ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

ORIGINAL

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: The Admiral at the Lake		
Street Address: 933 West Foster Avenue		
City and Zip Code: Chicago 60640		
County: Cook	Health Service Area: 6	Health Planning Area: 6A

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

Exact Legal Name: The Admiral at the Lake
Address: 933 West Foster Avenue, Chicago, Illinois, 60640
Name of Registered Agent:
Name of Chief Executive Officer: Glenn Brichacek, Ph.D.
CEO Address: 1055 W. Bryn Mawr Avenue, Suite 7, Chicago, Illinois 60660
Telephone Number: (773) 433-1800

Type of Ownership of Applicant/Co-Applicant

■	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

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

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

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

Name: Glenn Brichacek, Ph.D.
Title: CEO
Company Name: The Admiral at the Lake
Address: 1055 W. Bryn Mawr Avenue, Suite 7, Chicago, Illinois 60660
Telephone Number: (773) 433-1800
E-mail Address: gbrichacek@admiral.kendal.org
Fax Number: (773) 433-1805

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

Name: Kara Friedman
Title: Shareholder
Company Name: Polsinelli Shughart
Address: 161 N. Clark Street, Suite 4200, Chiacgo, IL 60601
Telephone Number: (312) 873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: (312) 819-1910

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: The Admiral at the Lake		
Street Address: 933 West Foster Avenue		
City and Zip Code: Chicago 60640		
County: Cook	Health Service Area: 6	Health Planning Area: 6A

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

Exact Legal Name: The Old People's Home of the City of Chicago
Address: 933 West Foster Avenue, Chicago, Illinois, 60640
Name of Registered Agent:
Name of Chief Executive Officer: Glenn Brichacek, Ph.D.
CEO Address: 1055 W. Bryn Mawr Avenue, Suite 7, Chicago, Illinois 60660
Telephone Number: (773) 433-1800

Type of Ownership of Applicant/Co-Applicant

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

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- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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

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Telephone Number: (312) 873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: (312) 819-1910

Post Permit Contact

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

Name: Glenn Brichacek, Ph.D.
Title: CEO
Company Name: The Admiral at the Lake
Address: 933 West Foster Avenue, Chicago, Illinois, 60640
Telephone Number: (773) 433-1800
E-mail Address: gbrichacek@admiral.kendal.org
Fax Number: (773) 433-1805

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: The Admiral at the Lake
Address of Site Owner: 933 West Foster Avenue, Chicago, Illinois, 60640
Street Address or Legal Description of Site: 933 West Foster Avenue, Chicago, Illinois, 60640 **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: The Admiral at the Lake
Address: 933 West Foster Avenue, Chicago, Illinois, 60640

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

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

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

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

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

2. Narrative Description

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

Current Status

On February 27, 2008, the Review Board approved Project No. 07-137 authorizing the construction of The Admiral at the Lake ("The Admiral") as a continuing care retirement community ("CCRC"). On June 8, 2010, the Review Board approved a 36-month permit renewal for The Admiral at the Lake project. The Admiral at the Lake and its parent organization, The Old People's Home of the City of Chicago (together the "Applicants"), submit this application as a new application for essentially the same project, except without the CCRC variance restriction.

Progress on The Admiral at the Lake has proceeded steadily. The Illinois Finance Authority issued revenue bonds for the project in November 2010. Prior to the issuance of the revenue bonds, The Admiral entered into a Guaranteed Maximum Price Construction Contract ("GMP Contract"), which resulted in obligation of the Project. The Review Board acknowledged obligation of the Project during the meeting of the Board on June 8, 2010 during which the 36-month permit renewal was approved. Subsequent to issuance of the revenue bonds, construction was initiated under the GMP Contract. Construction is currently ahead of schedule and The Admiral plans to open and admit its first residents in the Independent Living units in the summer of 2012. The CCRC variance limits admission to the skilled unit to only those residents already residing in the Independent Living and Assisted Living units. This process is quite slow and leads to considerable inefficiency in operating a skilled unit with only a few residents.

The new Project differs little from the existing permit. The skilled/clinical portion of the Project is virtually unchanged. The construction cost is actually less than what was originally approved, although the bond financing and interest costs are somewhat more.

Project Background

The Admiral previously owned and operated a CCRC located on the site of the Project. The community was a licensed life care community that operated a facility containing 77 independent living apartments, 42 assisted living apartments and 50 nursing beds. The nursing beds were operated under an open Certificate of Need permit. Based on the age of its facilities and the configuration of the buildings and units, the community was in need of replacement with modern facilities and accompanying services. To facilitate redevelopment of the community The Admiral discontinued operations under its existing permit (Project No. 07-137) and completed the demolition and abatement of the existing facility in December 2007. The existing residents of The Admiral were temporarily relocated to various "host facilities" located within a 10 mile radius of the community and once redevelopment is complete the existing residents will be relocated back to the Project.

When the original permit application was filed, The Admiral contemplated application for a replacement Certificate of Need for the Project, but given the estimated timeframe between discontinuation and opening of the replacement facility it was determined that discontinuation of the existing 50-bed open Certificate of Need and application for a new 36-bed Certificate of Need was the appropriate course of action.

Existing Permit and New Application

At the time of application for the existing 36-bed Certificate of Need there was a calculated bed excess, which prompted The Admiral to apply under the CCRC variance provisions. However, as the closure of the previous 50-bed skilled nursing facility and the construction of the replacement 36-bed nursing facility are components of the overall redevelopment Project, the Applicants are re-applying for a new Certificate of Need, seeking removal of the CCRC variance, consistent with the permit for the prior 50-bed facility.

Because the Project is technically considered a Project for a new long term care facility, it is considered "substantive".

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$122,211	$1,391,223	$1,513,434
Site Survey and Soil Investigation	2,393	27,240	29,633
Site Preparation	0	0	0
Off Site Work	36,659	417,318	453,977
New Construction Contracts	8,511,009	96,887,270	105,398,279
Modernization Contracts	0	0	0
Contingencies	278,897	3,496,400	3,775,297
Architectural/Engineering Fees	595,581	6,779,950	7,375,531
Consulting and Other Fees	568,606	7,128,351	7,696,957
Movable or Other Equipment (not in construction contracts)	238,851	2,719,018	2,957,869
Bond Issuance Expense (project related)	395,365	4,956,503	5,351,868
Net Interest Expense During Construction (project related)	2,487,164	31,180,416	33,667,580
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	0	10,959,077	10,959,077
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	$13,236,737	$165,942,765	$179,179,502
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$480,182	$6,019,818	$6,500,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	12,756,555	159,922,947	172,679,502
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$13,236,737	$165,942,765	$179,179,502

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 $ $369,000 .

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): June 30, 2013
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140): ☒ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies ☐ Project obligation will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

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

Cost Space Requirements

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

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

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

Facility Bed Capacity and Utilization

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

FACILITY NAME: The Admiral at the Lake			CITY: Chicago		
REPORTING PERIOD DATES: N/A		From:		to:	
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	36	N/A	N/A	0	36
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	36	N/A	N/A	0	36

CERTIFICATION

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

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

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

[signature]	[signature]
SIGNATURE	SIGNATURE
Glenn Brichacek	John A. Diffey
PRINTED NAME	PRINTED NAME
Chief Executive Officer	Board Member
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 8th day of May 2012	Notarization: Subscribed and sworn to before me this 8th day of May 2012
Alice A. Loeppert	James R. Cahill
Signature of Notary	Signature of Notary
Seal "OFFICIAL SEAL" Alice A Loeppert Notary Public, State of Illinois My Commission Expires 10/9/2015	Seal OFFICIAL SEAL JAMES R CAHILL Notary Public - State of Illinois My Commission Expires Apr 8, 2014

*Insert EXACT legal name of the applicant

CERTIFICATION

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

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

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

SIGNATURE

Glenn Brichacek
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2012

Alice A. Loeppert
Signature of Notary

Seal

"OFFICIAL SEAL"
Alice A Loeppert
Notary Public, State of Illinois
My Commission Expires 10/9/2015

SIGNATURE

John A. Duffy
PRINTED NAME

Board Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 8th day of May 2012

James R. Cahill
Signature of Notary

Seal

OFFICIAL SEAL
JAMES R CAHILL
Notary Public - State of Illinois
My Commission Expires Apr 8, 2014

*Insert EXACT legal name of the applicant

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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

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

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

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

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

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

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

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

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

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

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
   c. The project involves the conversion of existing space that results in excess square footage.

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE: Not Applicable

Provide the following information:

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

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

ASSURANCES: Not Applicable

Submit the following:

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

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

I. Criterion 1110.1730 - General Long Term Care

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

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

Category of Service	# Existing Beds	# Proposed Beds
■ **General Long Term Care**	0	36

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

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

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

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

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

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

VIII. - 1120.120 - Availability of Funds

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

$6,500,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$172,679,502	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$179,179,502	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE	

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	2008	2009	2010	2015*
Current Ratio	0.25	0.31	0.94	1.35
Net Margin Percentage	6.29%	325.53%	-65.67%	-15.11%
Percent Debt to Total Capitalization	N/A	N/A	97.79%	143.09%
Projected Debt Service Coverage	N/A	N/A	-0.09	1.09
Days Cash on Hand	1,385	1,621	1,340	416
Cushion Ratio	N/A	N/A	0.96	7.41

*Represents 2 years following project completion, but one year prior to project stabilization.

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

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

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

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

B. Conditions of Debt Financing

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

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

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

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

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

Read the criterion and provide the following:

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

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

The Admiral at the Lake
Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	Total
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. $	Mod. $	Cost
Department/Area	New	Mod.	New	Circ.*	Mod.	Circ.*	(A x C)	(B x E)	(G + H)
Nursing Suites	$263.56		25,088	21%			$6,612,294		$6,612,294
Food Service	$263.56		799	21%			$210,588		$210,588
Dining	$263.56		1,360	21%			$358,447		$358,447
Support/Administration	$263.56		5,045	21%			$1,329,680		$1,329,680
Contingency	$8.64		32,292				$278,897		$278,897
TOTAL	$272.20	0	32,292	21%	0	0	$8,789,906	$0	$8,789,906

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement

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

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

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

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

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

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

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

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

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

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

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

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

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

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

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

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

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

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

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

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

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

INDEX OF ATTACHMENTS

Attachment 1

Applicant/Co-Applicant Identification

ATTACHMENT 1

File Number 0413-151-7

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE ADMIRAL AT THE LAKE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 04, 1887, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031902086
Authenticate at: http://www.cyberdriveillinois.com

SECRETARY OF STATE

ATTACHMENT 1

File Number 6457-278-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 05, 2005, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031903274

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

SECRETARY OF STATE

ATTACHMENT 1

Attachment 2

Site Ownership

ATTACHMENT 2

17 485 228

TRUSTEE'S DEED

THIS INDENTURE, made this 16th day of March, 1959, between CHICAGO TITLE AND TRUST COMPANY, a corporation of Illinois, as Trustee under the provisions of a deed or deeds in trust, duly recorded and delivered to said company in pursuance of a trust agreement dated the 5th day of June, 1947, and known as Trust Number 33683, party of the first part, and THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, a not-for-profit corporation organized under the laws of Illinois, party of the second part;

WITNESSETH, That said party of the first part, in consideration of the sum of One Hundred Dollars, and other good and valuable consideration in hand paid, does hereby grant, sell and convey unto said party of the second part, the following described real estate, situated in Cook County, Illinois, to-wit:

PARCEL 1: Lot 18 (except the West 5 feet thereof) and Lot 17 in White, Walt and Proudfoot's Subdivision of Block 4 in Argyle, being a Subdivision of Lots 1 and 2 of Fussey and Fennimore's Subdivision of the South East fractional quarter of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, and of Lots 1 and 2 in Colehour and Conarroe's Subdivision of Lot 3 of said Fussey and Fennimore's Subdivision.

17 485 228

ALSO

That tract of land East of and adjoining Lot 17 above described as commencing at the North East corner of Lot 17 as originally laid out and platted, running thence East along the North line of said Lot 17, extended East to the West boundary line of Lincoln Park, as established by decree entered April 17, 1913 in Case 321079 Circuit Court, Emma L. White against the Commissioners of Lincoln Park and others running thence Southerly along the West boundary line of Lincoln Park as established by said decree to the South line of Lot 17 aforesaid, extended East, running thence West along the South line of Lot 17 as extended to the South East corner of said Lot 17, as originally laid out and platted, running thence Northerly along the Easterly line of said Lot 17, as originally laid out, and platted to the place of beginning, the East 3 feet of the West 8 feet of Lot 18 above described being subject to an easement for air and light purposes as established by the deed from Theodore O. Dalang and wife to Anton Wille dated May 14, 1915, and recorded May 17, 1915, as Document 5634579.

ATTACHMENT 2

RIDER ATTACHED TO TRUST DEED DATED
MARCH 16, 1959 FROM THE OLD PEOPLE'S
HOME OF THE CITY OF CHICAGO, AS
MORTGAGOR, AND CHICAGO TITLE AND
TRUST COMPANY, AS TRUSTEE

The legal description of the property conveyed hereunder is as follows:

PARCEL 1: Lot 18 (except the West five feet thereof) and Lot 17 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle, being a Subdivision of Lots 1 and 2 of Fussey and Fennimore's Subdivision of the South East fractional quarter of Section 8, Township 40 North, Rar 14, East of the Third Principal Meridian, and of Lots 1 and 2 in Colehour and Conarroe's Subdivision of Lot 3 of said Fussey and Fennimore's Subdivision.

ALSO

That tract of land East of and adjoining Lot 17 above described as commencing at the North East corner of Lot 17 as originally laid out and platted, running thence East along the North line of said Lot 17, extended East to the West boundary line of Lincoln Park, as established by decree entered April 17, 1913 in Case 321079 Circuit Co Emma L. White against the Commissioners of Lincoln Park an thers running thence Southerly along the West boundary line of Lincoln Park as established by said decree to the South line of Lot 17 aforesaid, extended East, running thence West along the South line of Lot 17 as extended to the South East corner of said Lot 17, as originally laid out and platted, running thence Northerly along the Easterly line of said Lot 17, as originally laid out, and platted to the place of beginning, the East 3 feet of the West 8 feet of Lot 18 above described being subject to an easement for air and light purposes as established by the deed from Theodore O. Dalang and wife to Anton Wille dated May 14, 1915, and recorded May 17, 1915, as Document 5634579.

17 485 229

PARCEL 2: The West 5 feet of Lot 18 and all of Lots 19 and 20 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle, said Argyle being a Subdivision of Lots 1 and 2 of Fussey and Fennimore's Subdivision of the South East fractional quarter of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, and of Lots 1 and 2 in Colehour and Conarroe's Subdivision of Lot 3 of said Fussey and Fennimore's Subdivision, all in Cook County, Illinois, commonly known as 909 West Foster Avenue, Chicago, Illinois.

17. The lien of this Trust Deed is subject and subordinate to the lien of that certain Trust Deed dated January 15, 1947 recorded as document 13984582 and filed in the Office of the Registrar of Titles as document LR 1152384 as modified by agreement dated

ATTACHMENT 2

PARCEL 2: The West 5 feet of Lot 18 and all of Lots 19 and 20 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle, said Argyle being a Subdivision of Lots 1 and 2 of Fussey and Fennimore's Subdivision of the South East fractional quarter of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, and of Lots 1 and 2 in Colehour and Conarroe's Subdivision of Lot 3 of said Fussey and Fennimore's Subdivision;

together with the tenements and appurtenances thereunto belonging, including all screens, stoves, refrigerators, linen, china, utensils, cleaning supplies, flatware, tools, garden equipment, all furniture, furnishings and carpeting and all fixtures and equipment of every kind (not owned by Tenants) now located on the premises, including but not limited to the following: 160 china cabinets, 88 gas ranges, 88 gas refrigerators, carpeting in 88 apartments and in 10 corridors, furnishings, including the above, in eight three- and six two-room apartments, except items owned by tenants, approximately 432 aluminum screens, also wooden screens; approximately 430 venetian blinds; miscellaneous furniture in storage rooms, operating equipment, sheets and linens.

17 485 228

TO HAVE AND TO HOLD the same unto said party of the second part, and to the proper use, benefit and behoof forever of said party of the second part.

This deed is executed pursuant to and in the exercise of the power and authority granted to and vested in said trustee by the terms of said deed or deeds in trust delivered to said trustee in pursuance of the trust agreement above mentioned. This deed is made subject to the lien of every trust deed or mortgage (if any there be) of record in said county given to secure the payment of money, and remaining unreleased at the date of the delivery hereof.

*****

IN WITNESS WHEREOF, said party of the first part has

February 25, 1952 recorded as document 15348990 and filed in the Office of said Registrar of Titles as document LR 1405806 (said Trust Deed as modified and the Note secured thereby being hereinafter referred to as "Seller's Mortgage").

18. Mortgagor may prepay the principal and accrued interest due on the above-described Instalment Note upon compliance with the terms and provisions contained in said Note respecting such prepayment.

19. Mortgagor is authorized to make payments on account of Seller's Mortgage and to receive credit therefor on the Instalment Note secured hereby as provided in said Instalment Note, but subject to the conditions therein contained.

20. Said Note represents a portion of the purchase price of the premises.

21. Mortgagor is authorized to credit said Note with One Hundred Twenty-Five per cent (125%) of the amount, if any, by which the general taxes assessed against the premises for the year 1958 shall exceed the sum of Twenty-Five Thousand Five Hundred Four and 44/100 Dollars ($25,504.44), such credit to be deducted from the quarterly payment next succeeding the date on which the tax bill for said year is issued.

17 485 229

THE OLD PEOPLE'S HOME OF THE
CITY OF CHICAGO

By [signature]
President

ATTEST:

Norman W Reed
Secretary

Page 2 of Rider

ATTACHMENT 2

caused its corporate seal to be hereto affixed, and has caused its name to be signed to these presents by its Vice President and attested by its Assistant Secretary, the day and year first above written.

CHICAGO TITLE AND TRUST COMPANY,
as Trustee as aforesaid

ATTEST:

By [signature] Vice President

E. E. Janusz
Assistant Secretary

STATE OF ILLINOIS }
} SS
COUNTY OF C O O K }

I, Alice Hoffmeier, a Notary Public in and for said County, in the state aforesaid, do hereby certify, that E. Traeger, Vice President of the Chicago Title and Trust Company, and E. E. Janusz, Assistant Secretary of said Company, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Assistant Secretary respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said Company, for the uses and purposes therein set forth; and the said Assistant Secretary did also then and there acknowledge that said Assistant Secretary, as custodian of the corporate seal of said Company, did affix the said corporate seal of said Company to said instrument as said Assistant Secretary's own free and voluntary act, and as the free and voluntary act of said Company, for the uses and purposes therein set forth. 17 485 226

Given under my hand and notarial seal this 17th day of March, 1959.

Alice Hoffmeier
Notary Public

ATTACHMENT 2

18-50-073

TRUSTEE'S DEED

THIS INDENTURE, made this 16th day of March, 1959, between CHICAGO TITLE AND TRUST COMPANY, a corporation of Illinois, as Trustee under the provisions of a deed or deeds in trust, duly recorded and delivered to said company in pursuance of a trust agreement dated the 5th day of June, 1947, and known as Trust Number 33688, party of the first part, and THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, a not-for-profit corporation organized under the laws of Illinois, party of the second part;

WITNESSETH, That said party of the first part, in consideration of the sum of One Hundred Dollars, and other good and valuable consideration in hand paid, does hereby grant, sell and convey unto said party of the second part, the following described real estate, situated in Cook County, Illinois, to-wit.

18-50-073

Taxes $ 926.60

Same as Doc. 17455228

[illegible]

S 19 [illegible] of [illegible] White, [illegible]

[illegible] Sub of B4 [illegible] in

SE frl 1/4 [illegible] 14

MAR 19 1959

18-50-073

TRUSTEE'S DEED

THIS INDENTURE, made this 16th day of March, 1959, between CHICAGO TITLE AND TRUST COMPANY, a corporation of Illinois, as Trustee under the provisions of a deed or deeds in trust, duly recorded and delivered to said company in pursuance of a trust agreement dated the 5th day of June, 1947, and known as Trust Number 33688, party of the first part, and THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, a not-for-profit corporation organized under the laws of Illinois, party of the second part;

WITNESSETH, That said party of the first part, in consideration of the sum of One Hundred Dollars, and other good and valuable consideration in hand paid, does hereby grant, sell and convey unto said party of the second part, the following described real estate, situated in Cook County, Illinois, to-wit:

18-50-073

Stps # 986.60

Same as Doc 17485228

Cy covers:

L 19 E 20 ft of L 20 White, Galt & Proudfoot's Sub of B 4 Argyle, in SE frl 1/4 8.40.14

ATTACHMENT 2

Geo. E. Cole & Co. Chicago
LEGAL BLANKS

No. 823
(New Feb. 1960)

QUIT CLAIM DEED—Statutory (ILLINOIS)
(INDIVIDUAL TO CORPORATION)

Approved By {Chicago Title and Trust Co. / Chicago Real Estate Board}

19 592 912

SEP 21 1965

1965 SEP 21 AM 10 10

SEP-21-65 802305 • 19592912 • A — Rec 4.10

(The Above Space For Recorder's Use Only)

THE GRANTOR S GEORGE W. McBURNEY and GEORGIANNA E. McBURNEY, his wife,

of the Village of Wilmette County of Cook State of Illinois for the consideration of TEN and NO/100 ($10.00)-------------------DOLLARS, and other good and valuable consideration in hand paid, CONVEY and QUIT CLAIM to THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO a not for profit corporation organized and existing under and by virtue of the laws of the State of Illinois having its principal office in the City of Chicago County of Cook and State of Illinois all interest in the following described Real Estate situated in the County of Cook and State of Illinois, to wit:

Lot 21 in White Galt and Proudfoot's Subdivision of Block 4 of Argyle in the South East Fractional quarter of Section 5, Township 40 North, Range 14 East of the Third Principal Meridian in Cook County, Illinois,

4.00 MAIL

AFFIX "RIDERS" OR REVENUE STAMPS HERE

CONSIDERATION NOT TAXABLE

hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

DATED this tenth day of September 1965

George W. McBurney (Seal) Georgianna E. McBurney (Seal)

PLEASE PRINT OR TYPE NAME(S) BELOW SIGNATURE(S)

George W. McBurney Georgianna E. McBurney

_______________(Seal) _______________(Seal)

State of Illinois, County of Cook ss., I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that GEORGE W. MC BURNEY and GEORGIANNA E. MC BURNEY, his wife,

IMPRESS SEAL HERE

personally known to me to be the same persons whose name s are subscribed to the foregoing instrument appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal, this 15th day of September 1965

Commission expires January 19 1969 [signature] NOTARY PUBLIC

MAIL TO

MAIL TO:
NAME George W. McBurney
ADDRESS 11 South La Salle Street
CITY AND STATE Chicago Illinois 60603

OR RECORDER'S OFFICE BOX NO.____

ADDRESS OF PROPERTY:

THE ABOVE ADDRESS IS FOR STATISTICAL PURPOSES ONLY AND IS NOT A PART OF THIS DEED.

SEND SUBSEQUENT TAX BILLS TO:

(NAME)

(ADDRESS)

DOCUMENT NUMBER 19592912

ATTACHMENT 2

CONTINENTAL BANK

TRUSTEE'S DEED

25402827

THE ABOVE SPACE FOR RECORDER'S USE ONLY

The Grantor, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, not personally, but as Trustee under the provisions of a deed or deeds in trust, duly recorded and delivered to said bank in pursuance of a trust agreement dated the 20th day of December, 19 65, and known as Trust Number 74491, for and in consideration of TEN AND NO/100 ($10.00) DOLLARS, and other good and valuable considerations, receipt whereof is hereby acknowledged, does hereby convey and quitclaim to THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, AN ILLINOIS NOT FOR PROFIT CORPORATION, 909 W. Foster Avenue, Chicago, Illinois all interest in the following described real estate, situated in the County of Cook and State of Illinois, to wit:

SEE RIDER ATTACHED HERETO AND MADE A PART HEREOF

Exempt under provisions of Paragraph e, Section 4, Real Estate Transfer Tax Act.

3/26/80 [signature]

Date Buyer, Seller or Representative

M. A R. 26. 80.

together with the tenements and appurtenances thereunto belonging.

This deed is executed pursuant to and in the exercise of the power and authority granted to and vested in said trustee by the terms of said deed or deeds in trust delivered to said trustee in pursuance of the trust agreement above mentioned.

IN WITNESS WHEREOF, Continental Illinois National Bank and Trust Company of Chicago has caused its corporate seal to be affixed and has caused its name to be signed by its SECOND Vice President and attested by its Trust Properties Officer, this 18th day of May, 19 79.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, As Trustee aforesaid, and not personally.

ATTEST: [signature] Trust Properties Officer Jerome J. Hoffman

BY: [signature] SECOND Vice President PETER T. KARSBATSOS

This space for affixing riders and revenue stamps

STATE OF ILLINOIS } SS
COUNTY OF COOK }

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that the above named SECOND Vice President and Trust Properties Officer of the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, Grantor, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such SECOND Vice President and Trust Properties Officer respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said bank for the uses and purposes therein set forth, and the said Trust Properties Officer then and there acknowledged that said Trust Properties Officer, as custodian of the corporate seal of said bank, caused the corporate seal of said bank to be affixed to said instrument as said Trust Properties Officer's own free and voluntary act and as the free and voluntary act of said bank for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 7th day of March, 19 80.

[signature] Harrington

Notary Public

M. A R. 26 80

Document Number 25402827

RECORDER'S—TC 0187

DELIVERY

NAME

STREET

CITY

OR

INSTRUCTIONS

RECORDER'S OFFICE BOX NUMBER 359

FOR INFORMATION ONLY INSERT STREET ADDRESS OF ABOVE DESCRIBED PROPERTY HERE

THIS INSTRUMENT WAS PREPARED BY

BESSIE MASSOVICH

ATTACHMENT 2

RIDER

1. The East Half (E 1/2) of Lot 23 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle, in the Southeast Fractional Quarter of Section 8, Township 40 North, Range 14 East of the Third Principal Meridian, Cook County, Illinois

2. Lot 22 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle, being a Subdivision in the Southeast Fractional Quarter of Section 8, Township 40 North, Range 14 East of the Third Principal Meridian, Cook County, Illinois

3. Lot 24 in White, Galt and Proudfoot's Subdivision in Block 4 in Argyle, said Argyle being a Subdivision of Lots 1 and 2 in Pussey & Penimore's Subdivision of the Southeast Fractional Quarter of Section 8, Township 40 North, Range 14 East of the Third Principal Meridian and of Lots 1 and 2 in Colehour and Conarroe's Subdivision of Lot 3 in Fussey and Fenimore's Subdivision, Cook County, Illinois

4. The West Half (W 1/2) of Lot 23 in White, Galt and Proudfoot's Subdivision of Block 4 in Argyle in the Southeast Fractional Quarter of Section 8, Township 40 North, Range 14 East of the Third Principal Meridian, Cook County, Illinois

25402527

1980 MAR 26 AM 9 58

25402527

MAR. 26. 80.

ATTACHMENT 2

Attachment 3

Operating Identity/Licensee

File Number 0413-151-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE ADMIRAL AT THE LAKE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 04, 1887, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031902086
Authenticate at: http://www.cyberdriveillinois.com

SECRETARY OF STATE

ATTACHMENT 3

Attachment 4

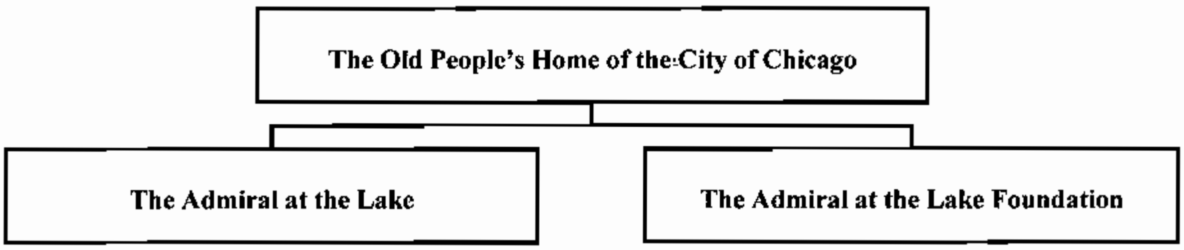
Organizational Relationships

Organizational Relationships

Corporate Structure

The original The Old People's Home of the City of Chicago, now known as The Admiral at the Lake, was restructured in a corporate reorganization which was completed in 2005. In the restructuring, two new corporations were created: The Old People's Home of the City of Chicago, the parent entity (the "Parent"), and The Admiral at the Lake Foundation (the "Foundation"). The Parent became the sole corporate member of both The Admiral at the Lake and the Foundation.

The following diagram depicts the current organizational structure and relationships among The Admiral at the Lake and its affiliated entities. The Applicants for this Project are The Admiral at the Lake and The Old People's Home of the City of Chicago.



ATTACHMENT 4

File Number 0413-151-7

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE ADMIRAL AT THE LAKE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 04, 1887, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031902086

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

SECRETARY OF STATE

ATTACHMENT 4

File Number 6457-278-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 05, 2005, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031903274
Authenticate at: http://www.cyberdriveillinois.com

SECRETARY OF STATE

ATTACHMENT 4

File Number 6457-211-3

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

THE ADMIRAL AT THE LAKE FOUNDATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 02, 2005, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* NOVEMBER *A.D.* 2010 .

Authentication #: 1031902094

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

SECRETARY OF STATE

ATTACHMENT 4

Attachment 5

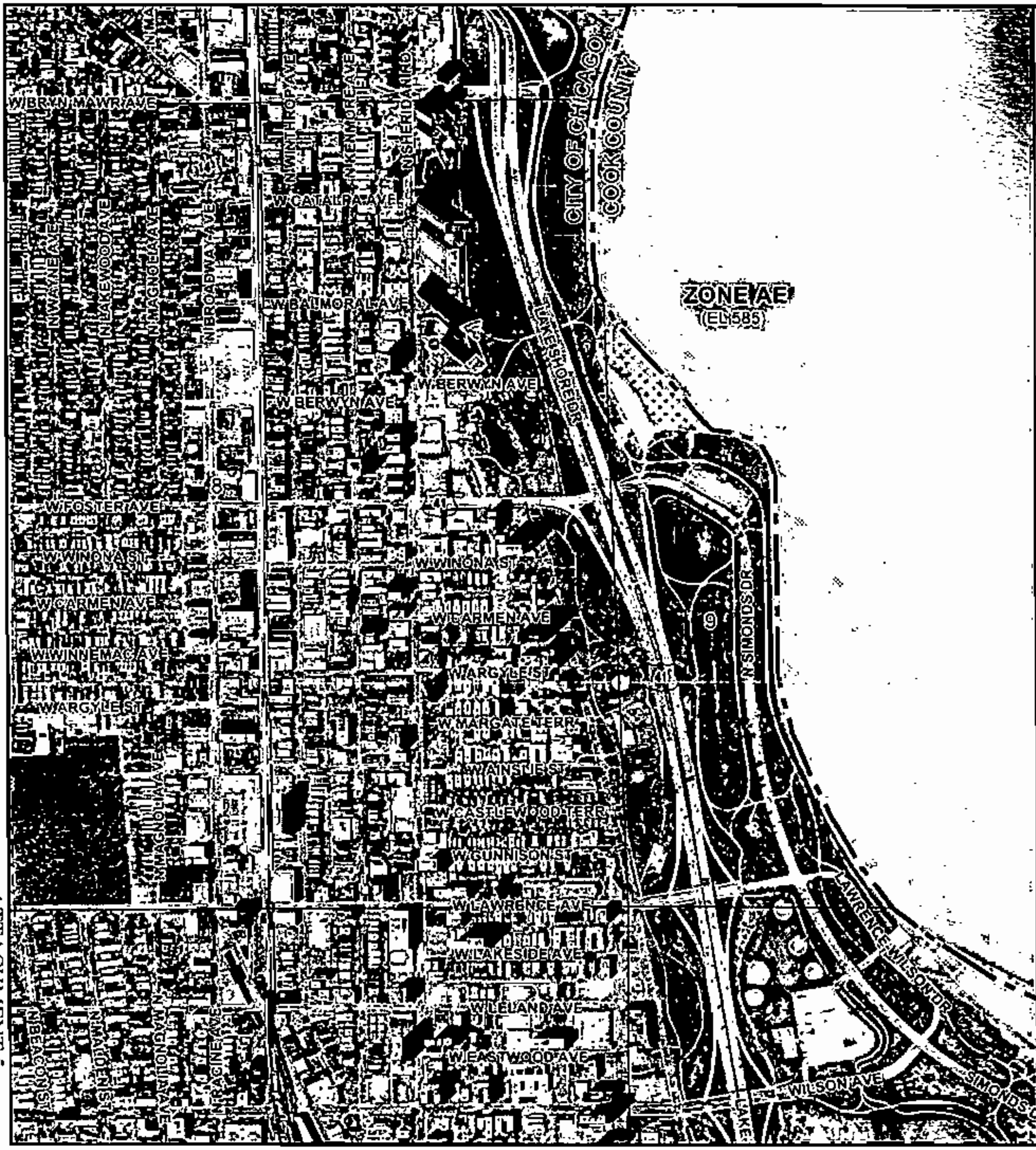
Flood Plain Requirements

Flood Plain Requirements

The attached FEMA map identifies the project location and indicates that the project is not located within a floodplain area. The attached letter from the Illinois Department of Natural Resources indicates their determination that the project is not located within a designated 100-year floodplain and is in accordance with Illinois Executive Order #5. The Admiral at the Lake attests that the project complies with the Flood Plain Rule under Illinois Executive Order #2005-5.

ATTACHMENT 5

ATTACHMENT 5



MAP SCALE 1" = 1000'

0 0 1000 2000 FEET

METE

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0410J

FIRM

FLOOD INSURANCE RATE MAP

COOK COUNTY, ILLINOIS

AND INCORPORATED AREAS

PANEL 410 OF 832

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
CHICAGO, CITY OF	170074	0410	J
COOK COUNTY	170054	0410	J

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.

MAP NUMBER
17031C0410J

MAP REVISED
AUGUST 19, 2008

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Illinois Department of
Natural Resources
One Natural Resources Way • Springfield, Illinois 62702-1271
http://dnr.state.il.us

Rod R. Blagojevich, Governor
Sam Flood, Acting Director

May 3, 2007

Mr. Glen Brichacek
Admiral at the Lake
909 West Foster
Chicago, IL 60604

RE: Admiral at the Lake senior housing

Dear Mr. Brichacek:

Thank you for submitting site plans and requesting a floodplain determination for the proposed Admiral at the Lake project in Chicago, Illinois in order to ensure compliance with Illinois Executive Order #V (E.O. V).

In brief, E.O. V requires that state agencies which plan, promote, regulate, or permit activities, as well as those which administer grants or loans in the State's floodplain areas, must ensure that all projects meet the standards of the state floodplain regulations or the National Flood Insurance Program (NFIP) whichever is more stringent. These standards require that new or substantially improved buildings as well as other development activities be protected from damage by the 100-year flood. In addition, no construction activities in the floodplain may cause increases in flood heights or damages to other properties.

Based on the detailed site plans you have provided, we have determined that, **this parcel is not located within a designated 100-year floodplain** and therefore would not fall under the floodplain development requirements of E.O. V.

Should you have any questions or comments regarding this flood hazard determination, feel free to contact me at (217) 782-4428.

Sincerely,

Paul A. Osman, Manager
Floodplain Management Programs

CC: Ms. Meg George, Bell, Boyd & Lloyd, LLP

ATTACHMENT 5

Attachment 6

Historic Preservation Act Requirements

ATTACHMENT 6

Illinois Historic
Preservation Agency

FAX (217) 782-8161

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

Cook County
Chicago
CON - Demolition and New Construction, The Admiral at the Lake
909 W. Foster Ave.
IHPA Log #003051407

June 16, 2010

Glenn Brichacek
The Admiral at the Lake
1055 W. Bryn Mawr Ave., Suite 7
Chicago, IL 60660

Dear Mr. Brichacek:

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

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

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

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

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

Attachment 7

Project Costs and Sources of Funds

ATTACHMENT 7

The Admiral at the Lake
Project Costs Back-Up

USES OF FUNDS	TOTAL PROJECT COST
Preplanning Costs	$1,513,434
Market & financial feasibility analysis	
Conceptual design	
Travel and reimbursable	
Legal	
Site Survey and Soil Investigation	29,633
Environmental Survey	
PUD Zoning	
Land Strategies Planning	
Off Site Work	453,977
New Construction Contracts	105,398,279
Contingencies	3,775,297
Architectural/Engineering Fees	7,375,531
Architectural Fees	
Construction Administration	
Interior Design	
Low Voltage Consultant	
Civil Engineer	
Reimbursables	
Consulting and Other Fees	7,696,957
Legal Fees	
Zoning Submission Fees	
Owner's Representative	
Development and Marketing Consultant Fees	
Travel and reimbursables	
Movable or Other Equipment (not in construction contracts)	2,957,869
Furniture and upholstering	
Window and wall covering	
Accessories, art and plants	
Fitness Equipment	
Salon equipment	
Smallwares and tools	
Other equipment	
Vehicles	
Bond Issuance Expense (project related)	5,351,868
Net Interest Expense During Construction (project related)	33,667,580
Other Costs to be Capitalized	$10,959,077
Computer hardware and software	
Communications/time clock systems	
Marketing staff payroll and benefits	
Office rent and administrative expense	
Office supplies	
Direct mail, advertising and events	

ATTACHMENT 7

Project Costs and Sources of Funds

Reasonableness of Project Costs

Because construction of The Admiral is well underway, the Project Costs included in the Application are a very accurate representation of the actual cost. The original Project was approved in February 2008, in advance of the recession that began later that year. The changed economic climate primarily had two effects on the Project. First, because there were fewer construction projects undertaken nationally during this time, the actual construction costs were considerably lower than projected in the original CON Application. Construction costs are now expected to be only $272.20 per square foot, down from the originally projected $294.82.

Unfortunately, the other consequence of the economic downturn during this period was that availability of financing became much more difficult. As a result, the cost of borrowing became higher and the time to obtain financing took longer. The difference in overall borrowing cost and additional planning work during the timeframe to secure financing represent the primary reason for an increased permit amount.

In terms of State standards, the Project meets all of the State standards.

For convenient reference, the attached chart shows the differences in project costs between the original Project and the present Application.

ATTACHMENT 7

The Admiral at the Lake

Project Costs and Sources of Funds - Comparison to Existing Permit Amounts

Project Costs and Sources of Funds				EXISTING PERMIT			DIFFERENCE		
USES OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	$122,211	$1,391,223	$1,513,434	$55,718	$634,282	$690,000	$66,493	$756,941	$823,434
Site Survey and Soil Investigation	2,393	27,240	29,633	4,038	45,962	50,000	(1,645)	(18,722)	(20,367)
Site Preparation	0	0	0	0	0	0	0	0	0
Off Site Work	36,659	417,318	453,977	80,751	919,249	1,000,000	(44,092)	(501,931)	(546,023)
New Construction Contracts	8,511,009	96,887,270	105,398,279	9,364,218	106,585,782	115,950,000	(853,209)	(9,698,512)	(10,551,721)
Modernization Contracts	0	0	0	0	0	0	0	0	0
Contingencies	278,897	3,496,400	3,775,297	156,050	1,843,950	2,000,000	122,847	1,652,450	1,775,297
Architectural/Engineering Fees	595,581	6,779,950	7,375,531	512,365	5,832,635	6,345,000	83,216	947,315	1,030,531
Consulting and Other Fees	568,606	7,128,351	7,696,957	533,886	6,308,612	6,842,498	34,720	819,739	854,459
Movable or Other Equipment (not in construction contracts)	238,851	2,719,018	2,957,869	226,103	2,573,897	2,800,000	12,748	145,121	157,869
Bond Issuance Expense (project related)	395,365	4,956,503	5,351,868	413,043	4,880,682	5,293,725	(17,678)	75,821	58,143
Net Interest Expense During Construction (project related)	2,487,164	31,180,416	33,667,580	1,139,161	13,460,778	14,599,939	1,348,003	17,719,638	19,067,641
Fair Market Value of Leased Space or Equipment	0	0	0	0	0	0	0	0	0
Other Costs to be Capitalized	0	10,959,077	10,959,077	0	4,445,780	4,445,780	0	6,513,297	6,513,297
Acquisition of Building or Other Property (excluding land)	0	0	0	0	0	0	0	0	0
TOTAL USES OF FUNDS	$13,236,737	$165,942,765	$179,179,502	$12,485,333	$147,531,609	$160,016,942	$751,404	$18,411,156	$19,162,560
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	$480,182	$6,019,818	$6,500,000	$507,163	$5,992,837	$6,500,000	($26,981)	$26,981	$0
Pledges									
Gifts and Bequests									
Bond Issues (project related)	12,756,555	159,922,947	172,679,502	11,978,170	141,538,772	153,516,942	778,385	18,384,175	19,162,560
Mortgages									
Leases (fair market value)									
Governmental Appropriations									
Grants									
Other Funds and Sources									
TOTAL SOURCES OF FUNDS	$13,236,737	$165,942,765	$179,179,502	$12,485,333	$147,531,609	$160,016,942	$751,404	$18,411,156	$19,162,560

Attachment 8

Estimated Start-Up Costs

ATTACHMENT 8

The Admiral at the Lake
Estimated Start-Up Costs

Estimated Start-up Costs	
Marketing Costs	$10,000
Pre-Opening Staffing Costs	$324,000
Pre-Opening Office/Administrative Costs	$35,000
Total Estimated Start-up Costs	**$369,000**
Estimated Sources	
Tax-Exempt Revenue Bonds	$369,000
Total Estimated Sources of Funds	**$369,000**

ATTACHMENT 8

Attachment 9

Cost Space Requirements

The Admiral at the Lake
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept./Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Nursing Suites	$10,283,762		25,088	25,088			
Food Service	327,516		799	799			
Dining	557,474		1,360	1,360			
Support/Administration	2,067,984		5,045	5,045			
Total Clinical	$13,236,737		32,292	32,292			
NON REVIEWABLE							
Independent Living	$144,863,286.89		366,373	366,373			
Assisted Living/Memory Support	21,079,478		53,312	53,312			
Total Non-Clinical	$165,942,765		419,685	419,685			
TOTAL	$179,179,502		451,977	451,977			

ATTACHMENT 9

Attachment 11

Background of Applicant

Background of Applicant
Criterion 1110.230(a)

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

The Old People's Home of the City of Chicago, the parent entity to The Admiral at the Lake and the co-applicant to this application, does not own or operate any other health care facilities. Similarly, The Admiral at the Lake does not own or operate any other health care facilities other than the project.

As The Admiral ceased operations of the previous community and demolished the previous facility in 2007, The Admiral does not currently hold any operating licenses.

#2: A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

A notarized statement certifying that no adverse action has been taken against the Applicant or against any health care facility owned or operated by the Applicant, directly or indirectly, within three years preceding the filing of this application is included in this Attachment.

#3: Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

Authorization to access any records required in verifying licensure and absence of adverse actions against the Applicant and its health care facility is also included.

THE NEW ADMIRAL AT THE LAKE

May 08, 2012

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

Dear Ms. Avery,

Please be advised that no "adverse action" as defined under 77 Illinois Administrative code §1110.230.b.2a has been taken against the Applicant or against any health facility owned or operated by the Applicant, directly or indirectly, within three years preceding the filing of the Certificate of Need Application.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake, Inc.

Subscribed and sworn to me
this 8th day of May, 2012.

Alice A. Loeppert
Notary Public

"OFFICIAL SEAL"
Alice A Loeppert
Notary Public, State of Illinois
My Commission Expires 10/9/2015

THE NEW
ADMIRAL
AT THE LAKE

May 08, 2012

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

Dear Ms. Avery,

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this Certificate of Need application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of this Application as it pertains to 77 Illinois Administrative code §1110.230.b.4d.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake, Inc.

Subscribed and sworn to me
this 8th day of May, 2012.

Alice A. Loeppert
Notary Public

"OFFICIAL SEAL"
Alice A Loeppert
Notary Public, State of Illinois
My Commission Expires 10/9/2015

1055 W. Bryn Mawr Ave., Suite 7 • Chicago, Illinois 60660 • (773) 433-1800
www.thenewadmiral.com

Attachment 12

Purpose of Project

Purpose of the Project
Criterion 1110.230(b)

Current Status

The purpose of this Project is to allow The Admiral at the Lake to admit residents from the service area at large rather than limiting admissions strictly to existing residents from the Admiral's Independent Living and Assisted Living units. On February 27, 2008, the Review Board approved a permit for The Admiral to establish a continuing care retirement community ("CCRC") in Chicago consisting of 200 independent living units, 39 assisted living units, 17 memory support assisted living units, together with the 36-bed skilled nursing unit. Later, on June 8, 2010, the Review Board approved a 36-month renewal to the permit. Since achieving financing and initiating construction activities in late 2010, the approved Project (No. 07-137) has proceeded well and is anticipated to admit its first independent living residents in summer of 2012 with the scheduled opening of the health care components of the Project in late 2012. The Project is essentially unchanged from what the Review Board has previously approved. The market area for the Project is the same as the market area for Project No. 07-137 and is further defined in Attachment 28.

Project Background

The Admiral previously owned and operated a CCRC located on the site of the Project. The community was a licensed life care community that operated a facility containing 77 independent living apartments, 42 assisted living apartments and 50 nursing beds. The nursing beds were operated under an open Certificate of Need ("CON") permit. Based on the age of its facilities and the configuration of the buildings and units, the community was in need of replacement with modern facilities and accompanying services. To facilitate redevelopment of the community The Admiral discontinued operations under its existing permit (Project No. 07-137) and completed the demolition and abatement of the existing facility in December 2007. The existing residents of The Admiral were temporarily relocated to various "host facilities" located within a 10-mile radius of the community and once redevelopment is complete the existing residents will be relocated back to the Project.

In conjunction with the redevelopment, The Admiral contemplated application for a replacement CON for the Project, but given the estimated timeframe to complete construction activities, it was determined that discontinuation of the existing 50-bed open CON and later application for a new 36-bed CON was the appropriate course of action.

At the time of application for the existing 36-bed CON there was a calculated bed excess, which prompted The Admiral to apply under the CCRC variance provisions. However, as the closure of the previous 50-bed skilled nursing facility and the construction of the replacement 36-bed nursing facility are components of the overall redevelopment of The Admiral, the Applicants are applying for a new CON, seeking removal of the CCRC variance, consistent with the licensure of the previous 50-bed facility.

Impact of the Project on the Service Area

The Project is needed to provide residents of Chicago with access to modern and high-quality skilled nursing services. Importantly, there has been virtually no development of skilled nursing facilities within the City of Chicago over the past 30 years. The only CONs for skilled beds which have been approved in the City of Chicago during this time, according to HFSRB records, are for CCRCs: The Clare at Watertower, Mercy Circle, and The Admiral. Having filed their CON applications under the CCRC variance, these skilled nursing units are only available to residents of these CCRCs and not to the general public. Additionally, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease. While not differentiated within the CON Board's bed inventory, these facilities specialize in treating individuals suffering from mental illness, many of whom are below the age of 65 and have criminal records. These facilities may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. Approval of The Admiral's CON application, which will remove the existing CCRC variance, is necessary to improve access to high quality skilled nursing to residents of the City of Chicago.

Impact of the Existing CON Permit

The Admiral anticipates that in the long run, the skilled nursing unit will serve primarily residents from within the Independent Living and Assisted Living units and that these residents largely provide sufficient resident days to keep the skilled unit at target occupancy. That process, however, will take several years. Because Independent Living and Assisted Living residents must meet the health and admission requirements for their respective level of care, it takes time for their acuity level to progress to a point that they require skilled care. Under the CCRC variance, The Admiral can admit a resident to the skilled unit only after the existing Independent or Assisted Living unit resident has progressed to the point where a skilled stay would be required.

A CCRC facility incurs considerable losses during the period when skilled care ramps up, particularly when all residents must come from internal transfers. The Admiral estimates that if outside residents could be admitted during the initial years, that it could mitigate a portion of those start-up costs. The Admiral estimates that within the first two years, it could lower its initial operating losses by approximately $2.2 million if allowed open admissions. These revenues would assist in The Admiral's ability to fulfill its mission which is comprised, in part, to providing care to the elderly in need.

Removal of Variance Will Allow for Medicaid Residents

Under its present CON, The Admiral is prevented from accepting residents not already a part of its Independent and Assisted Living units. As a practical matter, the CCRC variance precludes The Admiral from accepting Medicaid residents. The Admiral recognizes that a removal of the variance would reduce some of its expected losses and consequently as part of removal of its CCRC variance would "give back" by undertaking Medicaid certification for a portion of those beds. Because the life care contracts with new Independent Living residents guarantee a skilled bed for them when they need it, in the long run few beds can be reserved for outside residents. Medicaid residents, however, could constitute a fair share of available open admissions after Project stabilization.

Project Utilization

The Admiral estimates that by the end of the second full year of operation it will operate near target occupancy simply from its own residents. At facility stabilization, an average of 20 of the 36 beds is projected to come from Independent Living residents with life care contracts and 7 residents from Assisted Living units.

Conclusion

While there is an excess of long-term care beds in the Planning Area for the project (6A), it should be noted that the Project follows the discontinuation and demolition of The Admiral's previous nursing facility which operated at the same site as the proposed facility for more than 30 years. The Admiral views the closure of the previous facility as a temporary condition. As a practical matter, the discontinuation of those beds is part and parcel of the same project to replace the physical plant of The Admiral. When taken together, the closure of the previous facility (50 beds) along with the Project (36 beds) results in a reduction in the Planning Area of 14 beds.

In addition, over the last 30 years development of skilled nursing facilities within the City of Chicago has been limited. As a result, the service area lacks modern, high-quality skilled nursing services that are available to the general public. Approval of this CON application and removal of the CCRC variance will provide access to such services.

Attachment 13

Alternatives to the Project

ATTACHMENT 13

Alternatives to the Proposed Project
Criterion 1110.230(c)

In the original application for Project No. 07-137, the Applicants explored a number of alternatives to the proposed project; however in the present application a CON permit has already been approved by the Review Board and construction of the facility is well underway. The Admiral anticipates that the facility will be open later this year. Therefore, the option of proposing a project of greater or lesser scope and cost is not available at this time. Additionally, the skilled nursing facility will support The Admiral's entire continuing care retirement community consisting of Independent Living and Assisted Living units and does not lend itself to the alternative options of pursuing a joint venture. Similarly, because the 36-bed unit will exist regardless, utilizing other health care resources or facilities in the service area is not a real alternative. Consequently, the Applicants considered only the following two alternatives:

1. Operate The Admiral under the CCRC variance; or
2. Remove the CCRC variance.

<u>Alternative 1: Operate The Admiral Under the CCRC Variance</u>

The first alternative considered by the Applicants was to continue under its existing CON permit with the CCRC variance. This alternative would not require The Admiral to seek a new CON permit. From the beginning this option was only considered and implemented because there was no calculated bed need at the time the original application was filed. The Applicant will incur significant losses during the period when skilled care ramps up, given that the residents may be admitted only from within The Admiral's Independent Living and Assisted Living units. This could take years.

Additionally, as The Admiral will not be available to provide skilled nursing services to the general public under this option, the needs of the Service Area will not be met. While the service area does not currently have a calculated bed need, over the past thirty years, there has been virtually no development of skilled nursing facilities within the City of Chicago. Further, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease and may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. As a result, the Service Area lacks access to modern, high-quality skilled nursing services that are available to the general public. Under this alternative, The Admiral will be unable to provide its services to the general public, including Medicaid residents.

For these reasons, this option is not the best alternative.

<u>Alternative 2: Removal of the CCRC Variance</u>

The best alternative would be to remove the CCRC variance. This alternative provides the general public within the Service Area access to the modern, high-quality skilled nursing services of The Admiral, at least in the start-up years. This alternative would also allow The Admiral to accept Medicaid residents and stem significant operating losses incurred by The Admiral during the ramp up period under the CCRC variance. Allowing open admission would mitigate approximately $2.2 million of operating losses over the initial two-year period.

For these reasons, The Applicants decided to pursue this alternative.

		Evaluation Criteria	
Alt.	**Description**	**Costs**	**Benefits/Limitations**
1	Operate The Admiral Under the CCRC Variance	Operation under the CCRC variance does not affect Project costs, but would result in significant initial operating losses.	1. Benefit: a. No requirement for new CON 2. Limitations: a. Significant operating losses incurred during ramp-up period. b. Diverts funds which could otherwise be used for charity care purposes. c. Precludes The Admiral from accepting Medicaid residents. d. Fails to accommodate individuals in the service area seeking access to the modern, high-quality skilled nursing services.
2	Removal of the CCRC Variance	The Admiral would still incur initial operating losses, but losses would be approximately $2.2 million less during the first two years.	1. Benefits: a. Reduces operating losses b. Provides funds for indigent care c. Permits The Admiral to certify Medicaid beds and accept Medicaid patients. d. Accommodates individuals in the service area access to the modern, high-quality skilled nursing services. 2. Limitation: a. Requires new CON

Attachment 14

Size of the Project

Size of Project
Criterion 1110.234(a)

The 36-bed skilled unit The Admiral proposes to establish is identical to what the Review Board approved as part of Project No. 07-137. The clinical portion of the proposed Project totals approximately 32,292 gross square feet. The proposed square footage by Departmental Area is included on the attached chart. Also attached is a chart showing a comparison of square footage to the existing 07-173 Project, showing no change in gross square footage.

The Review Board rules set forth a range of 435-713 building gross square feet per bed. The Applicants acknowledge that the proposed Project exceeds the State standard, at 897 building gross square feet per bed; however, this square footage is identical to the square footage previously approved by the Review Board on February 27, 2008 under The Admiral's existing CON permit.

The following documents the size of the project compared to state standards as documented in 77 *Illinois Administrative Code,* Chapter II, Section 1110, Appendix B:

SIZE OF PROJECT				
Department/Service	**Proposed BGSF**	**State Standard**	**Difference**	**Met Standard?**
General Long-Term Care	897 BGSF/Bed(1)	435-713 bgsf/Bed	184 BGSF/Bed	No

(1) Calculated based upon 32,292 gross square feet for skilled nursing facility divided over 36 beds.

ATTACHMENT 14

The Admiral at the Lake
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing Suites	$10,283,762		25,088	25,088			
Food Service	327,516		799	799			
Dining	557,474		1,360	1,360			
Support/Administration	2,067,984		5,045	5,045			
Total Clinical	$13,236,737		32,292	32,292			
NON REVIEWABLE							
Independent Living	$144,863,286.89		366,373	366,373			
Assisted Living/Memory Support	21,079,478		53,312	53,312			
Total Non-Clinical	$165,942,765		419,685	419,685			
TOTAL	$179,179,502		451,977	451,977			

ATTACHMENT 14

The Admiral at the Lake
Cost Space Requirements - Comparison to Existing Permit Amounts

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:				EXISTING PERMIT		DIFFERENCE	
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space	Cost	Proposed GSF	Cost	Proposed GSF
REVIEWABLE											
Nursing Suites	$10,283,762		25,088	25,088				$9,560,316	25,088	$723,447	-
Food Service	327,516		799	799				473,654	799	(146,138)	-
Dining	557,474		1,360	1,360				490,273	1,360	67,202	-
Support/Administration	2,067,984		5,045	5,045				1,961,090	5,045	106,894	-
Total Clinical	$13,236,737		32,292	32,292				$12,485,333	32,292	$751,404	-
NON REVIEWABLE											
Independent Living	$144,863,287		366,373	366,373				$128,790,874.55	366,373	$16,072,412	-
Assisted Living/Memory Support	21,079,478		53,312	53,312				18,740,734	53,312	2,338,743	-
Total Non-Clinical	$165,942,765		419,685	419,685				$147,531,609	419,685	$18,411,156	-
TOTAL	$179,179,502		451,977	451,977				$160,016,942	451,977	$19,162,560	-

Attachment 15

Project Service Utilization

Project Services Utilization
Criterion 1110.234(b)

The following chart projects annual utilization for the Project, assuming the CCRC variance restriction is removed. This chart documents that in the second year of operation, the annual utilization of the Applicant shall meet or exceed the State standard.

UTILIZATION					
	Dept./Service	Historical Utilization	Projected Utilization	State Standard	Met Standard?
Year 1	General Long-Term Care	N/A(1)	72%	N/A	N/A
Year 2	General Long-Term Care	N/A(1)	91%	90%	Yes

(1) As The Admiral discontinued operations at its previous facility in 2007, the last two years of historical occupancy are not applicable.

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

Internal Population Projections

The Admiral performed an actuarial study as part of the proposed retirement community's financial planning. This study projects a gradual census ramp up of skilled nursing bed needs based upon demand generated internally from The Admiral's Independent Living and Assisted Living units. This study projects achievement of sufficient utilization over time based solely on internal demand to meet the State standard. The purpose of seeking removal of the CCRC variance is to accelerate the time for reaching utilization.

Closure of Methodist Hospital of Chicago's Long-Term Care Beds

Methodist Hospital of Chicago has informed The Admiral of its intent to discontinue operation of its 26 bed long-term care unit before the end of the year. This closure will increase the demand for skilled nursing beds in the Planning Area and would coincide with The Admiral's opening.

Primary Service Area Demand

In addition to demand created by internal transfers and the closure of Methodist Hospital's long-term care unit, The Admiral also expects strong demand from the general population in the primary service area. There has been virtually no development of skilled nursing facilities within the City of Chicago over the past 30 years. The only CONs for skilled beds which have been approved in the City of Chicago during this time, according to HFSRB records, are for CCRCs: The Clare at Watertower, Mercy Circle, and The Admiral. Having filed their CON applications under the CCRC variance, these skilled nursing units are only available to residents of these CCRCs and not to the general public. Additionally, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease. While not differentiated within the CON Board's bed inventory, these facilities specialize in treating individuals suffering from mental illness, many of whom are below the age of 65 and have criminal records. These facilities may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. As such, residents of the City of Chicago, especially within the Uptown neighborhood, have limited access to high quality skilled nursing care. It is expected that the modern facilities and reputation for quality that will be available at The Admiral will attract many local residents in need of skilled nursing care.

Attachment 28

General Long Term Care

ATTACHMENT 28

Planning Area Need
Criterion 1110.1730(b)(1)

In compliance with Section 1110.1730(b)(1) of the Review Board Rules, the Project is necessary to serve the population of Planning Area 6A.

The Project is needed to provide residents of Chicago with access to modern and high-quality skilled nursing services. Importantly, there has been virtually no development of skilled nursing facilities within the City of Chicago over the past 30 years. The only CONs for skilled beds which have been approved in the City of Chicago during this time, according to HFSRB records, are for CCRCs: The Clare at Watertower, Mercy Circle, and The Admiral. Having filed their CON applications under the CCRC variance, these skilled nursing units are only available to residents of these CCRCs and not to the general public. Additionally, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease. While not differentiated within the CON Board's bed inventory, these facilities specialize in treating individuals suffering from mental illness, many of whom are below the age of 65 and have criminal records. These facilities may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. Approval of The Admiral's CON application, which will remove the existing CCRC variance, is necessary to improve access to high quality skilled nursing to residents of the City of Chicago.

It should also be noted that while there is an excess of long-term care beds in the 6A Planning Area, the Project follows the discontinuation and demolition of The Admiral's previous nursing facility which operated at the same site as the proposed facility for more than 30 years. The Admiral views the closure of the previous facility as a temporary condition. As a practical matter, the discontinuation of those beds is part and parcel of the same project to replace the physical plant of The Admiral. When taken together, the closure of the previous facility (50 beds) along with the Project (36 beds) results in a reduction in the Planning Area of 14 beds.

In addition, the current bed calculations already reflect the 36 beds contemplated in this Application. On February 27, 2008, the Review Board approved a CON permit for The Admiral to establish a continuing care retirement community, including a 36-bed skilled nursing unit. That project (Project No. 07-137) is anticipated to admit its first independent living residents in summer of 2012 with the scheduled opening of the health care components of the project in late 2012 and final project completion in June 2013. The Project contemplated in this Application is essentially unchanged from what the Review Board approved in 2008. Thus approval of this Project will not impact the current bed inventory calculation.

As part of this Application and in the event this Project is approved, the Applicants will agree to abandon their present CON permit for Project No. 07-137 as approved by the Review Board on February 27, 2008.

LONG-TERM CARE BED INVENTORY UPDATES
09/16/2011 - 04/18/2012

LONG-TERM CARE GENERAL NURSING BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
Perry	207	210	(3)
Randolph	580	492	88
Richland	360	309	51
Union	351	293	58
Washington	172	263	(91)
Wayne	133	169	(36)
White	354	353	1
Williamson	600	543	57
HEALTH SERVICE AREA 006			
Planning Area 6-A	5,963	7,217	(1,254)
Planning Area 6-B	4,252	4,178	74
Planning Area 6-C	5,209	5,037	172
HEALTH SERVICE AREA 007			
Planning Area 7-A	4,482	3,323	1,159
Planning Area 7-B	7,180	6,848	332
Planning Area 7-C	6,867	5,930	937
Planning Area 7-D	2,519	2,904	(385)
Planning Area 7-E	9,328	9,124	204
HEALTH SERVICE AREA 008			
Kane	3,322	2,894	428
Lake	5,275	4,699	576
McHenry	1,501	1,032	469
HEALTH SERVICE AREA 009			
Grundy	260	265	(5)
Kankakee	1,290	1,368	(78)
Kendall	219	185	34
Will	3,479	2,790	689
HEALTH SERVICE AREA 010			
Henry	452	500	(48)
Mercer	222	186	36
Rock Island	1,243	1,326	(83)
HEALTH SERVICE AREA 011			
Clinton	432	406	26
Madison	2,048	2,193	(145)
Monroe	435	324	111
St.Clair	2,102	2,294	(192)

LONG-TERM CARE ICF/DD 16 BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	268	360	(92)
HSA 2	268	317	(49)
HSA 3	230	383	(153)
HSA 4	322	334	(12)
HSA 5	255	607	(352)
HSA 6,7,8 & 9	3,429	1,117	2,312
HSA 10	82	40	42
HSA 11	220	384	(164)

ATTACHMENT 28

Planning Area: Planning Area 6-A

Facility Name	City	County/Area	General Nursing Care Beds	General Nursing Care 2008 Patient Days
ADMIRAL AT THE LAKE (PERMIT)	CHICAGO	Area 3 - Uptown	36	
2/27/2008 07-137 Permit issued to establish a 36-bed nursing care facility.				
ALDEN-LAKELAND REHAB & CARE CENTER	CHICAGO	Area 3 - Uptown	300	80,800
ALDEN-NORTHMOOR REHAB & HC CENTER	CHICAGO	Area 12 - Forest Glen	198	63,767
ALL AMERICAN NURSING HOME	CHICAGO	Area 77 - Edgewater	144	50,036
ALSHORE HOUSE	CHICAGO	Area 4 - Lincoln Square	48	16,317
AMBASSADOR NURSING & REHABILITATION CENT	CHICAGO	Area 14 - Albany Park	190	38,428
ARBOUR HEALTH CARE CENTER	CHICAGO	Area 1 - Rogers Park	99	32,930
ASTORIA PLACE LIVING & REHABILITATION	CHICAGO	Area 2 - West Ridge	164	30,350
5/23/2008 Name Change Name changed from "Northwest Home for the Aged".				
1/20/2010 Name Change Formerly West Ridge Rehabilitation Center.				
1/20/2010 CHOW Change of ownership occurred.				
ATRIUM HEALTH CARE CENTER	CHICAGO	Area 1 - Rogers Park	160	54,774
BALMORAL HOME	CHICAGO	Area 4 - Lincoln Square	213	73,691
BIRCHWOOD PLAZA	CHICAGO	Area 1 - Rogers Park	200	59,382
BRIGHTVIEW CARE CENTER	CHICAGO	Area 3 - Uptown	143	47,566
BRYN MAWR CARE	CHICAGO	Area 77 - Edgewater	174	62,355
BUCKINGHAM PAVILION	CHICAGO	Area 2 - West Ridge	247	36,596
CARLTON AT THE LAKE	CHICAGO	Area 3 - Uptown	244	82,162
CLARK MANOR CONVALESCENT CTR	CHICAGO	Area 1 - Rogers Park	267	81,105
CONTINENTAL NURSING & REHABILITATION CEN	CHICAGO	Area 4 - Lincoln Square	208	45,243
3/31/2008 Name Change Name changed from Continental Care Center.				
ELSTON NURSING & REHAB CENTER	CHICAGO	Area 16 - Irving Park	117	37,609
FAIRMONT CARE CENTRE	CHICAGO	Area 14 - Albany Park	176	55,164
GARDEN VIEW NURSING & REHAB CTR	CHICAGO	Area 1 - Rogers Park	136	46,822
GLENCREST HEALTHCARE & REHAB CTR	CHICAGO	Area 2 - West Ridge	312	92,291
GRASMERE PLACE	CHICAGO	Area 3 - Uptown	216	76,888
HARMONY NURSING AND REHAB CTR	CHICAGO	Area 14 - Albany Park	180	62,165
HERITAGE HEALTHCARE CENTER	CHICAGO	Area 77 - Edgewater	128	41,475
LAKE FRONT CONVALESCENT CENTER	CHICAGO	Area 1 - Rogers Park	99	33,651
LAKE SHORE HLTH CARE & REHAB	CHICAGO	Area 1 - Rogers Park	313	78,324
1/22/2010 CHOW Change of ownership occurred.				
MARGARET MANOR - NORTH	CHICAGO	Area 3 - Uptown	99	32,641
METHODIST HOME	CHICAGO	Area 3 - Uptown	126	36,755
METHODIST HOSPITAL OF CHICAGO	CHICAGO	Area 3 - Uptown	23	3,041
MID AMERICA CARE CENTER	CHICAGO	Area 3 - Uptown	310	93,013
NORWOOD CROSSING	CHICAGO	Area 10 - Norwood Park	131	38,410

Planning Area: Planning Area 6-A

Facility Name	City	County/Area	General Nursing Care Beds	General Nursing Care 2008 Patient Days
OUR LADY OF RESURRECTION MEDICAL CENTER	CHICAGO	Area 15 - Portage Park	66	14,758
PETERSON PARK NURSING HOME	CHICAGO	Area 13 - North Park	188	63,234
RESURRECTION LIFE CENTER	CHICAGO	Area 10 - Norwood Park	157	49,003
7/15/2009 Bed Change	Added 10 nursing care beds and discontinued 10 sheltered care beds. Facility now has 147 nursing care and 15 sheltered care beds.			
7/15/2011 Bed Change	Facility added 10 Nursing care beds and discontinued 10 Sheltered care beds; facility now has 157 Nursing care and 5 Sheltered care beds.			
SELFHELP HOME OF CHICAGO	CHICAGO	Area 3 - Uptown	65	21,514
SHERIDAN SHORES CARE & REHAB	CHICAGO	Area 77 - Edgewater	191	63,246
SHERWIN MANOR NURSING CENTER	CHICAGO	Area 1 - Rogers Park	219	34,542
SOMERSET PLACE	CHICAGO	Area 3 - Uptown	0	149,065
7/27/2010 Closure	Review Board deemed facility operation discontinued; 450 Nursing Care beds removed from inventory.			
ST. JOSEPH VILLAGE	CHICAGO	Area 21 - Avondale	54	18,637
ST. MARTHA'S MANOR	CHICAGO	Area 3 - Uptown	132	41,610
ST. PAUL'S HOUSE & HEALTHCARE	CHICAGO	Area 16 - Irving Park	110	23,849
SWEDISH COVENANT HOSPITAL	CHICAGO	Area 4 - Lincoln Square	37	5,122
THE DANISH HOME	CHICAGO	Area 10 - Norwood Park	17	3,081
THE WATERFORD NURSING & REHAB	CHICAGO	Area 1 - Rogers Park	141	46,590
WARREN PARK HEALTH & LIVING CENTER	CHICAGO	Area 2 - West Ridge	127	37,326
7/2/2008 Name Change	Name changed from Warren Park Nursing Pavilion.			
WESTWOOD MANOR	CHICAGO	Area 2 - West Ridge	115	39,714
WILSON CARE	CHICAGO	Area 3 - Uptown	198	68,305
WINCREST NURSING CENTER	CHICAGO	Area 77 - Edgewater	82	26,132
		Planning Area Totals	7,300	2,289,479

HEALTH SERVICE AREA	AGE GROUPS	2008 Patient Days	2008 Population	2008 Use Rates (Per 1,000)	2008 Minimum Use Rates	2008 Maximum Use Rates
006	0-64 Years Old	2,473,954	2,577,200	959.9	576.0	1,535.9
	65-74 Years Old	804,732	144,600	5,565.2	3,339.1	8,904.4
	75+ Years Old	1,876,363	129,000	14,545.4	8,727.3	23,272.7

	2008 PSA Patient Days	2008 PSA Estimated Populations	2008 PSA Use Rates (Per 1,000)	2008 HSA Minimum Use Rates	2008 HSA Maximum Use Rates	2018 PSA Planned Use Rates	2018 PSA Projected Populations	2018 PSA Planned Patient Days	Planned Average Daily Census	Planned Bed Need (90% Occ.)	Excess Beds
0-64 Years Old	1,089,565	587,900	1,853.3	576.0	1,535.9	1,535.9	625,400	960,553			
65-74 Years Old	361,477	32,100	11,261.0	3,339.1	8,904.4	8,904.4	40,500	360,627			
75+ Years Old	838,437	32,200	26,038.4	8,727.3	23,272.7	23,272.7	27,400	637,673			
							Planning Area Totals	1,958,852	5,366.7	5,963	1,337

Planning Area Need – Service to Planning Area Residents
Criterion 1110.1730(b)(2)

In compliance with Section 1110.1730(b)(2) of the Review Board Rules, the primary service area for this Project is those residents within a 30-minute drive time of the facility. This primary service area is shown on the attached Area Map. The Admiral's secondary market is sourced from within the larger Planning Area 6A.

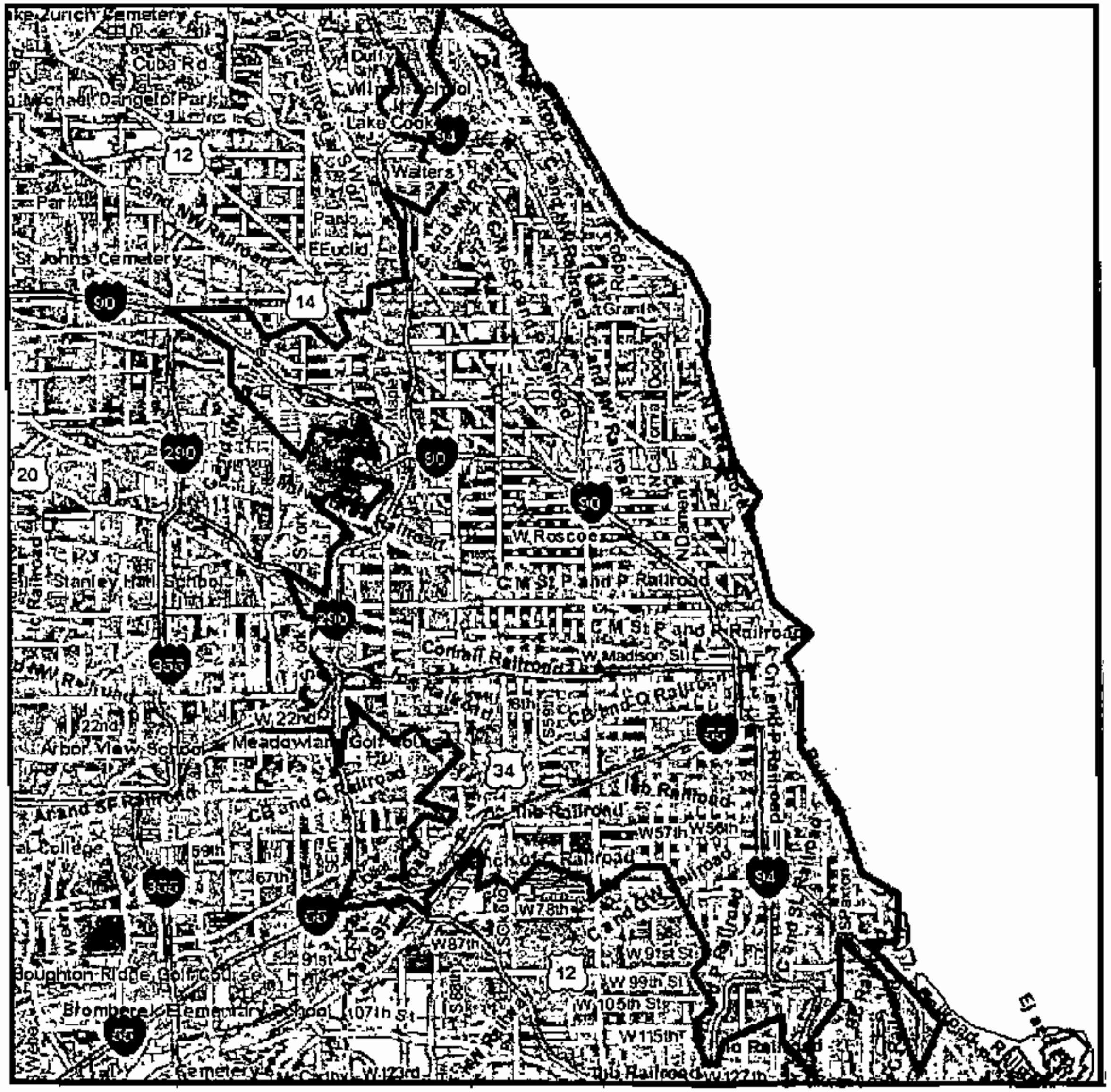
While there is an excess of long-term care beds in Planning Area 6A, it should be noted that the Project follows the discontinuation and demolition of The Admiral's previous nursing facility which operated at the same site as the proposed facility for more than 30 years. The Admiral views the closure of the previous facility as a temporary condition. As a practical matter, the discontinuation of those beds is part and parcel of the same project to replace the physical plant of The Admiral. When taken together, the closure of the previous facility (50 beds) along with the Project (36 beds) results in a reduction in the Planning Area of 14 beds.

In addition, over the last 30 years development of skilled nursing facilities within the City of Chicago has been limited. Further, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease and may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. As a result, the service area lacks modern, high-quality skilled nursing services that are available to the general public. Approval of this CON application and removal of the CCRC variance will provide access to such services.

A report is attached which provides origin information for all individuals who have made deposits for a life care contract for admission into The Admiral. Approximately 69% of the individuals reside in The Admiral's projected primary market area.

ATTACHMENT 28

Area Map



933 W FOSTER AVE
CHICAGO,IL 60640-2510
Coord: 41.976276, -87.653882
Polygon - See Appendix for Points

Legend

- Point
- Interstate Highways
- US Highways
- State Highways
- Major Highways
- Major Roads
- Roads
- Railroads
- Landmarks
- Parks
- Hydrography
- Airports
- Block Groups
- Tracts
- MCD
- Area Zip Codes
- YPD
- County

0 miles 3.84 7.6E

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W E
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Nielsen Solution Center 1 800 866 6511

Prepared For:
Prepared By:

ATTACHMENT 28

Area Map

Appendix: Area Listing

Area Name:

933 W FOSTER AVE, CHICAGO, IL 60640-2510

Type: Drive Time 1: 30 Minute(s)

Polygon Points:

41.660366	-87.663849	41.692799	-87.675133	41.702671	-87.661026	41.719597	-87.676544
41.729469	-87.665260	41.773186	-87.694878	41.773186	-87.716026	41.756264	-87.744232
41.766136	-87.745644	41.776005	-87.780899	41.760494	-87.797821	41.767544	-87.807693
41.761902	-87.823212	41.777416	-87.818977	41.781647	-87.826027	41.757671	-87.858467
41.747803	-87.857056	41.756264	-87.869751	41.752033	-87.919106	41.768955	-87.907822
41.767544	-87.872566	41.778828	-87.873978	41.784470	-87.864105	41.791519	-87.869751
41.799980	-87.859879	41.795750	-87.841545	41.801392	-87.838722	41.807034	-87.864105
41.831005	-87.833084	41.838058	-87.841545	41.832417	-87.852821	41.845108	-87.865517
41.836647	-87.879616	41.859211	-87.912056	41.846519	-87.905006	41.843700	-87.913467
41.825367	-87.916283	41.843700	-87.923340	41.843700	-87.969879	41.856392	-87.934624
41.860622	-87.943085	41.873314	-87.934624	41.869083	-87.923340	41.888828	-87.940262
41.898701	-87.927567	41.901520	-87.940262	41.925495	-87.954361	41.912804	-87.924751
41.935368	-87.923340	41.943829	-87.907822	41.960751	-87.934624	41.964981	-87.917694
41.955109	-87.897949	41.969212	-87.881027	41.976265	-87.910645	41.986137	-87.906418
41.983315	-87.889488	42.003059	-87.897949	41.994598	-87.905006	41.998829	-87.933212
41.981907	-87.941673	42.019981	-87.988213	42.038315	-87.988213	42.059471	-88.033340
42.059471	-87.978340	42.043957	-87.965645	42.053829	-87.937439	42.039726	-87.917694
42.045368	-87.909233	42.058060	-87.916283	42.058060	-87.895134	42.070751	-87.893723
42.074982	-87.871155	42.103188	-87.872566	42.120113	-87.885262	42.108829	-87.855644
42.122932	-87.841545	42.137035	-87.859879	42.145496	-87.854233	42.149727	-87.878212
42.166653	-87.888084	42.173702	-87.878212	42.190624	-87.885262	42.193447	-87.876801
42.169472	-87.857056	42.153957	-87.868340	42.161011	-87.850006	42.170883	-87.837311
42.189217	-87.851418	42.216011	-87.841545	42.193447	-87.786545	42.175114	-87.787949

Area Map

Appendix: Area Listing

42.173702	-87.769615	42.104599	-87.717438	42.083447	-87.679359	42.060883	-87.663849
42.034084	-87.665260	41.981907	-87.646927	41.963573	-87.628593	41.953701	-87.637054
41.908573	-87.620132	41.893059	-87.594742	41.880367	-87.611671	41.867672	-87.601799
41.833828	-87.601799	41.805622	-87.576408	41.770367	-87.560898	41.759083	-87.535515
41.735107	-87.536926	41.735107	-87.558075	41.694210	-87.507309	41.666004	-87.522820
41.715366	-87.545387	41.736519	-87.576408	41.705494	-87.575005	41.684338	-87.596153
41.664597	-87.593338	41.684338	-87.615898	41.697033	-87.615898	41.684338	-87.655388
41.660366	-87.663849	41.684338	-87.615898	41.697033	-87.615898	41.684338	-87.655388

The Admiral at the Lake
Current Resident Depositor Zip Code of Residence

Zip	City	State	Number of Depositors
10075	NEW YORK	NY	1
20817	BETHESDA	MD	1
21212	BALTIMORE	MD	1
11238	BROOKLYN	NY	1
18431	BETHANY	PA	1
1945	MARBLEHEAD	MA	1
46301	BEVERLY SHORES	IN	1
52803	DAVENPORT	IA	1
60025	GLENVIEW	IL	1
60010	BARRINGTON	IL	1
60402	BERWYN	IL	1
60045	GREEN OAKS	IL	2
60053	MORTON GROVE	IL	1
60160	MELROSE PARK	IL	1
60067	HOFFMAN EST	IL	1
60068	PARK RIDGE	IL	2
60070	PROSPECT HEIGHTS	IL	1
60201	EVANSTON	IL	3
60302	OAK PARK	IL	1
60174	SAINT CHARLES	IL	1
62704	JEROME	IL	1
62535	FORSYTH	IL	1
61801	URBANA	IL	1
44074	ELYRIA	OH	1
3766	LEBANON	NH	1
60601	CHICAGO	IL	2
60605	CHICAGO	IL	6
60607	CHICAGO	IL	1
60610	CHESTNUT STREET	IL	15
60611	CHICAGO	IL	18
60613	CHICAGO	IL	9
60614	CHICAGO	IL	10
60615	CHICAGO	IL	1
60625	CHICAGO	IL	1
60203	EVANSTON	IL	1
60626	CHICAGO	IL	1
60631	CHICAGO	IL	1
60640	CHICAGO	IL	22
60646	CHICAGO	IL	2
60647	CHICAGO	IL	2
60657	CHICAGO	IL	20
60660	CHICAGO	IL	13
60091	WILMETTE	IL	1
70115	NEW ORLEANS	LA	1
92264	PALM SPRINGS	CA	1
95534	CUTTEN	CA	1
60077	SKOKIE	IL	1
34997	STUART	FL	1
85747	RINCON	AZ	1
		Total	157

ATTACHMENT 28

Establishment of General Long-Term Care
Criterion 1110.1730(b)(3)

On February 27, 2008, the Review Board approved a CON permit for The Admiral to establish a continuing care retirement community in Chicago that includes a 36-bed skilled nursing unit. The non-reviewable portion of the original project also included 200 Independent Living units, 39 Assisted Living units and 17 Assisted Living Memory Support units. Both the reviewable and non-reviewable portions of the Project are consistent with the permit approved by the Review Board in 2008. As such, the current bed calculations already reflect the 36 beds contemplated in this Application. The proposed Project only seeks to open admission through the removal of the CCRC variance.

It should also be noted that the Project follows the discontinuation and demolition of The Admiral's previous nursing facility which operated at the same site as the proposed facility for more than 30 years. The Admiral views the closure of the previous facility as a temporary condition. As a practical matter, the discontinuation of those beds is part and parcel of the same project to replace the physical plant of The Admiral. When taken together, the closure of the previous facility (50 beds) along with the Project (36 beds) results in a reduction in the Planning Area of 14 beds.

Service Accessibility
Criterion 1110.1730(b)(5)

The proposed Project seeks removal of the current restriction on admission into The Admiral only from those residents within The Admiral's continuing care retirement community. By removing the CCRC variance, The Admiral will be able to admit residents from the service area at large. This improves access for residents in the Planning Area.

Unnecessary Duplication/Maldistribution
Criterion 1110.1730(e)(1),(2) and (3)

Unnecessary Duplication

In compliance with Section 1110.1730(e)(1), attached are the following: (i) an Area Map which shows the 30-minute drive time area from the Project; (ii) a population report which shows the population in the actual 30-minute drive time area from the Project; and (iii) a chart which lists the names and locations of all existing or approved health care facilities located within a 30-minute drive time from the Project. Further attached is a Table prepared by the Applicant, for its own internal planning purposes, which lists those zip codes contained in the Applicant's smaller, primary service area.

Maldistribution of Services

This Project should not result in maldistribution of services. The Review Board has already approved The Admiral's construction of a 36-bed skilled nursing facility in support of its CCRC. At the time of the Board's approval in 2008, the 36 beds became part of the Bed Need Inventory. Approval of this Project will not increase beds in the current Bed Need Inventory.

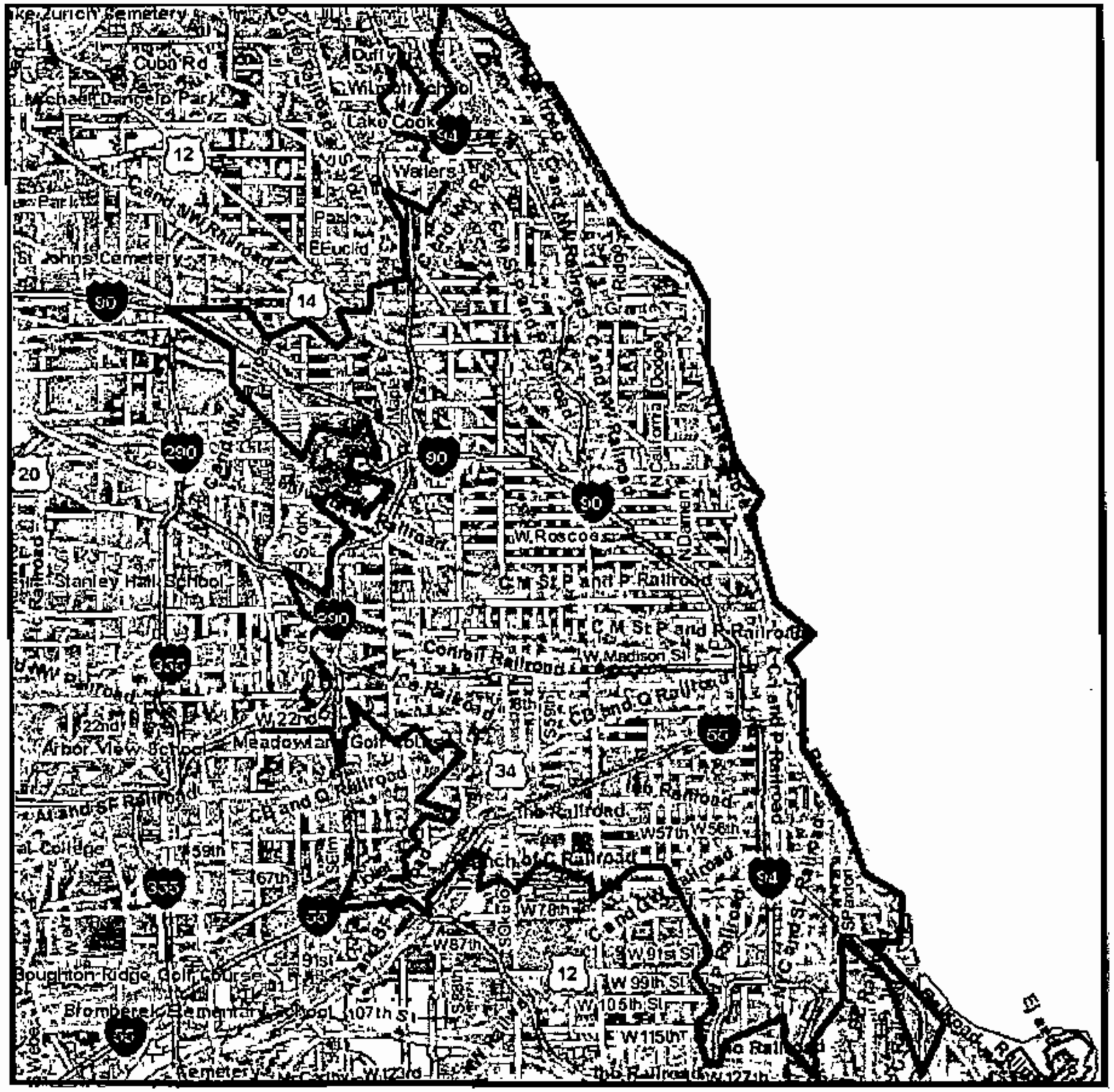
Impact on Other Area Providers

While the current bed need calculations indicate an excess of long-term care beds in Planning Area 6A, it should be noted that there has been virtually no development of skilled nursing facilities within the City of Chicago over the past 30 years. The only CONs for skilled beds which have been approved in the City of Chicago during this time, according to HFSRB records, are for CCRCs: The Clare at Watertower, Mercy Circle, and The Admiral. Having filed their CON applications under the CCRC variance, these skilled nursing units are only available to residents of these CCRCs and not to the general public. Additionally, in the Uptown neighborhood where the Project is located, several of the nursing homes are institutions for individuals with mental disease. While not differentiated within the CON Board's bed inventory, these facilities specialize in treating individuals suffering from mental illness, many of whom are below the age of 65 and have criminal records. These facilities may generally be inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities.

It should also be noted that the Project follows the discontinuation and demolition of The Admiral's previous nursing facility which operated at the same site as the proposed facility for more than 30 years. The Admiral views the closure of the previous facility as a temporary condition. As a practical matter, the discontinuation of those beds is part and parcel of the same project to replace the physical plant of The Admiral. When taken together, the closure of the previous facility (50 beds) along with the Project (36 beds) results in a reduction in the Planning Area of 14 beds.

For these reasons, the Project should not have a significant impact on the utilization of other area facilities.

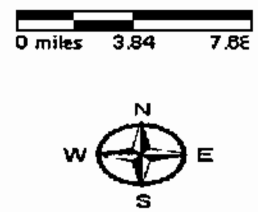
Area Map



933 W FOSTER AVE
CHICAGO,IL 60640-2510
Coord: 41.976276, -87.653882
Polygon - See Appendix for Points

Legend

- Point
- Interstate Highways
- US Highways
- State Highways
- Major Highways
- Major Roads
- Roads
- Railroads
- Landmarks
- Parks
- Hydrography
- Airports
- Block Groups
- Tracts
- MCD
- Area Zip Codes
- YPD
- County



nielsen

Prepared on: Wed May 09, 2012

Page 1 of 3

Nielsen Solution Center 1 800 866 6511

Prepared For:

Prepared By:

ATTACHMENT 28

Appendix: Area Listing

Area Name:

933 W FOSTER AVE, CHICAGO, IL 60640-2510

Type: Drive Time 1: 30 Minute(s)

Polygon Points:

41.660366	-87.663849	41.692799	-87.675133	41.702671	-87.661026	41.719597	-87.676544
41.729469	-87.665260	41.773186	-87.694878	41.773186	-87.716026	41.756264	-87.744232
41.766136	-87.745644	41.776005	-87.780899	41.760494	-87.797821	41.767544	-87.807693
41.761902	-87.823212	41.777416	-87.818977	41.781647	-87.826027	41.757671	-87.858467
41.747803	-87.857056	41.756264	-87.869751	41.752033	-87.919106	41.768955	-87.907822
41.767544	-87.872566	41.778828	-87.873978	41.784470	-87.864105	41.791519	-87.869751
41.799980	-87.859879	41.795750	-87.841545	41.801392	-87.838722	41.807034	-87.864105
41.831005	-87.833084	41.838058	-87.841545	41.832417	-87.852821	41.845108	-87.865517
41.836647	-87.879616	41.859211	-87.912056	41.846519	-87.905006	41.843700	-87.913467
41.825367	-87.916283	41.843700	-87.923340	41.843700	-87.969879	41.856392	-87.934624
41.860622	-87.943085	41.873314	-87.934624	41.869083	-87.923340	41.888828	-87.940262
41.898701	-87.927567	41.901520	-87.940262	41.925495	-87.954361	41.912804	-87.924751
41.935368	-87.923340	41.943829	-87.907822	41.960751	-87.934624	41.964981	-87.917694
41.955109	-87.897949	41.969212	-87.881027	41.976265	-87.910645	41.986137	-87.906418
41.983315	-87.889488	42.003059	-87.897949	41.994598	-87.905006	41.998829	-87.933212
41.981907	-87.941673	42.019981	-87.988213	42.038315	-87.988213	42.059471	-88.033340
42.059471	-87.978340	42.043957	-87.965645	42.053829	-87.937439	42.039726	-87.917694
42.045368	-87.909233	42.058060	-87.916283	42.058060	-87.895134	42.070751	-87.893723
42.074982	-87.871155	42.103188	-87.872566	42.120113	-87.885262	42.108829	-87.855644
42.122932	-87.841545	42.137035	-87.859879	42.145496	-87.854233	42.149727	-87.878212
42.166653	-87.888084	42.173702	-87.878212	42.190624	-87.885262	42.193447	-87.876801
42.169472	-87.857056	42.153957	-87.868340	42.161011	-87.850006	42.170883	-87.837311
42.189217	-87.851418	42.216011	-87.841545	42.193447	-87.786545	42.175114	-87.787949

Area Map

Appendix: Area Listing

42.173702	-87.769615	42.104599	-87.717438	42.083447	-87.679359	42.060883	-87.663849
42.034084	-87.665260	41.981907	-87.646927	41.963573	-87.628593	41.953701	-87.637054
41.908573	-87.620132	41.893059	-87.594742	41.880367	-87.611671	41.867672	-87.601799
41.833828	-87.601799	41.805622	-87.576408	41.770367	-87.560898	41.759083	-87.535515
41.735107	-87.536926	41.735107	-87.558075	41.694210	-87.507309	41.666004	-87.522820
41.715366	-87.545387	41.736519	-87.576408	41.705494	-87.575005	41.684338	-87.596153
41.664597	-87.593338	41.684338	-87.615898	41.697033	-87.615898	41.684338	-87.655388
41.660366	-87.663849	41.684338	-87.615898	41.697033	-87.615898	41.684338	-87.655388

Pop-Facts: Demographic Quick Facts 2012 Report

DrvTim 1: 933 W FOSTER AVE, CHICAGO, IL 60640-2510, aggregate

Description	30 Minute(s) *DrvTim 1*	%
Population		
2017 Projection	3,490,682	
2012 Estimate	3,526,530	
2000 Census	3,727,238	
1990 Census	3,555,616	
Growth 1990 - 2000	4.83%	
Households		
2017 Projection	1,367,208	
2012 Estimate	1,364,188	
2000 Census	1,373,477	
1990 Census	1,325,377	
Growth 1990 - 2000	3.63%	
2012 Est. Population by Single Classification Race	3,526,530	
White Alone	1,858,122	52.69
Black or African American Alone	867,590	24.60
American Indian and Alaska Native Alone	16,203	0.46
Asian Alone	238,237	6.76
Native Hawaiian and Other Pacific Islander Alone	1,232	0.03
Some Other Race Alone	449,380	12.74
Two or More Races	95,768	2.72
2012 Est. Population Hispanic or Latino	3,526,530	
Hispanic or Latino	996,462	28.26
Not Hispanic or Latino	2,530,068	71.74
2012 Tenure of Occupied Housing Units	1,364,188	
Owner Occupied	717,703	52.61
Renter Occupied	646,485	47.39
2012 Average Household Size	2.53	

Prepared By:
Nielsen Solution Center 1 800 866 6511

Prepared For:

ATTACHMENT 28

Pop-Facts: Demographic Quick Facts 2012 Report

DrvTim 1: 933 W FOSTER AVE, CHICAGO, IL 60640-2510, aggregate

Description	30 Minute(s) DrvTim 1	%
2012 Est. Households by Household Income	1,364,188	
Income Less than $15,000	209,325	15.34
Income $15,000 - $24,999	139,177	10.20
Income $25,000 - $34,999	141,898	10.40
Income $35,000 - $49,999	206,662	15.15
Income $50,000 - $74,999	249,163	18.26
Income $75,000 - $99,999	151,428	11.10
Income $100,000 - $124,999	95,687	7.01
Income $125,000 - $149,999	56,343	4.13
Income $150,000 - $199,999	47,573	3.49
Income $200,000 - $499,999	53,422	3.92
Income $500,000 and over	13,509	0.99
2012 Est. Average Household Income	$70,367	
2012 Est. Median Household Income	$48,914	
2012 Est. Per Capita Income	$27,614	
2012 Median HH Inc by Single Race Class or Ethn		
White Alone	58,710	
Black or African American Alone	33,035	
American Indian and Alaska Native Alone	46,391	
Asian Alone	54,025	
Native Hawaiian and Other Pacific Islander Alone	41,594	
Some Other Race Alone	43,425	
Two or More Races	42,312	
Hispanic or Latino	45,391	
Not Hispanic or Latino	50,045	

ATTACHMENT 28

Appendix: Area Listing

Area Name:

Type: Drive Time 1: 30 Minute(s) Reporting Detail: Aggregate Reporting Level: Area ZIP Codes

933 W FOSTER AVE, CHICAGO, IL 60640-2510

Polygon Points:

41.660366 -87.663849	41.692799 -87.675133	41.702671 -87.661026	41.719597 -87.676544
41.729469 -87.665260	41.773186 -87.694878	41.773186 -87.716026	41.756264 -87.744232
41.766136 -87.745644	41.776005 -87.780899	41.760494 -87.797821	41.767544 -87.807693
41.761902 -87.823212	41.777416 -87.818977	41.781647 -87.826027	41.757671 -87.858467
41.747803 -87.857056	41.756264 -87.869751	41.752033 -87.919106	41.768955 -87.907822
41.767544 -87.872566	41.778828 -87.873978	41.784470 -87.864105	41.791519 -87.869751
41.799980 -87.859879	41.795750 -87.841545	41.801392 -87.838722	41.807034 -87.864105
41.831005 -87.833084	41.838058 -87.841545	41.832417 -87.852821	41.845108 -87.865517
41.836647 -87.879616	41.859211 -87.912056	41.846519 -87.905006	41.843700 -87.913467
41.825367 -87.916283	41.843700 -87.923340	41.843700 -87.969879	41.856392 -87.934624
41.860622 -87.943085	41.873314 -87.934624	41.869083 -87.923340	41.888828 -87.940262
41.898701 -87.927567	41.901520 -87.940262	41.925495 -87.954361	41.912804 -87.924751
41.935368 -87.923340	41.943829 -87.907822	41.960751 -87.934624	41.964981 -87.917694
41.955109 -87.897949	41.969212 -87.881027	41.976265 -87.910645	41.986137 -87.906418
41.983315 -87.889488	42.003059 -87.897949	41.994598 -87.905006	41.998829 -87.933212
41.981907 -87.941673	42.019981 -87.988213	42.038315 -87.988213	42.059471 -88.033340
42.059471 -87.978340	42.043957 -87.965645	42.053829 -87.937439	42.039726 -87.917694
42.045368 -87.909233	42.058060 -87.916283	42.058060 -87.895134	42.070751 -87.893723
42.074982 -87.871155	42.103188 -87.872566	42.120113 -87.885262	42.108829 -87.855644
42.122932 -87.841545	42.137035 -87.859879	42.145496 -87.854233	42.149727 -87.878212
42.166653 -87.888084	42.173702 -87.878212	42.190624 -87.885262	42.193447 -87.876801
42.169472 -87.857056	42.153957 -87.868340	42.161011 -87.850006	42.170883 -87.837311
42.189217 -87.851418	42.216011 -87.841545	42.193447 -87.786545	42.175114 -87.787949
42.173702 -87.769615	42.104599 -87.717438	42.083447 -87.679359	42.060883 -87.663849
42.034084 -87.665260	41.981907 -87.646927	41.963573 -87.628593	41.953701 -87.637054
41.908573 -87.620132	41.893059 -87.594742	41.880367 -87.611671	41.867672 -87.601799
41.833828 -87.601799	41.805622 -87.576408	41.770367 -87.560898	41.759083 -87.535515
41.735107 -87.536926	41.735107 -87.558075	41.694210 -87.507309	41.666004 -87.522820
41.715366 -87.545387	41.736519 -87.576408	41.705494 -87.575005	41.684338 -87.596153
41.664597 -87.593338	41.684338 -87.615898	41.697033 -87.615898	41.684338 -87.655388
41.660366 -87.663849	41.684338 -87.615898	41.697033 -87.615898	41.684338 -87.655388

ATTACHMENT 28

The Admiral at the Lake
Utilization of Providers within 30 Minutes

Facility Name	Adress	City	Distance (Miles)	Time (Minutes)	Licensed Beds	Occupancy
Alden Lakeland Rehab and HCC	820 West Lawrence	Chicago	0.63	1	300	72.85%
Selfhelp Home of Chicago	908 West Argyle Street	Chicago	0.35	1	65	93.60%
All American Nursing Home	5548 North Broadway Street	Chicago	0.73	2	144	86.71%
Bryn Mawr Care	5547 North Kenmore	Chicago	0.68	2	174	94.99%
Methodist Home	1415 W Foster Ave	Chicago	0.69	2	126	69.08%
Carlton at the Lake	725 W Montrose Ave	Chicago	1.17	3	244	92.21%
Grasmere Place	4621 N Sheridan Rd	Chicago	0.93	3	216	94.36%
Mid America Care Center	4920 North Kenmore	Chicago	0.74	3	310	87.04%
Sheridan Shores Care & Rehab	5838 North Sheridan Road	Chicago	1.05	3	191	94.79%
Wilson Care	4544 North Hazel Street	Chicago	1.09	3	198	95.27%
Heritage Nursing Home	5888 North Ridge	Chicago	1.5	4	128	88.31%
Margaret Manor- North Branch	940 West Cullom Avenue	Chicago	1.47	4	99	90.95%
Methodist Hospital of Chicago	5025 N Paulina St.	Chicago	1.24	4	23	25.63%
ST. Martha's Manor	4621 Noth Racine Avenue	Chicago	1.15	4	132	91.49%
Brightview Care Center	4538 North Beacon	Chicago	1.7	5	143	81.59%
Balmoral Home	2055 W Balmoral Ave	Chicago	1.74	6	213	94.75%
St. Joseph Hospital	2900 N Lake Shore Dr.	Chicago	3.03	8	26	71.65%
Wincrest Nursing Center	6326 North Winthrop Avenue	Chicago	1.91	6	82	86.20%
Alden Lincoln Rehab and HCC	504 West Wellington Avenue	Chicago	3.3	7	96	87.98%
Continental Care Center	5336 N Western Ave	Chicago	2.1	7	208	64.36%
Ridgeview Rehab& Nursing Center	6450 North Ridge Avenue	Chicago	2.41	7	136	96.05%
Alshore House	2840 W Folster Ave	Chicago	2.48	8	48	93.28%
Lakeview Nursing	735 W Diversey Pkwy	Chicago	3.61	8	178	67.80%
Swedish Covenant Hospital	5145 N California Ave	Chicago	2.49	8	37	48.94%
Clayton Residential Home	2026 N Clark St	Chicago	3.03	9	247	91.53%
Lake Shore HCC and Rehab	7200 North Sheridan Road	Chicago	4.45	9	313	62.68%
Sherwin Manor Nursing Center	7350 Sheridan Road	Chicago	2.92	9	219	41.75%
Warren Park Nursing Pavillion	6700 N Damen Avenue	Chicago	3.1	9	127	87.39%
Arbour HCC	1512 West Fargo	Chicago	2.79	9	99	89.93%
Lakefront HCC	7618 North Sheridan Road	Chicago	3.39	10	99	92.88%
Waterford Nursing and Rehab	7445 North Sheridan Road	Chicago	3.24	10	141	87.19%
Belmont Nursing Home	1936 West Belmont Avenue	Chicago	4.59	11	61	84.18%
Birchwood Plaza	1426 West Birchwood	Chicago	3.54	11	200	79.82%
Clark Manor Convalescent Center	7433 North Clark Street	Chicago	3.48	11	267	85.22%
Astoria Place living & Rehab Center	6300 N California Ave	Chicago	3.62	11	164	75.59%
Buckingham Pavilion	2625 W Touhy Ave	Chicago	3.88	12	247	44.33%
Glencrest Healthcare and Rehab	2451 W Touhy Ave	Chicago	4.01	12	312	86.95%
Harmony Nursing and Rehab	3919 W Foster Ae	Chicago	3.79	12	180	92.65%
Imperial Grove Pavilion	1366 W Fullerton Ave	Chicago	3.83	12	248	93.38%
Little sister of the Poor	2325 N Lakewood Ave	Chicago	5.33	12	76	95.10%
Margaret Manor Central	1121 N Orleans St	Chicago	5.92	12	135	85.43%
St. Pauls House	3800 North California	Chicago	4.56	12	110	72.95%
Warren Barr Pavilion	66 W Oak St	Chicago	5.97	12	271	59.55%
Fairmont Care Center	5061 N Pulaski Rd	Chicago	4.1	13	176	89.60%
Lincolnwood Place	7000 N McCormick Blvd	Lincolnwood	4.85	13	40	77.88%
Dobson Plaza	120 Dodge Avenue	Evanston	4.68	14	97	92.96%
Peterson Park Nursing Home	6141 N Pulaski Rd	Chicago	4.72	14	188	94.78%
St. Francis Nursing and Rehab	500 Asbury Ave	Evanston	4.65	14	124	72.74%
Albany Care	901 Maple Ave	Evanston	4.96	15	417	94.61%
Glen Elston Nursing & Rehab Center	4340 N Keystone Ave	Chicago	5.2	15	117	91.04%
Woodbridge Nursing Pavilion	2242 N Kedzie Blvd	Chicago	7.39	15	222	89.26%
Columbus Manor Residential	21 W Jackson Blvd	Chicago	8.17	16	189	69.84%
Greenwood Care	1406 Chicago Ave	Evanston	5.31	16	145	91.43%
Alden North Shore Rehab	5050 Touhy Ave	Skokie	6.43	17	93	68.66%
St. Joseph Village	4055 West Belmont Avenue	Chicago	6.89	17	54	85.55%

ATTACHMENT 28

The Admiral at the Lake
Utilization of Providers within 30 Minutes

Facility Name	Adress	City	Distance (Miles)	Time (Minutes)	Licensed Beds	Occupancy
King Home	1555 Oak Ave	Evanston	5.79	18	18	79.74%
St. Agnes Health care Center	1725 S Wabash Ave	Chicago	9.12	18	197	77.25%
Winston Manor Convalescent	2155 W Pierce Ave	Chicago	7.78	18	180	88.33%
St. Elizabeth Hospital	1431 N Claremont Ave	Chicago	8.05	19	28	67.00%
Center Home for Hispanic Elderly	1401 N California Ave	Chicago	7.94	20	156	94.00%
Mather Pavilion	820 Foster St	Evanston	6.55	20	158	62.73%
Monroe Pavilion Health	1400 W Monroe St	Chicago	8.73	20	136	97.82%
Grosse Pointe Manor	6601 W Touhy Ave	Niles	8.35	21	99	90.44%
Our Lady of Resurrection Medical Center	5645 W Addison St	Chicago	8.4	21	66	55.77%
Regency Rehabilitation Center	6631 N Milwuakee Ave	Niles	8.15	21	300	76.20%
Westminster Place	3200 Grant St	Evanston	8.89	21	204	86.01%
Alden Estates of Evanston	2520 Gross Point Rd	Evanston	9.16	22	52	76.44%
Boulevard Care Center	3405 S Michigan Ave	Chicago	11.37	22	155	77.40%
Bronzeville Park Skilled Nursing & Living	3400 S Indiana Ave	Chicago	11.44	22	302	85.82%
Covenant Health Care Center Northbrook	2155 Pfingsten Rd	Northbrook	17.6	34	102	86.55%
Forest Villa Nursing	6840 W Touhy Ave	Niles	8.67	22	212	72.45%
Liberman Center for Health and Rehab	9700 Gross Point Rd	Skokie	9.25	22	240	87.59%
Southview Manor	3311 S Michigan Ave	Chicago	11.25	22	200	95.67%
St. Benedict Nursing	6930 W Touhy Ave	Niles	8.76	22	99	94.39%
The Danish Home	5656 N Newcastle Ave	Chicago	10.23	22	17	41.71%
Three Crowns Park	2400 Colfax St	Evanston	8.24	22	48	62.89%
All Faith Pavilion	3500 S Giles Ave	Chicago	11.28	22	245	75.53%
Community Care Operator, LLC	4314 S Wabash Ave	Chicago	13.01	23	204	89.39%
Alden Estates of Skokie	4660 Old Orchard Rd	Skokie	10.89	23	56	31.92%
Norwood Crossing	6016 N Nina Ave	Chicago	10.49	23	131	90.14%
Resurrection Life Center	7370 W Talcott Ave	Chicago	10.91	23	147	96.68%
Cambridge NRSG & Rehab Center	9615 Knox Ave	Skokie	9.09	23	113	89.56%
Avenue Care Center	4505 S Drexel Blvd	Chicago	13.48	24	155	82.43%
Manor Care of Wilmette	432 Poplar Drive	Wilmette	7.86	24	80	86.96%
Renaissance at 87the Street	2940 W 87th Street	Chicago	11.52	24	210	93.37%
Schwab Rehabilitation Hospital	1401 S California Ave	Chicago	11.79	24	21	51.23%
St. Andrew Life Center	7000 N Newark Ave	Niles	9.04	24	55	89.42%
Bethany Terrace Nursing Center	8425 Waukegan Rd	Morton Grove	10.01	25	273	44.54%
Central Plaza Residential Home	321 N Central Ave	Chicago	15.33	25	260	89.64%
Jackson Square Nursing	5130 West Jackson Blvd	Chicago	14.22	25	234	84.68%
Central Nursing & Rehab Center	2450 N Central Ave	Chicago	9.79	26	245	92.78%
Columbus Park N. & Rehab Center	901 S Austin Blvd	Chicago	14.95	26	216	88.14%
Sacred Heart Home	1550 S Albany Ave	Chicago	12.23	26	172	84.88%
Alden-Princeton Rehab & Care	255 W 69th St.	Chicago	16.1	27	225	64.43%
Alden Wentworth Rehab	201 W 69th St.	Chicago	15.04	27	300	69.74%
California Gardens NRG & Rehab	2829 S California Ave	Chicago	15.75	27	297	91.26%
Maryhaven NSG. & Rehab Center	1700 E Lake Ave	Glenview	13.84	28	135	84.37%
Mayfield Care Center	5905 W Washington Blvd	Chicago	15.75	28	156	77.30%
Park House	2320 S Lawndale Ave	Chicago	13.87	28	106	87.02%
Bethesda Home & Retirement Center	2833 North Nordica Ave	Chicago	11.3	29	113	50.92%
International Nursing & Rehab Center	4815 S Western BlVd	Chicago	15.24	29	218	69.88%
Renaissance at South Shore	2425 E 71st St.	Chicago	16.19	29	248	93.56%
Resurrection NSG & Rehab Center	1001 N Greenwood Ave	Park Ridge	11.46	29	298	84.92%
Glenbridge Nursing Center	8333 W Golf Rd	Niles	13.7	30	302	75.15%
Glen Oaks Nursing & Rehab	270 Skokie Blvd	Northbrook	16.91	30	298	97.05%
Lake Cook Terrace Nursing	263 Skokie Blvd	Northbrook	16.92	30	134	92.47%
Park Ridge Care Center	665 Busse Highway	Park Ridge	11.38	30	46	83.54%
Average Utilization					17,557	82.04%

ATTACHMENT 28

Primary Market Area of the Project

The primary market area for providers of senior living services is typically defined as the geographic area from which a majority number of prospective residents reside prior to assuming occupancy at the Project. As of August 31, 2010, Management estimated that 10 Returning A&B Residents who are currently residing in Host Facilities are to move into 10 Independent Living Units at the Project upon opening. Of the remaining 190 Independent Living Units available, 143 Depositors have reserved 145 Independent Living Units (two Depositors have reserved two units each).

Based on the zip code origin of the Depositors, discussions with existing senior living providers in the area and experience with similar communities, the primary market area has been defined to be an eight zip code area, surrounding the Project located within the city of Chicago, Cook County, spanning approximately eight miles from north to south and four miles from east to west (the "PMA"). The following table lists the eight zip codes comprising the PMA.

Table 10
Depositor and Returning A&B Resident Origin Data

Zip Code	Town	Number of Returning A&B Residents	Number of Depositors[1]	Total	Percentage of Total
60640[2]	Chicago	10	16	26	17.0%
60611	Chicago	–	17	17	11.1%
60610	Chicago	–	16	16	10.5%
60660	Chicago	–	15	15	9.8%
60613	Chicago	–	13	13	8.5%
60657	Chicago	–	11	11	7.2%
60614	Chicago	–	7	7	4.6%
60601	Chicago	–	3	3	2.0%
Total from PMA Zip Codes		**10**	**98**	**108**	**70.6%**
Other Illinois areas		–	34	34	22.2%
Out of state		–	11	11	7.2%
Total		**10**	**143[3]**	**153**	**100.0%**

Source: Management

(1) Depositors include individuals with a deposit for an Independent Living Unit as of August 31, 2010.
(2) The Project is to be located in zip code 60640.
(3) According to Management, two Depositors have each reserved two adjacent Independent Living Units at the Project, for 145 Depositor units total.

THE NEW ADMIRAL AT THE LAKE

May 08, 2012

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

Re: The Admiral at the Lake – Staffing Review Criteria §1110.1730

Dear Ms. Avery,

I will serve as the Chief Executive Officer for The Admiral at the Lake upon its opening. In preparation for this opening we have analyzed our staffing needs for the new facility and provide this letter and accompanying chart in compliance of your Section §1110.1730 review criterion.

The attached chart represents the Health Center staff that we have already hired and for which we are currently recruiting. In the coming months we will be filling the remaining open positions contained in our staffing plan. We had provided a staffing plan as part of our original application and remain confident that we can meet our staffing requirements.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake,

Attachment: Staffing List

1055 W. Bryn Mawr Ave., Suite 7 • Chicago, Illinois 60660 • (773) 433-1800
www.thenewadmiral.com

The Admiral at the Lake Proposed Staffing
May 08, 2012

Position	FTE's	Comments
Health Services Administrator	1.0	Hired
HR Director	1.0	Hired
CFO	1.0	Hired
Director of Facilities Management	1.0	Hired
Director of Culinary Services	1.0	Hired
Director of Marketing	1.0	Hired
DON	1.0	Recruiting
Wellness Nurse	1.0	Recruiting
Assisted Living Nurse Supervisor	1.0	Recruiting
Social Worker	1.0	Recruiting
Memory Support Supervisor	1.0	Recruiting

Facility Size
Section 1110.1730(h)

The maximum size of the facility after completion of the proposed Project will be 36 beds, which is below the maximum size of 250 beds specified in Section 1110.1730(h).

ATTACHMENT 28

Community Related Functions
Section 1110.1730(i)

In connection with the Project and in satisfaction of Section 1110.1730(i), The Admiral has included a community support letter from Methodist Hospital of Chicago. Additional community support letters will be submitted under separate cover.

ATTACHMENT 28

Bethany Methodist Communities

5015 North Paulina Street
Chicago, Illinois 60640
(773) 989-1354
Fax: (773) 989-1316

May 8, 2012

Dale Galassie
Illinois Health Facilities and Services Review Board
525 W. Jefferson, 2nd Floor
Springfield, IL 62761

Re: The Admiral at the Lake

Dear Chair Galassie:

It is my understanding that the Admiral at the Lake is in the process of filing a CON application to eliminate the variance requirement that its skilled nursing home patients be limited to residents of its CCRC. The timing of this request could not be better as our hospital intends to file an application to discontinue its Long Term Care category of service which currently consists of 23 beds. If the variance on the Admiral's CON permit is eliminated, the Admiral will be an option for the admission of residents of the general community to receive skilled care in a new state of the art facility.

While the skilled component of our service can no longer be a focus for our facility, residents of the community will appreciate the opportunity to have another option for high quality skilled nursing services. Based upon the 2010 Long Term Care questionnaire data, average utilization of skilled nursing facilities within 30 minutes of the Admiral is 82%. Importantly, there has been virtually no development of skilled nursing facilities within the City of Chicago over the past thirty years. In fact, only three CONs have been approved for skilled nursing facilities during this time: the Clare at the Watertower, Mercy Circle, and the Admiral. All of these facilities are CCRC which, by law, are limited in their admissions. Certain other facilities in the community are inappropriate for treating elderly residents who are often frail and suffering multiple co-morbidities. Approval of the Admiral's CON application, which will remove the CCRC variance, will help to improve access to high quality skilled nursing to residents of Chicago.

Our facility has had an average daily census of 6.5 patients over the last two calendar years and many of these patients could be appropriate for admission at the Admiral at the Lake.

Sincerely,

Wolfgang Mayer
Chief Operating Officer
Methodist Hospital of Chicago
5025 North Paulina Street
Chicago, Illinois 60640
(773) 271-9040

150012.1

Zoning
Section 1110.1730(j)

On March 14, 2007, the City Council of the City of Chicago passed an ordinance re-zoning the property to be used as an RM6.5 Residential Multi-Unit District. The zoning is consistent with the type of facility to be developed. See the approved zoning ordinance within this Attachment.

ATTACHMENT 28

MIGUEL DEL VALLE, CITY CLERK
CITY CLERK'S OFFICE—CITY OF CHICAGO

189467-5-SP-3/06

STATE OF ILLINOIS)
)SS.
COUNTY OF COOK)

I, MIGUEL DEL VALLE, City Clerk of the City of Chicago, in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance is hereby amended by changing of all the Institutional Planned Development Number 152 symbols and indications as shown on Map Number 13-G in the area bounded by: West Foster Avenue; North Marine Drive; the alley next south of and parallel to West Foster Avenue or the line thereof if extended where no alley exists; and the alley next east of and parallel to North Sheridan Road, to those of an RM6.5 Residential Multi-Unit District, which ordinance passed by the City Council of the City of Chicago at its regular meeting held on the fourteenth (14^{th}) day of March, 2007.

I, DO FURTHER CERTIFY that the original, of which the foregoing is a true and correct copy is on file in my office and that I am the lawful custodian of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the said City of Chicago aforesaid, at the said City, in the County and State aforesaid, this thirtieth (30^{th}) day of March, 2007.

Miguel del Valle

MIGUEL DEL VALLE, City Clerk

ATTACHMENT 28

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Title 17, of the Municipal Code of the City of Chicago, the Chicago Zoning Ordinance be amended by changing all the Institutional Planned Development Number 152 symbols and indications as shown on Map Number 13-G in the area bounded by

> West Foster Avenue; North Marine Drive; the alley next south of and parallel to West Foster Avenue or the line thereof if extended where no alley exists; and the alley next east of and parallel to North Sheridan Road,

to those of a RM6.5 Residential Multi-Unit District and a corresponding use district is hereby established in the area above described.

SECTION 2. That the Chicago Zoning Ordinance be amended by changing all the RM6.5 Residential Multi-Unit District symbols and indications within the areas hereinabove described to the designation of a Residential Planned Development which is hereby established in the area above described, subject to such use and bulk regulations as are set forth in the Plan of Development herewith attached and made a part thereof and to no others.

SECTION 3. This ordinance shall be in force and effect from and after its passage and due publication.

4. This plan of development consists of fourteen (14) statements; a Bulk Regulations and Data Table; an Existing Zoning Map; a Planned Development Property Line and Boundary Map: Site Plan; Landscape Plan; Elevations; Building floor Plans; dated January 18, 2007 prepared by Perkins & Will architects; full size sets of the Site/ Landscape Plan and Building Elevations, and Roof Plan are on file with the Department of Planning and Development. This plan of development is in conformity with the intent and purposes of the Chicago Zoning Ordinance (Title17 of the Municipal Code of Chicago) and all requirements thereof and satisfies the established criteria for approval of a planned development. These and no other zoning controls shall apply. In any instance where a provision of this Planned Development conflicts with the Chicago Building Code, the Building Code shall apply.

5. The following uses shall be permitted within the areas delineated herein:

   residential units totaling two hundred (200) independent living units; thirty-nine (39) suites for assisted living; thirty-six (36) private, skilled nursing units; and seventeen (17) memory care units to be located within multi-story buildings, with residential support services uses on the first floor to be those allowed as a permitted and special uses identified in Sec. 17-9-0114 and Sec.17-17-0104-X of the Chicago Zoning Ordinance, also included are restaurants limited and general and general retail uses; townhouses and accessory uses, accessory parking and loading.

6. On-premise signs shall be permitted within the Planned Development subject to the review and approval of the Department of Planning and Development. Temporary signs and banners, such as construction and marketing signs shall be permitted within the Planned Development subject to the review and approval of the Department of Planning and Development. Off-premise signs are prohibited.

7. Any service drive or other ingress or egress including emergency vehicles access shall be adequately designed, constructed and paved in accordance with the Municipal Code of Chicago and the regulations of the Department of Transportation in effect at the time of construction. There shall be no parking or storage of garbage receptacles within such paved areas, except as noted on the site plan, or within fire lanes. Ingress and egress shall be subject to the review and approval of the Department of Transportation and the Department of Planning and Development. Off-street parking and off-street loading facilities shall be provided in compliance with this plan of development subject to the review of the Department of Transportation and the Department of Planning and Development. Closure of all or part of any public street or alley during demolition or construction shall be subject

to the review of the Chicago Department of Transportation. All work proposed in the publicways must be designed and constructed in accordance with the Chicago Department of Transportation Construction Standards for work in the publicways and in compliance with the Municipal Code of the City of Chicago.

8. The height of any building or any appurtenance attached thereto prescribed in this Planned Development shall not exceed the heights established in the Bulk Regulations Table and Building elevations and shall also be subject to height limitation established by the Federal Aviation Administration.

9. The maximum permitted floor area ratio shall be in accordance with the attached Bulk Regulations and Data Table. For the purposes of F.A.R. calculations and floor area measurements, the terminology as defined in Chapter 17-17-0300 of the Chicago Zoning Ordinance shall apply.

10. The improvements of the property shall be designed, installed and maintained in substantial conformance with Site / Landscape Plan; Building Elevations and the Roof Plan and in accordance with the parkway tree provisions of the Chicago Zoning Ordinance and corresponding regulations and guidelines. Specifically, the Applicant will provide a minimum of five thousand (5,000) square feet of residential support services uses (as identified in Section 17-17-0104-X of the Chicago Ordinance) of floor area on the ground floor as indicated on the site plan.

11. The terms, conditions and exhibits of this Planned Development ordinance may be modified administratively, by the Commissioner of the Department of Planning and Development upon written request for such modification by the Applicant and after a determination by the Commissioner of the Department of Planning and Development, that such a modification is minor, appropriate and is consistent with the nature of the improvements contemplated in this Planned Development. Any such modifications of the requirements of this statement by the Commissioner of the Department of Planning and Development shall be deemed to be a minor change in the Planned Development as contemplated by Sec. 17-13-0611-A of the Chicago Zoning Ordinance. Such minor changes may include; a reallocation of dwelling units and / or floor area devoted to Residential Support Services. Finally it is acknowledged that the demising walls for interior spaces are illustrative only and that the location and/or relocation of demising walls or division of interior spaces shall be deemed to require any further approvals pursuant hereto.

12. The Applicant acknowledges that it is in the public interest to design, construct and maintain all buildings in a manner which promotes, enables and maximizes universal access throughout the property. Plans for all buildings and improvements on the property shall be reviewed and approved by the Mayor's Office for People with Disabilities ("M.O.P.D.") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility at the time of application for a building permit.

13. The Applicant acknowledges that it is in the public interest to design, construct and maintain all buildings in a manner that promotes and maximizes the conservation of natural resources. The Applicant shall use best and reasonable efforts to design, construct and maintain all buildings located within the property in a manner generally consistent with the leadership in Energy and Environmental Design ("L.E.E.D.") Green Building Rating System. Copies of these standards may be obtained from the Department of Planning and Development. The Applicant shall provide vegetated ("green") roofs totaling (25 %), approximately 12,943 square feet of the net roof area of the buildings. ("Net roof area" shall be defined as the total area of the roof minus any required perimeter setbacks, rooftop structures and roof-mounted equipment).

14. Unless substantial construction of the improvements contemplated in this Planned Development has commenced within six (6) years following adoption of this Planned Development and unless completion thereof is diligently pursued, then this Planned Development shall expire and the property shall automatically convert to that of a RM-6.5 Residential multi-Unit District. This six (6) year period may be extended for up to one additional year if, before expiration of the six (6) year period, the Commissioner of Planning and Development determines that good cause for an extension is shown.

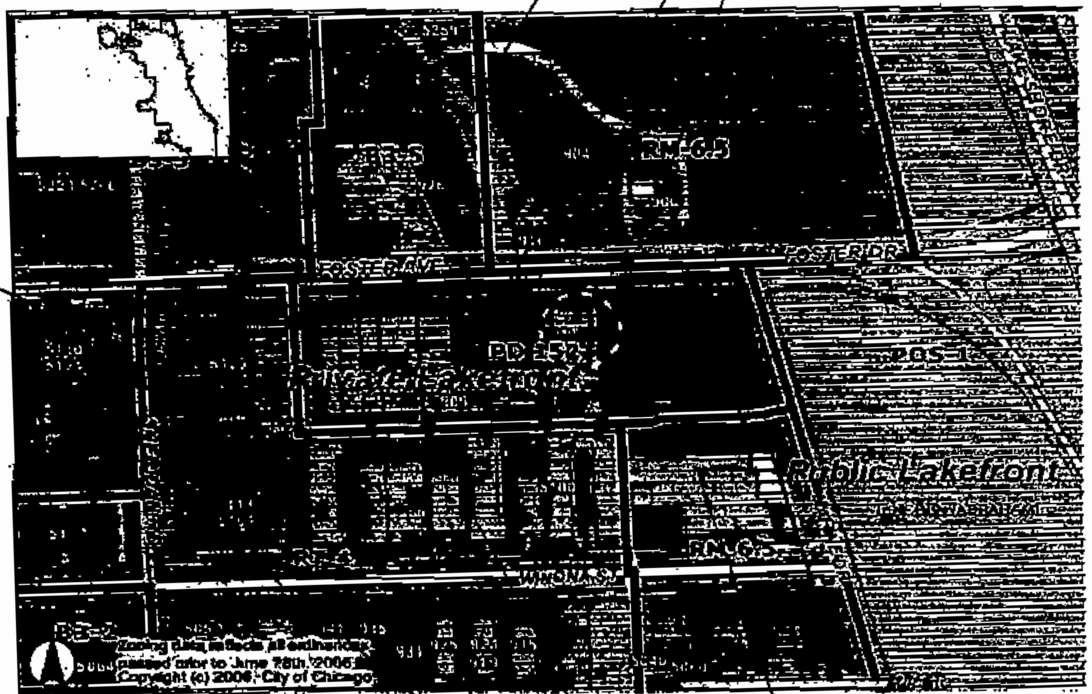
Applicant: The Admiral at the Lake
Address: 909 West Foster Avenue, Chicago, Illinois
Date: January 18, 2007

Residential-Business Planned Development Number _____.
Plan of Development
Bulk Regulations and Data Table

Gross Site Area:	121,097 square feet (2.78 acres)
Area of Public R.O.W.:	30,822 square feet (0.71 of an acre)
Net Site Area:	90,275 square feet (2.07 acres)
Maximum Floor Area Ratio:	5.5
Permitted Uses:	Residential Uses, Residential support services, related use and accessory uses as listed in Statement No. 5
Maximum Number of Units:	200 independent living units; 39 suites for assisted living, 36 private, skilled nursing units; and 17 memory care units
Number of Off-Street Parking Spaces to be provided:	300 parking spaces
Minimum Area of Residential Support Services to be provided:	5,000 square feet
Minimum Number of Off-Street Loading Spaces:	Total: 2 berths @ 10' by 50'
Minimum Setbacks:	In substantial compliance with the attached Site Plan
Maximum Percentage of Site Coverage:	In substantial compliance with the attached Site Plan
Maximum Building Height:	In substantial compliance with the attached Building Elevations

Applicant: The Admiral at the Lake
Address: 909 West Foster Avenue, Chicago, Illinois
Date: January 18, 2007

Figure 1: Map of Vicinity of Site



THE ADMIRAL at the Lake

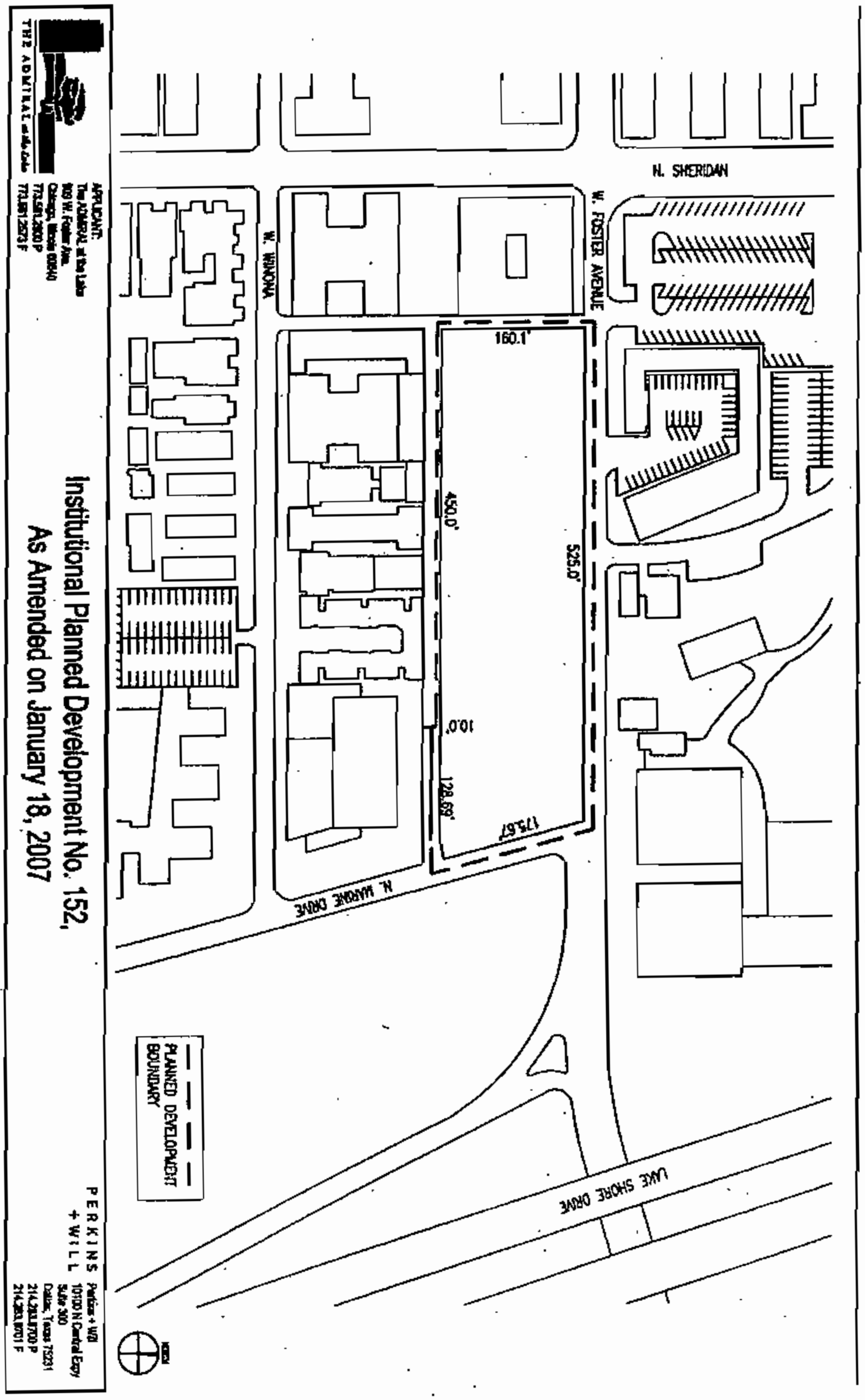
APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

Institutional Planned Development No. 152,
As Amended on January 18, 2007

PERKINS +WILL
Perkins + Will
10100 N Central Expy
Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

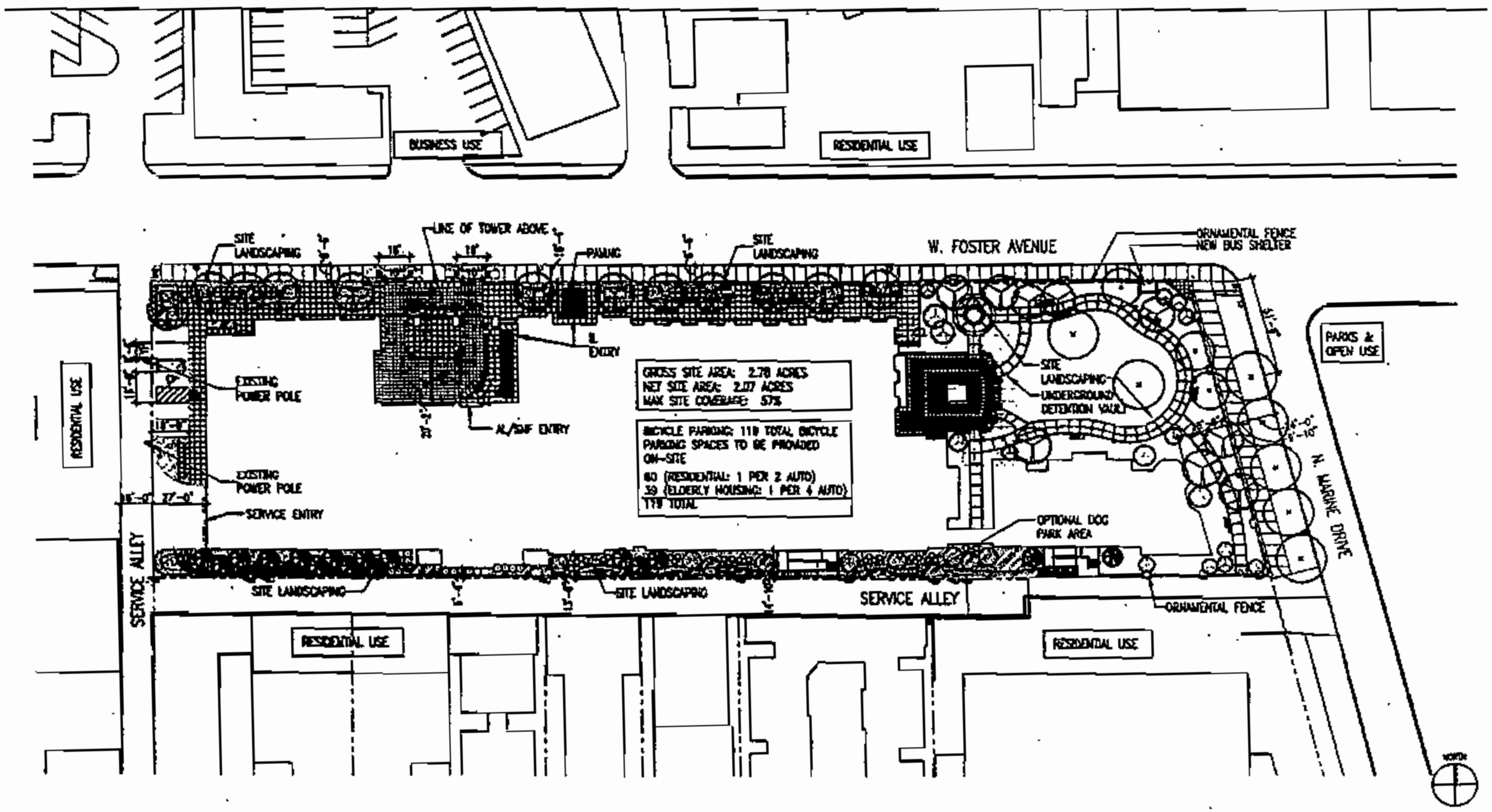
ATTACHMENT 28

Figure 2: Map of Existing Site



ATTACHMENT 28

Figure 3.1: Proposed Site Plan - Overall



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THE ADMIRAL at the Lake

Institutional Planned Development No. 152,
As Amended on January 18, 2007

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214.283.8700 P
214.283.8701 F

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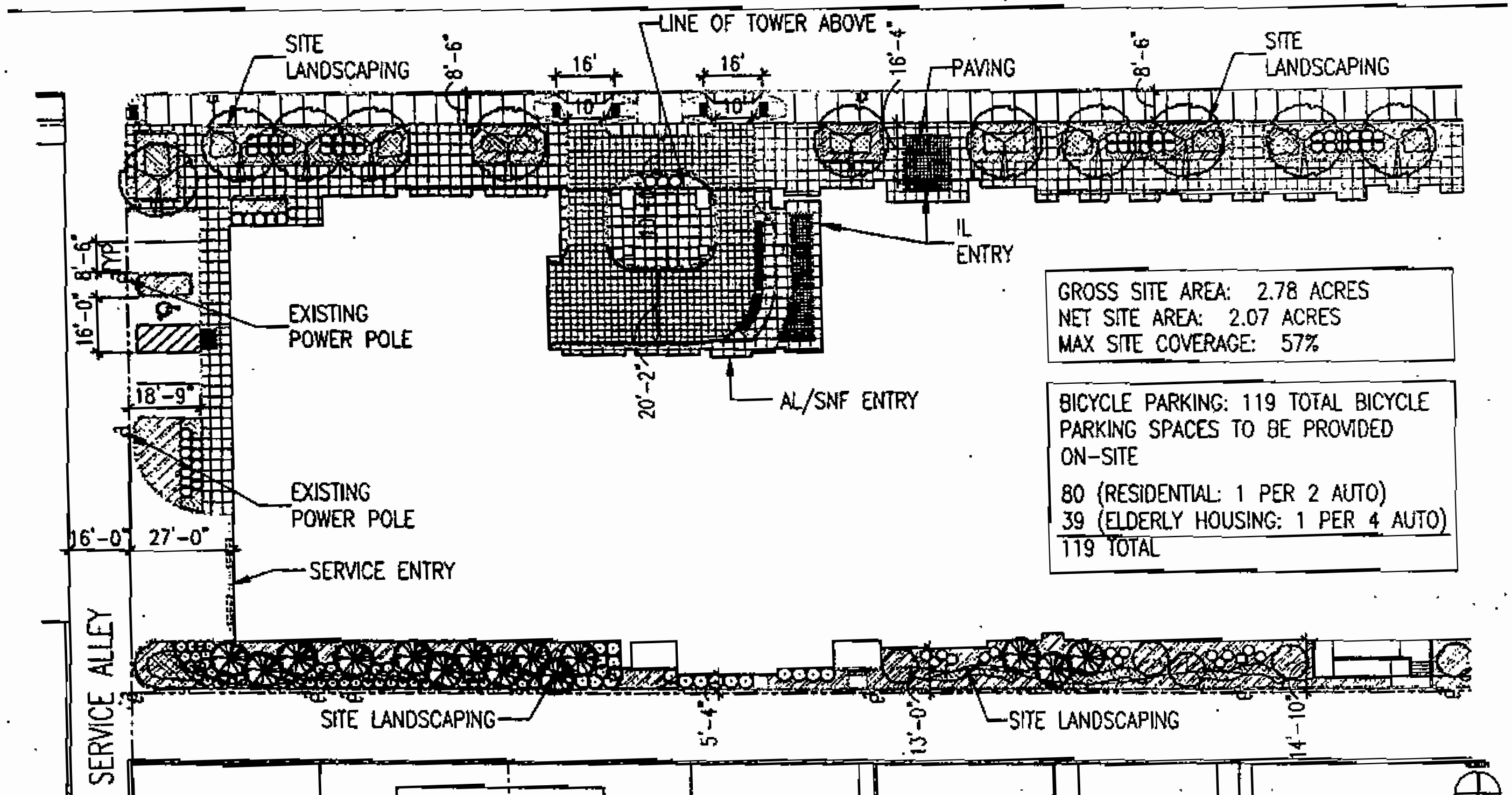
Figure 3.2: Proposed Site Plan - Area "A"



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THE ADMIRAL at the Lake

Institutional Planned Development No. 152,
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Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

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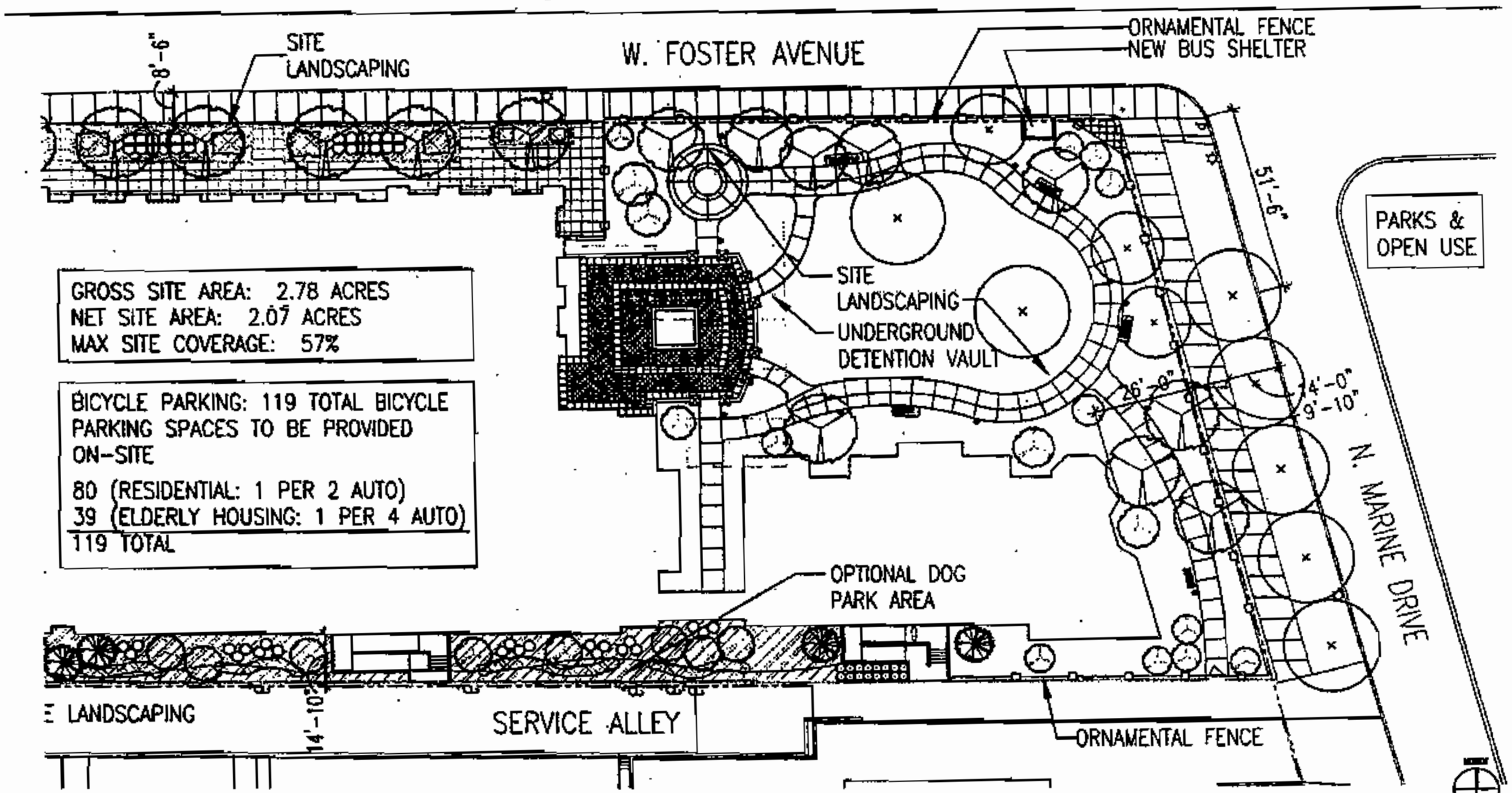
Figure 3.3: Proposed Site Plan - Area "B"



APPLICANT:
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Chicago, Illinois 60640
773.561.2900 P
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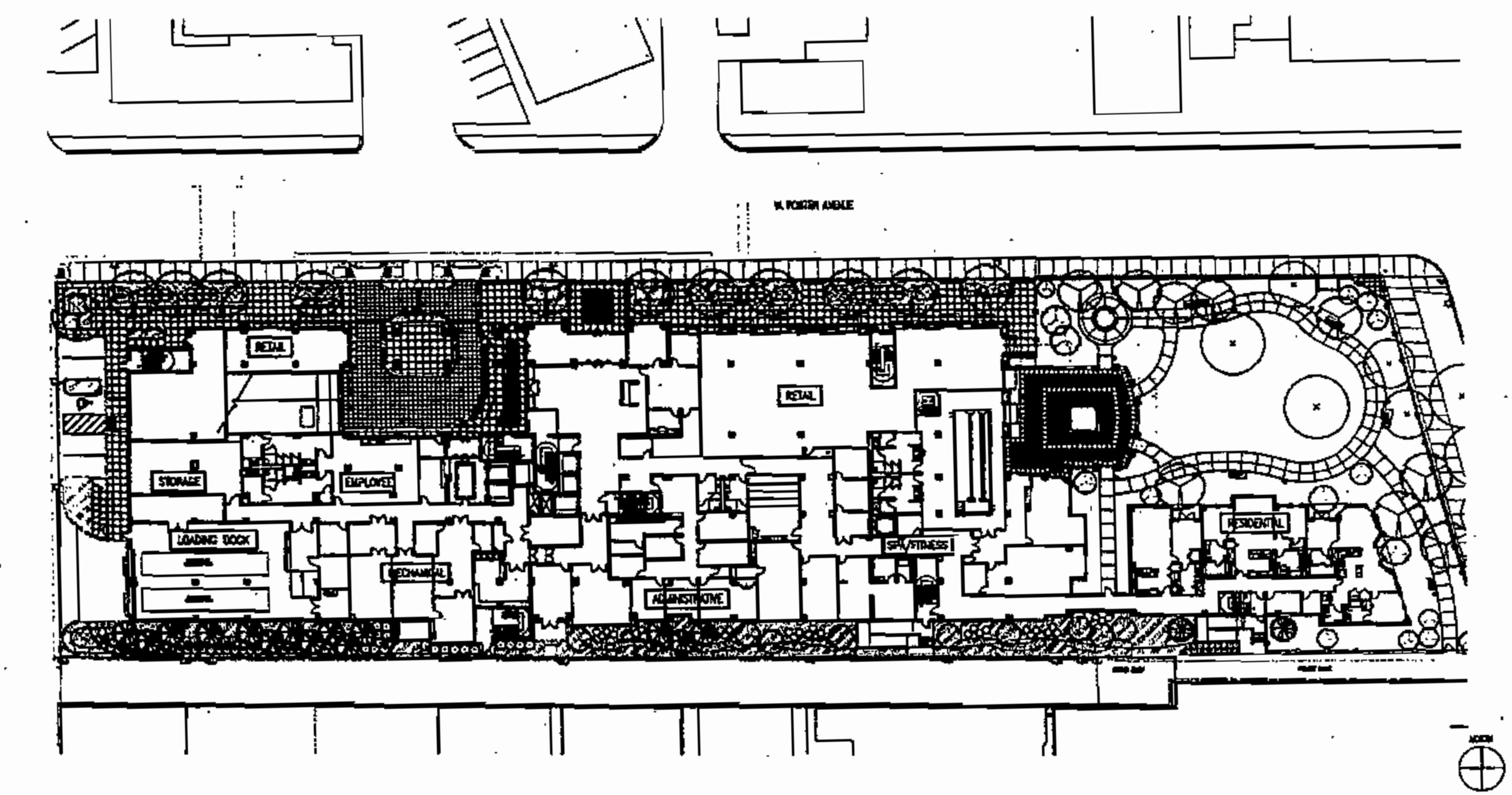
Institutional Planned Development No. 152,
As Amended on January 18, 2007

PERKINS + WILL
Perkins + Will
10100 N Central Expy
Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

FINAL FOR PUBLICATION

Figure 4.1: Proposed Ground Floor Plan



APPLICANT:
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773.561.2900 P
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Institutional Planned Development No. 152,
As Amended on January 18, 2007

PERKINS + WILL
Perkins + Will
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Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

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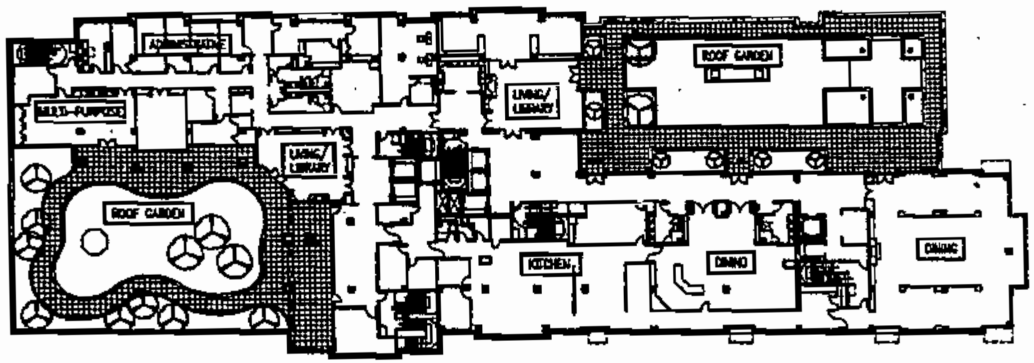
ATTACHMENT 28

Figure 4.4: Proposed Floor Plans



FLOOR 6

APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

Institutional Planned Development No. 152,
As Amended on January 18, 2007

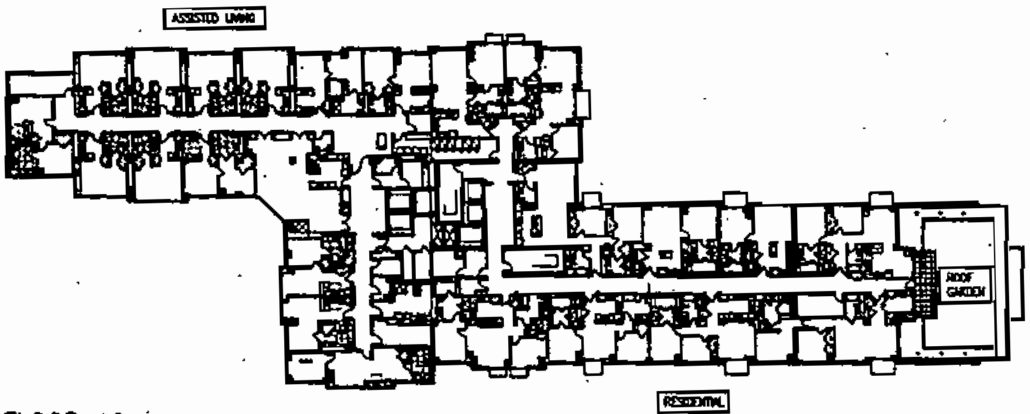
PERKINS + WILL
Perkins + Will
10100 N Central Expy
Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

FINAL FOR PUBLICATION

ATTACHMENT 28

ATTACHMENT 28

Figure 4.7: Proposed Floor Plans



FLOOR 10

APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

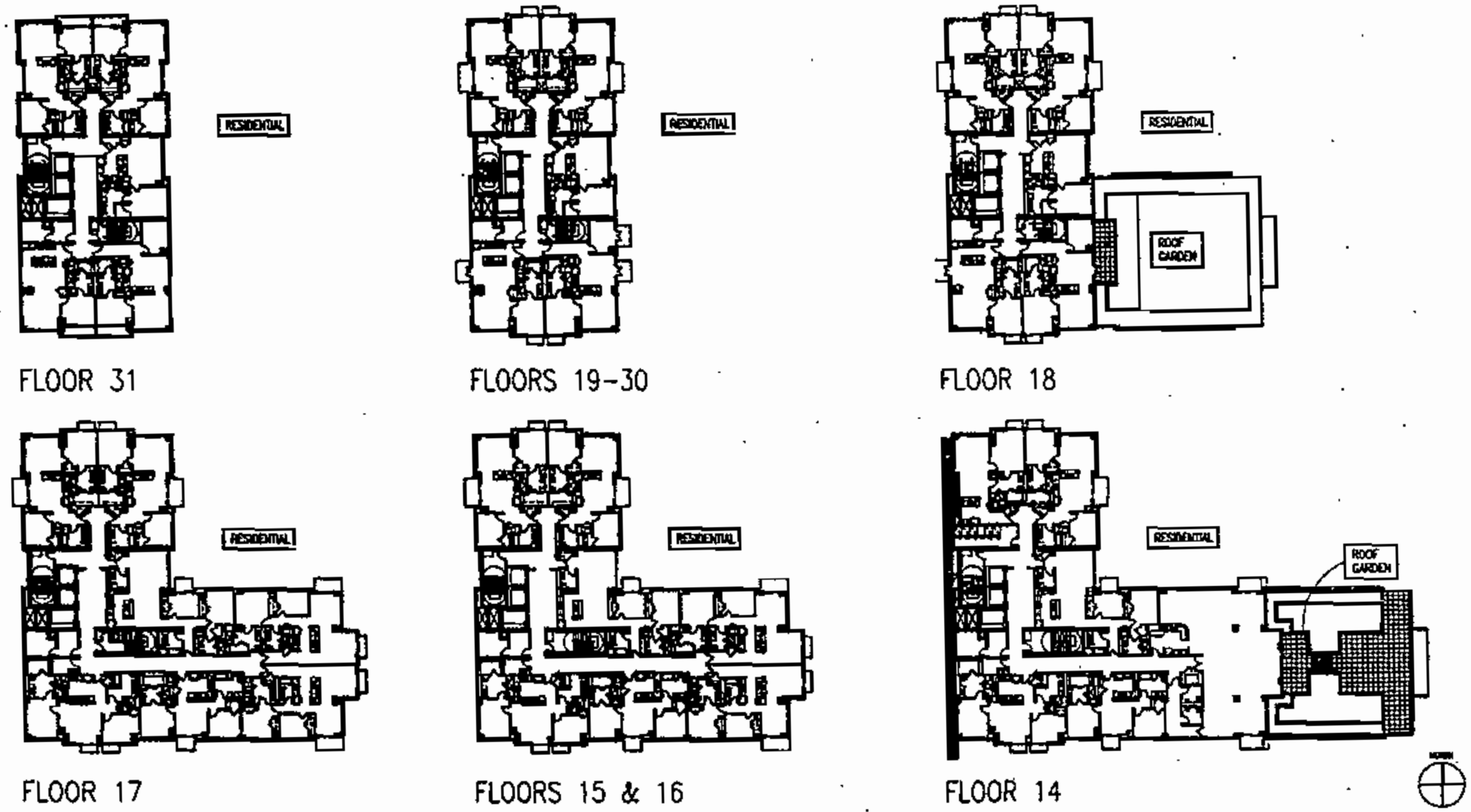
THE ADMIRAL at the Lake

Institutional Planned Development No. 152,
As Amended on January 18, 2007

PERKINS + WILL
Perkins + Will
10100 N Central Expy
Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

ATTACHMENT 28

Figure 4.10: Proposed Floor Plans



THE ADMIRAL at the Lake

APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

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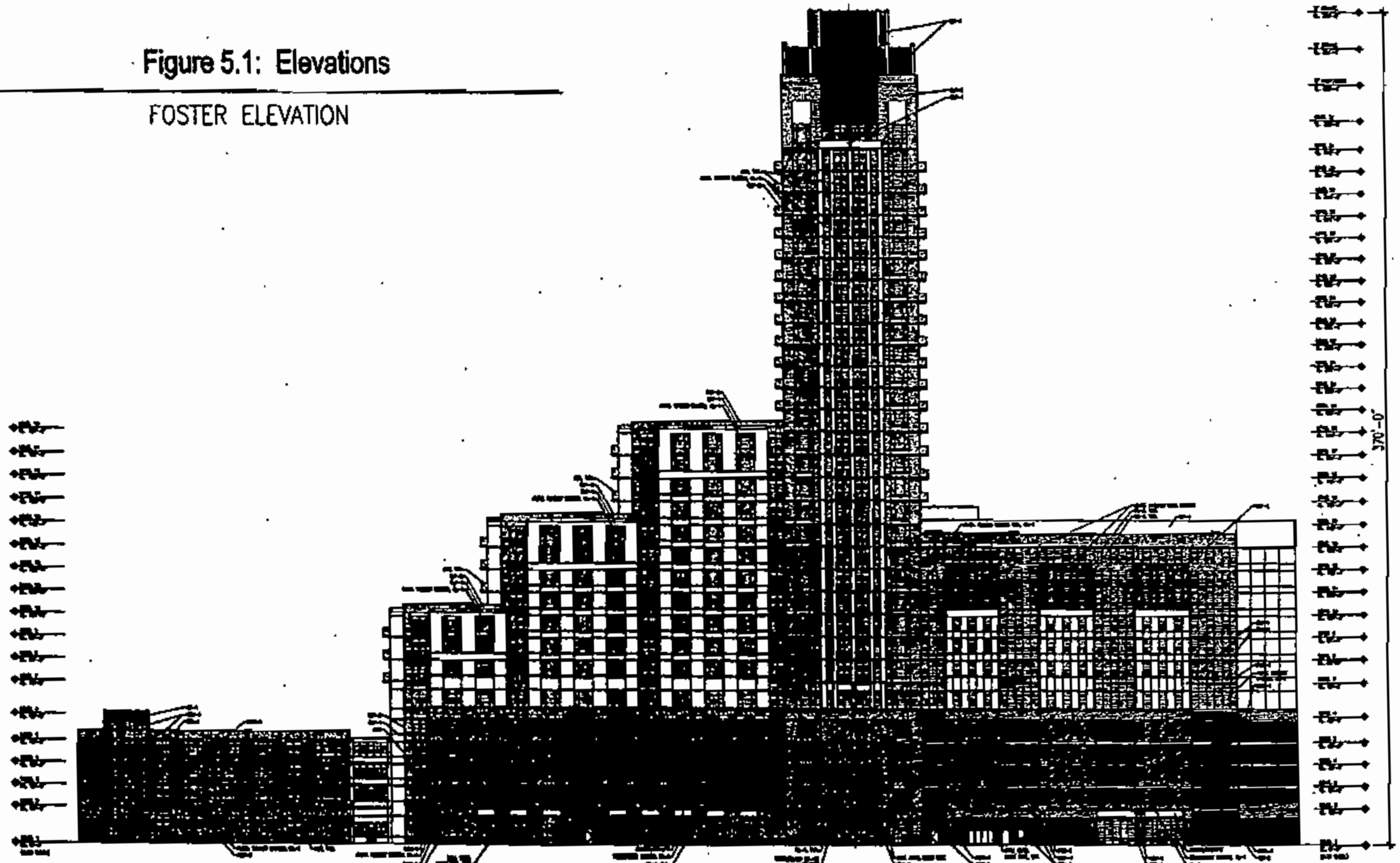
Figure 5.1: Elevations

FOSTER ELEVATION



APPLICANT:
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773.561.2900 P
773.561.3573 F

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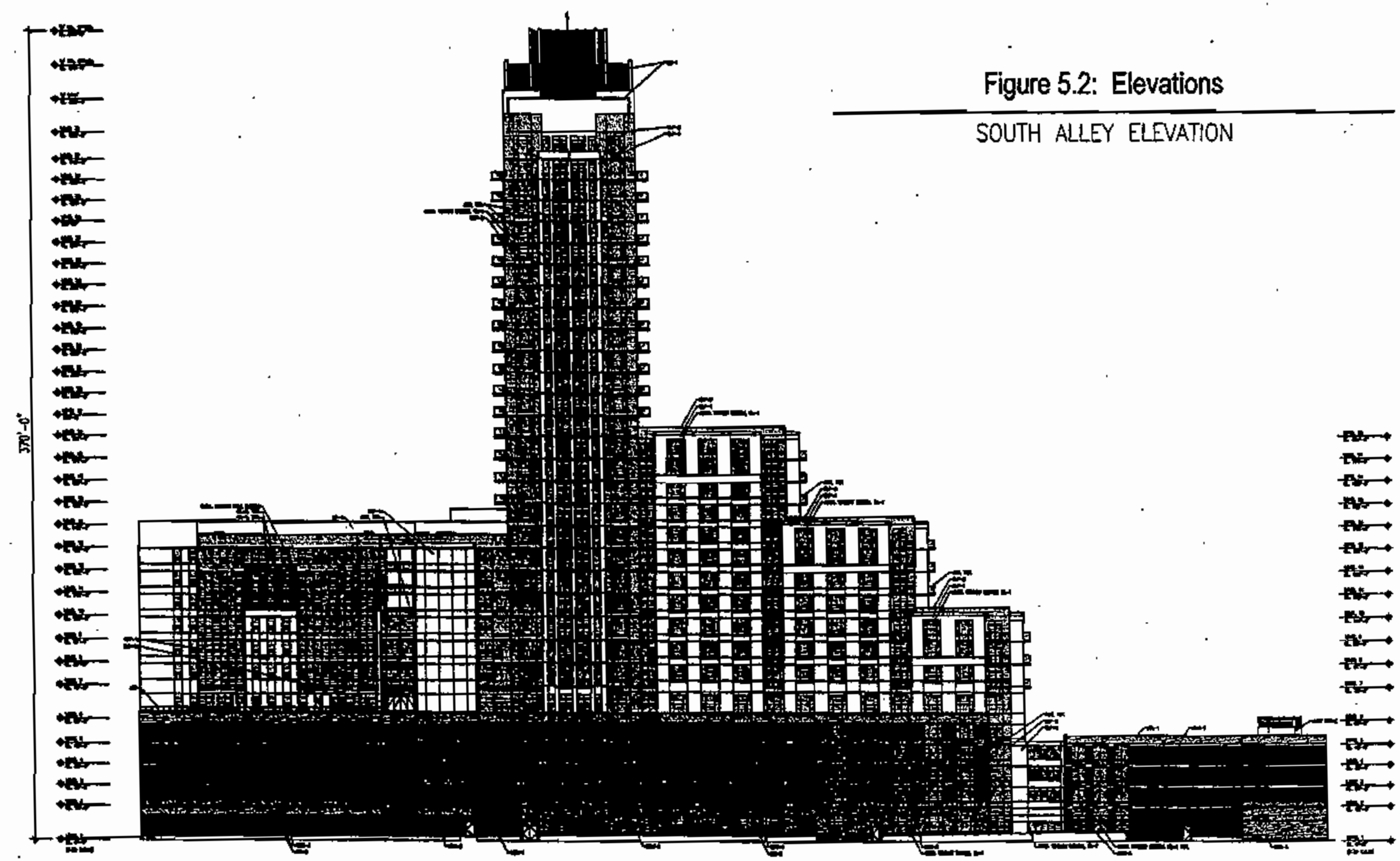
Figure 5.2: Elevations

SOUTH ALLEY ELEVATION



APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

THE ADMIRAL at the Lake

**Institutional Planned Development No. 152,
As Amended on January 18, 2007**

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Perkins + Will
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Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

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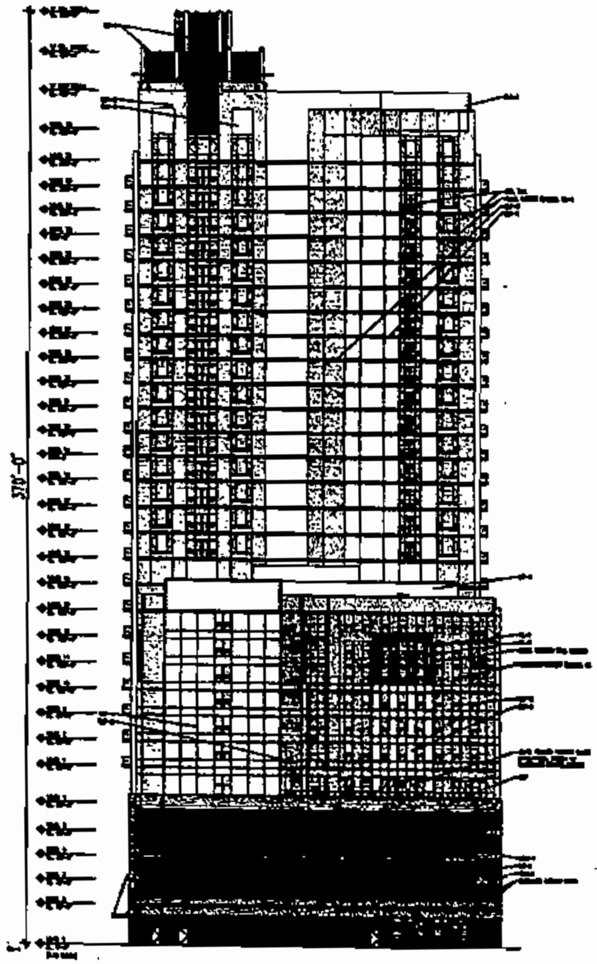
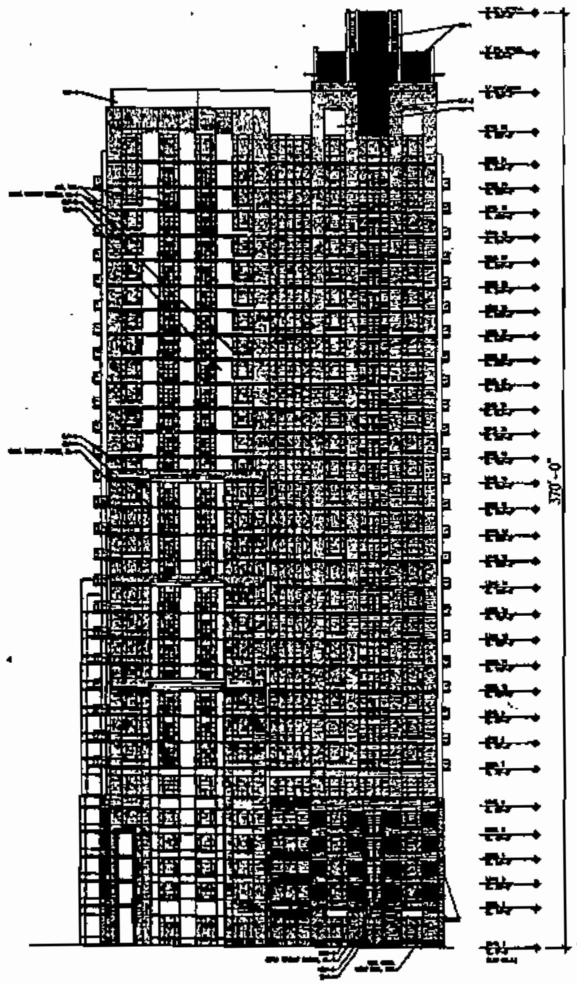
Figure 5.3: Elevations



WEST ALLEY ELEVATION

MARINE DRIVE ELEVATION (TOWNHOMES)



MARINE DRIVE ELEVATION (TOWER)

THE ADMIRAL at the Lake

APPLICANT:
The ADMIRAL at the Lake
909 W. Foster Ave.
Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

Institutional Planned Development No. 152,
As Amended on January 18, 2007

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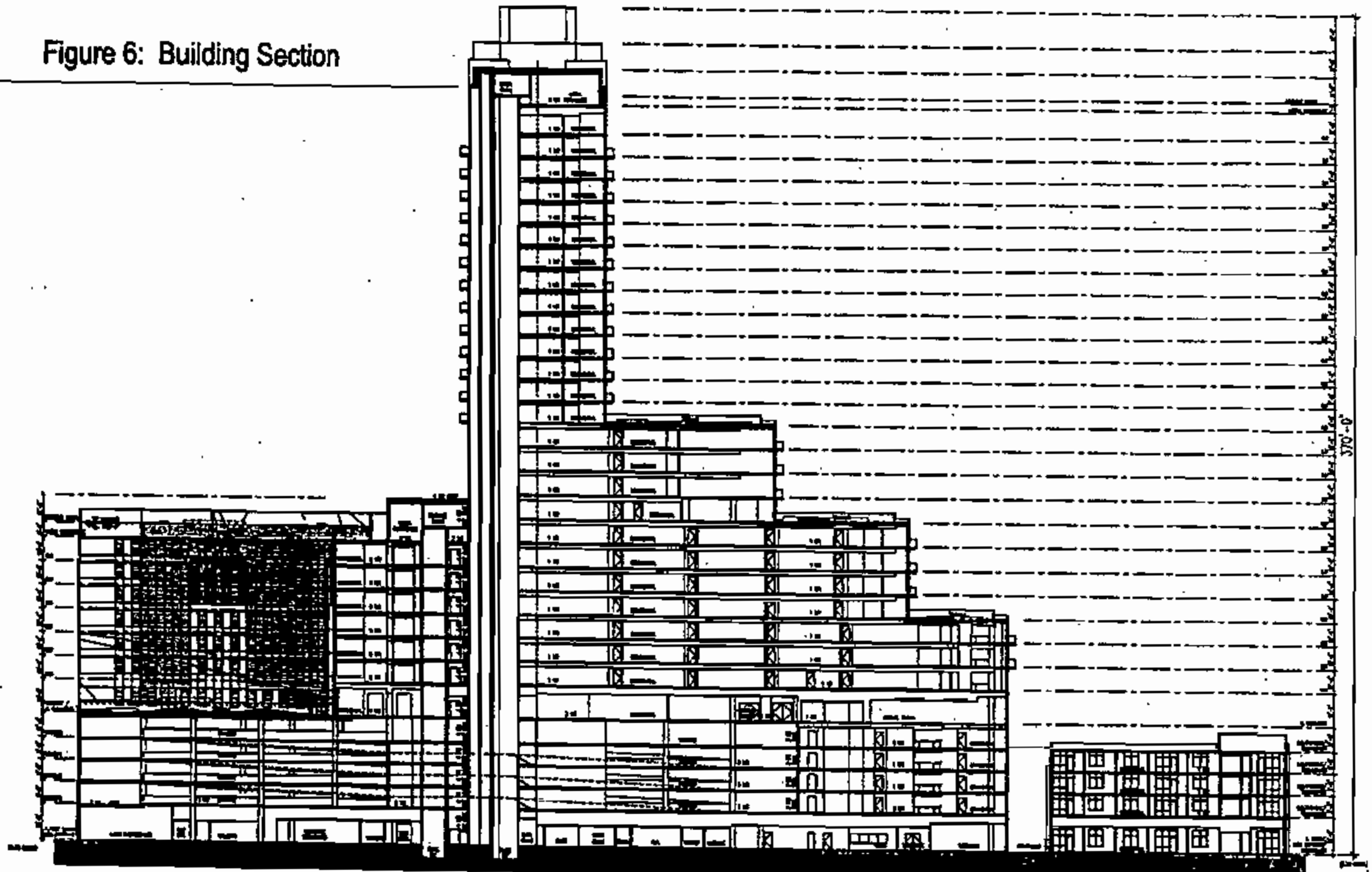
Figure 6: Building Section



THE ADMIRAL at the Lake

APPLICANT:
The ADMIRAL at the Lake
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Chicago, Illinois 60640
773.561.2900 P
773.561.2573 F

Institutional Planned Development No. 152,
As Amended on January 18, 2007

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214.283.8700 P
214.283.8701 F

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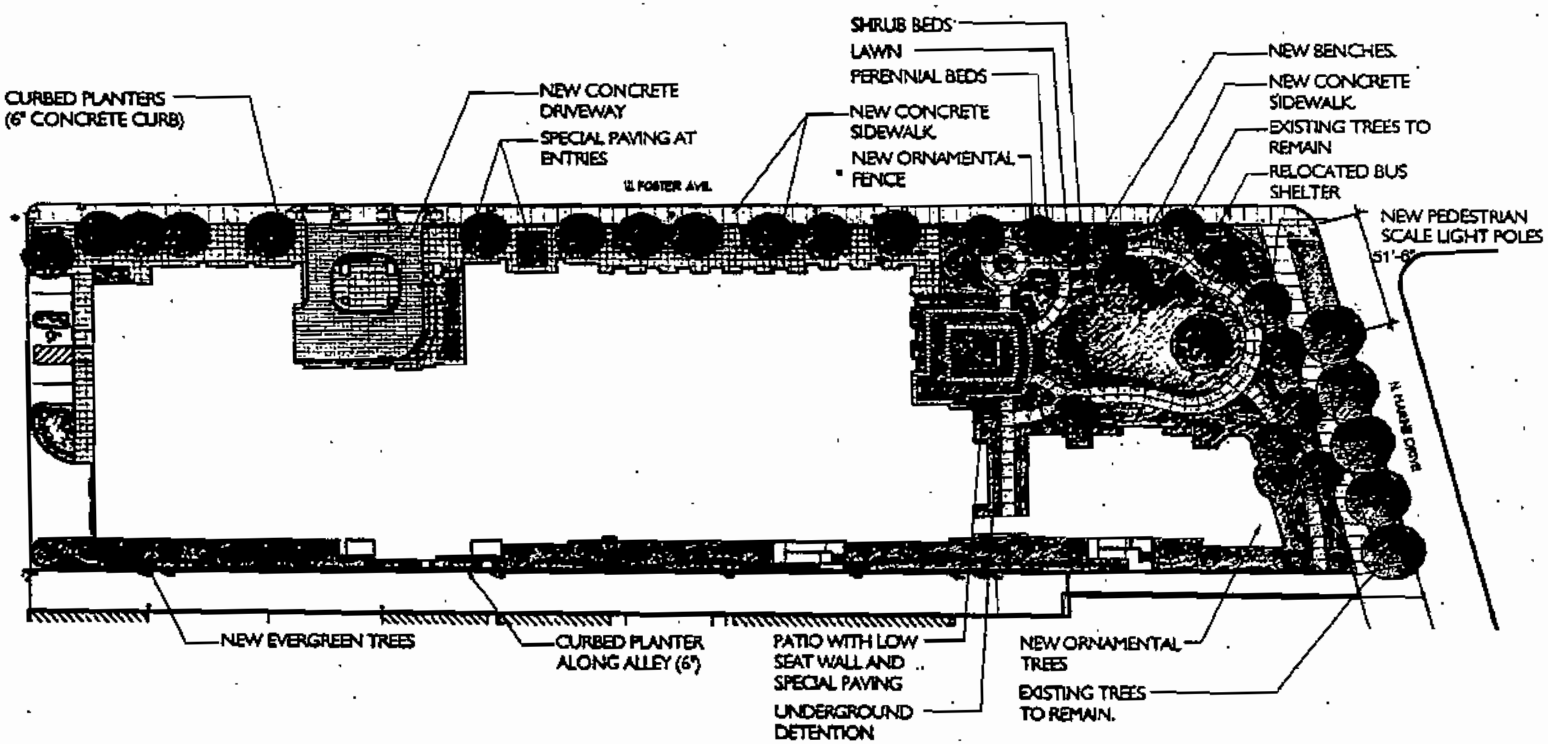
Figure 7.1: Ground Floor Landscape/Streetscape



THE ADMIRAL at the Lake

APPLICANT:
The ADMIRAL at the Lake
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Chicago, Illinois 60640
773.561.2900 P
773.561.3573 F

Institutional Planned Development No. 152, As Amended on January 18, 2007

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Perkins + Will
10100 N Central Expy
Suite 300
Dallas, Texas 75231
214.283.8700 P
214.283.8701 F

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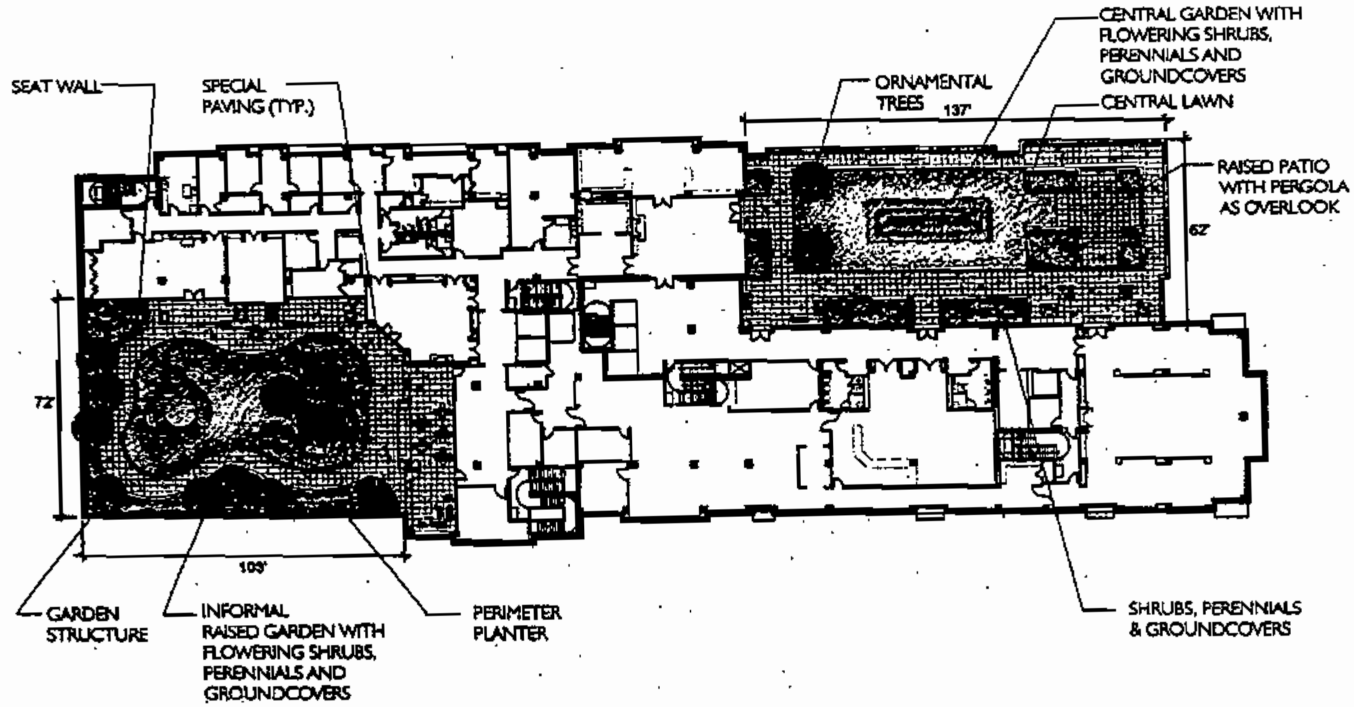
Figure 7.2: Roof Gardens



FLOOR 6

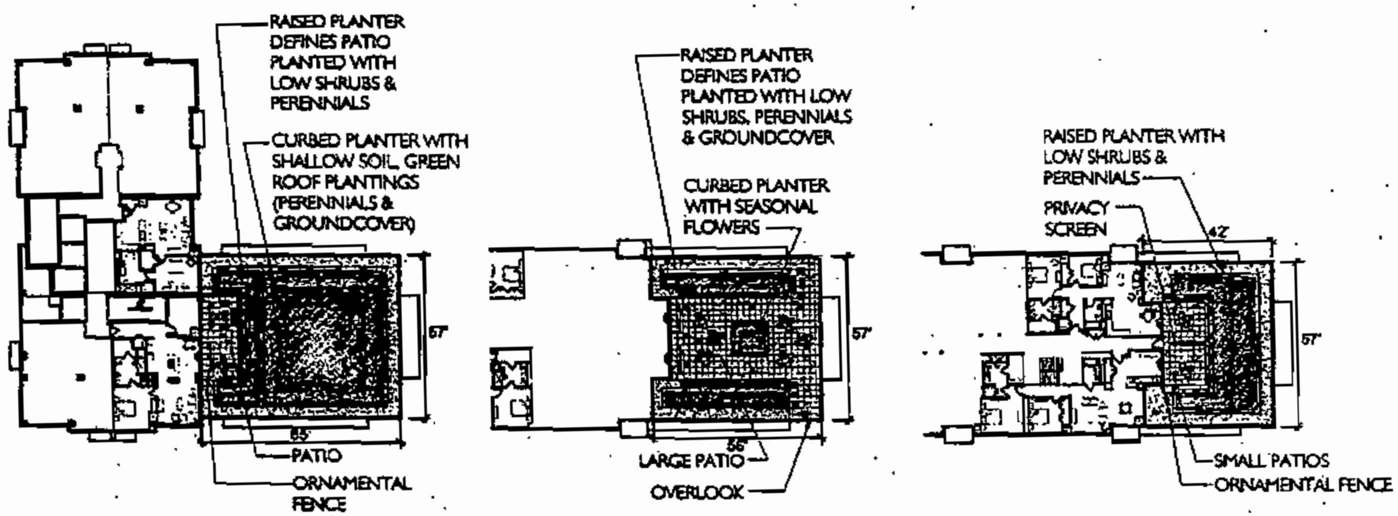
APPLICANT:

Institutional Planned Development No. 152,
As Amended on January 18, 2007

PERKINS + WILL

FINAL FOR PUBLICATION

Figure 7.3: Roof Gardens



FLOOR 18 FLOOR 14 FLOOR 10

THE ADMIRAL at the Lake

APPLICANT:
The ADMIRAL at the Lake
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773.561.2578 F

**Institutional Planned Development No. 152,
As Amended on January 18, 2007**

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214.283.8701 F

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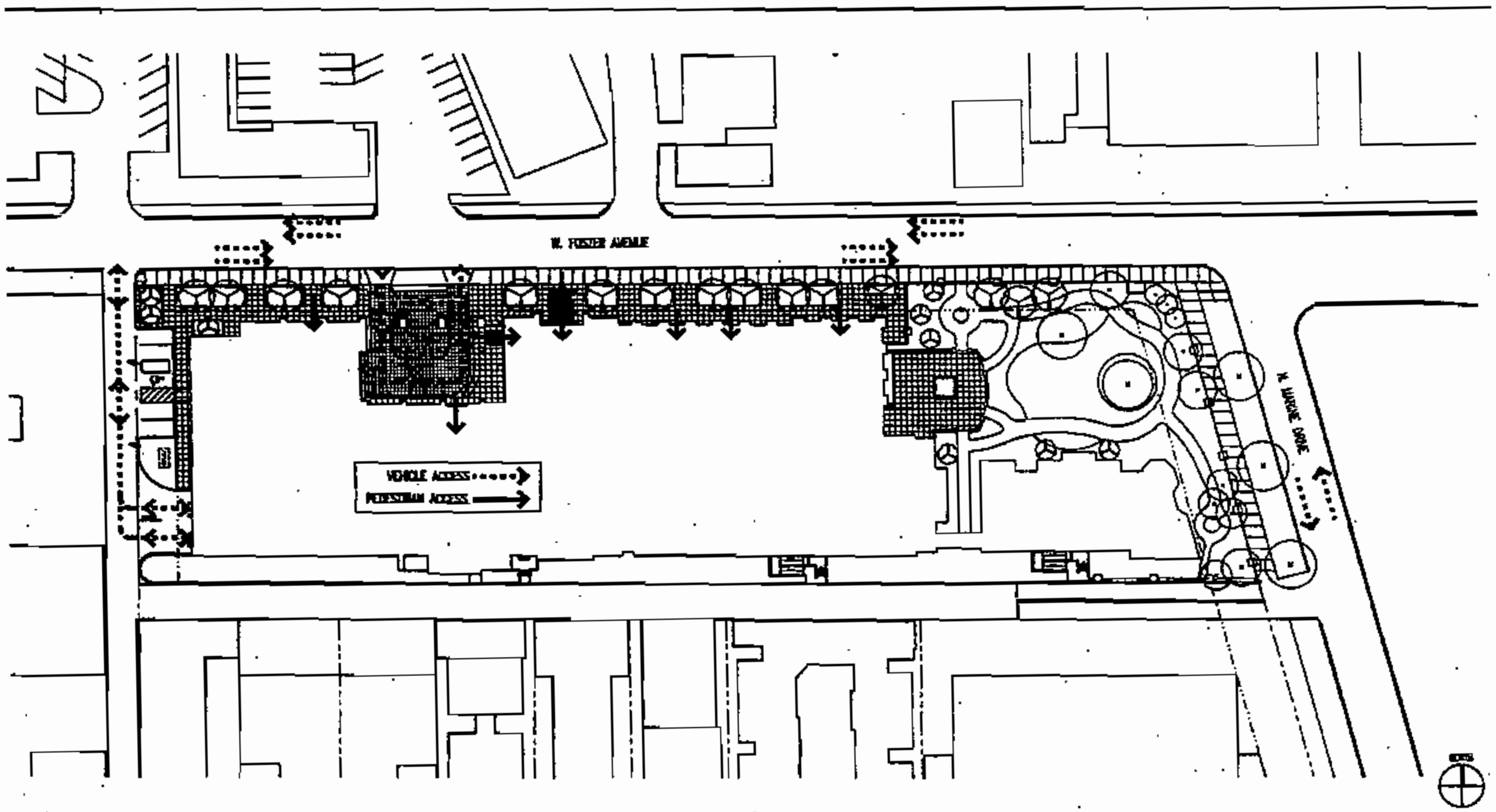
Figure 8: Vehicular/Pedestrian Access



THE ADMIRAL at the Lake

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773.561.2573 F

Institutional Planned Development No. 152,
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Document No. SO2007-1023

PASSED by the City Council of the City of Chicago, and deposited in the office of the City Clerk of said City.

MAR 14 2007

Miguel del Valle

City Clerk

City of Chicago

ATTACHMENT 28

City of Chicago
Richard M. Daley, Mayor

Department of Planning and Development

Lori T. Healey
Commissioner

City Hall, Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
(312) 744-2578 (TTY)

http://www.cityofchicago.org

853-945 WEST FOSTER AVENUE

RESOLUTION

WHEREAS, the Applicant, The Admiral at the Lake, proposes a new facility that will consist of 200 independent living units in a 31-story, approximately 375 foot high tower, which will be connected to a 12-story, approximately 152 foot high tower that will include 39 suites for assisted living, 36 private rooms for skilled nursing care and 17 private rooms for memory care; and

WHEREAS, an application for Lakefront Protection District approval was filed with the Department of Planning and Development on November 1, 2006; and

WHEREAS, proper legal notice of a hearing before the Chicago Plan Commission on the Lakefront Protection Ordinance application was published in the Chicago Sun Times on December 29, 2006. The Applicant was separately notified of this hearing and the Lakefront Protection District application was considered at a public hearing by this Plan Commission on January 18, 2007; and

WHEREAS, the Plan Commission has reviewed the application with respect to the Lake Michigan and Chicago Lakefront Protection Ordinance and finds that the proposal would be consistent; and

WHEREAS, most notably, the proposed improvements would redesign, modernize and improve an existing senior housing facility; and

WHEREAS, the Department of Planning and Development and the Department of Zoning recommended approval of the application, with recommendation and explanation contained in the Department's written report dated January 18, 2007 a copy of which is attached hereto and made a part hereof; and

WHEREAS, the Chicago Plan Commission has fully reviewed the application and all informational submissions associated with the proposed development, the report and recommendation of the Commissioner of the Department of Planning and Development and the Administrator of the Department of Zoning, and all other testimony presented at the public hearing held on January 18, 2007, giving consideration to the Lake Michigan and Chicago Lakefront Protection Ordinance; and

...IGHBORHOODS
BUILDING CHICAGO TOGETHER

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NOW, THEREFORE, BE IT RESOLVED BY THE CHICAGO PLAN COMMISSION:

1. THAT the final application dated January 18, 2007 be approved as being in conformance with the provisions of the Lake Michigan and Chicago Lakefront Protection Ordinance; and

2. THAT the above-stated recitals to this resolution together with the report of the Commissioner of the Department of Planning and Development be adopted as the findings of fact of the Chicago Plan Commission regarding both applications.

Linda Searl

LindaSearl
Vice Chairman
Chicago Plan Commission

RBPD No. 152, as amended
LF# 512
Approved: January 18, 2007

ATTACHMENT 28

THE NEW ADMIRAL AT THE LAKE

May 08, 2012

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

Re: The Admiral at the Lake Permit Application - Assurances

Dear Ms. Avery,

In compliance with Section §1110.1730(k) of the Review Board Rules, The Admiral at the Lake, as operator of the Project, hereby attests that, to our understanding, by the second year of operation after the Project completion, The Admiral at the Lake will achieve and maintain the occupancy standards specified in 77 Illinois Administrative Code §1100 for the general long term care category of service.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake, Inc.

Subscribed and sworn to me
this 8th day of May, 2012.

Alice A. Loeppert
Notary Public

"OFFICIAL SEAL"
Alice A Loeppert
Notary Public, State of Illinois
My Commission Expires 10/9/2015

1055 W. Bryn Mawr Ave., Suite 7 • Chicago, Illinois 60660 • (773) 433-1800
www.thenewadmiral.com

Attachment 39

Availability of Funds

ATTACHMENT 39

Availability of Funds
Criterion 1120.120

In compliance with Section 1120.120 of the Review Board Rules, we provide documentation that sufficient financial resources are available to pay the total estimated Project costs and related costs from Revenue Bonds issued by the Illinois Finance Authority.

We draw your attention to an excerpt from the Official Statement, dated November 4, 2010, of the Illinois Finance Authority ("IFA") $202,350,000 Revenue Bonds (The Admiral at the Lake Project). These Bonds were issued by the IFA on November 19, 2010. Bond proceeds are being used to pay some costs which are not reflected as "Project Costs" for CON purposes, such as demolition and abatement costs and certain permissible non-capitalized costs. The attached materials from the bond closing transcript document the availability of funds and the terms of the debt instruments.

In addition to the Bonds proceeds, Project Costs have been funded through an equity contribution from The Admiral at the Lake Foundation of $6,500,000. This amount has already been paid and is highlighted on page 10 of the Official Statement excerpt included in this Attachment.

NEW ISSUES/BOOK-ENTRY

RATING: NOT RATED
See "No Rating" herein

In the opinion of Jones Day, Bond Counsel, assuming compliance with certain covenants, under present law, interest on the Tax-Exempt Series 2010 Bonds (as defined herein), will not be includable in gross income of the owners thereof for federal income tax purposes, will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account as an adjustment in computing a corporation's alternative minimum taxable income for purposes of determining the federal alternative minimum tax imposed on certain corporations. Interest on the Taxable Series 2010 Bonds (as defined herein) is not excluded from the gross income of the owners thereof who are United States persons for United States federal income tax purposes. See "TAX MATTERS" for a more detailed discussion of some of the federal income tax consequences of owning the Tax-Exempt Series 2010 Bonds. Interest on the Series 2010 Bonds is not exempt from present Illinois income taxes.

$202,350,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS
(THE ADMIRAL AT THE LAKE PROJECT)

consisting of

$123,400,000 **Revenue Bonds, Series 2010A**	**$6,000,000** **Revenue Bonds, Series 2010B**	**$5,000,000** **Revenue Bonds, Series 2010C** **(Accelerated Redemption Reset Option Securities (ARROS℠))**

$12,150,000 **Revenue Bonds, Series 2010D-1** **(Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠))**	**$18,075,000** **Revenue Bonds, Series 2010D-2** **(Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠))**	**$35,225,000** **Revenue Bonds, Series 2010D-3** **(Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠))**	**$2,500,000** **Taxable Revenue Bonds, Series 2010E (Taxable Mandatory Paydown Securities (Taxable MPS))**

Dates, Interest Rates, Prices, Yields and CUSIPs
Are Shown on the Inside of the Front Cover

The Illinois Finance Authority (the "Authority") is issuing its $123,400,000 Revenue Bonds, Series 2010A (The Admiral at the Lake Project) (the "Series 2010A Bonds"), its $6,000,000 Revenue Bonds, Series 2010B (The Admiral at the Lake Project) (the "Series 2010B Bonds"), its $5,000,000 Revenue Bonds, Series 2010C (Accelerated Redemption Reset Option Securities (ARROS℠)) (The Admiral at the Lake Project) (the "Series 2010C Bonds"), its $12,150,000 Revenue Bonds, Series 2010D-1 (Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠)) (The Admiral at the Lake Project) (the "Series 2010D-1 Bonds"), its $18,075,000 Revenue Bonds, Series 2010D-2 (Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠)) (The Admiral at the Lake Project) (the "Series 2010D-2 Bonds"), its $35,225,000 Revenue Bonds, Series 2010D-3 (Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠)) (The Admiral at the Lake Project) (the "Series 2010D-3 Bonds" and together with the Series 2010D-1 Bonds and the Series 2010D-2 Bonds, the "Series 2010D Bonds"), and its $2,500,000 Taxable Revenue Bonds, Series 2010E (The Admiral at the Lake Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) (the "Series 2010E Bonds" or the "Taxable Series 2010 Bonds" and, together with the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds and the Series 2010D Bonds, the "Series 2010 Bonds"). The Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds and the Series 2010D Bonds will hereinafter be referred to as the "Tax-Exempt Series 2010 Bonds." The Series 2010 Bonds will be issued and secured under two Bond Trust Indentures (as applicable, the "Tax-Exempt Bond Indenture" or the "Taxable Bond Indenture" and collectively, the "Bond Indentures") between the Authority and Wells Fargo Bank, N.A., Chicago, Illinois, as bond trustee (as applicable, the "Tax-Exempt Bond Trustee," the "Taxable Bond Trustee" or the "Series 2010E Bond Trustee," or, in all capacities, the "Bond Trustee"). The proceeds of each series of the Series 2010 Bonds will be loaned to The Admiral at the Lake, an Illinois not for profit corporation ("The Admiral"), pursuant to the Loan Agreements (as described herein) and will be used primarily to (i) pay or reimburse The Admiral for the payment of certain costs of acquiring, constructing, developing, marketing and equipping a continuing care retirement community containing independent living apartments, assisted living apartments, memory support assisted living units and nursing facilities known as The Admiral at the Lake (the "Project"); (ii) refinance certain taxable indebtedness of The Admiral; (iii) fund debt service reserve funds; (iv) pay a portion of the interest on the Series 2010 Bonds; (v) provide working capital; and (vi) pay certain of the costs relating to the issuance of the Series 2010 Bonds, all as permitted by the Illinois Finance Authority Act (the "Act"). A more detailed description of the use of the proceeds from the sale of the Series 2010 Bonds is included under the captions "**ESTIMATED SOURCES AND USES OF FUNDS**" and "**PLAN OF FINANCE.**" Except as described in this Official Statement, each series of the Series 2010 Bonds will be payable solely from and secured by a pledge of payments to be made under the related Loan Agreement and the related Series 2010 Obligation issued by The Admiral under a Master Trust Indenture (the "Master Indenture") between The Admiral and Wells Fargo Bank, N.A., Chicago, Illinois, as master trustee (the "Master Trustee"). The sources of payment of, and security for, each series of the Series 2010 Bonds are more fully described in this Official Statement.

The Series 2010 Bonds, when issued, will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2010 Bonds. Purchasers of the Series 2010 Bonds will not receive certificates representing their interests in the Series 2010 Bonds purchased. Ownership by the beneficial owners of the Series 2010 Bonds will be evidenced by book-entry only. Principal of and interest on the Series 2010 Bonds and the purchase price of tendered Series 2010 Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal, interest and purchase price payments to its participants for subsequent disbursement to the beneficial owners of Series 2010 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2010 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "**BOOK-ENTRY SYSTEM.**"

An investment in the Series 2010 Bonds involves a certain degree of risk related to the nature of the business of The Admiral, the regulatory environment, and the provisions of the principal documents. A prospective Series 2010 Bondholder is advised to read "**SECURITY FOR THE SERIES 2010 BONDS,**" "**SECURITY FOR THE SERIES 2010 OBLIGATIONS**" and "**RISK FACTORS**" herein for a description of the security for the Series 2010 Bonds and for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2010 Bonds.

THE SERIES 2010 BONDS WILL BE SUBJECT TO OPTIONAL, MANDATORY AND EXTRAORDINARY REDEMPTION, AS MORE FULLY DESCRIBED HEREIN. THE SERIES 2010 BONDS ARE ALSO SUBJECT TO MANDATORY TENDER FOR PURCHASE AS DESCRIBED HEREIN.

THE SERIES 2010 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE BOND INDENTURES. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS, IF ANY, OF THE AUTHORITY OR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS OR OTHER COSTS INCIDENTAL THERETO, EXCEPT AS OTHERWISE PROVIDED IN THE BOND INDENTURES. NO OWNER OF ANY SERIES 2010 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

The Series 2010 Bonds are being offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality of the Series 2010 Bonds and the tax-exempt status of the Tax-Exempt Series 2010 Bonds by Jones Day, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Greene and Letts, Chicago, Illinois; for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois; for The Admiral and The Admiral at the Lake Foundation by their special counsel, SNR Denton US LLP, Chicago, Illinois; and for The Kendal Corporation by its counsel, Montgomery, McCracken, Walker & Rhoads, LLP, Philadelphia, Pennsylvania. It is expected that the Series 2010 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about November 19, 2010.

This cover page contains certain information for ease of reference only. It does not constitute a summary of the Series 2010 Bonds or the security therefor. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

ZIEGLER CAPITAL MARKETS
a division of B.C. Ziegler and Company

BB&T Capital Markets
a division of Scott & Stringfellow, LLC

RBC Capital Markets

Official Statement dated November 4, 2010

℠ ARROS, TEMPS-75, TEMPS-65 and TEMPS-50 are each a Service Mark of B.C. Ziegler and Company.

ATTACHMENT 39

THE SERIES 2010A BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010A Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010A Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

MATURITY SCHEDULE

$4,675,000 7.250% Term Bonds due May 15, 2020, Priced: 99.156% to yield 7.375%, CUSIP[1] 45200F6M6
$8,070,000 7.625% Term Bonds due May 15, 2025, Priced: 98.921% to yield 7.750%, CUSIP 45200F6R5
$11,685,000 7.750% Term Bonds due May 15, 2030, Priced: 98.519% to yield 7.900%, CUSIP 45200F6N4
$42,105,000 8.000% Term Bonds due May 15, 2040, Priced: 99.437% to yield 8.050%, CUSIP 45200F6P9
$56,865,000 8.000% Term Bonds due May 15, 2046, Priced: 98.550% to yield 8.125%, CUSIP 45200F6Q7

THE SERIES 2010B BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010B Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010B Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

$6,000,000 7.375% Term Bonds due May 15, 2020, priced at 100% to yield 7.375%, CUSIP 45200F6S3

THE SERIES 2010C BONDS

Dated: Date of Delivery **Due: May 15, 2046**

The Series 2010C Bonds initially will bear interest at the rate set forth below until the Initial Rate Change Date set forth below.

Principal Amount	Initial Interest Rate	Price	Initial Rate Change Date	CUSIP
$5,000,000	7.500%	100.00%	May 15, 2018	45200F6T1

The Series 2010C Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. From and after the initial rate change date and each subsequent Rate Change Date thereafter, the Series 2010C Bonds will bear interest at a rate and for a period determined in accordance with the Tax-Exempt Bond Indenture. Interest on the Series 2010C Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011. On each Rate Change Date, the holders of outstanding Series 2010C Bonds may tender such Series 2010C Bonds to the Tax-Exempt Bond Trustee for purchase at a price equal to the principal amount thereof, subject to the availability of sufficient moneys therefore. The maximum rate payable on the Series 2010C Bonds will be 15% per annum.

THE SERIES 2010D-1 BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010D-1 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-1 Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

$12,150,000 7.000% Term Bonds due May 15, 2018, priced at 100% to yield 7.000%, CUSIP 45200F6U8

THE SERIES 2010D-2 BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010D-2 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-2 Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

18,075,000 6.375% Term Bonds due May 15, 2017, priced at 100% to yield 6.375% , CUSIP 45200F6V6

THE SERIES 2010D-3 BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010D-3 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-3 Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

$35,225,000 6.000% Term Bonds due May 15, 2017, priced at 100% to yield 6.000%, CUSIP 45200F6W4

THE SERIES 2010E BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010E Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010E Bonds will be payable on each May 15 and November 15, commencing on May 15, 2011.

$2,500,000 7.125% Term Bonds due May 15, 2016, priced at 100% to yield 7.125%, CUSIP 45200F6X2

[1] Copyright 2010, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the Bondholders only at the time of issuance of the Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

ATTACHMENT 39

SOURCES AND USES OF FUNDS

The sources and uses of funds, net of investment earnings, are as follows:

SOURCES OF FUNDS	
Series 2010A Bonds	$123,400,000
Series 2010B Bonds	6,000,000
Series 2010C Bonds	5,000,000
Series 2010D-1 Bonds	12,150,000
Series 2010D-2 Bonds	18,075,000
Series 2010D-3 Bonds	35,225,000
Series 2010E Bonds	2,500,000
Original Issue Discount	(1,361,181)
Entrance Fees[1]	21,000,000
Foundation Funds	6,500,000
Total Sources of Funds	$228,488,819
USES OF FUNDS	
Construction and other Project costs	$135,990,112
Working Capital Fund[2]	15,000,000
Operating Reserve Fund[2]	6,000,000
Funded Interest Fund[3]	33,667,580
Supplemental Liquidity Support Fund	3,400,000
Debt Service Reserve Funds	
Series 2010A Bonds	10,827,000
Series 2010B Bonds	442,000
Series 2010C Bonds	375,000
Series 2010D-1 Bonds	850,000
Series 2010D-2 Bonds	1,152,000
Series 2010D-3 Bonds	2,113,000
Series 2010E Bonds	178,000
Repay Fifth Third Bank Loan	13,142,259
Costs of Issuance[4]	5,351,868
Total Uses of Funds	$228,488,819

(1) To be received over several years after the completion of the Project. Entrance Fees that will be used for a variety of purposes not shown in this table including for the repayment of the Series 2010E Bonds, the Series 2010D Bonds, the Series 2010C Bonds and the Series 2010B Bonds.

(2) Funded with Entrance Fees which will be received over several years after the completion of the Project.

(3) Represents approximately 29 months' interest on the Series 2010 Bonds.

(4) Includes legal, accounting, administrative and miscellaneous fees and expenses and compensation to the Underwriters. Costs of issuance in excess of 2% of the sale proceeds of the Series 2010 Bonds will be paid from Series 2010E Bonds and other available funds of The Admiral.

CERTIFICATE OF THE
EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY

I, the undersigned, Executive Director of the Illinois Finance Authority (the "Authority"), in accordance with the delegation of authority contained in Resolution Number 2010-06-08 (the "Resolution") of the Authority adopted on June 8, 2010 do hereby certify, approve and confirm on behalf of the Authority as follows:

1. The Authority has duly authorized the execution, issuance and sale of (i) \$123,400,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010A (The Admiral at the Lake Project) (the "Series 2010A Bonds"), (ii) \$6,000,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010B (The Admiral at the Lake Project) (the "Series 2010B Bonds"), (iii) \$5,000,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010C (The Admiral at the Lake Project) (Accelerated Redemption Reset Option Securities (ARROS℠)) (the "Series 2010C Bonds"), (iv) \$12,150,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-1 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠)) (the "Series 2010D-1 Bonds"), (v) \$18,075,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-2 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65 ℠)) (the "Series 2010D-2 Bonds"), (vi) \$35,225,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-3 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50 ℠)) (the "Series 2010D-3 Bonds" and, together with the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2010D-1 Bonds and the Series 2010D-2 Bonds, the "Tax-Exempt Bonds") and (vii) \$2,500,000 in aggregate principal amount of Illinois Finance Authority Taxable Revenue Bonds, Series 2010E (The Admiral at the Lake Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) (the "Series 2010E Bonds" and, together with the Tax-Exempt Bonds, the "Series 2010 Bonds"). In connection with the issuance of the Series 2010 Bonds, the Authority has also authorized the execution and delivery, or the acceptance or approval, of certain related documents, including the Bond Trust Indenture dated as of November 1, 2010 (the "Tax-Exempt Bond Indenture") between the Authority and Wells Fargo Bank, N.A., as bond trustee (the "Bond Trustee"), relating to the Tax-Exempt Bonds, the Bond Trust Indenture dated as of November 1, 2010 (the "Taxable Bond Indenture" and, together with the Tax-Exempt Bond Indenture, the "Bond Indentures") between the Authority and the Bond Trustee, relating to the Series 2010E Bonds, and the Bond Purchase Agreement dated November 4, 2010 (the "Purchase Contract") among the Authority, B.C. Ziegler and Company d/b/a Ziegler Capital Markets (the "Purchaser") and The Admiral at the Lake, an Illinois not for profit corporation (the "Corporation"), pursuant to the terms set forth in the Resolution.

2. The Authority has duly executed the Purchase Contract pursuant to which (i) the Series 2010A Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of \$120,130,244.20 (reflecting a purchase price equal to the principal amount of such Series 2010A Bonds, less original issue discount of \$1,361,180.80 less the underwriter's discount of \$1,908,575.00), (ii) the Series 2010B Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of \$5,836,500.00 (reflecting a purchase price equal to the principal amount of such Series 2010B

Bonds, less the underwriter's discount of $163,500.00), (iii) the Series 2010C Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $4,851,250,000 (reflecting a purchase price equal to the principal amount of such Series 2010C Bonds, less the underwriter's discount of $148,750.00), (iv) the Series 2010D-1 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $11,930,943.75 (reflecting a purchase price equal to the principal amount of such Series 2010D-1 Bonds, less the underwriter's discount of $219,056.25), (v) the Series 2010D-2 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $17,773,406.25 (reflecting a purchase price equal to the principal amount of such Series 2010D-2 Bonds, less the underwriter's discount of $301,593.75), (vi) the Series 2010D-3 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $34,602,732.50 (reflecting a purchase price equal to the principal amount of such Series 2010D-3 Bonds, less the underwriter's discount of $622,267.50) and (vii) the Series 2010E Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $2,431,875.00 (reflecting a purchase price equal to the principal amount of such Series 2010E Bonds, less the underwriter's discount of $68,125.00).

3. The Authority shall loan the proceeds of the Series 2010 Bonds to the Corporation in order to assist the Corporation in providing the funds necessary to (i) pay or reimburse the Corporation for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Corporation, including, but not limited to, the acquisition, construction and equipping of a continuing care retirement community with an approximately 31-story tower, four successively lower buildings, an approximately 12-story Health Center and a parking garage (the "Project"); (ii) refinance certain taxable indebtedness of the Corporation incurred to pay a portion of the costs related to the Project; (iii) fund a debt service reserve fund; (iv) pay a portion of the interest on the Series 2010 Bonds; (v) provide working capital; and (vi) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds.

4. The Series 2010 Bonds shall be issued under and secured by and shall have the terms and provisions set forth in the Bond Indentures and as described below, in the aggregate principal amount of $202,350,000, all within the parameters set forth in the Resolution.

5. The Series 2010A Bonds shall be initially dated November 19, 2010, and shall consist of Series 2010A Bonds bearing interest at the following interest rates and maturing on May 15 of the following years in the following principal amounts:

Principal Amount	Interest Rate	Maturity Date (May 15)
$4,675,000	7.250%	2020
8,070,000	7.625	2025
11,685,000	7.750	2030
42,105,000	8.000	2040
56,865,000	8.000	2046

6. The Series 2010A Bonds shall be subject to mandatory bond sinking fund redemption or maturity on each May 15 of the years and in the respective principal amounts set forth below:

MAY 15 OF THE YEAR	PRINCIPAL AMOUNT	MAY 15 OF THE YEAR	PRINCIPAL AMOUNT
2017	$1,050,000	2032	$3,140,000
2018	1,125,000	2033	3,390,000
2019	1,205,000	2034	3,660,000
2020*	1,295,000	2035	3,955,000
2021	1,385,000	2036	4,270,000
2022	1,490,000	2037	4,615,000
2023	1,605,000	2038	4,980,000
2024	1,730,000	2039	5,380,000
2025*	1,860,000	2040*	5,810,000
2026	2,000,000	2041	6,275,000
2027	2,155,000	2042	6,775,000
2028	2,325,000	2043	7,320,000
2029	2,505,000	2044	7,905,000
2030*	2,700,000	2045	8,540,000
2031	2,905,000	2046*	20,050,000

* Maturity

7. The Series 2010B Bonds shall be issued in the aggregate principal amount of $6,000,000, shall be dated November 19, 2010, and shall bear interest at 7.375% and mature on May 15, 2020.

8. The Series 2010C Bonds shall be issued in the aggregate principal amount of $5,000,000, shall be dated November 19, 2010, shall mature on May 15, 2046 and shall bear interest at the Initial Interest Rate of 7.500% per annum with an Initial Rate Change Date of May 15, 2018. On the Initial Rate Change Date and on each respective Rate Change Date thereafter, the interest rate on the Series 2010C Bonds shall be determined in accordance with the provisions of the Tax-Exempt Bond Indenture

9. The Series 2010D-1 Bonds shall be issued in the aggregate principal amount of $12,150,000, shall be dated November 19, 2010, and shall bear interest at 7.000% and mature on May 15, 2018.

10. The Series 2010D-2 Bonds shall be issued in the aggregate principal amount of $18,075,000, shall be dated November 19, 2010, and shall bear interest at 6.375% and mature on May 15, 2017.

11. The Series 2010D-3 Bonds shall be issued in the aggregate principal amount of $35,225,000, shall be dated November 19, 2010, and shall bear interest at 6.000% and mature on May 15, 2017.

12. The Series 2010E Bonds shall be issued in the aggregate principal amount of $2,500,000, shall be dated November 19, 2010, and shall bear interest at 7.125% and mature on May 15, 2016.

13. The Series 2010 Bonds shall be subject to optional and extraordinary redemption and be payable all as set forth in the Bond Indentures.

14. The Series 2010 Bonds shall be subject to mandatory tender for purchase as set forth in the Bond Indentures.

15. The Series 2010C Bonds shall be subject to optional tender for purchase as set forth in the Tax-Exempt Bond Indenture.

All capitalized terms used herein and not defined herein shall have the meanings given to them in the Resolution and the Bond Indentures.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 19th day of November, 2010.

ILLINOIS FINANCE AUTHORITY

By: ______________________________
Executive Director

ATTACHMENT 39

RECEIPT FOR PURCHASE PRICE

The Illinois Finance Authority (the "Authority") hereby acknowledges receipt from B.C. Ziegler and Company d/b/a Ziegler Capital Markets of the sum of \$197,556,951.70 (consisting of \$202,350,000.00 in full payment of the purchase price of the Authority's (a) \$123,400,000 Revenue Bonds, Series 2010A (The Admiral at the Lake Project) issued under the Bond Trust Indenture dated as of November 1, 2010 (the "Tax-Exempt Bond Indenture") between the Authority and Wells Fargo Bank, National Association, as bond trustee (the "Bond Trustee"), (b) \$6,000,000 Revenue Bonds, Series 2010B (The Admiral at the Lake Project) issued under the Tax-Exempt Bond Indenture, (c) \$5,000,000 Revenue Bonds, Series 2010C (The Admiral at the Lake Project) (Accelerated Redemption Reset Option Securities (ARROS℠)) issued under the Tax-Exempt Bond Indenture, (d) \$12,150,000 Revenue Bonds, Series 2010D-1 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠)) issued under the Tax-Exempt Bond Indenture, (e) \$18,075,000 Revenue Bonds, Series 2010D-2 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠)) issued under the Tax-Exempt Bond Indenture, (f) \$35,225,000 Revenue Bonds, Series 2010D-3 (The Admiral at the Lake Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠)) issued under the Tax-Exempt Bond Indenture, and (g) \$2,500,000 Taxable Revenue Bonds, Series 2010E (The Admiral at the Lake Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) issued under the Bond Trust Indenture dated as of November 1, 2010 (the "Taxable Bond Indenture") between the Authority and the Bond Trustee, all dated as of November 19, 2010, less underwriter's discount of \$3,431,867.50 and less original issue discount of \$1,361,180.80).

DATED this 19th day of November, 2010.

ILLINOIS FINANCE AUTHORITY

By: ______________________________
Executive Director

ATTACHMENT 39

THE OLD PEOPLE'S HOME
OF THE CITY OF CHICAGO
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

ATTACHMENT 39

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Old People's Home of the City of Chicago and Affiliates
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of The Old People's Home of the City of Chicago and Affiliates (the "Organization") as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010 and 2009, and the results of their operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP

LarsonAllen LLP

Blue Bell, Pennsylvania
May 13, 2011

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
CURRENT ASSETS		
Cash and Cash Equivalents	$ 170,593	$ 464,482
Net Resident Receivables	26,529	18,604
Prepaid Expenses and Other	3,607	800
Refundable Reservation Deposits	7,411,607	6,576,946
Current Portion of Assets Limited as to Use	6,242,974	-
Total Current Assets	13,855,310	7,060,832
INVESTMENTS	1,850,931	6,096,592
ASSETS LIMITED AS TO USE		
Project Fund	119,133,012	-
Debt Service Reserve Fund	50,108,417	-
Liquidity Support Fund	10,036,213	-
Total Assets Limited as to Use	179,277,642	-
Less: Current Portion of Assets Limited as to Use	(6,242,974)	-
Total	173,034,668	-
PROPERTY AND EQUIPMENT		
Land	429,674	429,674
Construction in Progress	21,698,082	12,146,740
Total Property and Equipment	22,127,756	12,576,414
OTHER ASSETS		
Deferred Financing Costs, Net	5,187,738	254,000
Deferred Marketing Costs	7,163,937	6,163,577
Certificate of Need	100,500	100,500
Beneficial Interest in Trusts	8,345,883	7,607,820
Total Other Assets	20,798,058	14,125,897
Total Assets	$ 231,666,723	$ 39,859,735

See accompanying Notes to Consolidated Financial Statements.

	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit Payable	$ -	$ 12,919,556
Margin Loan Payable	-	2,460,369
Accounts Payable	69,475	571,330
Construction Payable	4,547,240	378,207
Accrued Expenses:		
Payroll and Benefits	63,939	62,782
Interest Expense	1,695,734	46,586
Other	63,027	21,700
Due To Affiliate	1,000,000	-
Current Portion of Deferred Admission Fees	30,571	63,058
Refundable Reservation Deposits	7,411,607	6,576,946
Total Current Liabilities	14,881,593	23,100,534
LONG-TERM OBLIGATIONS		
Long-Term Debt	200,998,041	-
Deferred Admission Fees, Net of Current Portion	106,397	121,389
Estimated Obligation to Provide Future Services, in Excess of Amounts Received or to be Received	2,112,000	2,334,000
Accrued Pension Plan Liability	876,323	1,166,839
Total Long-Term Obligations	204,092,761	3,622,228
Total Liabilities	218,974,354	26,722,762
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	2,323,486	5,479,153
Unrestricted- Board Designated	1,850,931	-
Subtotal	4,174,417	5,479,153
Temporarily Restricted	122,069	-
Permanently Restricted	8,395,883	7,657,820
Total Net Assets	12,692,369	13,136,973
Total Liabilities and Net Assets	$ 231,666,723	$ 39,859,735

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
UNRESTRICTED REVENUE, GAINS (LOSSES) AND OTHER SUPPORT		
Net Residential Services Revenue	$ 1,536,759	$ 1,837,028
Amortization of Deferred Admission Fees	47,479	86,013
Investment Income	155,821	159,731
Net Realized and Unrealized Gain (Loss) on Investments	(439,170)	(3,810,997)
Contributions	166,328	64,908
Income from Assets Held in Trust	256,695	245,912
Other	4,954	2,648
Total Unrestricted Revenue, Gains (Losses) and Other Support	1,728,866	(1,414,757)
EXPENSES		
Host Facilities Expenses	1,719,778	1,939,559
Administrative	798,195	938,532
Insurance	65,904	100,569
Medical Services	99,646	93,529
Pharmacy	38,147	45,198
Nursing Services	3,587	841
Activities	259	1,279
Amortization Expense	39,282	-
Interest Expense	99,467	80,651
Provision for Bad Debts (Recoveries)	-	(9,491)
Total Expenses	2,864,265	3,190,667
DEFICIT OF REVENUES, GAINS (LOSSES) AND OTHER SUPPORT OVER EXPENSES	$ (1,135,399)	$ (4,605,424)

See accompanying Notes to Consolidated Financial Statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
BALANCE, JANUARY 1, 2009	$ 6,095,998	$ -	$ 6,670,249	$ 12,766,247
Deficit of Revenues, Gains (Losses) and Other Support over Expenses	(4,605,424)	-	-	(4,605,424)
Pension- Related Loss Not in Periodic Pension Cost	(10,257)	-	-	(10,257)
Net Unrealized Gain on Investments	3,998,836	-	-	3,998,836
Net Change in Assets Held in Trust	-	-	987,571	987,571
Change in Net Assets	(616,845)	-	987,571	370,726
BALANCE, DECEMBER 31, 2009	5,479,153	-	7,657,820	13,136,973
Deficit of Revenues, Gains and Other Support over Expenses	(1,135,399)	-	-	(1,135,399)
Pension- Related Loss Not in Periodic Pension Cost	(169,337)	-	-	(169,337)
Net Change in Assets Held in Trust	-	-	738,063	738,063
Contributions	-	122,069	-	122,069
Net Asset Transfer	-	-	-	-
Change in Net Assets	(1,304,736)	122,069	738,063	(444,604)
BALANCE, DECEMBER 31, 2010	$ 4,174,417	$ 122,069	$ 8,395,883	$ 12,692,369

See accompanying Notes to Consolidated Financial Statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (444,604)	$ 370,726
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Net Realized and Unrealized (Gain) Loss on Investments	439,170	(187,839)
Amortization of Admission Fees	(47,479)	(86,013)
Change in Assets Held in Trust	(738,063)	(987,571)
Change in Obligation to Provide Future Services	(222,000)	(420,000)
Provision for Bad Debts (Recoveries)	-	(9,491)
Change in Operating Assets and Liabilities:		
Net Resident Receivable	(7,925)	22,482
Prepaid Expenses	(2,807)	14,167
Accounts Payable and Accrued Expenses	(460,526)	(781,280)
Accrued Payroll and Benefits	1,157	12,806
Accrued Interest Payable	1,649,148	35,791
Accrued Retirement Plan Benefits	(290,516)	154,906
Net Cash Used by Operating Activities	(124,445)	(1,861,316)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds from Sales and Purchases of Investments	3,806,491	6,273,566
Acquisition of Certificate of Need	-	(500)
Net Change in Assets Limited as to Use	(179,277,642)	-
Net Change in Amounts Due To Affiliate	1,000,000	-
Expenditures for Deferred Financing Costs	(4,933,738)	(254,000)
Expenditures for Deferred Marketing Costs	(1,000,360)	(698,787)
Expenditures for Redevelopment	(5,382,311)	(222,793)
Net Cash Provided (Used) by Investing Activities	(185,787,560)	5,097,486
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Issuance of Long-Term Debt	200,998,041	-
Net Payments from Line of Credit and Margin Loan	(15,379,925)	(3,242,434)
Net Cash Provided (Used) by Financing Activities	185,618,116	(3,242,434)
DECREASE IN CASH AND CASH EQUIVALENTS	(293,889)	(6,264)
Cash and Cash Equivalents - Beginning of Year	464,482	470,746
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 170,593	$ 464,482
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest, Net of Capitalized Interest	$ 99,467	$ 80,651
NONCASH INVESTING ACTIVITIES		
Expenditures for Redevelopment	$ 4,547,240	$ 378,207
Construction Payable	$ 4,547,240	$ 378,207

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Old People's Home of the City of Chicago and Affiliates (the "Organization") is a 152 year old organization established as a continuing care retirement community for those age 62 and over seeking an alternative to private home living. A majority of the residents are from Chicago, Illinois. Through different admission plans, the Organization serves those who are able to pay the full cost of their care and those whose resources are limited or depleted. The Organization provides a continuum of care that includes independent living, assisted living, and nursing care.

During 2005, the Organization underwent reorganization and created a new parent company, The Old People's Home of the City of Chicago. The parent company oversaw the performance and operations of its two wholly-owned subsidiaries, The Admiral at the Lake, the operating company for the retirement community, and The Admiral at the Lake Foundation. In 2010, the Organization reorganized its corporate structure, reclassifying The Admiral at the Lake Foundation to a supporting organization of The Admiral at the Lake.

Prior to signing the 2009 Definitive Agreement with Kendal Corporation, the Organization established The Admiral at the Lake Residents Trust. The Admiral at the Lake Residents Trust was established to fund the financial support guaranteed to lifecare residents of the original community. In 2010, The Admiral at the Lake Foundation transferred a portion of its assets to The Admiral at the Lake Residents Trust.

During 2007, the Organization vacated its campus for the purpose of developing a new facility. The residents at that time were relocated to various communities determined by management to provide the same level of care and quality of life opportunities as they experienced with the Organization. Construction of the new campus began in November 2010 and, when completed, will include 200 independent living units, 39 assisted living apartments, 17 memory support units and 36 private skilled nursing beds. The independent living units are expected to be available for occupancy in the fall of 2012.

The Organization executed a Development and Marketing Agreement with the Kendal Corporation in 2010. Kendal agreed to provide the Organization with development and marketing support during the redevelopment of the new campus, and to support the Organization until stabilized occupancy is achieved. The relationship with Kendal Corporation will be memorialized upon completion of the campus in an affiliation agreement whereby the Organization shall become an affiliate of the Kendal System (see Note 9).

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The consolidated financial statements include the accounts of the following entities:

The Old People's Home of the City of Chicago
The Admiral at the Lake
The Admiral at the Lake Foundation
The Admiral at the Lake Residents Trust

All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted (subject to donor restrictions) and permanently restricted (principal unavailable for any use).

Income Taxes

The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's consolidated financial statements.

The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2007 to 2009 are open to examination by federal and state authorities.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000 per financial institution. At times, these deposits may be in excess of federally insured limits. Additionally, for purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with operating cash that have an original maturity of three months or less to be cash equivalents.

Net Resident Receivables

Resident accounts receivable billings are determined based on contractual terms specified in agreements with residents. The Organization charges late fees on delinquent accounts.

An allowance for doubtful accounts is determined by management based on historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews resident accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. Management believes the allowance of $2,400 as of December 31, 2010 and 2009 is adequate to cover potential losses from uncollectible accounts.

Refundable Reservation Deposits

The Organization accepts deposits from persons interested in reserving a unit in the new community. Deposits are held in escrow and fully refundable should a depositor decide not to move in to the new community. Interest earned on refundable deposits is paid to depositors who cancel their reservation, or will be applied to the first month's rent when the depositor takes possession of a new unit.

Investments

The Organization's investments are reported at their fair values, based on quoted market prices. Unrealized gains and losses are excluded from deficit of revenue, gains (losses) and other support over expenses. Cost used in the determination of gains and losses on sales of investments is based on specific cost of the investment sold, adjusted for any other-than-temporary declines in the value of investments.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under bond indenture agreements and consist primarily of corporate bonds and notes. Certain amounts required for obligations are classified as current liabilities are reported in current assets.

Property and Equipment

Property and equipment are stated at cost or, if donated to the Organization, at fair market value on the date of acquisition. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations.

During 2007, the Organization's facility was demolished and salvageable equipment was sold. The Organization's management relocated to a fully-furnished office site. At December 31, 2010 and 2009 the assets remaining are the land and accumulated costs associated with the redevelopment of the new facility.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Financing Costs

Financing costs incurred in connection with the issuance of long-term debt are deferred and amortized using the effective interest rate method over the term of the indebtedness. Amortization expense for the year ended December 31, 2010 was $39,282.

Deferred Marketing Costs

The Organization deferred direct costs, including direct sales salaries and marketing expenses, associated with the redevelopment of the Organization. These costs will be amortized over the estimated life expectancy of the initial residents or the life of the building, depending on the type of cost. There was no amortization expense as of December 31, 2010 and 2009.

Certificate of Need

The Organization's Certificate of Need (CON) is a requirement of the State of Illinois to operate a nursing facility. The CON is considered to have an indefinite life and is recorded at cost. Pursuant to the provisions *"Goodwill and Other Intangible Assets"* standard, identifiable intangible assets are recognized at their fair value when acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. The Organization evaluated the CON and has determined it is not impaired as of December 31, 2010 and 2009.

Beneficial Interest In Trusts

The Organization is the beneficiary of various trust accounts at financial institutions held in perpetuity. These assets are adjusted annually for the allocated fair value of such trust accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Admission Fees

Residents pay fees to the Organization prior to entering into a continuing care contract. These fees, net of the portion that is refundable to residents, are recorded as deferred revenue from admission fees and are amortized to income using the straight-line method over the estimated remaining life expectancy, adjusted annually.

Obligation to Provide Future Services

The Organization calculates the present value of the net cost of future services to be provided to current lifecare residents and compares that amount with the balance of the deferred revenue from admission fees. If the present value of the net cost of future services exceeds the deferred revenue from admission fees, a liability is recorded. The obligation to provide future services is discounted at 6% based on the Organization's historical long-term rate of return on governmental obligations. As of December 31, 2010 and 2009, the Organization had an estimated obligation to provide future services in excess of amounts received or to be received in the amount of $2,112,000 and $2,334,000, respectively.

Contributions

Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

If a restriction is fulfilled in the same accounting period in which the contribution is received, the contribution is reported as unrestricted.

Pension

Pension expense for the Organization's administered defined-benefit plan is determined on the projected unit credit method. The Organization's intent has been to contribute annually the minimum amount required under ERISA.

Performance Indicator

The performance indicator is defined as the excess (deficit) of revenues, gains (losses) and other support over expenses. All activities of the Organization deemed by management to be ongoing, major and central to the provision of residential and health care services are reported as operating revenues and expenses. The performance indicator excludes Pension-Related Loss Not in Periodic Pension Cost and Net Unrealized Gain (Loss) on Investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Organization reports information regarding its financial position and activities according to the classes of net assets: unrestricted, temporarily restricted (subject to donor or time restrictions), and permanently restricted (principal maintained in perpetuity).

Unrestricted board designated net assets are net assets whose use has been limited by the Board of Trustees. The Admiral at the Lake Residents Trust is classified as unrestricted board designated net assets. The Organization established The Admiral at the Lake Residents Trust to provide financial support guaranteed to existing life care residents of the original Admiral at the Lake community.

Temporarily restricted net assets are net assets whose use has been limited by donors to a specific purpose. Gifts reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as net assets released from restriction.

Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the deficit of revenues, gains (losses) and other support over expenses or on the overall net assets of the Organization.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2011, the date the consolidated financial statements were issued.

NOTE 2 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments are recorded at fair market value and consisted of the following as of December 31, 2010 and 2009:

	2010	2009
Cash and Cash Equivalents	$ 40,460	$ 232,074
Corporate Bonds and Notes	1,810,472	3,740,778
Stocks and Mutual Funds	-	2,123,740
Total Investments	$ 1,850,932	$ 6,096,592

NOTE 2 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Assets Limited as to Use are recorded at fair market value and consisted of the following as of December 31, 2010 and 2009:

	2010	2009
Cash and Cash Equivalents	$ 19,771,987	$ -
Corporate Bonds and Notes	159,505,655	-
Total Assets Limited as to Use	$ 179,277,642	$ -

During 2010, the Organization classifies their investments and assets limited as to use as trading securities and accordingly has included realized and unrealized gains and losses on investments and assets limited as to use in the deficit of revenues, gains (losses) and other support over expenses.

Investments and assets limited as to use, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the risks associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

At December 31, 2009, $2,460,369 of the above investments is serving as collateral for a margin loan entered into by the Organization. The loan was paid in full in January 2010 (see Note 6).

NOTE 3 PROPERTY AND EQUIPMENT

The Organization has entered into a development services contract in conjunction with the redevelopment of its campus. As of December 31, 2010 and 2009, construction in progress, including certain capitalized redevelopment costs, was $21,698,082 and $12,146,740, respectively. The redevelopment is expected to be completed in 2012.

NOTE 4 DEFINED BENEFIT PENSION PLAN

The Organization maintained a noncontributory, defined-benefit pension plan (the plan) covering substantially all full-time employees. Participants are eligible to receive pension benefits on retirement based on age, years of service, and compensation.

Employers are required to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in the balance sheet and to recognize changes in that funded status in the year in which the changes occur through unrestricted net assets. The amount of the asset or liability to be recorded is disclosed in the consolidated financial statements.

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Information about changes in the projected benefit obligations and plan assets of the plan are as follows:

	2010	2009
Change in Benefit Obligation		
Beginning Benefit Obligation	$ 3,337,063	$ 2,696,430
Service Cost	34,216	33,017
Interest Cost	172,285	175,971
Actuarial Loss	147,578	574,347
Benefits Paid	(147,548)	(142,702)
Ending Benefit Obligation	3,543,594	3,337,063
Change in Plan Assets, at Fair Value		
Beginning Plan Assets	2,170,224	1,684,497
Actual Return on Plan Assets	115,595	593,597
Employer Contribution	529,000	34,832
Benefits Paid	(147,548)	(142,702)
Ending Plan Assets	2,667,271	2,170,224
Funded Status of Plan at End of Year	$ (876,323)	$ (1,166,839)

The accumulated benefit obligation was $3,524,636 and $3,318,150 as of December 31, 2010 and 2009, respectively.

The components of net periodic pension cost for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Service Cost	$ 34,216	$ 33,017
Interest Cost	172,285	175,971
Actual Return on Plan Assets	(115,595)	(593,597)
Difference Between Actual and Expected Return on Plan Assets	(21,759)	564,090
Total Pension Cost	$ 69,147	$ 179,481

In 2011, $97,939 of the 2010 unrecognized loss is expected to be a component of the net periodic pension cost, which is projected to be $96,028. The transaction and assumptions noted above resulted in a net liability of $876,323 and $1,166,839 as of December 31, 2010 and 2009, respectively.

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The discount rate used in determining the actuarial present value of the projected benefit obligation was 5.07% and 5.29% at December 31, 2010 and 2009, respectively. The rate of increase in future compensation used was 2.5% at December 31, 2010 and 2009. The expected long-term rate of return on assets was 8.5% at December 31, 2010 and 2009. Plan assets are composed primarily of corporate equity securities and U.S. Government obligations.

Estimated Future Payments

The following benefit payments are expected to be paid in the next five years and aggregate are as follows:

Year Ending December 31,	Amount
2011	$ 161,869
2012	157,953
2013	153,840
2014	164,946
2015	174,202
2016-2020	942,275

Contributions

The Organization contributed $529,000 to the Plan in 2010. The Organization does not expect to make a contribution to the Plan in 2011.

Plan Assets

The Organization's pension plan asset allocation at year end 2010 and 2009 and target allocation for 2011 are as follows:

Asset Category	Target Allocation 2011	Percent of Plan Assets At Year End 2010	2009
Equity Securities	65%	63%	74%
Debt Securities	25%	28%	16%
Other	10%	9%	10%
Total	100%	100%	100%

The plan shall provide the highest possible return consistent with prudent diversification. The investment objective of the plan is to earn long-term total return of 8.5%. The actual mix shown above is within targeted ranges of the asset mix that the Organization believes will support the long-term objective.

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Assets (Continued)

The following table presents the fair value hierarchy for the balances of the plan assets of the Organization measured at fair value on a recurring basis as of December 31, 2010 and 2009:

	2010			
	Level 1	Level 2	Level 3	Total
Equity Securities	$ 1,680,381	$ -	$ -	$ 1,680,381
Debt Securities	746,836	-	-	746,836
Other Assets	240,054	-	-	240,054
Total Assets	$ 2,667,271	$ -	$ -	$ 2,667,271

	2009			
	Level 1	Level 2	Level 3	Total
Equity Securities	$ 1,605,966	$ -	$ -	$ 1,605,966
Debt Securities	347,236	-	-	347,236
Other Assets	217,022	-	-	217,022
Total Assets	$ 2,170,224	$ -	$ -	$ 2,170,224

The Organization's investment policy requires that the assets of the plan are invested in a manner consistent with the fiduciary standards of ERISA; namely, (a) the safeguards and diversity to which a prudent investor would adhere must be present and (b) all transactions undertaken on behalf of the plan much be for the sole interest of the plan participants and their beneficiaries, to provide benefits in a prudent manner.

NOTE 5 LINE OF CREDIT PAYABLE

The Organization negotiated an unsecured line of credit with a financial institution in the amount of $13,000,000. The line of credit was originally set to expire on April 30, 2009. Pursuant to the December 21, 2009 signing of the Definitive Agreement with The Kendal Corporation ("Kendal"), a Pennsylvania not-for-profit corporation which is recognized as a family of continuing care retirement communities in several states throughout the United States of America, the financial institution granted an extension of the maturity date for the repayment of the line of credit through September 30, 2010. The term was extended and set to expire on December 1, 2010. In conjunction with the November 2010 financing event, the Organization paid in full the line of credit. The outstanding line of credit was $12,919,556 as of December 31, 2009.

NOTE 6 LONG-TERM DEBT

The components of long-term debt for the Organization are as follows:

Description	2010	2009
Revenue Bonds, Series 2010A. Due in annual payments beginning in 2017 through 2046. Bond has fixed interest rates ranging between 7.25% and 8.00%.	$ 123,400,000	$ -
Revenue Bonds, Series 2010B. Due in a balloon payment in 2015. Bond has a fixed interest rate of 7.38%.	6,000,000	-
Revenue Bonds, Series 2010C (Accelerated Redemption Reset Option Securities). Due in a balloon payment in 2015. Bond has an initial fixed interest rate of 7.05% through 2018, converts to variable rate subsequent to 2018.	5,000,000	-
Revenue Bonds, Series 2010D-1 (Tax-Exempt Mandatory Paydown Securities). Due in an annual payment in 2014 and 2015. Bond has a fixed interest rate of 7.00%.	12,150,000	-
Revenue Bonds, Series 2010D-2 (Tax-Exempt Mandatory Paydown Securities). Due in a balloon payment in 2014. Bond has a fixed interest rate of 6.38%.	18,075,000	-
Revenue Bonds, Series 2010D-3 (Tax-Exempt Mandatory Paydown Securities). Due in an annual payment in 2014 and 2015. Bond has a fixed interest rate of 6.00%.	35,225,000	-
Revenue Bonds, Series 2010E (Taxable Mandatory Paydown Securities). Due in a balloon payment in 2013. Bond has a fixed interest rate of 7.13%	2,500,000	-
Long-Term Debt	202,350,000	-
Unamortized Bond Discount	(1,351,959)	-
Total Long-Term Debt	$ 200,998,041	$ -

NOTE 6 LONG-TERM DEBT (CONTINUED)

On November 1, 2010, the Admiral at the Lake entered into a Master Trust Indenture with Wells Fargo Bank, N.A (Master Trustee). Under the Master Trust Indenture, the Admiral at the Lake issued $202,350,000, through the Illinois Finance Authority, of tax-exempt and taxable Revenue Bonds (the "Bonds"). The proceeds of the Bonds, together with other available funds, are being used by the Admiral at the Lake to (i) pay or reimburse the Admiral at the Lake for payment of certain costs of acquiring, constructing, developing, marketing and equipping a continuing care retirement community containing 200 independent living apartments, 39 assisted living apartments, 17 memory support assisted living units and 36 nursing beds and a portion of approximately 290 parking spaces (the "Project"); (ii) refinance certain taxable indebtedness of the Organization; (iii) fund debt service reserve funds; (iv) pay a portion of the interest expense on the Bonds; (v) provide working capital; (vi) pay certain of the costs related to the issuance of the Bonds; (vii) repay the outstanding line of credit (see Note 5); and (viii) repay amounts owed to Kendal and Admiral at the Lake Foundation. The Bonds are secured by real property of the Admiral at the Lake.

The Bonds were issued with a difference between the amount payable upon maturity and the offering price, the bond discount. The bond discount was $1,361,181 at the time of issuance. The bond discount will be amortized over the scheduled maturity of the bonds. Amortization expense as of December 31, 2010 was $9,222.

As part of the Master Trust Indenture, the Admiral at the Lake entered into a Liquidity Support Agreement. Pursuant to the Liquidity Support Agreement, the Admiral at the Lake, the Admiral and the Lake Foundation and Kendal will provide liquidity support to the Admiral at the Lake up to $11,000,000 and the funds will be held by the Master Trustee. These funds may be drawn by the Master Trustee or the Admiral at the Lake for pay for costs of the Project or any expenses that otherwise could be paid from the Working Capital Fund or Operating Reserve Fund under the Master Trust Indenture. Repayment of draws, if any, is subject to certain repayment restrictions as outlined in the Master Trust Indenture.

Among other things, the Organization is required to meet certain financial and non-financial covenants under the Master Trust Indenture. The Organization will calculate a Debt Service Coverage Ratio and Cash to Indebtedness Ratio (or Days Cash on Hand at the election of the Master Trustee) for each fiscal year, commencing with the fiscal year ending on the earlier of the last day of the first full fiscal year after Stable Occupancy has been achieved or December 31, 2017. As of December 31, 2010 no covenant measurement was required.

NOTE 6 LONG-TERM DEBT (CONTINUED)

Principal maturities as of December 31, 2010 on the Bonds for the next five years and the total amount due thereafter are as follows:

Year Ending December 31,	Amount	Bond Discount
2011	$ -	$ (55,532)
2012	-	(55,532)
2013	18,475,000	(55,532)
2014	45,890,000	(55,532)
2015	14,585,000	(55,532)
Thereafter	123,400,000	(1,074,299)
Total	$ 202,350,000	$ (1,351,959)

A summary of interest expense as of December 31, 2010 is as follows:

	2010	2009
Interest Costs Incurred	$ 2,247,925	$ 333,575
Less: Amounts Capitalized	(2,148,458)	(252,924)
Total	$ 99,467	$ 80,651

NOTE 7 MARGIN LOAN PAYABLE

During 2008 the Organization obtained a margin loan of $3,000,000 from its investment broker by collateralizing certain investments held in its portfolio. The loan required monthly interest payments at 3% of the outstanding balance. The loan was paid in full in January 2010. The outstanding balance on the margin loan was $2,460,369 as of December 31, 2009.

NOTE 8 OPERATING LEASE COMMITMENTS

The Organization has an operating lease for office and marketing space that expires in February 2014. The aggregate minimum rental payments related to the leases, are as follows:

Year Ending December 31,	Amount
2011	$ 82,198
2012	75,946
2013	75,946
2014	12,658
Total	$ 246,748

Rent expense of $113,460 and $89,497 related to the marketing facility has been capitalized and included in redevelopment costs for the years ended December 31, 2010 and 2009, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

A portion of investments (see Note 2) and pension plan investments (see Note 4) are held and/or managed by an investment company that employs a member of the Board. Included in investment management fees are $0 in 2010 and $22,122 in 2009 for amounts billed to the Organization for services rendered by the investment company. Included in the sale and purchase of marketable securities amounts, excluding commissions earned on sale and purchase of pension assets, are broker commissions earned by the investment company, which totaled approximately $0 in 2010 and $11,046 in 2009.

In June 2010, the Organization signed a Development and Marketing Agreement with Kendal. Pursuant to the agreement, Kendal agreed to provide the Organization with development and marketing support during the redevelopment of the new campus, and will continue to support the Organization until stabilized occupancy is obtained. In exchange, Kendal will earn a $2.0 million fee which will be deferred until several financing targets are achieved. Kendal is also eligible to receive an incentive marketing fee up to a maximum possible amount of $750,000, payable upon achievement of specified accelerated occupancy targets. During 2010, Kendal advanced the Organization $1,500,000 to support operations and redevelopment and an additional $325,000 to support costs associated with the closing of bond financing. With the financing of the bonds, the Organization repaid all funds to Kendal. In addition, Kendal has contributed $1,000,000 to the Liquidity Support Agreement that was established in conjunction with the Organization's financing.

Subsequent to the execution of the Definitive Agreement, the Organization's Board of Directors was composed of three members, two of whom are also Kendal Corporation employees. The ongoing relationship with Kendal Corporation will be memorialized upon completion of the campus in an affiliation agreement whereby the Organization shall become an affiliate of the Kendal System and receive certain services in return for a specified system fee payment.

NOTE 10 FUNCTIONAL EXPENSES

The Organization provides housing and elderly care to its residents. Functional expenses for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Resident Care	$ 2,066,070	$ 2,252,135
General and Administrative	798,195	938,532
Total	$ 2,864,265	$ 3,190,667

NOTE 11 COMMITMENTS RELATED TO REDEVELOPMENT

As a result of the redevelopment of the Organization's campus, management negotiated living accommodations for the residents of the Organization with six other retirement communities (host facilities) in the Chicago-land area. Contracts have been signed with these host facilities to provide room, board and healthcare needs, if applicable for the Organization's residents. In some cases, the contracts require the Organization to pay the host facilities more than what the Organization receives from its residents pursuant to the contracts the Organization has with them. The impact of the excess cost to the Organization for its life care contract residents has been reflected in the estimated obligation to provide future services.

NOTE 12 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement.

Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows.

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

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

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

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

NOTE 12 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds and Notes	$ 1,810,472	$ -	$ -	$ 1,810,472
Assets Limited as to Use:				
Corporate Bonds and Notes	159,505,655	-	-	159,505,655
Beneficial Interest In Trust	-	8,345,883	-	8,345,883
Total Assets	$161,316,127	$ 8,345,883	$ -	$169,662,010

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds and Notes	$ 3,740,778	$ -	$ -	$ 3,740,778
Stocks and Mutual Funds	2,123,740	-	-	2,123,740
Beneficial Interest In Trust	-	7,607,820	-	7,607,820
Total Assets	$ 5,864,518	$ 7,607,820	$ -	$ 13,472,338

NOTE 13 COMMITMENTS AND CONTINGENCIES

Compliance

The Organization operates in the health care industry and may be subject to legal proceedings and claims from time to time that arise in the course of providing its services. The Organization maintains malpractice insurance coverage on an occurrence basis, which provides coverage for claims occurring during the policy year. Management has determined that no provision is required for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Construction in Progress

The Organization signed a contract with a general contractor for the redevelopment of the campus. The balance to complete redevelopment on the contract is approximately $96 million. The redevelopment is expected to be completed in 2012.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other

In the normal course of business, there could be various outstanding claims and contingent liabilities. No contingent liabilities are reflected in the accompanying financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
The Old People's Home of the City of Chicago and Affiliates
Chicago, Illinois

Our report on our audit of the consolidated financial statements of The Old People's Home of the City of Chicago and Affiliates for the year ended December 31, 2010 appears on page 1. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information in the consolidating balance sheet and statement of operations and changes in net assets on pages 25 through 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

LarsonAllen LLP

LarsonAllen LLP

Blue Bell, Pennsylvania
May 13, 2011

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The Admiral at the Lake	The Admiral at the Lake Foundation	The Admiral at the Lake Residents' Trust	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 170,593	$ -	$ -	$ -	$ 170,593
Net Resident Receivables	26,529	-	-	-	26,529
Prepaid Expenses and Other	3,607	-	-	-	3,607
Refundable Reservation Deposits	7,411,607	-	-	-	7,411,607
Current Portion of Assets Limited as to Use	6,242,974	-	-	-	6,242,974
Total Current Assets	13,855,310	-	-	-	13,855,310
INVESTMENTS	-	-	1,850,931	-	1,850,931
ASSETS LIMITED AS TO USE					
Project Fund	119,133,012	-	-	-	119,133,012
Debt Service Reserve Fund	50,108,417	-	-	-	50,108,417
Liquidity Support Fund	10,036,213	-	-	-	10,036,213
Total Assets Limited as to Use	179,277,642	-	-	-	179,277,642
Less: Current Portion of Assets Limited as to Use	(6,242,974)	-	-	-	(6,242,974)
Total	173,034,668	-	-	-	173,034,668
PROPERTY AND EQUIPMENT					
Land	429,674	-	-	-	429,674
Construction in Progress	21,698,082	-	-	-	21,698,082
Total Property and Equipment	22,127,756	-	-	-	22,127,756
OTHER ASSETS					
Deferred Financing Costs, Net	5,187,738	-	-	-	5,187,738
Deferred Marketing Costs	7,163,937	-	-	-	7,163,937
Certificate of Need	100,500	-	-	-	100,500
Beneficial Interest in Trusts	1,130,296	7,215,587	-	-	8,345,883
Total Other Assets	13,582,471	7,215,587	-	-	20,798,058
Total Assets	$ 222,600,205	$ 7,215,587	$ 1,850,931	$ -	$ 231,666,723
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	$ 69,475	$ -	$ -	$ -	$ 69,475
Construction Payable	4,547,240	-	-	-	4,547,240
Accrued Expenses:					
Payroll and Benefits	63,939	-	-	-	63,939
Interest Expense	1,695,734	-	-	-	1,695,734
Other	63,027	-	-	-	63,027
Due To (From) Affiliate	8,410,319	(7,410,319)	-	-	1,000,000
Current Portion of Deferred Admission Fees	30,571	-	-	-	30,571
Refundable Reservation Deposits	7,411,607	-	-	-	7,411,607
Total Current Liabilities	22,291,912	(7,410,319)	-	-	14,881,593
LONG-TERM OBLIGATIONS					
Long-Term Debt	200,998,041	-	-	-	200,998,041
Deferred Admission Fees, Net of Current Portion	106,397	-	-	-	106,397
Estimated Obligation to Provide Future Services, in Excess of Amounts Received or to be Received	2,112,000	-	-	-	2,112,000
Accrued Pension Plan Liability	876,323	-	-	-	876,323
Total Long-Term Obligations	204,092,761	-	-	-	204,092,761
Total Liabilities	226,384,673	(7,410,319)	-	-	218,974,354
NET ASSETS					
Unrestricted	(5,086,833)	7,410,319	-	-	2,323,486
Unrestricted- Board Designated	-	-	1,850,931	-	1,850,931
Subtotal	(5,086,833)	7,410,319	1,850,931	-	4,174,417
Temporarily Restricted	122,069	-	-	-	122,069
Permanently Restricted	1,180,296	7,215,587	-	-	8,395,883
Total Net Assets	(3,784,468)	14,625,906	1,850,931	-	12,692,369
Total Liabilities and Net Assets	$ 222,600,205	$ 7,215,587	$ 1,850,931	$ -	$ 231,666,723

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THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The Admiral at the Lake	The Admiral at the Lake Foundation	The Admiral at the Lake Residents' Trust	Eliminations	Consolidated
REVENUE					
Net Residential Services Revenue	$ 1,536,759	$ -	$ -	$ -	$ 1,536,759
Amortization of Deferred Admission Fees	47,479	-	-	-	47,479
Investment Income	209	33,877	121,735	-	155,821
Net Realized and Unrealized Gain (Loss) on Investments	(489,654)	82,288	(31,804)	-	(439,170)
Contributions	166,328	-	-	-	166,328
Income from Assets Held in Trust	42,834	213,861	-	-	256,695
Other	4,498	456	-	-	4,954
Total Revenue	1,308,453	330,482	89,931	-	1,728,866
EXPENSES					
Host Facilities Expenses	1,719,778	-	-	-	1,719,778
Administrative	798,155	40	-	-	798,195
Insurance	65,904	-	-	-	65,904
Medical Services	99,646	-	-	-	99,646
Pharmacy	38,147	-	-	-	38,147
Nursing Services	3,587	-	-	-	3,587
Activities	259	-	-	-	259
Amortization Expense	39,282	-	-	-	39,282
Interest Expense	99,467	-	-	-	99,467
Total Expenses	2,864,225	40	-	-	2,864,265
DEFICIT OF REVENUES OVER EXPENSES	(1,555,772)	330,442	89,931	-	(1,135,399)
NONOPERATING LOSSES					
Pension-Related Loss Not in Periodic Pension Cost	(169,337)	-	-	-	(169,337)
CHANGE IN UNRESTRICTED NET ASSETS	$ (1,725,109)	$ 330,442	$ 89,931	$ -	$ (1,304,736)

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Eliminations	Total Net Assets
THE ADMIRAL AT THE LAKE					
BALANCE, JANUARY 1, 2010	$ (4,955,880)	$ -	$ 1,095,843	$ -	$ (3,860,037)
Deficit of Revenues, Gains and Other Support over Expenses	(1,555,772)	-	-	-	(1,555,772)
Pension- Related Loss Not in Periodic Pension Cost	(169,337)	-	-	-	(169,337)
Net Change in Assets Held in Trust	-	-	84,453	-	84,453
Contributions	-	122,069	-	-	122,069
Net Asset Transfer	1,594,156	-	-	(1,594,156)	-
Change in Net Assets	(130,953)	122,069	84,453	(1,594,156)	(1,518,587)
BALANCE, DECEMBER 31, 2010	$ (5,086,833)	$ 122,069	$ 1,180,296	$ (1,594,156)	$ (5,378,624)
THE ADMIRAL AT THE LAKE FOUNDATION					
BALANCE, JANUARY 1, 2010	$ 10,435,033	$ -	$ 6,561,977	$ -	$ 16,997,010
Deficit of Revenues, Gains and Other Support over Expenses	330,442	-	-	-	330,442
Net Change in Assets Held in Trust	-	-	653,610	-	653,610
Net Asset Transfer	(3,355,156)	-	-	3,355,156	-
Change in Net Assets	(3,024,714)	-	653,610	3,355,156	984,052
BALANCE, DECEMBER 31, 2010	$ 7,410,319	$ -	$ 7,215,587	$ 3,355,156	$ 17,981,062
THE ADMIRAL AT THE LAKE RESIDENT'S TRUST					
BALANCE, JANUARY 1, 2010	$ -	$ -	$ -	$ -	$ -
Deficit of Revenues, Gains and Other Support over Expenses	89,931	-	-	-	89,931
Net Asset Transfer	1,761,000	-	-	(1,761,000)	-
Change in Net Assets	1,850,931	-	-	(1,761,000)	89,931
BALANCE, DECEMBER 31, 2010	$ 1,850,931	$ -	$ -	$ (1,761,000)	$ 89,931
CONSOLIDATED					
BALANCE, JANUARY 1, 2010	$ 5,479,153	$ -	$ 7,657,820	$ -	$ 13,136,973
Deficit of Revenues, Gains and Other Support over Expenses	(1,135,399)	-	-	-	(1,135,399)
Pension- Related Loss Not in Periodic Pension Cost	(169,337)	-	-	-	(169,337)
Net Change in Assets Held in Trust	-	-	738,063	-	738,063
Contributions	-	122,069	-	-	122,069
Net Asset Transfer	-	-	-	-	-
Change in Net Assets	(1,304,736)	122,069	738,063	-	(444,604)
BALANCE, DECEMBER 31, 2010	$ 4,174,417	$ 122,069	$ 8,395,883	$ -	$ 12,692,369

THE OLD PEOPLE'S HOME
OF THE CITY OF CHICAGO
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
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YEARS ENDED DECEMBER 31, 2009 AND 2008

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Old People's Home of the City of Chicago and Affiliates
Chicago, Illinois

We have audited the accompanying consolidated balance sheet of The Old People's Home of the City of Chicago and Affiliates (the "Organization") as of December 31, 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Organization as of December 31, 2008, were audited by other auditors whose report dated January 29, 2010, expressed an unqualified opinion on those consolidated financial statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009, and the results of their operations, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP

LarsonAllen LLP

Blue Bell, Pennsylvania
July 21, 2010

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 464,482	$ 470,746
Net Resident Receivables and Other Receivables	18,604	31,595
Prepaid Expenses	800	14,967
Total Current Assets	483,886	517,308
INVESTMENTS	6,096,592	12,182,320
PROPERTY AND EQUIPMENT- LAND	429,674	429,674
OTHER ASSETS		
Certificate of Need	100,500	100,000
Assets Held in Trust	7,607,820	6,620,249
Deposits Held for Others	6,576,946	6,087,171
Redevelopment Costs	18,564,317	17,010,529
Total Other Assets	32,849,583	29,817,949
Total Assets	$ 39,859,735	$ 42,947,251
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit Payable	$ 12,919,556	$ 15,801,953
Margin Loan Payable	2,460,369	2,820,406
Accounts Payable and Accrued Expenses	971,237	1,374,312
Accrued Payroll and Benefits	62,782	49,976
Accrued Interest Payable	46,586	10,795
Current Portion of Deferred Admission Fees	63,058	47,496
Refundable Reservation Deposits	6,576,946	6,087,171
Total Current Liabilities	23,100,534	26,192,109
NONCURRENT LIABILITIES		
Accrued Pension Plan Liability	1,166,839	1,011,933
Estimated Obligation to Provide Future Services, in Excess of Amounts Received or to be Received	2,334,000	2,754,000
Deferred Admission Fees	121,389	222,962
Total Noncurrent Liabilities	3,622,228	3,988,895
Total Liabilities	26,722,762	30,181,004
NET ASSETS		
Unrestricted	5,479,153	6,095,998
Permanently Restricted	7,657,820	6,670,249
Total Net Assets	13,136,973	12,766,247
Total Liabilities and Net Assets	$ 39,859,735	$ 42,947,251

See accompanying Notes to Consolidated Financial Statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
UNRESTRICTED REVENUE, GAINS, (LOSSES) AND OTHER SUPPORT		
Resident Fees for Services	$ 1,837,028	$ 2,647,730
Amortization of Admission Fees	86,013	157,465
Change in Obligation to Provide Future Services	420,000	2,057,000
Contributions and Bequests	64,908	97,219
Investment Income	202,893	487,088
Income from Assets Held by Others	245,912	258,228
Net Realized Loss on Sales of Investments	(3,810,997)	(288,929)
Other	1,398	3,441
Total Unrestricted Revenue, Gains, (Losses) and Other Support	(952,845)	5,419,242
EXPENSES		
Host Facilities Expenses	2,349,277	3,353,001
Administrative	932,163	1,107,695
Insurance	100,569	88,865
Medical Services	93,529	158,882
Pharmacy	45,198	59,839
Building and Grounds	10,266	19,912
Utilities	5,135	4,357
Activities	1,279	-
Nursing Services	841	-
Employee Transition Costs	-	23,691
Investment Fees	43,162	100,542
Interest Expense	80,651	141,214
Provision for Bad Debts (Recoveries)	(9,491)	20,232
Total Expenses	3,652,579	5,078,230
EXCESS (DEFICIT) OF REVENUE, GAINS, (LOSSES) AND OTHER SUPPORT OVER EXPENSES	(4,605,424)	341,012
NONOPERATING ACTIVITY		
Pension-Related Loss Not in Periodic Pension Cost	(10,257)	(1,054,153)
Net Unrealized Gain (Loss) on Investments	3,998,836	(6,576,114)
Total Nonoperating Activity	3,988,579	(7,630,267)
DECREASE IN UNRESTRICTED NET ASSETS	$ (616,845)	$ (7,289,255)

See accompanying Notes to Consolidated Financial Statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
UNRESTRICTED NET ASSETS		
Decrease in Unrestricted Net Assets	$ (616,845)	$ (7,289,255)
PERMANENTLY RESTRICTED NET ASSETS		
Net Change in Assets Held by Others	987,571	(2,066,087)
INCREASE (DECREASE) IN NET ASSETS	370,726	(9,355,342)
Net Assets - Beginning of Year	12,766,247	22,121,589
NET ASSETS - END OF YEAR	$ 13,136,973	$ 12,766,247

See accompanying Notes to Consolidated Financial Statements.

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THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 370,726	$ (9,355,342)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used by Operating Activities:		
Net Realized and Unrealized (Gain) Loss on Investments	(187,839)	6,865,043
Amortization of Admission Fees	(86,013)	(157,465)
Change in Assets Held in Trust	(987,571)	2,066,087
Change in Obligation to Provide Future Services	(420,000)	(2,057,000)
Provision for Bad Debts (Recoveries)	(9,491)	20,232
Change in Operating Assets and Liabilities:		
Net Resident Receivable and Other Receivables	22,482	(14,358)
Prepaid Expenses	14,167	(11,857)
Accrued Interest Receivable	-	50,550
Accounts Payable and Accrued Expenses	(403,073)	(424,987)
Accrued Payroll and Benefits	12,806	4,704
Accrued Interest Payable	35,791	(101,727)
Accrued Retirement Plan Benefits	154,906	872,751
Net Cash Used by Operating Activities	(1,483,109)	(2,243,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	10,909,480	7,659,966
Purchases of Investments	(4,635,914)	(7,215,062)
Acquisition of Certificate of Need	(500)	-
Expenditures for Redevelopment	(1,553,787)	(3,839,060)
Net Cash Provided (Used) by Investing Activities	4,719,279	(3,394,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds (Payments) from Line of Credit and Margin Loan	(3,242,434)	5,702,803
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,264)	65,278
Cash and Cash Equivalents - Beginning of Year	470,746	405,468
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 464,482	$ 470,746
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest, Including $252,924 and $641,097 of Interest Capitalized during Redevelopment in 2009 and 2008, Respectively	$ 297,784	$ 884,038

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Old People's Home of the City of Chicago and Affiliates (the "Organization") is a 151 year old organization established as a continuing care retirement community for those age 62 and over seeking an alternative to private home living. A majority of the residents are from Chicago, Illinois. Through different admission plans, the Organization serves those who are able to pay the full cost of their care and those whose resources are limited or depleted. The Organization provides a continuum of care that includes independent living, assisted living, and nursing care.

During 2005, the Organization underwent a reorganization and created a new parent company, The Old People's Home of the City of Chicago. The parent company oversees the performance and operations of its two wholly-owned subsidiaries, The Admiral at the Lake and The Admiral at the Lake Foundation. The Admiral at the Lake is the operating company for the retirement community. The Admiral at the Lake Foundation supports the operating company through fund raising efforts.

During 2007, the Organization vacated its campus for the purpose of developing a new facility. The residents at that time were relocated to various communities determined by management to provide the same level of care and quality of life opportunities as they experienced with the Organization. Construction of the new campus was expected to begin during 2008; however, with the financial market and economic downturn beginning in the third quarter of 2008, financing was not available at acceptable terms. The Organization expects to finance the construction project in the Fall of 2010 with construction commencing shortly thereafter. The expected completion time is three years.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Consolidation

The consolidated financial statements include the accounts of the following entities:

The Old People's Home of the City of Chicago
The Admiral at the Lake
The Admiral at the Lake Foundation

All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted (subject to donor restrictions) and permanently restricted (principal unavailable for any use). As of December 31, 2009 and 2008 the Organization did not have temporarily restricted net assets.

Income Taxes

The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

On January 1, 2009, the Organization adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's consolidated financial statements.

The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2006 to 2008 are open to examination by federal and state authorities.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000 per financial institution. At times, these deposits may be in excess of federally insured limits. Additionally, for purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with operating cash that have an original maturity of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Resident Receivables

Resident accounts receivable billings are determined based on contractual terms specified in agreements with residents. The Organization charges late fees on delinquent accounts.

An allowance for doubtful accounts is determined by management based on historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews resident accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. Management believes the allowance of $2,400 and $9,918 as of December 31, 2009 and 2008, respectively, is adequate to cover potential losses from uncollectible accounts.

Investments

The Organization's investments and are reported at their fair values, based on quoted market prices. Unrealized gains and losses are excluded from excess (deficit) of revenue, gains, (losses) and other support over expenses. Cost used in the determination of gains and losses on sales of investments is based on specific cost of the investment sold, adjusted for any other-than-temporary declines in the value of investments.

Property and Equipment

Property and equipment are stated at cost or, if donated to the Organization, at fair market value on the date of acquisition. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations.

During 2007, the Organization's facility was demolished and salvageable equipment was sold. The Organization's management relocated to a fully-furnished office site. Therefore, at December 31, 2009 and 2008 the only assets remaining are the land and accumulated capitalized redevelopment costs.

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Certificate of Need

The Organization's Certificate of Need (CON) is a requirement of the State of Illinois to operate a nursing facility. The CON is considered to have an indefinite life and is recorded at cost. Pursuant to the provisions *"Goodwill and Other Intangible Assets"* standard, identifiable intangible assets are recognized at their fair value when acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. The Organization evaluated the CON and has determined it is not impaired as of December 31, 2009 and 2008.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held in Trust

Assets held in trust represents the Organization's percentage ownership in various trust accounts at financial institutions held in perpetuity. These assets are adjusted annually for the allocated fair value of such trust accounts.

Deposits Held for Others

The Organization accepts deposits from persons interested in securing a unit within the new facility. These deposits are fully refundable if the depositor decides not to reside in the new facility. Interest earned on these deposits will be paid to depositors who decide to withdraw from the waiting list of future residents, or applied to their first month's rent when the depositors take possession of their new units.

Redevelopment Costs

The Organization deferred direct costs, including direct sales salaries and marketing expenses, associated with the redevelopment of the Organization. These costs will be amortized over the estimated life expectancy of the initial residents or the life of the building, depending on the type of cost. There was no amortization expense as of December 31, 2009 and 2008.

Deferred Revenue from Admission Fees

Residents pay fees to the Organization pursuant to entering into a continuing care contract. These fees, net of the portion that is refundable to residents, are recorded as deferred revenue from admission fees and are amortized to income using the straight-line method over the estimated remaining life expectancy, adjusted annually.

Obligation to Provide Future Services

The Organization calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of the deferred revenue from admission fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from admission fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. The obligation is discounted at 6% based on the expected long-term rate of return on governmental obligations. As of December 31, 2009 and 2008, the Organization had an estimated obligation to provide future services in excess of amounts received or to be received in the amount of $2,334,000 and $2,754,000, respectively.

Contributions

Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

If a restriction is fulfilled in the same accounting period in which the contribution is received, the contribution is reported as unrestricted.

Pension

Pension expense for the Organization's administered defined-benefit plan is determined on the projected unit credit method. The Organization's intent has been to contribute annually the minimum amount required under ERISA.

Performance Indicator

The performance indicator is defined as the excess (deficit) of revenues, gains (losses) and other support over expenses. All activities of the Organization deemed by management to be ongoing, major and central to the provision of residential and health care services are reported as operating revenues and expenses. The performance indicator excludes Pension-Related Loss Not in Periodic Pension Cost and Net Unrealized Gain (Loss) on Investments.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 21, 2010, the date the consolidated financial statements were available to be issued. These events are disclosed in Note 14 to these financial statements.

NOTE 2 INVESTMENTS

Investments are recorded at fair market value and consisted of the following as of December 31, 2009 and 2008:

	2009	2008
Money Market Deposits	$ 232,074	$ 643,899
Corporate Bonds and Notes	3,740,778	1,293,544
Stocks and Mutual Funds	2,123,740	10,244,877
Total Investments	$ 6,096,592	$ 12,182,320

NOTE 2 INVESTMENTS (CONTINUED)

The following table summarizes the unrealized losses on investments held as of December 31, 2009:

	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate Bonds and Notes	$ 115,681	$ (1,007)	$ -	$ -	$ 115,681	$ (1,007)
Stocks and Mutual Funds	214,263	(24,895)	-	-	214,263	(24,895)
Total	$ 329,944	$ (25,902)	$ -	$ -	$ 329,944	$ (25,902)

Over the past several years, the public equity markets experienced significant declines, which impacted investments held by the Organization. Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors and the length of time and extent to which the market value has been less than cost.

At December 31, 2009 and 2008, $2,460,369 and $2,820,406, respectively, of the above investments are serving as collateral for a margin loan entered into by the Organization (see Note 6).

NOTE 3 REDEVELOPMENT COSTS

During 2004, the Organization began planning for the redevelopment of its existing campus. In 2005, a development services contract was signed with a company responsible for coordinating the activities related to the campus redevelopment. As of December 31, 2009 and 2008, capitalized redevelopment costs were $18,564,317 and $17,010,530, respectively. Of these amounts, $6,163,577 and $5,462,496 relate to marketing costs that were capitalized pursuant to the guidance for Accounting for Costs and Initial Rental Operations of Real Estate Projects, for the years ended December 31, 2009 and 2008, respectively.

Capitalized costs associated with the new facility will be amortized over the useful life of the building starting when the facility is placed in service. Marketing costs incurred in acquiring continuing-care residential contracts are capitalized up to one year after the new facility is completed. These costs will be amortized over the life expectancy of the residents or their contract term upon possession of their new units, which ever is shorter.

NOTE 4 DEFINED BENEFIT PENSION PLAN

The Organization maintained a noncontributory, defined-benefit pension plan (the plan) covering substantially all full-time employees. Participants are eligible to receive pension benefits on retirement based on age, years of service, and compensation. The Organization approved plans that closed participation in the Organization's defined-benefit pension plan during 2007.

Employers are required to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through unrestricted net assets. The amount of the asset or liability to be recorded is disclosed in the consolidated financial statements.

The Organization has used December 31 measurement date for 2009 and 2008.

Information about changes in the projected benefit obligations and plan assets of the plan are as follows:

	2009	2008
Change in Benefit Obligation		
Beginning Benefit Obligation	$ 2,696,430	$ 2,790,246
Service Cost	33,017	43,360
Interest Cost	175,971	204,917
Actuarial Loss (Gain)	574,347	(160,811)
Benefits Paid	(142,702)	(181,282)
Ending Benefit Obligation	3,337,063	2,696,430
Change in Plan Assets, at Fair Value		
Beginning Plan Assets	1,684,497	2,651,064
Actual Return (Loss) on Plan Assets	593,597	(960,317)
Employer Contribution	34,832	175,032
Benefits Paid	(142,702)	(181,282)
Ending Plan Assets	2,170,224	1,684,497
Funded Status of Plan at End of Year	$ (1,166,839)	$ (1,011,933)

The accumulated benefit obligation was $3,318,150 and $2,764,285 as of December 31, 2009 and 2008, respectively.

ATTACHMENT 39

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

The components of net periodic pension cost for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Service Cost	$ 33,017	$ 43,360
Interest Cost	175,971	204,917
Actual (Return) Loss on Plan Assets	(593,597)	960,317
Difference Between Actual and Expected Return on Plan Assets	564,090	(1,250,814)
Total Pension Cost	$ 179,481	$ (42,220)

In 2010, $83,385 of the 2009 unrecognized loss is expected to be a component of the net periodic pension cost, which is projected to be $69,148. The transaction and assumptions noted above resulted in a net liability of $1,166,839 and $1,011,933 as of December 31, 2009 and 2008, respectively.

Interest Rates

The discount rate used in determining the actuarial present value of the projected benefit obligation was 5.29% and 6.73% at December 31, 2009 and 2008, respectively. The rate of increase in future compensation used was 2.5% and 4.5% at December 31, 2009 and 2008, respectively. The expected long-term rate of return on assets was 8.5% at December 31, 2009 and 2008. Plan assets are composed primarily of corporate equity securities and U.S. Government obligations.

Estimated Future Payments

The following benefit payments, which take into consideration the plan curtailment, are expected to be paid as follows:

Year Ending December 31,	Amount
2010	$ 149,645
2011	157,601
2012	153,864
2013	149,921
2014	161,522
Thereafter	899,196

Contributions

The Organization has contributed $529,000 to plan assets in 2010.

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Assets

The Organization's pension plan asset allocation at year end 2009 and 2008 and target allocation for 2010 are as follows:

Asset Category	Target Allocation 2010	Percent of Plan Assets At Year End 2009	2008
Equity Securities	65%	74%	66%
Debt Securities	25%	16%	16%
Other	10%	10%	18%
Total	100%	100%	100%

The plan shall provide the highest possible return consistent with prudent diversification. The investment objective of the plan is to earn long-term total return of 8.5%. The actual mix shown above is within targeted ranges of the asset mix that the Organization believes will support the long-term objective.

The following table presents the fair value hierarchy for the balances of the plan assets of the Organization measured at fair value on a recurring basis as of December 31, 2009 and 2008:

2009	Level 1	Level 2	Level 3	Total
Equity Securities	$ 1,605,966	$ -	$ -	$ 1,605,966
Debt Securities	347,236	-	-	347,236
Other Assets	217,022	-	-	217,022
Total Assets	$ 2,170,224	$ -	$ -	$ 2,170,224

2008	Level 1	Level 2	Level 3	Total
Equity Securities	$ 1,111,768	$ -	$ -	$ 1,111,768
Debt Securities	269,520	-	-	269,520
Other Assets	303,209	-	-	303,209
Total Assets	$ 1,684,497	$ -	$ -	$ 1,684,497

The Organization's investment policy requires that the assets of the plan are invested in a manner consistent with the fiduciary standards of ERISA; namely, (a) the safeguards and diversity to which a prudent investor would adhere must be present and (b) all transactions undertaken on behalf of the plan much be for the sole interest of the plan participants and their beneficiaries, to provide benefits in a prudent manner. The primary investment emphasis is to attain or improve upon the surplus of assets over the present value of liabilities.

NOTE 5 LINES OF CREDIT PAYABLE

On January 17, 2007, the Organization negotiated an unsecured line of credit with a financial institution in the amount of $2,500,000. The line was scheduled to mature on April 15, 2007. The Organization was granted both an extension of time through April 30, 2009 and an increase in the amount of the line up to $11,000,000 through an agreement signed on April 1, 2007. The increase in the line required the Organization to provide the real estate of the Organization as collateral for the line of credit. On December 28, 2007, as a result of management's determination that the Organization was in need of additional working capital, a further increase in the line up to $13,000,000 was negotiated. On January 31, 2008 the Organization executed an additional line of credit of $3,000,000. The interest rate on these lines of credit was 2.73% and 2.47% at December 31, 2009 and 2008, respectively. Both lines of credit were set to expire on April 30, 2009.

The $3,000,000 line of credit was subject to several covenants, one of which required the Organization to maintain an un-encumbered investment balance of $10,000,000. At December 31, 2008 the Organization was in violation of this covenant. The Organization repaid this line of credit on May 15, 2009.

Pursuant to the December 21, 2009 signing of Definitive Agreement with The Kendal Corporation ("Kendal"), a Pennsylvania not-for-profit corporation which is recognized as a family of continuing care retirement communities in several states throughout the United States of America, the financial institution extended the term of the remaining line of credit to June 30, 2010. Subsequent to year end, the Organization negotiated an extension of the maturity date for the repayment of the line of credit through September 30, 2010. In conjunction with these extensions, the Organization agreed to establish an escrow of $55,000 to cover interest costs throughout the remaining term of the line of credit.

The Organization has $12,919,556 and $15,801,953 outstanding balance on the lines of credit as of December 31, 2009 and 2008, respectively.

NOTE 6 MARGIN LOAN PAYABLE

During 2008, the Organization obtained a margin loan of $3,000,000 from its investment broker by collateralizing certain investments held in its portfolio. The loan requires monthly interest payments at 3% of the outstanding balance. At December 31, 2009 and 2008 the outstanding balance on this loan was $2,460,369 and $2,820,406, respectively. The margin loan was paid in full in January 2010.

NOTE 7 LETTER OF CREDIT

During 2008, the Organization issued an irrevocable letter of credit to the City of Chicago as a condition to proceed with the redevelopment of the campus. The letter of credit is with a financial institution in the amount of $84,700, the estimated cost of adequate landscaping for the property. The letter of credit expired on November 15, 2009. At December 31, 2008 there were no borrowings against the letter of credit.

NOTE 8 OPERATING LEASE COMMITMENTS

The Organization has operating leases for office and marketing space that expire in February 2011. The aggregate minimum rental payments related to the leases, are as follows:

Year Ending December 31,		Amount
2010	$	113,460
2011		18,910
Total	$	132,370

Rent expense of $89,497 and $82,841 related to the marketing facility has been capitalized and included in redevelopment costs for the years ended December 31, 2009 and 2008, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

A portion of investments (see Note 2) and pension plan investments (see Note 4) are held and/or managed by an investment company that employs a member of the Board. Included in investment management fees are $22,122 in 2009 and $40,531 in 2008 for amounts billed to the Organization for services rendered by the investment company. Included in the sale and purchase of marketable securities amounts, excluding commissions earned on sale and purchase of pension assets, are broker commissions earned by the investment company, which totaled approximately $11,046 in 2009 and $20,901 in 2008.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Compliance

The Organization operates in the health care industry and may be subject to legal proceedings and claims from time to time that arise in the course of providing its services. The Organization maintains malpractice insurance coverage on an occurrence basis, which provides coverage for claims occurring during the policy year. Management has determined that no provision is required for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liability.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Other

In the normal course of business, there could be various outstanding claims and contingent liabilities. No contingent liabilities are reflected in the accompanying financial statements. No such liabilities have been asserted and, therefore, no estimate of loss, if any, is determinable.

NOTE 11 COMMITMENTS RELATED TO REDEVELOPMENT

As a result of the redevelopment of the Organization's campus, management negotiated living accommodations for the residents of the Organization with six other retirement communities (host facilities) in the Chicago-land area. Contracts have been signed with these host facilities to provide room, board and heathcare needs, if applicable for the Organization's residents. In some cases, the contracts require the Organization to pay the host facilities more than what the Organization receives from its residents pursuant to the contracts the Organization has with them. The impact of the excess cost to the Organization for its life care contract residents has been reflected in the estimated obligation to provide future services.

Additionally, the redevelopment project required the termination of all but four employees of the Organization. The Organization paid approximately $-0- and $24,000 in unemployment benefits for the years ended December 31, 2009 and 2008, respectively.

NOTE 12 FUNCTIONAL EXPENSES

The Organization provides housing and elderly care to its residents. Functional expenses for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Resident Care	$ 2,720,416	$ 3,893,147
General and Administrative	932,163	1,185,083
Total	$ 3,652,579	$ 5,078,230

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds and Notes	$ 3,740,778	$ -	$ -	$ 3,740,778
Stocks and Mutual Funds	2,123,740	-	-	2,123,740
Assets Held in Trust	-	7,607,820	-	7,607,820
Total Assets	$ 5,864,518	$ 7,607,820	$ -	$ 13,472,338

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds and Notes	$ 1,293,544	$ -	$ -	$ 1,293,544
Stocks and Mutual Funds	10,244,877	-	-	10,244,877
Assets Held In Trust	-	6,620,249	-	6,620,249
Total Assets	$ 11,538,421	$ 6,620,249	$ -	$ 18,158,670

NOTE 14 MANAGEMENT'S PLANS AND SUBSEQUENT EVENTS

During 2008, the Organization's campus was prepared for construction of its new facility, which was anticipated to commence late spring, or early summer of 2008. However, the economic downturn negatively impacted the anticipated costs of financing the project which made financing during 2008 cost-prohibitive. Late in the year, it was determined by management that the resources of the Organization would not be sufficient to both support existing operations and fund the continual development costs necessary to move the reconstruction project along.

In April of 2009, the Organization commenced discussion with Kendal to explore collaboration between the two organizations. These discussions continued throughout the remainder of 2009 and lead to the culmination of a Definitive Agreement that was executed on December 21, 2009. The Definitive Agreement provides for the support of Kendal in the completion of the repositioning of the Organization's campus. In return, Kendal is to receive a development fee, which may be deferred or subordinated at the sole discretion of Kendal. The Organization has committed to set aside assets sufficient to cover estimated future costs of certain residents' life care contracts, the unfunded portion of its defined benefit retirement plan and remaining obligations under employee severance arrangements. During 2010, the Organization set aside assets, into a separate trust, to fund those commitments. It is the plan of the Organization to pursue financing for the new campus, which is expected to be obtained in the Fall of 2010.

Subsequent to funding the prescribed commitments, all remaining cash and investments were used to support the ongoing costs of the campus redevelopment. Once the remaining cash and investments were expended for redevelopment related items, Kendal commenced funding redevelopment. Kendal has advanced $1,050,000 to The Organization and anticipates additional funding until financing occurs.

Subsequent to the execution of the Definitive Agreement, the Organization's Board of Directors was composed of three members, two of whom are also Kendal Corporation employees. The ongoing relationship with Kendal Corporation will be memorialized upon completion of the campus in an affiliation agreement whereby the Organization shall become an affiliate of the Kendal System and receive certain services in return for a specified system fee payment.

In June 2010, the Organization signed a Development and Marketing Agreement with Kendal. Pursuant to the agreement, Kendal agreed to provide the Organization with development and marketing support during the redevelopment of the new campus, and will continue to support the Organization until stabilized occupancy is obtained. In exchange, Kendal will earn a $2.0 million fee which will be deferred until several financing targets are achieved. Kendal is also eligible to receive an incentive marketing fee up to a maximum possible amount of $750,000, payable upon achievement of specified accelerated occupancy targets.

As of July 21, 2010, The Organization received reservation deposits on 78% of the independent apartments in the new community. This reservation rate positions the Organization for a Fall 2010 financing event.

LarsonAllen LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
The Old People's Home of the City of Chicago and Affiliates
Chicago, Illinois

Our report on our audit of the consolidated financial statements of The Old People's Home of the City of Chicago and Affiliates for the year ended December 31, 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on page 21 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

LarsonAllen LLP

LarsonAllen LLP

Blue Bell, Pennsylvania
July 21, 2010

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2009
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	The Admiral at the Lake	The Admiral at the Lake Foundation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 463,704	$ 778	$ -	$ 464,482
Net Resident Receivables and Other Receivables	18,604	-	-	18,604
Prepaid Expenses	800	-	-	800
Total Current Assets	483,108	778	-	483,886
INVESTMENTS	-	6,096,592	-	6,096,592
PROPERTY AND EQUIPMENT- LAND	429,674	-	-	429,674
OTHER ASSETS				
Certificate of Need	100,500	-	-	100,500
Assets Held in Trust	1,095,843	6,511,977	-	7,607,820
Due From Related Party	-	6,848,032	(6,848,032)	-
Deposits Held for Others	6,576,946	-	-	6,576,946
Redevelopment Costs	18,564,317	-	-	18,564,317
Total Other Assets	26,337,606	13,360,009	(6,848,032)	32,849,583
Total Assets	$ 27,250,388	$ 19,457,379	$ (6,848,032)	$ 39,859,735
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Line of Credit Payable	$ 12,919,556	$ -	$ -	$ 12,919,556
Margin Loan Payable	-	2,460,369	-	2,460,369
Accounts Payable and Accrued Expenses	971,237	-	-	971,237
Accrued Payroll and Benefits	62,782	-	-	62,782
Accrued Interest Payable	46,586	-	-	46,586
Current Portion of Deferred Admission Fees	63,058	-	-	63,058
Refundable Reservation Deposits	6,576,946	-	-	6,576,946
Total Current Liabilities	20,640,165	2,460,369	-	23,100,534
NONCURRENT LIABILITIES				
Accrued Pension Plan Liability	1,166,839	-	-	1,166,839
Due To Related Party	6,848,032	-	(6,848,032)	-
Estimated Obligation to Provide Future Services, in Excess of Amounts Received or to be Received	2,334,000	-	-	2,334,000
Deferred Admission Fees	121,389	-	-	121,389
Total Noncurrent Liabilities	10,470,260	-	(6,848,032)	3,622,228
Total Liabilities	31,110,425	2,460,369	(6,848,032)	26,722,762
NET ASSETS				
Unrestricted	(4,955,880)	10,435,033	-	5,479,153
Permanently Restricted	1,095,843	6,561,977	-	7,657,820
Total Net Assets	(3,860,037)	16,997,010	-	13,136,973
Total Liabilities and Net Assets	$ 27,250,388	$ 19,457,379	$ (6,848,032)	$ 39,859,735

THE OLD PEOPLE'S HOME
OF THE CITY OF CHICAGO
AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008 and 2007

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
Chicago, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008 and 2007

CONTENTS

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
The Old People's Home of the City of Chicago and Affiliates
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of The Old People's Home of the City of Chicago and Affiliates as of December 31, 2008 and 2007, and the related consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the management of The Old People's Home of the City of Chicago and Affiliates. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Old People's Home of the City of Chicago and Affiliates as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana
January 29, 2010

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	$ 470,746	$ 405,468
Resident and other receivables	31,595	37,469
Prepaid expenses	14,967	3,110
Accrued interest receivable	-	50,550
Total current assets	517,308	496,597
Investments	12,182,320	19,492,267
Certificate of need	100,000	100,000
Assets held in trust	6,620,249	8,686,336
Deposits held for others	6,087,171	4,162,799
Redevelopment costs	17,010,529	13,171,469
Property and equipment		
Land and improvements	429,674	429,674
	$ 42,947,251	$ 46,539,142
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 1,374,312	$ 1,799,299
Accrued payroll and benefits	49,976	45,272
Current portion of deferred admission fees	47,496	81,124
Line of credit payable	15,801,953	12,919,556
Margin loan payable	2,820,406	-
Accrued interest payable	10,795	112,522
Refundable reservation deposits	6,087,171	4,162,799
Total current liabilities	26,192,109	19,120,572
Noncurrent liabilities		
Accrued retirement plan benefits	1,011,933	139,182
Estimated obligation to provide future services, in excess of amounts received or to be received	2,754,000	4,811,000
Deferred admission fees	222,962	346,799
Total liabilities	30,181,004	24,417,553
Net assets		
Unrestricted	6,095,998	13,385,253
Permanently restricted	6,670,249	8,736,336
Total net assets	12,766,247	22,121,589
	$ 42,947,251	$ 46,539,142

See accompanying notes to consolidated financial statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2008 and 2007

	2008	2007
Unrestricted revenue, gains, and other support		
Resident fees for services	$ 2,647,730	$ 3,308,717
Amortization of admission fees	157,465	152,652
Change in obligation to provide future services	2,057,000	689,000
Contributions and bequests	97,219	201,074
Investment income	487,088	412,433
Income from assets held by others	258,228	250,189
Net realized gain (loss) on sales of investments	(288,929)	1,246,665
Other	3,441	66,655
	5,419,242	6,327,385
Expenses		
Nursing services	-	672,798
Assisted living	-	152,235
Host facilities expenses	3,353,001	2,856,937
Medical services	158,882	152,325
Pharmacy	59,839	82,047
Activities	-	142,419
Food service	-	408,256
Building and grounds	19,912	298,622
Utilities	4,357	232,657
Housekeeping and laundry	-	153,276
General services	-	97,347
Administrative	1,107,695	1,327,291
Employee transition costs	23,691	686,764
Insurance	88,865	253,213
Marketing	-	30,476
Investment fees	100,542	90,248
Nursing home provider and other taxes	-	24,217
Interest	141,214	122,246
Provision for bad debts	20,232	15,534
	5,078,230	7,798,908
Change in unrestricted net assets from operations	341,012	(1,471,523)
Nonoperating activity		
Gain (loss) from implementation of accounting standard related to pensions	-	462,737
Pension-related loss not in periodic pension cost	(1,054,153)	-
Gain on pension benefit curtailment	-	20,948
Net unrealized gain (loss) on investments	(6,576,114)	102,866
	(7,630,267)	586,551
Change in unrestricted net assets	$ (7,289,255)	$ (884,972)

See accompanying notes to consolidated financial statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended December 31, 2008 and 2007

	2008	2007
Unrestricted net assets		
Change in unrestricted net assets	$ (7,289,255)	$ (884,972)
Permanently restricted net assets		
Net change in assets held by others	(2,066,087)	249,629
Change in permanently restricted net assets	(2,066,087)	249,629
Change in net deficit	(9,355,342)	(635,343)
Net assets at beginning of year	22,121,589	22,756,932
Net assets at end of year	$ 12,766,247	$ 22,121,589

See accompanying notes to consolidated financial statements.

THE OLD PEOPLE'S HOME OF THE CITY OF CHICAGO AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	$ (9,355,342)	$ (635,343)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized (gain) loss on investments	6,865,043	(1,349,531)
Amortization of admission fees	(157,465)	(152,652)
Change in assets held in trust	2,066,087	(249,629)
Net (gain) on sale of property	-	(43,450)
Change in obligation to provide future services	(2,057,000)	(689,000)
Provision for bad debts	20,232	15,534
Change in operating assets and liabilities		
Admission fees and other receivables	(14,358)	(1,743)
Prepaid expenses	(11,857)	746
Accrued interest receivable	50,550	-
Accounts payable and accrued expenses	(424,987)	(1,435,380)
Accrued payroll and benefits	4,704	(380,876)
Accrued retirement plan benefits	872,751	(625,664)
Accrued interest payable	(101,727)	112,522
Net cash from operating activities	(2,243,369)	(5,434,466)
Cash flows from investing activities		
Proceeds from sales of investments	7,659,966	9,985,019
Purchases of investments	(7,215,062)	(10,307,974)
Proceeds from sale of property and equipment	-	63,450
Acquisition of certificate of need	-	(100,000)
Expenditures for redevelopment	(3,839,060)	(7,229,319)
Net cash from investing activities	(3,394,156)	(7,588,824)
Cash flows from financing activities		
Net proceeds from short-term borrowing	5,702,803	12,519,556
Net cash from financing activities	5,702,803	12,519,556
Net change in cash and cash equivalents	65,278	(503,734)
Cash and cash equivalents at beginning of year	405,468	909,202
Cash and cash equivalents at end of year	$ 470,746	$ 405,468
Supplemental Disclosures		
Cash paid for interest, including $641,097 and $449,976 of interest capitalized during redevelopment in 2008 and 2007, respectively	$ 884,038	$ 504,470

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Old People's Home of the City of Chicago and Affiliates (the "Organization"), is a 150 year old organization established as a continuing care retirement community for those age 62 and over seeking an alternative to private home living.

During 2005, the Organization underwent a reorganization and created a new parent company, The Old People's Home of the City of Chicago. The parent company oversees the performance and operations of its two wholly-owned subsidiaries, The Admiral at the Lake and the Admiral at the Lake Foundation. The Admiral at the Lake is the operating company for the retirement community. The Admiral at the Lake Foundation supports the operating company through fund raising efforts.

During 2007, the Organization vacated its campus for the purpose of developing a new facility. The residents at that time were relocated to various communities determined by management to provide the same level of care and quality of life opportunities as they experienced with the Organization. Construction of the new campus was expected to begin during 2008; however, with the financial market and economic downturn beginning in the third quarter of 2008, financing was not available at acceptable terms. See Note 14 for further discussion regarding the status of campus development.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Consolidation: The consolidated financial statements include the accounts of the following entities:

The Old Peoples Home of the City of Chicago
The Admiral At the Lake
The Admiral at the Lake Foundation

All intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation: The financial statements have been prepared in accordance with Statement of Financial Accounting Standard (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted net assets represent the part of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization. The Organization does not have any temporarily restricted net assets at December 31, 2008 and 2007.

Permanently restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization's permanently restricted net assets represent the fair value of assets held in perpetual trusts. The income received from these trusts are available to support the operations of the Organization.

Income Taxes: The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to $250,000 (increased from $100,000 during October 2008) per financial institution. At times these deposits may be in excess of federally insured limits. Additionally, for purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with operating cash that have an original maturity of three months or less to be cash equivalents.

Accounts Receivable: Accounts receivable billings are determined based on contractual terms specified in agreements with residents. The Organization charges late fees on delinquent accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Uncollectible Accounts: The allowance for doubtful accounts is determined by management based on historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. Management believes the allowance of $9,918 and $2,600 as of December 31, 2008 and 2007, respectively, is adequate to cover potential losses from uncollectible accounts.

Investments: The Organization has adopted Statement of Financial Accounting Standard (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organization". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value based on quoted market prices or dealer quotes in the consolidated statements of financial position. These investments are initially recorded at cost if they were purchased or at their fair market value on the date of the gift if they were received as a donation. Unrealized gains and losses on investment assets held are excluded from revenue less expenses and are reported as an other change in unrestricted net assets unless the unrealized gains and losses are restricted by donor or law.

Certificate of Need: The Organization's Certificate of Need (CON) is a requirement of the State of Illinois to operate a nursing facility. The CON is considered to have an indefinite life, assuming construction of the facility commences by August 2010. Pursuant to the provisions of SFAS No. 142, Goodwill and Other Intangible Assets, the Organization will be required to test the CON annually to determine if there has been any impairment of value.

Assets Held In Trust: Assets held in trust represents the Organization's percentage ownership in various trust accounts at financial institutions held in perpetuity. These assets are adjusted annually for the allocated fair value of such trust accounts.

Deposits Held for Others and Refundable Reservations Deposits: During 2007 the Organization began accepting deposits from persons interested in securing a unit within the new facility. These deposits are fully refundable if the depositor decides not to reside in the new facility. Interest earned on these deposits will be paid to depositors who decide to withdraw from the waiting list of future residents, or applied to their first month's rent when the depositors take possession of their new units.

Property and Equipment: Property and equipment are stated at cost or, if donated to the Organization, at fair market value on the date of acquisition. Additions and improvements are capitalized; expenditures for routine maintenance are charged to operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2007, the Organization's facility was demolished and salvageable equipment was sold. The Organization's management relocated to a fully-furnished office site. Therefore at December 31, 2008 and 2007 the only assets remaining are the land and accumulated capitalized redevelopment costs.

Gifts of long-lived assets such as land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Revenue From Entrance Fees and Obligation to Provide Future Services: The entrance fees from the Organization's residency and care contracts are recorded as deferred admission fees and recognized as income over the estimated remaining life expectancy, adjusted annually, for each resident.

The Organization's residency and care agreements generally provide for reimbursement of a portion of the entrance fee upon termination of the agreements in the event of a move-out or death of a resident within a four-year time frame. Payments of refunds are charged against the resident's unamortized admission fee, and any gain is included in revenue.

The present value of the net cost of future services and use of facilities to be provided to current residents is compared to the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. The obligation is discounted at 6% based on the expected long-term rate of return on governmental obligations. As of December 31, 2008 and 2007, the Organization had an estimated obligation to provide future services in excess of amounts received or to be received in the amount of $2,754,000 and $4,811,000, respectively.

Contributions: Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If a restriction is fulfilled in the same accounting period in which the contribution is received, the contribution is reported as unrestricted.

Pension: Pension expense for the Organization's administered defined-benefit plan is determined on the projected unit credit method. The Organization's intent has been to contribute annually the minimum amount required under ERISA. During 2007, as a result of the Organization's redevelopment project, all but four employees were terminated causing the plan to be considered curtailed. See Note 4 for additional information.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets.

Adoption of New Accounting Standards: In 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards, and expands the disclosure of the methods used and the effect of fair value measurements on earnings. This Standard became effective for financial statements issued for fiscal years beginning after November 15, 2007. Accordingly, the Organization adopted applicable portions of this standard for the year ended December 31, 2008.

NOTE 2 - INVESTMENTS

Investments are recorded at fair market value and consisted of the following at December 31:

	2008	2007
Money market deposits	$ 643,899	$ 309,812
Corporate bonds and notes	1,293,544	2,446,535
Stocks and mutual funds	10,244,877	16,735,920
	$ 12,182,320	$ 19,492,267

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Organization.

NOTE 2 - INVESTMENTS (Continued)

At December 31, 2008, $2,820,406 of the above investments are serving as collateral for a margin loan entered into by the Organization. See Note 6 for more information.

NOTE 3 - REDEVELOPMENT COSTS

During 2004, the Organization began planning for the redevelopment of its existing campus. In 2005 a development services contract was signed with a company responsible for coordinating the activities related to the campus redevelopment. As of December 31, 2008 and 2007, capitalized redevelopment costs were $17,010,529 and $13,171,469, respectively. Of these amounts, $5,462,496 and $3,855,797 relate to marketing costs that were capitalized pursuant to Statement of Financial Accounting Standard No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects for the years ended December 31, 2008 and 2007, respectively.

Capitalized costs associated with the new facility will be amortized over the useful life of the building starting when the facility is placed in service. Marketing costs incurred in acquiring continuing-care residential contracts are capitalized up to one year after the new facility is completed. These costs will be amortized over the life expectancy of the residents or their contract term upon possession of their new units, whichever is shorter.

NOTE 4 - RETIREMENT PLAN

The Organization maintains a noncontributory, defined-benefit pension plan (the Plan) covering substantially all full-time employees. Participants are eligible to receive pension benefits on retirement based on age and years of service. The Organization has used a December 31 and a September 30 measurement date for 2008 and 2007, respectively.

During 2007 the Organization adopted most of the provisions of Statement of Financial Accounting Standard (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. The provisions require the Organization to recognize the funded status of the Plan as measured by the difference between plan assets at fair value and the projected benefit obligation of the Plan.

During 2008 the organization adopted the measurement date provision of SFAS No. 158 which resulted in a December 31 measurement date instead of the September 30 measurement date as utilized for the year ended December 31, 2007. As required by the standard, $182,944 of the 2008 change in the Plan's funded status is reflected in the consolidated statement of operations as the additional impact of the adoption of SFAS No. 158 due to the change in measurement date.

NOTE 4 - RETIREMENT PLAN (Continued)

During 2007, the Organization terminated the employment status of all but four employees as a result of the campus redevelopment. Pursuant to SFAS 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, this constitutes a curtailment of the Plan. The effect of the Plan's curtailment on the Organization's change in net assets was the recognition of a curtailment gain as shown below:

	Before Curtailment	Effect of Curtailment	After Curtailment
Assets and obligations			
Plan assets	$ 2,651,064	$ -	$ 2,651,064
Accumulated benefit obligation	(2,919,946)	155,661	(2,764,285)
Additional benefits based on estimated future salary levels	(199,384)	173,423	(25,961)
Projected benefit obligation	(3,119,330)	329,084	(2,790,246)
Items not yet recognized in earnings	-	-	-
Unrecognized prior service cost	-	-	-
Unrecognized net loss subsequent to transition	308,136	(308,136)	-
(Unfunded) status of the Plan	$ (160,130)	$ 20,948	$ (139,182)

Information about changes in the projected benefit obligations and plan assets of the Plan are as follows:

	2008	2007
Change in benefit obligation		
Beginning benefit obligation	$ 2,790,246	$ 3,081,798
Service cost	43,360	218,964
Interest cost	204,917	173,431
Actuarial loss (gain)	(160,811)	30,640
Plan curtailment adjustment	-	(329,084)
Benefits paid	(181,282)	(385,503)
Ending benefit obligation	2,696,430	2,790,246
Change in plan assets, at fair value		
Beginning plan assets	2,651,064	2,119,141
Actual return on plan assets	(960,317)	534,224
Employer contribution	175,032	383,202
Benefits paid	(181,282)	(385,503)
Ending plan assets	1,684,497	2,651,064
Funded status of the Plan at end of year	$ (1,011,933)	$ (139,182)

NOTE 4 - RETIREMENT PLAN (Continued)

The accumulated benefit obligation was $2,764,285 and $2,675,094 for the years ended December 31, 2008 and 2007, respectively.

The components of net periodic pension cost for the years ended December 31, 2008 and 2007 were as follows:

	2008	2007
Service cost	$ 43,360	$ 218,964
Interest cost	204,917	173,431
Actual return on plan assets	960,317	(534,224)
Difference between actual and expected return on plan assets	(1,250,814)	355,517
Amortization of net (gain) loss	-	27,535
Total pension cost	$ (42,220)	$ 241,223

In 2009, $108,643 of the 2008 unrecognized loss is expected to be a component of the net periodic pension cost, which is projected to be $179,481.

Assumptions and Other Information:

Interest Rates: The discount rate used in determining the actuarial present value of the projected benefit obligation was 6.73% and 6.02% at December 31, 2008 and 2007, respectively. The rate of increase in future compensation used was 4.5% at December 31, 2008 and 2007. The expected long-term rate of return on assets was 8.5% at December 31, 2008 and 2007. Plan assets are composed primarily of corporate equity securities and U.S. Government obligations.

Estimated Future Payments: The following benefit payments, which take into consideration the Plan's curtailment, are expected to be paid as follows:

2009	$ 145,028
2010	147,882
2011	157,707
2012	153,672
2013	149,417
Thereafter	856,020

Contributions: The Organization expects to contribute $52,248 to plan assets in 2009.

NOTE 4 - RETIREMENT PLAN (Continued)

Plan Assets: The Plan's asset allocation at year-end 2008 and 2007, and target allocation for 2009 are as follows:

Asset Category	Target Allocation 2009	Percent of Plan Assets at Year-End 2008	2007
Equity securities	65 %	66 %	57 %
Debt securities	25 %	16 %	25 %
Other	10 %	18 %	18 %
	100 %	100 %	100 %

NOTE 5 - LINE OF CREDIT

On January 17, 2007, the Organization negotiated an unsecured line of credit with a financial institution in the amount of $2,500,000. The line was scheduled to mature on April 15, 2007. The Organization was granted both an extension of time through April 30, 2009, and an increase in the amount of the line up to $11,000,000 through an agreement signed on April 1, 2007. The increase in the line required the Organization to provide the real estate of the Organization as collateral for the loan. On December 28, 2007, as a result of management's determination that the Organization was in need of additional working capital, the Organization negotiated a further increase in the line up to $13,000,000. On January 31, 2008, the Organization executed an additional loan of $3,000,000. The interest rate on these loans was 2.47% and 6.13% at December 31, 2008 and 2007, respectively. Both lines of credit were set to expire on April 30, 2009. The Organization had a $15,801,953 and $12,919,556 outstanding balance on the lines, at December 31, 2008 and 2007, respectively.

The $3,000,000 loan was subject to several covenants, one of which required the Organization to maintain an un-encumbered investment balance of $10,000,000. At December 31, 2008 the Organization was in violation of this covenant. The Organization repaid this loan on May 15, 2009.

Pursuant to the December 21, 2009 signing of a Definitive Agreement with The Kendal Corporation, a Pennsylvania not-for-profit corporation which is organized as a family of Continuing Care Retirement Communities in several states throughout the United States of America, the financial institution extended the term of the remaining line of credit to June 30, 2010. The Organization agreed to establish an escrow of $250,000 to cover interest costs through the term of the loan.

NOTE 6 - MARGIN LOAN PAYABLE

During 2008, the Organization obtained a margin loan of $3,000,000 from its investment broker by collateralizing certain investments held in its portfolio. The loan requires monthly interest payments at 3% of the outstanding balance. At December 31, 2008 the outstanding balance on this loan was $2,820,406. This agreement is open-ended.

NOTE 7 - LETTER OF CREDIT

During 2008 the Organization issued an irrevocable letter of credit to the City of Chicago as a condition to proceed with the redevelopment of the campus. The letter of credit is with a financial institution in the amount of $84,700, the estimated cost of adequate landscaping for the property. The letter of credit expires on November 15, 2009. At December 31, 2008 there were no borrowings against the letter of credit.

NOTE 8 - OPERATING LEASE COMMITMENTS

The Organization has operating leases for office space and a separate marketing facility that expire in May 2010 and February 2011, respectively. During 2008 the Organization entered into a lease for office equipment which is to expire in September 2011. In March 2009, management decided to consolidate the Organization's office space with that of the marketing facility. As a result, the lease for the office space was terminated without recourse on March 31, 2009. The aggregate minimum rental payments related to the leases, and reflective of the termination, are as follows:

2009	$ 93,311
2010	88,654
2011	22,189
	$ 204,154

Rent expense of $82,841 and $102,896 related to the marketing facility has been capitalized and included in redevelopment costs for the years ended December 31, 2008 and 2007, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

A portion of investments (see Note 2) and pension plan investments (see Note 4) are held and/or managed by an investment company that employs a member of the Board. Included in investment management fees are $40,531 in 2008 and $35,669 in 2007 for amounts billed to the Organization for services rendered by the investment company. Included in the sale and purchase of marketable securities amounts, excluding commissions earned on sale and purchase of pension assets, are broker commissions earned by the investment company, which totaled approximately $20,901 in 2008 and $24,681 in 2007.

NOTE 10 - CONTINGENCIES

The Organization is a defendant in litigation under a matter arising in the ordinary course of operations. The lawsuit is for medical claims and has a potential loss range of $100,000 to $250,000, for which the Organization is fully insured. In the opinion of management, this litigation and others will be vigorously defended and likely resolved without any material effect upon the financial position of the Organization.

NOTE 11 - COMMITMENTS RELATED TO REDEVELOPMENT

As a result of the redevelopment of the Organization's campus, management negotiated living accommodations for the residents of the Organization with six other retirement communities (host facilities) in the Chicago-land area. Contracts have been signed with these host facilities to provide room, board and healthcare needs, if applicable for the Organization's residents. In some cases the contracts require the Organization to pay the host facilities more than what the Organization receives from its residents pursuant to the contracts the Organization has with them. The impact of the excess cost to the Organization for its life care contract residents has been reflected in the estimated obligation to provide future services.

Additionally, the redevelopment project required the termination of all but four employees of the Organization. During 2007 severance benefits and related taxes totaled approximately $394,000. The Organization also paid approximately $24,000 and $293,000 in unemployment benefits for the years ended December 31, 2008 and 2007, respectively.

NOTE 12 - FUNCTIONAL EXPENSES

The Organization provides housing and elderly care to its residents. Functional expenses categorized by their natural classification for the years ended December 31, 2008 and 2007 are as follows:

	2008	2007
Resident care	$ 3,893,147	$ 5,623,703
General and administrative	1,185,083	2,175,205
	$ 5,078,230	$ 7,798,908

NOTE 13 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" (SFAS No. 157), defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Statement 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

Level 2 Inputs: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

NOTE 13 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at 12/31/08		
	Level 1	(Level 2)	Total
Assets:			
Investments	$ 12,182,320	$ -	$ 12,182,320
Assets held in trust	-	6,620,249	6,620,249
Total assets	$ 12,182,320	$ 6,620,249	$ 18,802,569

NOTE 14 - MANAGEMENT PLAN

During 2008 the Organization's campus was prepared for construction of its new facility, which was anticipated to commence late spring, or early summer of 2008. However, the economic downturn negatively impacted the anticipated costs of financing the project which made financing during 2008 cost-prohibitive. Late in the year it was determined by management that the resources of the Organization would not be sufficient to both support existing operations and fund the continual development costs necessary to move the reconstruction project along.

In April of 2009, the Organization commenced discussion with The Kendal Corporation to explore collaboration between the two organizations. These discussions continued throughout the remainder of 2009 and lead to the culmination of a Definitive Agreement that was executed on December 21, 2009. The Definitive Agreement provides for the support of The Kendal Corporation in the completion of the repositioning of the Organization's campus. In return, The Kendal Corporation is to receive a development fee, which may be deferred or subordinated at the sole discretion of The Kendal Corporation. The Organization has agreed to set aside its own assets sufficient to cover estimated future costs of certain residents' life care contracts, the unfunded portion of its defined benefit retirement plan, and remaining obligations under employee severance arrangements. All remaining assets are to be available to support the ongoing costs of the campus redevelopment. See Note 5 for a more detailed description of The Kendal Corporation.

During the time of the financing and construction activities, members of The Kendal Corporation will be represented on the board of directors of the Organization. After the newly developed community commences operations, The Kendal Corporation board members will resign and the Organization will repopulate the board. The ongoing relationship between the Organization and The Kendal Corporation will be represented through the use of some centralized purchasing of supplies for operating the new facility, and other management-related support. In return, the Organization will pay The Kendal Corporation a prescribed affiliation fee.

Attachment 41

Financial Viability

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2008 The Admiral at the Lake	Norms for LTC	Variance
Current Ratio:			
Current Assets	6,604		
Current Liabilities	26,192		
= Current Ratio	**0.25**	1.50	(1.25)
Net Margin %age or Net Excess Margin (in Thousands):			
Net Income	341		
Net Operating Revenue	5,419		
= Net Excess Margin	**6.29%**	2.50%	3.8%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	N/A		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	N/A		
= Projected Debt to Total Capitalization	**N/A**	80.00%	N/A
Projected Debt Service Coverage (in Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp			
Maximum Annual Debt Service	N/A		
= Projected Debt Service Coverage	**N/A**	1.50	N/A
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	19,273		
Operating Expenses - Depreciation/365	(5,078 - 0) / 365		
= Days Cash on Hand	**1,385**	45	1,340
Cushion Ratio:			
Cash and Investments + Board Designated Funds	19,273		
Maximum Annual Debt Service	N/A		
= Cushion Ratio	**N/A**	3.0	N/A

Note: The Admiral at the Lake had no long-term debt for the period indicated and therefore the financial ratios that assess long-term debt are not applicable.

ATTACHMENT 41

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2009 The Admiral at the Lake	Norms for LTC	Variance
Current Ratio:			
Current Assets	7,061		
Current Liabilities	23,101		
= Current Ratio	**0.31**	1.50	(1.19)
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income	(4,605)		
Net Operating Revenue	(1,415)		
= Net Excess Margin	**325.53%**	2 50%	323.0%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	N/A		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	N/A		
= Projected Debt to Total Capitalization	**N/A**	80 00%	N/A
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp			
Maximum Annual Debt Service	N/A		
= Projected Debt Service Coverage	**N/A**	1.50	N/A
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	14,169		
Operating Expenses - Depreciation/365	(3,191 - 0) / 365		
= Days Cash on Hand	**1,621**	45	1,576
Cushion Ratio:			
Cash and Investments + Board Designated Funds	14,169		
Maximum Annual Debt Service	N/A		
= Cushion Ratio	**N/A**	3.0	N/A

Note: The Admiral at the Lake had no long-term debt for the period indicated and therefore the financial ratios that assess the long-term debt are not applicable.

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2010 The Admiral at the Lake	Norms for LTC	Variance
Current Ratio:			
Current Assets	13,855		
Current Liabilities	14,812		
= Current Ratio	**0.94**	1.50	(0.56)
Net Margin %age or Net Excess Margin (in Thousands):			
Net Income	(1,135)		
Net Operating Revenue	1,729		
= Net Excess Margin	**-65.67%**	2.50%	-68.2%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	200,998 - 15,937		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	200,998 - 15,937 + 4,174		
= Projected Debt to Total Capitalization	**97.79%**	80.00%	17.79%
Projected Debt Service Coverage (in Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp	(1,135) + 39 + 99		
Maximum Annual Debt Service	10,789		
= Projected Debt Service Coverage	**(0.09)**	1.50	(1.59)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	10,367		
Operating Expenses - Depreciation/365	(2,864 - 39.282) / 365		
= Days Cash on Hand	**1,340**	45	1,295
Cushion Ratio:			
Cash and Investments + Board Designated Funds	10,367		
Maximum Annual Debt Service	10,789		
= Cushion Ratio	**1.0**	3.0	(2.0)

ATTACHMENT 41

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2015[1] The Admiral at the Lake	Norms for LTC	Variance
Current Ratio:			
Current Assets	3,465		
Current Liabilities	2,574		
= Current Ratio	**1.35**	1.50	(0.15)
Net Margin %age or Net Excess Margin (in Thousands):			
Net Income	(3,628)		
Net Operating Revenue	24,004		
= Net Excess Margin	**-15.11%**	2.50%	-17.6%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	122,272 - 10,827		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	122,272 - 10,827 - 33,563		
= Projected Debt to Total Capitalization	**143.09%**	80.00%	63.09%
Projected Debt Service Coverage (in Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp	(3,628) + 5,518 + 9,895		
Maximum Annual Debt Service	10,789		
= Projected Debt Service Coverage	**1.09**	1.50	(0.41)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	25,193		
Operating Expenses - Depreciation/365	(27,632 - 5,518) / 365		
= Days Cash on Hand	**416**	45	371
Cushion Ratio:			
Cash and Investments + Board Designated Funds	25,193		
Maximum Annual Debt Service	10,789		
= Cushion Ratio	**7.4**	3.0	4

(1) Represents 2 years following project completion, but one year prior to project stabilization.

ATTACHMENT 41

Attachment 42

Economic Feasibility

The Admiral at the Lake
Reasonableness of Project and Related Costs

D. Projected Operating Costs - Clinical (dollars in thousands)

Expenses:	2015[1]
Salaries	1,499
Benefits	390
Supplies	80
Total Operating Expenses	2,852
Number of Patient Days	12,483
Cost per Patient Day	$229

	2015
EXPENSES	
Administrative Services	0
Activities Services	36
Assisted Living Services	0
Nursing Services	1,969
Building and Ground Maintenance	38
Dining Services	547
Emergency System Services	6
Housekeeping and Laundry Services	32
Transportation Services	6
Utilities	65
Insurance	19
Kendal System Fee	0
Marketing Services	133
TOTAL OPERATING EXPENSES	$2,852
Number of Patient Days	12,483
Cost per Patient Day	$229
Cost per Patient Day excluding Utilities and Insurance	$222

(1) Represents 2 years following project completion, but one year prior to project stabilization.

E. Total Effect of the Project on Capital Costs - Clinical (dollars in thousands)

	2015[1]
EXPENSES	
Depreciation & Amortization	408
Interest Expense	731
TOTAL OPERATING EXPENSES	$1,139
Number of Patient Days	12,483
Cost per Patient Day	$91

(1) Represents 2 years following project completion, but one year prior to project stabilization.

THE NEW ADMIRAL AT THE LAKE

May 08, 2012

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

Re: The Admiral at the Lake Permit Application – Certification Section §1120.140(a)

Dear Ms. Avery,

In compliance with section §1120.140(a) of the Review Board Rules, we have certify that borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake, Inc.

Subscribed and sworn to me
this 8th day of May, 2012.

James R Cahill
Notary Public

OFFICIAL SEAL
JAMES R CAHILL
Notary Public - State of Illinois
My Commission Expires Apr 8, 2014

THE NEW ADMIRAL AT THE LAKE

May 08, 2012

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

Re: The Admiral at the Lake Permit Application – Conditions of Debt Financing

Dear Ms. Avery,

In compliance with section §1120.140(b) of the Review Board Rules, we have explored various alternatives for financing the Project and determined that the proposed plan of debt financing provides the lowest net cost form of debt available for the Project.

The Project involves no lease of equipment or facilities.

Sincerely,

Glenn Brichacek, Ph.D.
Chief Executive Officer
The Admiral at the Lake, Inc.

Subscribed and sworn to me
this 8th day of May, 2012.

James R. Cahill
Notary Public

OFFICIAL SEAL
JAMES R CAHILL
Notary Public - State of Illinois
My Commission Expires Apr 8, 2014

Attachment 43

Safety Net Impact Statement

Safety Net Impact Statement

Not Applicable - Under 20 ILCS 3960/5.4, skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act do not have to submit a Safety Net Impact Statement.

ATTACHMENT 43

Attachment 44

Charity Care Information

Charity Care Information

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	$2,647,730	$1,837,028	$1,536,759
Amount of Charity Care (charges)	$750,271	$102,531	$183,019
Cost of Charity Care	$750,271	$102,531	$183,019
Ratio of Cost to Revenue	28.3%	5.6%	11.9%

The charity care information provided above is for the existing residents of The Admiral that were transferred to host facilities prior to the demolition of the community in 2007 and includes net revenues and charity care expenses for all levels of care. The existing residents are anticipated to return to The Admiral upon the opening of the Project later in calendar year 2012. Other than the returning existing residents, it is anticipated that the vast majority of residents will become residents of The Admiral through Independent Living under a life care contract that provides each life care resident with the care they may require, including skilled care, for life. It is not anticipated that life care residents will require "charity care" by the end of the second year of operation. As such, the projected charity care to be provided by the end of the second year of operation is a direct result of the returning existing residents. The following presents the projected net patient revenue, charity care expense and ratio of charity care to net patient revenue as of the end of the second year of operation.

	2014
Net Patient Revenue (A)	$3,699,000
Amount of Charity Care (charges) (B)	$444,143
Cost of Charity Care (B-A=C)	$444,143
Ratio of Cost to Revenue (C/A)	12%

The facility's projected patient mix by payer source is as follows:

Private Pay	60%
Medicare	30%
Medicaid	10%
Total	100%

ATTACHMENT 44