \$2,000 to \$6,500 or more.

Rental Fee Calculation

For residential care, approximately 80% of annual income is considered adequate to cover the monthly rental fee, which pays for the room, basic utilities, three meals per day, activity programming, security, scheduled transportation, maintenance, etc.

Starting Monthly Fee Calculation (in 2010 \$)

$(\$35,000 \text{ annual income} / 12 \text{ months}) \times 0.8 = \$2,333 \text{ monthly fee}$

Demand Calculation

Based on standards originating from the older housing and care industry, the penetration rate for dementia is a measurement of market risk. The higher the penetration rate, the higher the market risk. The penetration rate can be obtained by multiplying the market area population in a particular age group by the percentage of the national population

experiencing dementia for that age group. Age groups below 65 years of age experiencing dementia are not statistically significant and, as a result, these age groups do not appear in our calculations. Table 6.3 illustrates the market penetration calculation.

Deductions

Certain elements of the age, income, and disability qualified population are deducted to account for various phenomena; e.g., the number of individuals with dementia so severe that they require a skilled nursing setting or so mild that they do not required a supervised environment.

Competition - PMA

Revere identified one assisted living facilities with a residential dementia care level of service located in the primary market area with 12 units. All vacant units are considered competitive for the purpose of calculating demand. Industry statistics indicate that occupied assisted living apartments experience a turnover rate of 50%. Therefore, competition from turnover is calculated to be 6 units on an annual basis.

Table 6.3 Penetration Calculation - Residential Dementia Care - PMA

Annual Income	Age Groups: Primary Market			
	65-74	75-84	85+	Total
\$35,000-\$49,999	533	389	125	1,047
\$50,000-\$74,999	682	285	96	1,063
\$75,000+	539	214	75	828
Total Age & Income Qualified	1,754	888	296	2,938
% of Population with Probable Alzheimer's*	3.0%	18.7%	47.2%	
Estimated Age, Income, & Disability Qualified	53	166	140	358
<u>Deductions</u>				
Severe Dementia requiring Nursing Care*				(93)
Mild Dementia not requiring Supervision*				(82)
Mild Dementia cared for in traditional AL settings				(48)
<u>Competition</u>				
Competition from Projects in the Planning Stage		-		
# of Existing Units Occupied from market		12		
		12		
Annual Turnover**		50%		
Estimated # of Competitive Units				(6)
Net Age, Income & Disability Qualified				129
Number of Units Supported by PMA				18
Penetration Rate***				14.0%
70% of the units will be filled by demand from the PMA				18
30% of the demand will come from the SMA				8
Total Project Size				26
*Alzheimer's screens based on <i>Prevalence of Alzheimer's Disease in a Community Population of Older Persons</i> by Evans et al, as reprinted in JAMA, November 10, 1989 -- Vol. 262, No. 18, 2551-2556.				
**Assumes dementia resident lives at the community 2 years on average.				
**Move rates have been excluded from this calculation.				

Interpreting the Penetration Rate (Residential Dementia Care - PMA)

For residential dementia care, Revere sets the target for market penetration rates between 5% and 15% due to the absence of an industry standard. This target penetration rate is comparable to the standard used in older adult housing.

Based on market information and analysis and the market penetration rates indicated in table 6.4, a facility specializing in residential dementia care could support approximately 26 units by 2015.

LICENSED NURSING CARE

A skilled nursing environment provides a high level of nursing, supervision, and health care. Admission to a nursing facility (NF) is by order of a physician only. NFs provide nursing care for intensive needs such as convalescence from a hospital stay, and provide a high level of nursing care (RNs and LPNs).

Supply

For calculating bed need, a total of 675 licensed nursing care beds were identified in seven facilities in the primary market area. These facilities are Freeport Memorial Hospital, Freeport Rehab & Health Center, Manor Court of Freeport, Parkview Home, Provena St. Joseph Center, Medina Nursing Center and Stephenson Nursing Center.

Project Internal Demand

Due to the nature of the health related services offered in a project with multiple care levels, demand for assisted living and nursing services is based on the demand generated by project residents in the independent living, assisted living, and residential dementia units (internal demand) rather than the need in the community (external demand).

When planning care services for a multiple care level setting, Revere uses the industry benchmarks of “1 unit per 10 apartments” ratio for assisted living units and “1 bed per 5 apartments” ratio for nursing beds. However, a national survey of current construction conducted by the American Association for Homes and Services for the Aging revealed more aggressive ratios of 1:3.2 (ALU) and 1:6.6 (SNF) respectively. The following table illustrates internal demand using both approaches to unit mix:

Table 6.4 Internal Demand for Assisted Living and Nursing Services

Estimated Units	120
Estimated Population (15% dbl occupancy)	138
Peak Population (25% dbl occupancy)	150
<u>Nursing</u>	Ratio: 1:5
Bed Need (estimated)	28
Bed Need (peak)	30

Based on internal demand the project could support an additional 28-30 nursing beds. As a conservative measure, Revere recommends a facility with 24 nursing beds for a facility opening in 2015.

RECOMMENDATION

Revere recommends further planning for a project that includes independent living/pre-assisted living, assisted living, residential dementia care, and licensed nursing care services in Pecatonica, Illinois. Using 2015 population estimates, Revere calculates a 2015 demand for 55 independent living/pre-assisted living units, 39 assisted living units, 26 residential dementia care units and 24 licensed nursing care beds.

GLOSSARY

AA or AARC. *See active adult retirement community.*

active-adult retirement community (AA or AARC). These communities target adults 55 and older seeking housing typically restricted to that age group. Typically, these communities include a clubhouse and are comprised of townhomes, duplexes, and single-family ranch-style homes, and sometimes include condominiums. The pioneer for AARCs has been and continues to be Del Webb (now a subsidiary of Pulte Homes) with its extensive research and large communities nationwide.

absorption rate. The anticipated rate that housing units will be filled. Industry norms, product demand, existing competition, and the real estate market within the primary market area are used to determine this rate.

activities of daily living (ADLs). Actions or events concerning personal appearance, hygiene, or health performed on a regular or daily basis, including but not limited to dressing, bathing, grooming, hygiene, and supervised self-administered medication. Also called *personal care*.

ADLs. *See activities of daily living.*

Alzheimer's disease. A degenerative disease of the central nervous system characterized primarily by premature senile mental deterioration.

ALU. *See assisted living units.*

assisted living units (ALU). A housing facility type integrating shelter and services for a more frail elderly population, typically those who are functionally and/or socially impaired and need 24-hour supervision. Unlike retirement housing, this is a service-intensive living environment with social and support services combined with assistance (as required) in activities of daily living. Residents must generally be ambulatory and not require actual nursing care, but even these requirements are relaxing. Physical standards and staffing requirements for these facilities may be, but are not always, licensed by the state. May also be known as *domiciliary care*, *board and care*, *personal care*, *sheltered care*, or *adult foster care facilities* depending on the state.

CCRC. *See continuing care retirement communities.*

CCRS. *See comprehensive care in residential settings.*

caregiver population. Term for individuals age 45–64 years old, because they are often involved in the care and support of an elderly parent.

continuing care retirement communities (CCRC). Also called life care communities. A facility that provides congregate living, private apartments, and a wide variety of services. However, an assisted living and/or licensed nursing unit (wing or separate building) will also be located on the campus. CCRCs offer a broad continuum of health care and housing located in one building or complex. Some CCRCs offer the endowment or entrance fee payment option in addition to a monthly maintenance charge, others use a monthly rental fee option, and yet others incorporate both types.

comprehensive care in residential settings (CCRS). The Comprehensive Care in Residential Settings (CCRS), formerly the Community Based Residential Facility Program demonstration program, originated in fiscal year 1997. The CCRSs provide housing with assisted living services for underserved low- and moderate-income seniors. The Illinois Department on Aging provides reimbursement for the cost of some of the supportive services received by Community Care Program clients residing in CCRSs. Six facilities currently participate in this program. All of the facilities are required to become licensed under the Assisted Living and Shared Housing Act.

dementia. The loss of mental abilities in an alert and awake individual. In older adults, Alzheimer's disease is the most common cause of dementia. *See also Alzheimer's disease.*

Department of Health and Human Services (DHHS). Governmental agency charged with maintaining public health. DHHS is the parent organization for HCFA.

DHHS. *See* **Department of Health and Human Services.**

gate keepers. In managed care, a gate keeper serves as the initial contact for medical services and/or referrals—usually a primary care physician. In retirement housing, a gatekeeper serves as the initial contact for housing services. Examples of the latter include real estate agents, marketing personnel, and key individuals in the community. *See also* **key persons.**

HCFA. *See* **Health Care Financing Administration.**

Health Care Financing Administration (HCFA). The governmental agency that oversees the Medicare and the federal portion of the Medicaid programs. In addition, HCFA establishes Medicare reimbursement rates, investigates fraudulent Medicare claims, and issues waivers to innovative Medicaid programs.

home health care. Also called home care. Home care uses the patient's residence as an alternative site for the delivery of health care services. This level of care is suitable for patients who are medically stable enough to return home but who still require some health care services. Because home care reduces the need for extended, costly hospitalization, this sector of the health care industry has realized amazing growth over the past few years.

hospice care. A supportive care environment for the terminally ill patient. Hospice care can be provided in a variety of settings, including hospital and nursing facility units and stand-alone facilities.

ICF. *See* **intermediate care facilities.**

ILU. *See* **independent living units.**

independent living units (ILU). A housing facility type integrating shelter and services for the older adult who is willing and able to remain living independently, but who requires assistance in coordinating the support and services they need. Older adults who choose independent living want to be a part of a supportive and caring group of neighbors while maintaining their independence and privacy. ILU facilities must successfully coordinate environment, services, and community support in order to increase independence and offset social isolation. Residents will have different levels of service requirements, with some needing no additional services. Services generally include housekeeping, personal care, nutrition, and transportation. May also be known as *congregate living facilities*, *Continuing Care Retirement Communities (CCRCs)*, and *retirement villages*.

intermediate care facilities (ICF). ICFs serve patients whose needs are custodial in nature, and these facilities generally provide a lower level of nursing care and a lower staff-to-patient ratio than SNFs. ICFs are licensed by the state and may participate only in the Medicaid program.

key persons. Individuals involved in the older adult community. Key persons often have knowledge of services that are missing and/or desired by the local elderly population. These individuals can include bankers, local politicians, attorneys, health care employees, and senior center volunteers.

long-term care (LTC). A residential housing or health care delivery setting that focuses on patients in need of care for a chronic condition, convalescence or rehabilitation from an acute episode, assistance with personal care, supervision (as in dementia cases), or any other situation involving a diagnosis with no short-term resolution.

LTC. *See* **long-term care.**

managed care. A new paradigm in health care reimbursement where the payor attempts to control rising costs through negotiating prices for a covered population prior to the actual use of services. Managed care payors track the utilization of health care services, monitor the cost of services, and measure a health care provider's performance in the delivery of services. Negotiations are based on these factors. The covered population receives access to quality, cost-effective health care as a result.

market penetration rate. A measurement that the financial community utilizes to determine market risk for housing projects. The higher the penetration rate, the higher the market risk. The calculation involves defining a qualified population based on several standard criteria. For example, an age and income screen would produce the qualified population for a retirement housing project. Several

- deductions may be used to further define a project's target population. The number of competitive units is typically deducted.
- Medicaid.** Title XIX of the Social Security Act as amended in 1966. A program of federal grants to the states for the purpose of providing medical assistance to those unable to afford the cost of these services. There are four categories of Medicaid recipients: 1) families with dependent children; 2) older adults; 3) the blind; 4) the disabled; and comparable groups of medically indigent persons. Medically needy is defined as those individuals whose medical expenses reduce their income below the Medicaid eligibility level. Each state must provide at least partial coverage for inpatient, outpatient, laboratory, nursing, and medical services.
- nursing facility.** In a 1986 survey, the National Center for Health Statistics stated that to be classified as a nursing or related care home, a facility must have three or more beds and have provided nursing care, personal care, and/or custodial care to its residents. Based on this survey and several more recent reports, approximately 15,000–16,000 free-standing nursing facilities exist in the United States. These facilities tend to be 50–150 beds in size and 93% occupied on average.
- nursing home.** *See nursing facility.*
- payor (or payer).** An organization (or individual in the case of self-pay) that reimburses a provider for expenses incurred in the course of rendering services. Medicare is the most common payor for inpatient services in the acute care setting, while Medicaid is the primary payor for long-term care.
- personal care.** Assistance with daily activities relating to the person or body. For example, assistance with grooming and dressing are personal care services.
- PMA.** *See primary market area.*
- primary market area (PMA).** The majority (in this case 80%–85%) of a project's market originates from this part of the service area. Market-specific analysis, the market areas of primary competitors, and a Sponsor's historical draw for similar services are common methods of primary market definition.
- pro forma.** A financial model of a project's estimated operating results to be used as a basis for financing and development. Common components include notes and assumptions, a balance sheet, cash a flow statement and a revenues over expenses statement.
- provider.** Any supplier of health care services, from a physician to a hospital.
- registered nurse (RN).** A graduate trained nurse who has been licensed by a state authority after meeting the criteria set for registration.
- rehabilitation.** The process of restoring an individual who has experienced an illness or other traumatic event to a condition of health or former activity. Common types of rehabilitation include speech, occupational, and physical therapies.
- RN.** *See registered nurse.*
- secondary market area (SMA).** The portion of the service area outside of the primary market area. Approximately 10%–15% of a project's market originates from this area.
- service area.** The most likely consumers for a particular service reside in the area surrounding the proposed site. This area is limited by geographic, political, and socio-economic boundaries. Sponsorship by a not-for-profit organization or a hospital may also affect the size and scope of a service area. ZIP codes, communities, or counties are frequently used to define a service area.
- licensed nursing facilities (SNF).** A nursing facility providing medical and rehabilitation services to patients. Services are of lower acuity than those provided by a hospital, but they are also generally provided for a longer period of time. Licensed nursing beds provide patient's with a high level of nursing, supervision, and health care. Admission to a SNF is by order of a physician only. SNFs render intensive nursing, such as convalescence from a hospital stay, and generally provide a high level of nursing care (RNs) and staff-to-patient ratios.
- SMA.** *See secondary market area*