

Original

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

12-063

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

JUN 29 2012

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: Ottawa Pavilion		
Street Address: 800 East Center Street		
City and Zip Code: Ottawa, Illinois 61350		
County: LaSalle	Health Service Area: 2	Health Planning Area: LaSalle

Applicant /Co-Applicant Identification

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

Exact Legal Name: Ottawa Pavilion, Ltd.	
Address: 800 East Center Street, Ottawa, Illinois 61350	
Name of Registered Agent: MS Registered Agent Services	
Name of Chief Executive Officer: Steven Goldstein	
CEO Address: 800 East Center Street, Ottawa, Illinois 61350	
Telephone Number:	

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: Charles P. Sheets
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Additional Contact

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

Name: Marshall A. Mauer
Title: Secretary/Treasurer
Company Name: Dynamic Healthcare
Address: 3359 West Main Street, Skokie, Illinois 60076-2432
Telephone Number: 847-679-8219
E-mail Address: mmauer@dynamichc.com
Fax Number:

12.063

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: Marshall A. Mauer
Title: Secretary/Treasurer
Company Name: Dynamic Healthcare
Address: 3359 West Main Street, Skokie, Illinois 60076-2432
Telephone Number: 847-679-8219
E-mail Address: mmauer@dynamichc.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: 800 East Center Street, LLC
Address of Site Owner: 800 East Center Street, Ottawa, Illinois 61350
Street Address or Legal Description of Site: 800 East Center Street, Ottawa, Illinois 61350
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: Ottawa Pavilion, LTD		
Address: 800 East Center Street, Ottawa, Illinois 61350		
☐ 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. - 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:

- ☒ Substantive
☐ Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

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

2. 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.

Ottawa Pavilion, Ltd. (the "Applicant") seeks authority from the Illinois Health Facilities and Services Review Board ("State Board") to modernize and replace the 119-bed skilled nursing facility located at 800 East Center Street, Ottawa, Illinois 63150 known as the Ottawa Pavilion (the "Project"). The existing building consists of three contiguous structures. The first building, constructed in 1920, has deteriorated significantly over time and is currently only used for limited storage. With the exception of the current storage area, most of this building was replaced in 1940 by what is referred to as the Main Building. The third building was constructed in 1989.

The Project will include construction of a new building, which consist of approximately 58,985 square feet; modernization of the third building, demolition of the first building and the Main Building, and construction of a Memory Support Center. The replacement facility will consist of 79,168 gross square feet and will include 129 skilled nursing beds.

This project is classified as substantive because it involves construction of a replacement facility and the costs exceed the capital expenditure minimum.

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	\$46,470	\$20,530	\$67,000
Site Survey and Soil Investigation	\$10,404	\$4,596	\$15,000
Site Preparation	\$395,104	\$160,286	\$555,390
Off Site Work	\$0	\$0	\$0
New Construction Contracts	\$7,113,820	\$2,885,948	\$9,999,768
Modernization Contracts	\$2,677,284	\$1,086,126	\$3,763,410
Contingencies	\$716,693	\$290,750	\$1,007,443
Architectural/Engineering Fees	\$464,957	\$188,625	\$653,582
Consulting and Other Fees	\$401,256	\$162,783	\$564,039
Movable or Other Equipment (not in construction contracts)	\$800,000	\$180,000	\$980,000
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$597,704	\$242,478	\$840,182
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$384,370	\$169,816	\$554,186
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$13,608,062	\$5,391,938	\$19,000,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$2,659,638	\$950,362	\$3,610,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$10,948,424	\$4,441,576	\$15,390,000
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$13,608,062	\$5,391,938	\$19,000,000

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 \$ _____.

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): October 1, 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		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: Ottawa Pavilion			CITY: Ottawa, Illinois		
REPORTING PERIOD DATES: From: June 2011 to: May 2012					
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	119			+10	129
Specialized Long Term Care					
Long Term Acute Care					
Other (identify)					
TOTALS:	119			+10	129

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 manager 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 Ottawa Pavilion, Ltd. *
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

Marshall A. Mauer

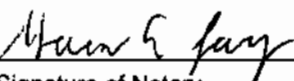
PRINTED NAME

Secretary/Treasurer

PRINTED TITLE

Notarization:

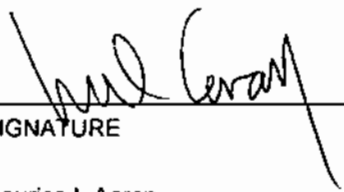
Subscribed and sworn to before me
this 20th day of June 2012


Signature of Notary

Seal



*Insert EXACT legal name of the applicant


SIGNATURE

Maurice I. Aaron

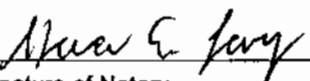
PRINTED NAME

Vice President

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 20th day of June 2012


Signature of Notary

Seal



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:

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:

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.

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

I. Criterion 1110.1730 - General Long Term Care

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

Indicate bed capacity changes by Service:
action(s):

Indicate # of beds changed by

Category of Service	# Existing Beds	# Proposed Beds
☒ General Long Term Care	119	129

- 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

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care- Establish or Expand	Defined Population Establish or Expand
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		
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 ATTACHMENT-28, 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:

\$3,610,000	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;
\$15,390,000	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;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$19,000,000	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:	2009	2010	2011	2015
Current Ratio	0.6	0.7	1.4	3.8
Net Margin Percentage	-3.2%	6.4%	11.5%	21.7%
Percent Debt to Total Capitalization	N/A	N/A	N/A	N/A
Projected Debt Service Coverage	N/A	N/A	N/A	N/A
Days Cash on Hand	0	7	4	239
Cushion Ratio	N/A	N/A	N/A	N/A

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

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

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.

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.

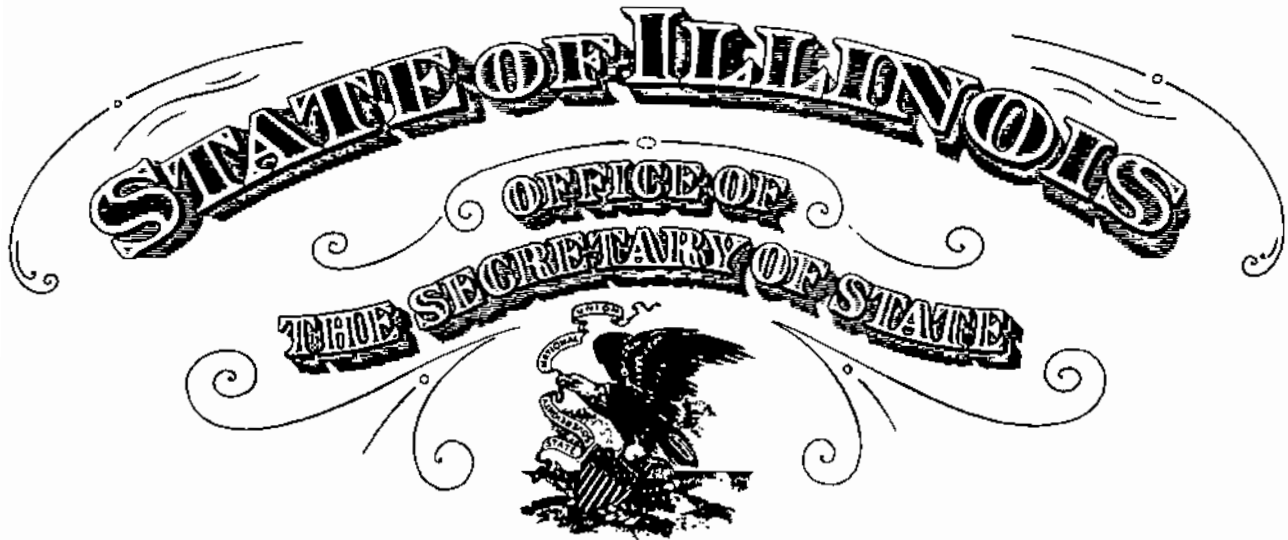
A table in the following format must be provided for all facilities as part of Attachment 44.

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.

Section I. Identification, General Information, and Certification
Applicants

The Certificate of Good Standing for Ottawa Pavilion, Ltd. (the "Applicant") is attached at Attachment – 1.



To all to whom these Presents Shall Come, Greeting:

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

OTTAWA PAVILION, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 17, 1993, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1217701440

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 25TH day of JUNE A.D. 2012 .

Jesse White

SECRETARY OF STATE

Section I. Identification, General Information, and Certification
Site Ownership

A copy of the lease between Ottawa Pavilion, Ltd. and 800 East Center Street, LLC is attached at Attachment – 2.

LEASE AGREEMENT

By and Between

800 EAST CENTER STREET, LLC

and

OTTAWA PAVILION, LTD.

July 1, 2005

119 Beds

800 East Center Street, Ottawa, Illinois

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I - DEFINITIONS	2
ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY	2
ARTICLE III - TERM OF LEASE	3
ARTICLE IV - RENT	3
ARTICLE V - LATE CHARGES	4
ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS	6
ARTICLE VII - TAX AND INSURANCE DEPOSITS	10
ARTICLE VIII - OCCUPANCY	12
ARTICLE IX - INSURANCE	15
ARTICLE X - LESSOR'S RIGHT TO PERFORM	21
ARTICLE XI - REPAIRS, MAINTENANCE AND IMPROVEMENTS	22
ARTICLE XII - ALTERATIONS AND DEMOLITION	24
ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES	25
ARTICLE XIV - DISCHARGE OF LIENS	28
ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR	30
ARTICLE XVI - CONDEMNATION	31
ARTICLE XVII - RENT ABSOLUTE	32
ARTICLE XVIII - ASSIGNMENT AND SUBLETTING	32
ARTICLE XIX - EVENTS OF DEFAULT	35
ARTICLE XX - RIGHT TO CONTEST/CURE	38
ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT	40
ARTICLE XXII - LIABILITY OF LESSOR	44
ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR	45
ARTICLE XXIV - INTENTIONALLY OMITTED	45
ARTICLE XXV - INDEMNIFICATION	45
ARTICLE XXVI - SUBORDINATION PROVISIONS	46
ARTICLE XXVIII - MORTGAGE RESERVES	49
ARTICLE XXIX - LESSEE'S ATTORNMENT	49
ARTICLE XXX - REPRESENTATIONS	50
ARTICLE XXXI - LIABILITIES ACCRUING PRIOR TO LEASE COMMENCEMENT; ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE; INVENTORY	52
ARTICLE XXXII - LICENSURE PROVISIONS	53
ARTICLE XXXIII - FINANCIAL STATEMENTS	53
ARTICLE XXXIV - MISCELLANEOUS	53

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") made and entered into this 1st day of July, 2005, by and between **800 EAST CENTER STREET, LLC**, an Illinois limited liability company (hereinafter referred to as "Lessor"), and **OTTAWA PAVILION, LTD.**, an Illinois corporation (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessor owns certain tracts of land which is improved with a 119-licensed bed nursing home located at 800 East Center Street, Ottawa, Illinois, 61350 as well as any other structures located thereon, all as more particularly described in Exhibit A attached hereto and made a part hereof (hereinafter collectively referred to as the "Demised Premises");

WHEREAS, Lessor owns the furnishings, furniture, equipment and fixtures used in or about the Demised Premises (hereinafter collectively referred to as the "Personal Property"); and

WHEREAS, Lessor desires to lease the Demised Premises and Personal Property to Lessee and Lessee desires to lease the Demised Premises and Personal Property from Lessor.

NOW THEREFORE, in consideration of the above Recitals, which are incorporated herein by this reference, and of the mutual covenants, agreements and undertakings hereinafter set forth, it is agreed that the use and occupancy of the

Demised Premises, and the use of the Personal Property shall be subject to and in accordance with the terms, conditions and provisions of this Lease.

ARTICLE I - DEFINITIONS

1.1 The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meaning herein specified.

(a) "Facility" shall mean the 119-licensed bed nursing home located in Ottawa, Illinois, as well as any other structures located on the Demised Premises.

(b) "Mortgage" shall mean the Mortgage(s), if any (the "Existing Mortgage") ~~described on Schedule 1 attached hereto and made a part hereof, and any~~ amendments, modifications or extensions thereof and any mortgage or mortgages which in the future may encumber the Demised Premises, provided that any such amendments, modifications or extensions of the Existing Mortgage or new mortgages comply with the terms of this Lease.

(c) "Mortgagee" shall mean the holder of any Mortgage.

(f) All other terms shall be as defined in other sections of this Lease.

ARTICLE II - DEMISED PREMISES AND PERSONAL PROPERTY

2.1 Lessor, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of the Lessee, its successors and assigns, to be paid, kept and performed, does hereby lease unto Lessee the Demised Premises together with the Personal Property to be used in and upon the Demised Premises for the term hereinafter specified, for use and operation therein and

- 2 -

thereon of the nursing home, in substantial compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of Illinois and such other governmental authorities having jurisdiction thereof.

ARTICLE III - TERM OF LEASE

3.1 The term of this Lease shall commence on November 1, 2005 (the "Commencement Date"), subject to the provisions set forth in Section 34.18 herein and provided that Lessee shall have a license to operate the nursing home located on the Demised Premises. The term shall expire on the day prior to the tenth (10th) ~~anniversary of the Commencement Date, unless sooner terminated or extended as~~ provided herein.

ARTICLE IV - RENT

4.1 From and after the date hereof, Lessee shall pay to Lessor, or as Lessor shall direct, without demand, deduction or offset for any reason whatsoever except as herein specifically provided, as fixed monthly base rental (the "Base Rent") for the Demised Premises and the Personal Property over and above all other and additional payments to be made by Lessee as provided in this Lease the following amounts:

<u>Period</u>	<u>Monthly Base Rental Installments</u>
11/1/05 – 10/31/06	\$15,000.00
11/1/06 – 10/31/07	\$16,000.00
11/1/07 – 10/31/08	\$17,000.00
11/1/08 – 10/31/09	\$18,000.00
11/1/09 – 10/31/10	\$19,000.00
11/1/10 – 10/31/11	\$20,000.00

- 3 -

<u>Period</u>	<u>Monthly Base Rental Installments</u>
11/1/11 – 10/31/12	\$21,000.00
11/1/12 – 10/31/13	\$22,000.00
11/1/13 – 10/31/14	\$23,000.00
11/1/14 – 10/31/15	\$24,000.00

All rental payments, together with all tax and insurance deposits provided for in this Lease, shall be paid in advance on the first day of each month. Unless otherwise notified in writing Lessor directs Lessee to deliver all rental payments payable to Lessor and shall be sent to 800 East Center Street, LLC, _____

4.2 This Lease is and shall be deemed and construed to be a net-net lease and the Base Rent specified herein shall be net to the Lessor in each year during the term of this Lease. The Lessee shall pay all costs, expenses and obligations of every kind whatsoever relating to the Demised Premises which may arise or become due during the term of this Lease, except for any principal and interest payments due with respect to any Mortgage. Lessee does hereby agree to indemnify, defend and hold harmless the Lessor against any and all such costs, expenses and obligations.

ARTICLE V - LATE CHARGES

If: (i) payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, or (ii) payments made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue, then Lessor shall have the right to immediately provide notice regarding Lessee's failure to make such

timely payment(s), and if Lessee does not make the required payment(s) within ten (10) days after receipt of such notice, a late charge of three percent (3%) per month on the sums so overdue shall become due and payable to Lessor and said late charges shall be payable on the first day of the month next succeeding the month during which Lessor gives notice of the incurrence of a late charge to Lessee. In the event Lessor fails to notify Lessee of such failure to make timely payment(s) within ninety (90) days after the date such payment(s) is due, Lessor shall be deemed to waive the payment of said late charge and any default as a result thereof. Lessee agrees that any such late charges ~~shall not be deemed to be a penalty, but shall be deemed to be liquidated damages~~ because of the impossibility of computing the actual amount of damages in advance. If nonpayment of any late charges shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of nonpayment of Rent. Except as provided in this paragraph, no failure by Lessor to insist upon the strict performance by Lessee of Lessee's obligations to pay late charges shall constitute a waiver by Lessor of its rights to enforce the provisions of this Article in any instance thereafter occurring, and nothing contained herein shall be deemed to be a waiver of or limitation on the right of Lessor from declaring an Event of Default, as defined herein, because of Lessee's failure to make any payment due hereunder when such payment was due.

ARTICLE VI - PAYMENT OF TAXES AND ASSESSMENTS

6.1 Lessee will pay as Additional Rent (or, if monthly deposits are collected from Lessee pursuant to Section 7.1 hereof, Lessor or Mortgagee, as the case may be, to the extent deposits are collected by Lessor or Mortgagee pursuant to Section 7.1, will pay) before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the term of this Lease may have been, or ~~may be assessed, levied, confirmed, imposed upon or become due and payable out of~~ or in respect of, or become a lien on the Demised Premises and/or Personal Property or any part thereof (hereinafter collectively referred to as "Taxes and Assessments").

6.2 Any Taxes and Assessments relating to a fiscal period of any authority, a part of which is included within the term of this Lease and a part of which is included in a period of time before or after the term of this Lease, shall be adjusted pro rata between Lessor and Lessee as of the commencement and termination of the Lease term and each party shall be responsible for its pro-rata share of any such Taxes and Assessments.

6.3 Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, or capital levy, franchise, estate, succession or inheritance taxes of Lessor or its beneficiary.

6.4 If permitted by the terms of the Mortgage, Lessee shall have the right to contest the amount or validity, in whole or in part, of any Taxes and Assessments by appropriate proceedings diligently conducted in good faith, but only after payment of such Taxes and Assessments, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer such payment only if:

(1) Neither the Demised Premises, nor any part thereof, would by reason of such postponement or deferment be in danger of being forfeited or lost; and

~~(2) Lessee shall have deposited with Lessor, to be held in trust, cash~~
or securities in an amount (against which Lessee shall receive a credit equal to the amount pertaining to the period such Taxes and Assessments are being contested held by Lessor pursuant to the terms of paragraph 7.1 hereof) reasonably satisfactory to Lessor but in no event less than the amount required by the Mortgagee, or if there is then no Mortgage encumbering the Premises, then one hundred twenty-five percent (125%) of the amount of such Taxes and Assessments, including the amount of any interest thereon and penalties in connection with the nonpayment thereof, which at such time shall be actually due and payable, and such additional amounts from time to time as may be necessary to keep on deposit at all times an amount equal to one hundred twenty-five percent (125%) of such Taxes and Assessments at any time actually due and payable, together with all interest, costs and penalties in connection therewith and

all charges that may or might be assessed against or become a charge on the Demised Premises or any part thereof in such proceedings.

If held by Lessor, the cash so deposited shall be deposited by Lessor in an interest bearing account and the cash or securities so deposited shall be held by Lessor until the Demised Premises shall have been released and discharged and shall thereupon be returned to the Lessee, plus any accrued interest, less the amount of any loss, cost, damage and reasonable expense (including, without limitation, attorneys' fees and investment expenses) that Mortgagee or Lessor may sustain in connection with the Taxes and Assessments so contested. In the event any Mortgagee holds the sum required to be deposited by this Section 6.4, Lessor shall only pay Lessee interest if such Mortgagee pays Lessor interest and such interest shall be paid to Lessee at the same interest rate and with the same deductions as paid to Lessor by such Mortgagee.

6.5 Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes and Assessments or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, interest, penalties, or other liabilities in connection therewith, and such payment, at Lessee's request, shall be made by Lessor out of the amount deposited with respect to such Taxes and Assessments and accrued interest as aforesaid. In the event such amount is insufficient, then the balance due shall be promptly paid by Lessee.

6.6 Lessor shall not be required to join in any proceedings referred to in this Article, unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Lessee will indemnify, defend and save harmless Lessor from any such costs and expenses, including, without limitation, reasonable attorneys' fees, as a result of such proceedings. Lessee shall be ~~entitled to any refund of any real estate taxes and penalties or interest thereon received~~ by Lessor but previously reimbursed in full by Lessee.

6.7 In the event that Lessor determines in its reasonable judgment that it is not being adequately represented by Lessee's counsel in any proceedings referred to in this Article, Lessor may upon ten (10) days' prior written notice to Lessee, obtain separate counsel to represent it in such action. In such event, the cost of such counsel shall be paid by Lessor. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in this Article and/or that Lessee is not pursuing any such contest with due diligence, Lessor may, upon ten (10) days' prior written notice to Lessee, if the Taxes and Assessments so contested by Lessee have not theretofore been paid, pay such Taxes and Assessments from the amounts deposited by Lessee pursuant to the terms of Paragraph 6.4 above.

6.8 If any income, profits or revenue tax shall be levied, assessed or imposed upon the income, profits or revenue arising from the Rent payable hereunder, partially or totally in lieu of or as a substitute for real estate taxes imposed upon the Demised Premises or Personal Property, then Lessee shall be responsible for the payment of such tax.

ARTICLE VII - TAX AND INSURANCE DEPOSITS

7.1 Lessee shall be required to make monthly deposits for real estate taxes and for insurance premiums (for the insurance obtained by Lessee pursuant to Article IX of this Lease) with Lessor, in an amount equal to one-twelfth (1/12) of the annual real estate taxes and annual insurance premiums or such greater amount as may be required by the Mortgage. Said deposits shall be due and payable on the first (1st) day of each month as Additional Rent. If held by Lessor, such amounts shall be deposited by Lessor in an interest bearing account with interest to be retained in such account for the benefit of Lessee. If such deposits are held by Mortgagee, said deposits shall not bear interest, unless interest on the deposits is paid to Lessor by any Mortgagee. The deposits shall be held by Lessor and/or any Mortgagee to pay the real estate taxes and insurance premiums as they become due and payable. If the total of the monthly payments as made under this Article shall be insufficient to pay the real estate taxes and/or insurance premiums when due, then Lessee shall pay Lessor the amount necessary to make up the deficiency. In the event that Lessee has paid all sums due under this Section 7.1 and Lessor shall fail to pay the real estate taxes and/or insurance

premiums when due, Lessor shall be solely responsible for any late charges or loss which are a result of its failure to make timely payment hereunder. Not later than (5) days following its receipt thereof, Lessee shall provide to Lessor copies of any and all bills received by it for Taxes and Assessments and/or insurance premiums, to the extent the same are received by Lessee.

7.2 The foregoing to the contrary notwithstanding, in the event that Lessor is not required under the terms of the Mortgage to make deposits for Taxes and Assessments and/or insurance premiums, then, provided that Lessee shall pay such ~~Taxes and Assessment and such insurance premiums before the same shall become~~ due and provided further that Lessee shall otherwise comply with each and every term of this Lease, Lessee shall not be required to make the deposits required under Section 7.1. In the event that Lessee shall fail to make such payments prior to the respective due dates, then (a) Lessee shall be obligated to pay any late fees, penalties or other similar charges as a result of such late payment, and (b) Lessee shall subsequently be required to make such deposits as provided under Section 7.1 notwithstanding whether Lessor is required to make deposits with the Mortgagee; provided, however, to the extent Lessor receives the bills for the Taxes and Assessments and/or the insurance premiums and does not provide copies of the same within a reasonable time prior to the respective due dates, and if such late payments were made by Lessee as a result of such delay of the Lessor in providing the copies of such bills, then clauses (a) and (b) of this Section 7.2 shall not apply. The parties hereby acknowledge that so long as Lessor

shall provide copies of the bills for the Taxes and Assessments and/or the insurance premiums (to the extent the same are received by Lessor) to Lessee on or before thirty (30) days prior to the respective due dates, then Lessee shall be deemed to have a reasonable time to pay such bills before the same become due.

ARTICLE VIII - OCCUPANCY

8.1 During the term of this Lease, the Demised Premises shall be used and occupied by Lessee for and as the 119-licensed bed nursing home, as well as any other structures located thereon, and for no other purpose. Subject to the terms of Article XX hereof, ~~Lessee shall at all times maintain in good standing and full force a probationary~~ or non-probationary license issued by the State of Illinois and any other governmental agencies permitting the operation on the Demised Premises of an intermediate care nursing home facility of no less than 119 beds (subject to any reduction in the number of beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises) and shall, subject to the terms of Article XX hereof, at all times maintain in good standing and full force a provider agreement pursuant to which the Facility shall be entitled to participate in the Medicaid reimbursement program and receive reimbursement from the Illinois Department of Public Aid for the services provided at the Facility.

8.2 Lessee will not suffer any act to be done or any condition to exist at the Facility which may be dangerous or which may, in law, constitute a public or private

nuisance or which may void or make voidable any insurance then in force affecting the Facility.

8.3 Upon termination of this Lease for any reason, Lessee will return to Lessor the Demised Premises in the same condition as existed on the Commencement Date, reasonable wear and tear excepted, and licensed by the State of Illinois and by any and all governmental agencies having jurisdiction over the Demised Premises as at least a 119-bed nursing home (subject to any reduction in the number of beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises) with an unrestricted license in full force and good standing for no less than 119 beds subject to any reduction in the number of beds required by any governmental authority solely as a result of changes in laws, rules and regulations relating to the physical attributes of the improvements on the Demised Premises. Except as otherwise specifically provided herein, no reduction in the number of beds shall entitle Lessee to any reduction or adjustment of the Rent payable hereunder, which shall be and continue to be payable by Lessee in the full amount set forth herein notwithstanding any such reduction in the number of beds. Lessee shall, within five (5) business days following its receipt thereof, provide Lessor with a copy of any notice from the IDPH or any federal, state or municipal governmental agency or authority regarding any reduction in the number of beds and Lessor shall have the right to contest, by appropriate legal or administrative proceedings, any such reduction.

8.4 During the term hereof, Lessee shall only use the Demised Premises in accordance with Environmental Laws (as hereinafter defined) and shall not use nor permit the Demised Premises to be used for the treatment, storage or disposal of any Hazardous Substances (as hereinafter defined) nor for any purpose involving the use the Hazardous Substances; provided, however, that Lessee may use in and store at the Facility such materials and substances as are customarily used in nursing home but only in such quantities as are reasonably necessary for the routine business operation of the Facility. For purposes hereof "Hazardous Substances" shall mean any toxic or ~~hazardous waste or pollutants, or substances, including, without limitation, asbestos,~~ PCB'S, petroleum products and by products, substances defined or listed as: "Hazardous Substances" or "Toxic Substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. § 9601, et seq., "Hazardous Materials" in the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., "Hazardous Waste" in The Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2061, et seq., any "Toxic Pollutant" under the Clean Water Act, 33 U.S.C. § 1251, et seq., as amended, any "Hazardous Air Pollutant" under the Clean Air Act, 42 U.S.C. § 7401, et seq., and any hazardous or toxic substance or pollutant regulated under any other applicable federal, state or local Environmental Laws. "Environmental Laws" as used in this Lease means all federal, state and local environmental, health, or safety laws or

regulations now or hereafter enacted. Lessee hereby agrees to indemnify, defend and hold Lessor harmless from and against, and shall reimburse Lessor for any and all loss, claim, liability, damages, injunctive relief, injuries to persons, property or natural resources, cost, expense, action and causes of action in connection with the use, generation, treatment, storage, release or disposal of Hazardous Substances at or from the Demised Premises during the term of the Lease, which is caused by Lessee or its officers, directors, members, manager, agents, employees, contractors or invitees, including, without limitation, the cost of any required or necessary repair, cleanup or ~~detoxification and the preparation of any closure or other required work to be performed,~~ to the full extent that such action is attributable, directly or indirectly, to the use, generation, treatment, storage, release or disposal of Hazardous Substances on the Demised Premises during the term hereof.

ARTICLE IX - INSURANCE

9.1 Lessee shall, at its sole cost and expense, during the full term of this Lease, maintain fire and casualty insurance, with extended coverage endorsement, which includes coverage for malicious mischief and vandalism both on the Demised Premises and the Personal Property on the Illinois standard form with a responsible company or companies designated by Lessee. Such insurance shall, at all times, be maintained (without any co-insurance clause, if possible) in an amount equal to the full replacement value of the Demised Premises and Personal Property, but not less than that required by any Mortgagee, but in any event in an amount sufficient to prevent

Lessor and Lessee from becoming co-insurers under applicable provisions of the insurance policies. Such insurance shall at all times be payable to Lessor and Lessee, as their interests may appear, and, if requested by Lessor, shall contain a loss-payable clause to Mortgagee, as its interest may appear. Upon the reasonable request of Lessor, not more frequently than such time as required by Lessee's insurance carrier or the Mortgagee, Lessee shall furnish, at its sole cost and expense, to Lessor and such insurance carrier, insurance appraisals in form and substance as are regularly and ordinarily made by insurance companies, in order to determine the then replacement value of the Demised Premises and Personal Property, and if such appraisal shows that the amount of casualty insurance maintained by Lessee hereunder is insufficient, the amount of insurance required by this Section 9.1 shall be adjusted accordingly.

9.2 Lessee shall also, at Lessee's sole cost and expense, cause to be issued and shall maintain during the entire term of this Lease:

(a) A public liability policy naming Lessor, Mortgagee and Lessee, as insured, and insuring them against claims for bodily injury, or property damage occurring upon, in or about the Demised Premises, or in or upon the adjoining streets, sidewalks, passageways and areas, such insurance to afford protection to the limits reasonably established by Lessee in the operation of its business. Such public liability insurance may be self-insured by Lessee in accordance with its standard self insurance program.

(b) If there is a boiler, air conditioner or water heater located on the Demised Premises, boiler explosion insurance, in the amount of \$500,000.00, under the terms of which Lessor, Mortgagee and Lessee will be indemnified, as their interests may appear, against any loss or damage which may result from any accident or casualty in connection with any such equipment used in the Demised Premises, whereby any person or persons may be injured or killed or property damaged in or about the Demised Premises.

(c) Professional malpractice insurance in the amount reasonably ~~established by Lessee in the operations of its business (provided, however, Lessee~~ shall not be required to include independent contractors under its insurance coverage).

9.3 All policies of insurance shall provide:

(a) They are carried in favor of the Lessor, Lessee, and any Mortgagee, as their respective interests may appear, and any loss shall be payable as therein provided, notwithstanding any act or negligence of Lessor or Lessee, which might otherwise result in forfeiture of insurance; and

(b) They shall not be canceled, terminated, reduced or materially modified without at least thirty (30) days' prior written notice to Lessor; and

(c) A standard mortgagee clause in favor of any Mortgagee, and shall contain, if obtainable, a waiver of the insurer's right of subrogation against funds paid under the standard mortgagee endorsement which are to be used to pay the cost of any repairing, rebuilding, restoring or replacing.

9.4 Certificates of insurance policies required by this Article shall be delivered to Lessor prior to or on the Commencement Date. Upon receipt thereof, Lessee shall deliver the actual policies to Lessor, which certificates and policies shall be updated annually not less than twenty (20) days prior to the expiration date thereof.

9.5 Lessee shall at all times keep in effect business interruption insurance with loss of rents endorsement naming Lessor as an insured in an amount at least sufficient to cover:

(a) The aggregate of the cost of all Taxes and Assessments due during ~~the period of the next succeeding twelve (12) months following the occurrence of the~~ business interruption; and

(b) The cost of all insurance premiums for insurance required to be carried by Lessee for such twelve (12) month period; and

(c) The aggregate of the amount of the monthly Base Rent for the next succeeding twelve (12) month period.

All proceeds of the loss of rent coverage shall be applied, first, to the payment of any and all Base Rent payments for the next succeeding twelve (12) months to the extent that such payments are due and owing; second, to the payment of any Taxes and Assessments and insurance deposits required for the next succeeding twelve (12) months to the extent that such payments are due and owing; and, thereafter, after all necessary repairing, rebuilding, restoring or replacing has been completed as required by the pertinent Articles of this Lease and the pertinent sections of any Mortgage, any

remaining balance of such proceeds shall be paid over to the Lessee. In the event the holder of the Mortgage requires payment of the indebtedness thereunder and does not allow repair and rebuilding of the Demised Premises or in the event damage cannot be repaired within twelve (12) months after a casualty, Lessee may terminate this Lease upon written notice to Lessor delivered prior to the date Lessor commences any restoration of the Demised Premises.

9.6 In the event the amount of insurance proceeds under Section 9.1 exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), such insurance proceeds as may ~~be paid to Lessee and Lessor, shall be deposited with Lessor to be held and disbursed~~ for the repairing, rebuilding, restoring or replacing of the Demised Premises or any portion thereof, or any improvements from time to time situated thereon or therein in accordance with Sections 9.7 and 9.8 hereof, and/or with the pertinent provisions of any Mortgage.

9.7 Except as provided below, no sums shall be paid from such proceeds toward such repairing, rebuilding, restoring or replacing unless there shall not be in existence any uncured Event of Default and it shall be first made to appear to the reasonable satisfaction of Lessor that the amount of money necessary to provide for any such repairing, rebuilding, restoring or replacing (according to any plans or specifications which may be adopted therefor) in excess of the amount received from any such insurance policies, has been expended or provided by Lessee for such repairing, rebuilding, restoring or replacing, or that Lessee has provided cash for such

amount and that the amount received from such insurance policies is sufficient to complete such work. In the event there is any amount required from Lessee in excess of the amount received from such insurance policies, Lessee shall furnish such excess funds so that the funds will be sufficient to complete such repairing, rebuilding, restoring or replacing in accordance with the provisions of this Lease, the Mortgage and any plans and specifications submitted in connection therewith, free from any liens or encumbrances of any kind whatsoever. Funds held by Lessor shall be disbursed only upon the presentment of architect's or general contractor's certificates, waivers of lien, ~~contractor's sworn statements, owner's sworn statements and other evidence of cost~~ and payments as may be reasonably required.

9.8 Prior to making any such repairs costing in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), if so requested by Lessor, Lessee shall make such arrangements with Lessor, as Lessor may reasonably require, to protect its interest in the Demised Premises and Personal Property, including, but not limited to: the submission of complete plans and specifications for such repairs prepared by an architect or general contractor whose qualifications shall be reasonably satisfactory to Lessor; submission of a stipulated sum construction contract made with a reputable and responsible builder or contractor, providing for the completion and payment for all work, labor and materials necessary to complete such repairs; and the disbursement of such funds as may be required to complete said repairs by a national title insurance company or other responsible escrowee at Lessee's sole cost and expense to the contractor or

contractors making such repairs in installments as such work progresses and upon presentment of such certificates, waivers of lien, sworn statements and other documents as may be required by such escrowee.

ARTICLE X - LESSOR'S RIGHT TO PERFORM

10.1 Should Lessee fail to perform any of its covenants (excluding, however, for purposes of this paragraph Lessee's covenant to pay rent) herein agreed to be performed, Lessor may, upon ten (10) days' prior notice specifying the work to be done,

covenants to be performed and the approximate amount to be expended, but shall not be required to, make such payment or perform such covenants, and all sums so expended by Lessor thereon shall upon notice of payment by Lessor be immediately payable by Lessee to Lessor, with interest thereon at Lessor's cost of borrowing funds plus one percent (1%) per annum, but not in excess of the maximum interest rate permitted by law from date expended until paid, and in addition, Lessee shall reimburse Lessor for Lessor's reasonable expenses in enforcing or performing such covenants, including reasonable attorneys' fees. Any such costs or expenses incurred or payments made by the Lessor shall be deemed to be Additional Rent payable by Lessee and collectible as such by Lessor.

10.2 Performance of and/or payment to discharge said Lessee's obligations shall be optional with Lessor and such performance and payment shall in no way constitute a waiver of, or a limitation upon, Lessor's other rights and remedies

hereunder, including, without limitation, Lessor's right to declare an Event of Default for such failure.

ARTICLE XI - REPAIRS, MAINTENANCE AND IMPROVEMENTS

11.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will keep and maintain, or cause to be kept and maintained, the Demised Premises (including the grounds, sidewalks and curbs abutting the same) and the Personal Property in good order and condition without waste and in a suitable state of repair at least comparable to that which existed immediately prior to the Commencement Date ~~(ordinary wear and tear excepted), and will make or cause to be made, as and when the~~ same shall become necessary, all structural and nonstructural, exterior and interior, replacing, repairing and restoring necessary to that end. All replacing, repairing and restoring required of Lessee shall be (in the reasonable opinion of Lessor) of comparable quality equal to the original work and shall be in compliance with all standards and requirements of law, licenses and municipal ordinances necessary to operate the Demised Premises as a nursing home.

11.2 In the event that any part of the improvements located on the Demised Premises or the Personal Property shall be damaged or destroyed by fire or other casualty (any such event being called a "Casualty"), Lessee shall promptly replace, repair and restore the same as nearly as possible to the condition it was in immediately prior to such Casualty, in accordance with all the terms, covenants and conditions and other requirements of this Lease and any Mortgage applicable in the event of such

Casualty. The Demised Premises and the Personal Property shall be so replaced, repaired and restored as to be of at least equal value and substantially the same character as on the Commencement Date. If the estimated cost of any such restoring, replacing or repairing is Two Hundred Fifty Thousand Dollars (\$250,000.00) or more, the plans and specifications for same shall be first submitted to and approved by Lessor in writing, which approval shall not be unreasonably withheld or delayed, and Lessee shall select an independent architect or engineer approved by Lessor (which approval shall not be unreasonably withheld or delayed) who shall be in charge of such repairing, restoring or replacing. Upon the demand of Lessor, Lessee shall deposit with a nationally recognized title insurance company, prior to the commencement of any such repairing, restoring or replacing, the total estimated cost thereof less the insurance proceeds and disbursements shall be made pursuant to the terms of Section 9.8 hereof. Notwithstanding anything provided herein, Lessor agrees to make available to Lessee any funds resulting from insurance proceeds which are applied to the balance of the Mortgage and not to repair or replacement in accordance with this Paragraph 11.2. Lessee covenants that it will give to Lessor prompt written notice of any Casualty affecting the Demised Premises in excess of One Hundred Thousand Dollars (\$100,000.00). Provided that there is no uncured Event of Default by Lessee under the Lease, Lessee shall have the right, at any time and from time to time, to remove and dispose of any Personal Property which may have become obsolete or unfit for use, or which is no longer useful in the operation of the Demised Premises, provided Lessee

promptly replaces any such Personal Property so removed or disposed of with other personal property free of any security interest, liens or encumbrances, and the replacement personal property shall be of the same character, and at least equal usefulness and quality to any such Personal Property so removed or disposed of and such replacement property shall automatically become the property of and shall belong to the Lessor and Lessee shall execute and deliver such bills of sale or other documents reasonably requested by Lessor to vest ownership of such replacement personal property in Lessor.

ARTICLE XII - ALTERATIONS AND DEMOLITION

12.1 Lessee will not remove or demolish the Demised Premises or any portion thereof or allow it to be removed or demolished, without the prior written consent of the Lessor. Lessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Demised Premises, the cost of which in any twelve (12) month period exceeds One Hundred Thousand Dollars (\$100,000.00), without first obtaining the Lessor's written consent thereto which will not be unreasonably withheld or delayed. At the request of Lessor, prior to the commencement of any such changes or alterations which cost in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), Lessee shall deposit the full cost thereof with Lessor, or a national title insurance company reasonably acceptable to Lessor, and disbursements for such changes and/or alterations shall be made pursuant to the terms of Section 9.8 hereof. All alterations, improvements and additions to the Demised Premises shall be in quality

and class at least equal to the original work and shall become the property of the Lessor and shall comply with all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances. Not less than forty-five days prior to the commencement of any such changes or alterations, the cost of which in any twelve (12) month period may exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), Lessee shall furnish to Lessor, at Lessee's sole cost and expense, plans and specifications, prepared by a licensed architect, for such changes or alterations and any additional insurance reasonably required by Lessor. Such plans and drawings shall include ~~detailed architectural, mechanical, electrical and plumbing working drawings. The plans~~ and drawings will be subject to Lessor's approval with respect to design, aesthetics, building code compliance and such other matters as Lessor deems relevant, which approval shall not unreasonably be withheld or delayed.

ARTICLE XIII - COMPLIANCE WITH LAWS AND ORDINANCES

13.1 Throughout the term of this Lease, Lessee, at its sole cost and expense, will obey, observe and promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of any federal, state and municipal governmental agency or authority having jurisdiction over the Facility and the operation of the Facility as a skilled and intermediate care nursing home, which may be applicable to the Personal Property and the nursing home located thereon and including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking spaces, curb cuts, curbs adjoining such portion of the Demised Premises, whether or not such law,

ordinance, order, rules, regulation or requirement shall necessitate structural changes or improvements.

13.2 Lessee shall likewise observe and comply with the requirements of all policies of public liability and fire insurance and all other policies of insurance at any time in force with respect to any portion of the Demised Premises.

13.3 Lessee shall, subject to the terms of Article XX hereof, keep in good standing and in full force and effect all necessary licenses, permits and certifications required by any governmental authority for the purpose of maintaining and operating on ~~the Demised Premises an intermediate care nursing home of not less than 119 beds~~ and, at all times, subject to the terms of Article XX hereof, continue to be qualified to and shall participate in the Medicaid reimbursement program.

13.4 Upon request of Lessor, Lessee will deliver or mail to Lessor wherever Rent is then paid, within seven (7) calendar days of receipt thereof, copies of all exit interviews, inspection reports and surveys which may have an adverse affect on the Facility's licensure status and/or Medicare and/or Medicaid Certification, and administrative hearing and/or court action from all state, federal and local governmental bodies regarding the Demised Premises or the nursing home operated thereon. Without request, Lessee shall in all events notify a principal of Lessor, or if Lessor's principals are unavailable, Lessor's attorney, within seven (7) calendar days after receipt thereof by the licensee of the Facility ("Licensee") of any and/or all of the following notices ("Notices") from any Governmental Authority: (i) any and all Notices of

- 26 -

any State "A" level violation; (ii) any and all Notices of a repeat State "B" level violation; (iii) any and all Notices of "immediate jeopardy" and/or of "Substandard Quality of Care" (as defined by federal regulations, i.e., deficiencies under 42 CFR 483.13 or 483.25 with scope and severity levels of F, H, I, J, K or L); (iv) any and all Notices of conditional license; (v) any and all receipts of a conditional license; (vi) any and all Notices of revocation, termination, cancellation, surrender and/or of non-renewal of any license; (vii) any and all Notices of intent to revoke, terminate, cancel, not renew and/or seek the surrender of any license; (viii) any and all Notices of conditional certification and/or ~~intent to conditionally certify Licensee;~~ (ix) ~~any and all Notices of intent to terminate~~ Licensee's participation in the Medicare and/or Medicaid programs; (x) any and all Notices of Licensee's termination of participation in the Medicare and/or Medicaid programs; (xi) any and all Notices of intent to decertify Licensee from participation in the Medicare and/or Medicaid programs; (xii) any and all Notices of decertification of Licensee's participation in the Medicare and/or Medicaid programs and/or the termination of any payments thereunder; (xiii) any and all Notices of intent to impose and/or the imposition of any Civil Monetary Penalty, and/or any fine in excess of \$25,000.00 in the aggregate for any survey cycle; (xiv) any and all Notices of intent to cease payment after a certain date for any new Medicaid and/or Medicare patients admitted after said date; (xv) any and all Notices of intent to place, and/or the placement of, a State Monitor in the Facility; and/or (xvi) any and all Notices to transfer and/or of

intent to transfer any and/or all Medicaid/Medicare residents on and/or after a certain date.

ARTICLE XIV - DISCHARGE OF LIENS

14.1 Subject to the right to contest provided in Section 14.2 hereof, Lessee will not create or permit to be created or to remain, and Lessee will discharge, any lien, encumbrance or charge levied on account of any mechanic's, laborer's or materialman's ~~lien or any conditional sale, security agreement or chattel mortgage, or otherwise, which~~ might be or become a lien, encumbrance or charge upon the Demised Premises or any ~~part thereof or the income therefrom or the Personal Property, for work or materials or~~ personal property furnished or supplied to, or claimed to have been supplied to or at the request of Lessee. Lessee shall have the right to purchase equipment, furniture, or furnishings which may be subject to a security agreement provided that the stockholders, partners or members, as applicable, of Lessee shall personally guarantee to Lessor that all payments for any such equipment, furniture or furnishings shall be paid on or prior to the due dates thereof and indemnify Lessor against all charges, costs and expenses that may be incurred by Lessor with respect to such security agreement or chattel mortgage. Lessee hereby agrees to obtain and deliver to Lessor such guaranty and indemnity agreement.

14.2 If any mechanic's, laborer's or materialman's lien caused or charged to Lessee shall at any time be filed against any portion of the Demised Premises or Personal Property, if allowed by the terms of the Mortgage and the applicable

Mortgagee, Lessee shall have the right to contest such lien or charge, provided, Lessee within sixty (60) days after notice of the filing thereof, will cause the same to be discharged of record or in lieu thereof to secure Lessor against said lien by deposit with a court or title insurance company or bonding company of such security (not to exceed one hundred twenty five percent (125%) of the amount thereof plus any interest, cost and penalty thereon) as may be reasonably demanded by Lessor to protect against such lien. If Lessee shall fail to cause such lien to be discharged within the period

aforesaid, or to otherwise secure Lessor as aforesaid, then in addition to any other right

~~or remedy, Lessor may, upon ten (10) days' prior notice, but shall not be obligated to,~~

discharge the same either by paying the amount claimed to be due or by processing the discharge of such lien by deposit, title endorsement or by bonding proceedings. Any amount so paid by Lessor and all costs and expenses incurred by such party in connection therewith, together with interest thereon at such party's cost to borrow funds plus one and one-half (1½) percentage points, but not in excess of the maximum amount permitted by law, shall constitute Additional Rent payable by Lessee under this Lease and shall be paid by Lessee to such party(ies) on demand. Except as herein provided, nothing contained herein shall in any way empower Lessee to do or suffer any act which can, may or shall cloud or encumber Lessor's or Mortgagee's interest in the Demised Premises.

14.3 In the event that Lessor determines in its reasonable judgment, that it is not being adequately represented by counsel for Lessee in any contest referred to in

Section 14.2 hereof, such party may, upon (10) days prior written notice to Lessee, obtain separate counsel to represent it in such contest. In such event, the cost of such counsel shall be paid by Lessee. In the event that Lessor determines, in its reasonable judgment, that Lessee has abandoned any contest referred to in Section 14.2 above, and/ or that Lessee is not pursuing any such contest with due diligence, then such party may, upon (10) days' prior written notice to Lessee, discharge such lien by paying the amount claimed to be due from the security deposited by Lessee pursuant to the terms of Section 14.2.

~~ARTICLE XV - INSPECTION OF PREMISES AND RECORDS BY LESSOR~~

15.1 At any time, during reasonable business hours, Lessor and/or its authorized representatives shall have the right to enter and inspect the Demised Premises and Personal Property.

15.2 At any time, during reasonable business hours, Lessor and/or their authorized representatives shall have the right to inspect, and, at Lessor's expense, make copies of, the books and records relating to the Demised Premises, or any part thereof, including, without limitation, to the extent permitted by applicable law all patient records, employment records, surveys and inspections reasonably required by Lessor.

15.3 Lessor agrees that upon entering and inspecting the Demised Premises, Personal Property and books and records Lessor shall take all reasonable measures to avoid disruption to Licensee's routine business operation during any such entries and the person or persons will cause as little inconvenience to the Licensee, its employees

and residents of the Demised Premises as may reasonably be possible under the circumstances.

ARTICLE XVI - CONDEMNATION

16.1 If all of the Demised Premises is taken by the exercise of the power of eminent domain, or sold under eminent domain proceedings, this Lease shall terminate as of the date possession is taken by the condemnor.

16.2 If less than all of the Demised Premises are taken by the exercise of the power of eminent domain or sold under eminent domain proceedings and Lessee reasonably believes that, in light of such exercise of eminent domain or sale pursuant to eminent domain proceedings, it can no longer operate the Facility in materially the same manner as prior to the exercise of eminent domain and such belief is consistent with reasonable business practices, then Lessee may either (a) terminate the Lease or, (b) subject to the consent and approval of Lessor and any Mortgagee, shall, with reasonable diligence, restore or rebuild to the extent reasonably practicable any improvements upon the Demised Premises affected by the taking. In the event the amount awarded shall be insufficient to repair and restore the Demised Premises Lessee shall contribute the amount of any such deficiency. In the event that the number of beds is reduced or increased, even after the Demised Premises are restored under this Section, the Base Rent provided herein shall be proportionately increased (but only with respect to this paragraph) or decreased, as applicable, proportionately based upon the amount of such reduction or increase.

16.3 In the event that all or less than all of the Demised Premises are taken or so sold, and this Lease shall terminate as provided herein, then Lessor shall be entitled to the entire award for the real estate, improvements, fixtures and personal property relating thereto up to a maximum of the Purchase Price, as set forth in the Purchase Option. Lessee shall be entitled to any award in excess of such amount or to any award that it can prove for damage to its leasehold interest, provided that such award is separately allocated to Lessee by the condemning authorities and does not diminish or reduce the award to be paid to Lessor.

~~ARTICLE XVII - RENT ABSOLUTE~~

17.1 Except as herein provided damage to or destruction of any portion of the buildings, structures and fixtures upon the Demised Premises, by fire, the elements or any other cause whatsoever, whether with or without fault on the part of Lessee, shall not terminate this Lease or entitle Lessee to surrender the Demised Premises or entitle Lessee to any abatement of or reduction in the Rent payable, or otherwise affect the respective obligations of the parties hereto, any present or future law to the contrary notwithstanding.

ARTICLE XVIII - ASSIGNMENT AND SUBLETTING

18.1 During the term of the Lease, Lessee shall not assign this Lease or in any manner whatsoever sublet, assign, encumber or transfer all or any part of the Demised Premises or in any manner whatsoever transfer, assign or encumber any interest in the Demised Premises or any interest in this Lease (hereinafter collectively an

"Assignment") without the prior written consent of the Lessor, which consent may be withheld, in such party's sole discretion. As a condition of granting its consent, Lessor may request, and Lessee shall provide to Lessor, resumes and financial statements for any proposed transferee. Lessee acknowledges and agrees that Lessor has specifically chosen Lessee to operate the nursing home on the Demised Premises based upon the skill and expertise of Lessee and its principals in operating nursing home in the State of Illinois and upon the character and reputation of such principals. Accordingly, Lessor may withhold its consent to any proposed sublease or assignment to an entity, the principals of which, at a minimum, have not owned and operated a comparable nursing home Facility in the State of Illinois and maintained profitable operations in such comparable Facility in each of the three (3) calendar years prior to the year of the proposed sublease or assignment. Any proposed transferee shall assume all the obligations of Lessee transferred hereunder prior to any transfer of possession of the Demised Premises to such transferee. In the event any transferee commits an Event of Default, such act or omission shall be deemed an Event of Default hereunder on behalf of the Lessee. Any violation or breach or attempted violation or breach of the provisions of this Article by Lessee, or any acts inconsistent herewith shall vest no right, title or interest herein or hereunder or in the Demised Premises in any such transferee or assignee; and Lessor may, at its exclusive option, invoke the provisions of this Lease relating to an Event of Default. As a condition of granting its consent to any sublease or assignment, Lessee shall pay, and Lessee hereby agrees to pay, any and all

- 33 -

reasonable out of pocket third-party costs and expenses of Lessor incurred in connection with such sublease or assignment, including, without limitation, all due diligence costs and attorney's fees.

18.2 For purposes of this Article:

(1) Any transfer or transfers of the membership interests in Lessee (or stock in a corporate lessee, member or manager interests in a limited liability company lessee, partnership interests in a partnership lessee, or stock in a corporate general partner of a partnership lessee, as the case may be) however accomplished, whether in ~~a single transaction or in a series of related or unrelated transactions, which result in~~ Marshall A. Mauer and Maurice I. Aaron (or their respective spouses, children or other entities for the benefit of any of the foregoing) ceasing to collectively own fifty-one percent (51%) or more in the aggregate of such membership interests in Lessee (or stock in a corporate lessee, member or manager interests in a limited liability company lessee, partnership interests in a partnership lessee or stock in a corporate general partner of a partnership , as the case may be) shall be deemed an assignment of this Lease.

(2) Any person, corporation, limited liability company or other entity to whom Lessee's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article, and except as otherwise specifically provided above, obtain the consent of Lessor to any subsequent sublease, assignment,

encumbrance and/or transfer or such event shall be deemed an Event of Default hereunder.

(3) An agreement by any person, corporation or other entity, directly or indirectly, to assume Lessee's obligations under this Lease shall be deemed an assignment.

ARTICLE XIX - EVENTS OF DEFAULT

19.1 The occurrence of any of the following acts or events shall be deemed to be a default ("Events of Default") on the part of the Lessee:

~~(1) The failure of Lessee to pay when due any Rent payment, or any~~
part thereof, or any other sum or sums of money due or payable to the Lessor under the provisions of this Lease when such failure shall continue for a period of ten (10) calendar days after written notice from Lessor to Lessee;

(2) The failure of Lessee to perform, or the violation by Lessee of, any of the covenants, terms, conditions or provisions of this Lease, if such failure or violation shall not be cured within thirty (30) days after written notice thereof by Lessor to Lessee;

(3) The removal by any local, state or federal agency having jurisdiction over the operation of the Facility of fifty percent (50%) or more of the patients located at the Demised Premises for a period of ten (10) days or more;

(4) The failure of Lessee to comply, or the violation by Lessee of, any of the terms, conditions or provisions of any Mortgage relating to the Demised Premises (except for those terms, conditions or provisions requiring the making of principal and/or

interest payments or which relate specifically to Lessor, and/or its beneficiaries or stockholders), if such failure or violation shall not be cured within twenty (20) days (or such lesser period as may be provided in the Mortgage) after notice thereof by Lessor to Lessee;

(5) In the event Lessee removes a substantial portion of the Personal Property at the Facility or Lessee removes Personal Property necessary to the operation of the Facility, the failure of Lessee to replace within thirty (30) days after written notice by Lessor to Lessee, the Personal Property so removed by Lessee ~~subject to the provisions of Section 20.2 hereof;~~

(6) The making by Lessee of an assignment for the benefit of creditors;

(7) The levying of a writ of execution or attachment on or against the property of Lessee which is not discharged or stayed by action of Lessee contesting same, within thirty (30) days after such levy or attachment (provided if the stay is vacated or ended, this paragraph shall again apply);

(8) If proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of Lessee, and said proceedings are not dismissed and any receiver, trustee or liquidator appointed therein discharged within sixty (60) days after the institution of said proceedings;

(9) The sale of the interest of Lessee in the Demised Premises under execution or other legal process;

(10) Any conveyance or transfer in violation of Article XVIII hereof;

(11) The abandonment of the Demised Premises by Lessee;

(12) The voluntary transfer by Lessee of any patients, whether in a single transfer or a series of transfers, in any calendar year from the Facility to any other facility unless such transfer is required by any state or federal agency having jurisdiction over the Facility;

~~(13) Subject to Lessee's right to contest as provided in Article XX~~
hereof, the failure or the part of Lessee during the term of this Lease to cure or abate any written violation claimed by any governmental authority, of any law, order, ordinance, rule or regulation pertaining to the operation of the Facility within the time permitted for such cure and/or abatement;

(14) Intentionally Omitted;

(15) Subject to Lessee's right to contest as provided in Article XX hereof, the institution of any proceedings against Lessee by any governmental authority either to: (i) revoke any license granted to Lessee for the operation of the Facility as a skilled and intermediate care nursing home facility or requiring Lessee to cease operating its business; or (ii) decertify the Facility from participation in the Medicaid reimbursement program; or

(16) The failure of Lessee to comply with the terms of any insurance policy affecting the Demised Premises and required hereunder within the time provided in such policy to cure such non-compliance prior to cancellation thereof; provided, however, that Lessee shall not be in default hereunder if prior to the cancellation of such policy of insurance Lessee obtains a replacement thereof.

The occurrence of any of the events listed in this Article 19 by any party to whom the Demised Premises has been transferred shall be an Event of Default hereunder.

ARTICLE XX - RIGHT TO CONTEST/CURE

~~20.1 Anything to the contrary stated herein notwithstanding, Lessee and Sub-~~
Lessee shall have the right to contest by appropriate administrative and/or legal proceedings, diligently conducted in good faith, the validity or application of any law, ordinance, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings, including, without limitation, any proceeding pursuant to paragraphs 19.1(13) and/or 19.1(15) above. In the event such contest involves a violation, Medicaid decertification or license revocation, Lessee shall give Lessor written notice of its election to contest. Notwithstanding anything to the contrary contained herein, Lessee shall not be in default hereunder; provided, however, that: (1) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of the Demised Premises; (ii) there continues during the course of such contest authority to continue operations of the

Facility as a nursing home (which may be temporary or provisional); and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.2 Except for an Event of Default of Lessee in the payment of Rent or any other payment required hereunder, in any case where Lessor shall have given to Lessee a written notice specifying a situation which, as hereinbefore provided, must be remedied by Lessee within a certain time period, and, if for causes beyond Lessee's control, it would not reasonably be possible for Lessee to remedy such situation within such period, then, provided Lessee, immediately upon receipt of such notice, shall ~~advise Lessor in writing of Lessee's intention to institute, and shall, as soon as~~ reasonably possible thereafter, duly institute, and thereafter diligently prosecute to completion, all steps necessary to remedy such situation and shall remedy the same, during the period necessary to remedy such situation, notwithstanding anything to the contrary contained herein, although such situation shall be deemed an Event of Default hereunder, Lessor shall not pursue and shall not be entitled to pursue any remedies arising solely from the occurrence of such Event of Default hereunder, provided, however, that: (i) no civil or criminal liability would thereby be incurred by Lessor and no lien or charge would thereby be imposed upon or satisfied out of all or any part of the Demised Premises; and (ii) there continues during such remedy authority to continue to operate the Facility as a nursing home (which may be temporary or provisional), and (iii) such situation does not cause Lessor to be in default pursuant to the terms of any Mortgage.

20.3 Lessee shall promptly provide Lessor with a copy of any notice from the Illinois Department of Public Health or other governmental authority or agency threatening or requesting a reduction in the number of beds at the Facility. Lessee shall have the right to contest any such reduction and shall notify Lessor within fifteen (15) days following the date of such notice (or shorter period required to provide notice to Lessor not later than ten (10) days prior to the cutoff date for any such contest) whether or not Lessee shall undertake such contest. If Lessee fails to contest any such reduction, Lessor may, following written notice to Lessee of its intent to do so, contest any such reduction. Any such contest shall be conducted by counsel reasonably satisfactory to the other party and the cost of such contest shall be paid by Lessee.

ARTICLE XXI - LESSOR'S REMEDIES UPON DEFAULT

21.1 In the event of any Event of Default by Lessee, Lessor may, if it so elects, and with notice of such election to Lessee, and upon demand upon Lessee, forthwith terminate this Lease and Lessee's right to possession of the Demised Premises, or, at the option of the Lessor, terminate Lessee's right to possession of the Demised Premises without terminating this Lease. Upon any such termination of this Lease, or upon any such termination of Lessee's right to possession without termination of this Lease, Lessee shall vacate the Demised Premises immediately, and shall quietly and peaceably deliver possession thereof to the Lessor, and Lessee hereby grants to the Lessor full and free license to enter into and upon the Demised Premises in such event with process of law and to repossess the Demised Premises and Personal Property as

the Lessor's former estate. In the event of any such termination of this Lease, the Lessor shall again have possession and enjoyment of the Demised Premises and Personal Property to the extent as if this Lease had not been made, and thereupon this Lease and everything herein contained on the part of Lessee to be done and performed shall cease and terminate, all, however, without prejudice to and without relinquishing the rights of the Lessor to Rent (which, upon such termination of this Lease and entry of Lessor upon the Demised Premises, shall, in any event, be the right to receive Rent due up to the time of such entry) or any other right given to the Lessor hereunder or by operation of law.

21.2 In the event of an Event of Default and Lessor elects either to terminate this Lease or to terminate Lessee's right to possession of the Demised Premises, then all licenses, certifications, permits and authorizations issued by any governmental agency, body or authority in connection with or relating to the Demised Premises and the Facility thereon shall be deemed as being assigned to Lessor to the extent same are legally assignable. Lessor shall also have the right to continue to utilize the telephone number and name used by Lessee in connection with the operation of the Facility. This Lease shall be deemed and construed as an assignment for purposes of vesting in Lessor all right, title and interest in and to (i) all licenses, certifications, permits and authorizations obtained in connection with the operation of the Facility and (ii) the names and telephone numbers used in connection with the operation of the Facility. Lessee hereby agrees to take such other action and execute such other

documents as may be reasonably necessary in order to vest in Lessor all right, title and interest to the items specified herein.

21.3 If Lessee abandons the Demised Premises or otherwise entitles Lessor so to elect, and the Lessor elects to terminate Lessee's right to possession only, without terminating this Lease, Lessor may, at its option, enter into the Demised Premises, remove Lessee's signs and other evidences of tenancy and take and hold possession thereof as in the foregoing Section 21.1 of this Article provided, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from ~~Lessee's obligation to pay the Rent hereunder for the full remaining term of this Lease,~~ and in any such case, Lessee shall pay to Lessor a sum equal to the entire amount of the Rent reserved hereunder and required to be paid by Lessee up to the time of such termination of the right of possession plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Lessor may attempt to relet the Demised Premises or any part thereof for the account of Lessee for such rent, or may operate the Facility for such time and upon such terms as Lessor in its sole discretion shall determine. In the event Lessor elects to take possession and operate the Demised Premises any profits due to such operation shall reduce the rents payable hereunder. In any such case, Lessor may make repairs, alterations and additions in or to the Demised Premises, to the extent reasonably deemed by Lessor desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting. If the consideration collected by Lessor upon any such reletting is not

sufficient to pay monthly the full amount of Rent reserved in this Lease, together with the costs of repairs, alterations and additions and Lessor's expenses, Lessee shall pay to the Lessor the amount of each monthly deficiency upon demand.

21.4 Lessee's liability to Lessor for damages upon the occurrence of an Event of Default shall in all events survive the termination by Lessor of the Lease or the termination by Lessor of Lessee's right to possession only, as hereinabove provided. Upon such termination of the Lease or at any time after such termination of Lessee's right to possession, Lessor may recover from Lessee and Lessee shall pay to Lessor as ~~liquidated and final damages, whether or not Lessor shall have collected any current~~ monthly deficiencies under the foregoing paragraph, and in lieu of such current deficiencies after the date of demand for such final damages, the amount thereof found to be due by a court of competent jurisdiction, which amount thus found shall be equal to:

(a) the remainder, if any, of Rent and charges due from Lessee for the period up to and including the date of the termination of the Lease or Lessee's right to possession; plus

(b) the amount of any current monthly deficiencies accruing and unpaid by Lessee up to and including the date of Lessor's demand for final damages hereunder; plus

(c) the excess, if any, of

(i) the Rent reserved for what would have been the remainder of the term of this Lease together with charges to be paid by Lessee under the Lease; over

(ii) the then fair rental value of the Demised Premises and the Personal Property.

If any statute or rule governing a proceeding in which such liquidated final damages are to be proved shall validly limit the amount thereof to an amount less than the amount above agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

21.5 No receipt of funds by Lessor from Lessee after service of any notice of an Event of Default, termination of this Lease or of possession of the Demised Premises or after commencement of any suit or proceeding of Lessee shall in any way reinstate, continue or extend this Lease or in any way affect the notice of the Event of Default or demand or in any way be deemed a waiver by Lessor of any of its rights unless consented to in writing by Lessor.

ARTICLE XXII - LIABILITY OF LESSOR

Except as otherwise provided in Section 21.4, it is expressly agreed by the parties that in no case shall Lessor be liable, under any express or implied covenant, agreement or provisions of this Lease, for any damages whatsoever to Lessee beyond the loss of Rent reserved in this Lease accruing after or upon any act or breach hereunder on the part of Lessor and for which damages may be sought or recovered

from Lessor, and there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers or employees of beneficiary of Lessor with respect to the terms, covenants, conditions or undertakings or agreements contained in this Lease, and shall look solely to Lessor's interest in this Lease and not to any of the foregoing for the satisfaction of any remedy which Lessee may have under this Lease.

ARTICLE XXIII - CUMULATIVE REMEDIES OF LESSOR

Except as provided in Section 21.4, the specific remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive ~~of any other remedies or means of redress to which Lessor may be lawfully entitled in~~ case of any breach or threatened breach by Lessee of any provision or provisions of this Lease. The failure of Lessor to insist, in any one or more cases, upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of any such term, covenant, condition, provisions, agreement or option.

ARTICLE XXIV - INTENTIONALLY OMITTED

ARTICLE XXV - INDEMNIFICATION

25.1 Lessee agrees to protect, indemnify and save harmless the Lessor from and against any and all claims, demands and causes of action of any nature whatsoever asserted against or incurred by such parties on account of: (i) any failure on the part of Lessee during the term of this Lease to perform or comply with any of the

terms of this Lease; or (ii) injury to or death of persons or loss of or damage to property, occurring on the Demised Premises or any adjoining sidewalks, streets or ways or in any manner growing out of or connected with the use or occupation of the Demised Premises or the condition thereof, or the use of any existing or future sewer system, or the use of any adjoining sidewalks, streets or ways occurring during the term of this Lease. Lessee further agrees to pay any reasonable attorneys' fees and expenses incident to the defense by such parties of any such claims, demands or causes of action.

~~ARTICLE XXVI - SUBORDINATION PROVISIONS~~

26.1 This Lease (and Lessee's interest in the Demised Premises and Personal Property) shall be subject and subordinate to the Existing Mortgage and to any Mortgage given by Lessor to any lender which may affect the Demised Premises and/or Personal Property, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee shall execute and deliver such documents as may be required in order to evidence such subordination; provided that such documents shall not affect any of the provisions of this Lease relating to the amount of Rent, the purposes for which the Demised Premises may be used, the size and/or location of the Demised Premises, the duration and/or Commencement Date of the term, nor modify any representations, covenants or warranties made by Lessor hereunder. Lessor shall deliver to Lessee a letter from the holder of the Existing Mortgage evidencing such holder's consent to this Lease.

26.2 Notwithstanding anything to the contrary contained herein, it is understood, agreed and acknowledged that Lessor shall have the right at any time to finance, or refinance, from time to time, the Demised Premises and Personal Property in any amount, and grant a mortgage, deed of trust and/or security interest thereon, to assign or pledge any or all of its interest in this Lease, and to assign or pledge the revenues and receipts to be received by Lessor hereunder to a third party without the consent of Lessee, if: (i) Lessor obtains a customary form of subordination, non-disturbance and attornment agreement from such Mortgagee, reasonably satisfactory to Lessee; and ~~(ii) such loan complies with the following two (2) conditions:~~

(1) The aggregate monthly debt service payments under any such Mortgage(s) shall not exceed ninety percent (90%) of the then current monthly Base Rent hereunder; and

~~(2) The aggregate principal balance (including any prepayment premium and/or penalty) under any such Mortgage(s) shall not exceed ninety percent (90%) of the Option Price (as such term is defined herein).~~

ARTICLE XXVII - LESSEE'S FAITHFUL COMPLIANCE WITH MORTGAGE

Anything in this Lease contained to the contrary notwithstanding, and provided that Lessor has complied with Section 26.2, Lessee shall at all times and in all respects fully, timely and faithfully comply with and observe each and all of the conditions, covenants, and provisions required on the part of the Lessor under any Mortgage (and to any renewals, modifications, extensions, replacements and/or consolidations thereof)

to which this Lease is subordinate or to which it later may become subordinate, including, without limitation, such conditions, covenants and provisions thereof as relate to the care, maintenance, repair, insurance, restoration, preservation and condemnation of the Demised Premises, notwithstanding that such conditions, covenants and provisions may require compliance and observance to a standard or degree in excess of that required by the provisions of this Lease, or may require performance not required by the provisions of this Lease, provided, however, except to the extent that reserves or escrows are required under the Mortgage for the payment of Taxes and Assessments ~~and for insurance, Lessee shall not be required to make payments on account of any~~ reserves or escrows, including without limitation any construction, replacement or repayment reserve or escrow required by any new Mortgagee. If any new Mortgagee requires compliance, observance or performance to a standard or degree in excess of that required by the terms of the Existing Mortgage and this Lease, Lessee shall comply with such standard, degree or additional performance, provided, however, that the amount by which the third party costs expended by Lessee to achieve such standard, degree or additional performance exceed the third party costs to achieve the standard of performance required by the Existing Mortgage and this Lease shall be paid by Lessor. Lessee further agrees that it shall not do or permit to be done anything which would constitute a breach of or default under any obligation of the Lessor under any Mortgage, it being the intention hereof that Lessee shall so comply with and observe each and all of such covenants, conditions and provisions of any Mortgage so that they

- 48 -

the event any such proceedings are brought against the Lessor under such Mortgage or the holder of any such Mortgage, and agrees that this Lease shall not be affected in any way whatsoever by any such proceedings.

29.2 If Lessor shall default in the performance of any of the terms, provisions, covenants or conditions under any Mortgage, or fails to pay the amounts due thereunder when due, then, upon notice of such default or failure on the part of Lessor, Lessee shall have the right, upon five (5) days' prior written notice thereof to Lessor (or such shorter period as permitted under any Mortgage), to cure such defaults, and to ~~make such payments as are due from Lessor, directly to the holder of any Mortgage, as~~ the case may be, and to the extent such payments are accepted by the holder of such Mortgage, to deduct the amounts expended by Lessee to cure such defaults from the next succeeding Rent payment or payments due under this Lease, and such deductions shall not constitute an Event of Default under this Lease. Lessor shall promptly provide Lessee with copies of any notice of default received by Lessor with respect to any Mortgage.

ARTICLE XXX - REPRESENTATIONS

30.1 Lessee represents and covenants to Lessor as follows:

(a) Lessee is an Illinois corporation, duly organized and validly existing in good standing under the laws of the State of Illinois, and has full right and power to cause Lessee to enter into, and perform its obligations under this Lease and has taken all requisite actions to authorize the execution, delivery and performance of this Lease;

(b) Lessee has examined the Demised Premises, Personal Property, contracts relating to the nursing home and/or to the Demised Premises and the improvements and the nursing home thereon prior to its acceptance and execution of this Lease, and Lessee acknowledges that except as expressly stated herein no representation or warranty, express or implied, has been made by or on behalf of Lessor with respect to the condition of the Demised Premises and Personal Property. Lessee represents that it is satisfied with the condition thereof and is leasing the Demised Premises, improvements and Personal Property in "AS IS"/"WHERE IS" condition, and Lessee shall in no event whatsoever be liable for any latent or patent defects therein;

(c) In addition to all other covenants contained herein, Lessee expressly covenants that it shall keep and maintain at the Facility at all times in good order and repair all items of Personal Property necessary for operating the Facility for not less than 119 skilled and intermediate care beds in substantial compliance with all laws, rules and regulations of the Illinois Department of Public Health. Lessee shall maintain all of such items in good order and repair and shall promptly replace any such items which become obsolete, damaged or destroyed with substitute items substantially equivalent to that which has been replaced;

(d) Until Lessee shall have fully satisfied all of its obligations under this Lease, Lessee shall maintain its organizational existence as a corporation, and shall not, without the prior written consent of Lessor, dissolve, liquidate or otherwise dispose

of all or substantially all of its assets or consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it;

(e) Intentionally Omitted.

**ARTICLE XXXI – LIABILITIES ACCRUING PRIOR TO LEASE COMMENCEMENT;
ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE; INVENTORY**

31.1 Lessee acknowledges that prior to the commencement of this Lease, Lessee operated the Facility pursuant to a lease with owner of record of the Property immediately prior to Lessor's acquisition of the same. Accordingly, no provision has ~~been made in this Lease relating to accounts receivable, accounts payable, proratations,~~ inventory, patient trust funds and employee benefits, and that Lessor have no liability to Lessee with respect to such matters.

31.2 Lessor shall not be liable for amounts claimed by the Illinois Department of Public Aid or any other governmental authority or agency to have been overpayments made to the prior operator with respect to periods prior to the Commencement Date. Lessee shall look solely to Prior Operator for any recourse with respect to any actions involving such overpayments arising on or prior to the Commencement Date.

ARTICLE XXXII - LICENSURE PROVISIONS

32.1 It shall be a condition precedent to the effectiveness of this Lease that Lessee has a nursing home license from the Illinois Department of Public Health permitting Lessee to operate the Facility as a nursing home (hereinafter collectively called the "License").

ARTICLE XXXIII - FINANCIAL STATEMENTS

33.1 Lessee shall furnish to the Mortgagee such financial statements and tax returns which shall be certified by an officer of Lessee or a public accountant to the extent required under the Mortgage.

33.2 At all times, Lessee shall keep and maintain full and correct records and books of account of the operations of Lessee in the Demised Premises and records and books of account of the entire business operations of Lessee in accordance with normal accounting practices consistently applied. Upon request by Lessor, from time to time, ~~but not more than one (1) time a year, and such additional inspections which are~~ required by any Mortgagee, Lessee shall make available for inspection by Lessor or its designee, during reasonable business hours, at Lessee's offices, the said records and books of account covering the entire business operations of Lessee on the Demised Premises.

ARTICLE XXXIV - MISCELLANEOUS

34.1 Lessee, upon paying the Rent and all other charges herein provided, and for observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Demised Premises during the term of this Lease, and subject to its terms, without hindrance by Lessor or by any other person or persons claiming under Lessor.

34.2 All payments to be made by the Lessee hereunder, whether or not designated as Additional Rent, shall be deemed Additional Rent, so that in default of

payment when due, the Lessor shall be entitled to all of the remedies available at law or equity, or under this Lease, for the nonpayment of Rent. Base Rent and Additional Rent are sometimes referred to collectively herein as "Rent".

34.3 It is understood and agreed that the granting of any consent by Lessor to Lessee to perform any act of Lessee requiring Lessor's consent under the terms of this Lease, or the failure on the part of Lessor to object to any such action taken by Lessee without Lessor's consent, shall not be deemed a waiver by Lessor of its rights to require such consent for any further similar act by Lessee, and Lessee hereby expressly ~~covenants and warrants that as to all matters requiring Lessor's consent under the~~ terms of this Lease, Lessee shall secure such consent for each and every happening of the event requiring such consent, and shall not claim any waiver on the part of Lessor of the requirement to secure such consent.

34.4 Each of Lessor and Lessee represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease. Lessor and Lessee each covenant and agree to indemnify and hold harmless the other from and against any and all costs, expenses, liabilities, claims, demands, suits, judgments and interest, including, without being limited to, reasonable attorneys' fees and disbursements, arising out of or in connection with any claim by any broker or agent with respect to this Lease, the negotiation of this Lease or the transactions contemplated herein based upon the acts of the indemnifying party.

34.5 If an action shall be brought to recover any Rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants or conditions of this Lease, or for the recovery of possession of the Demised Premises, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

34.6 Should Lessee hold possession hereunder after the expiration of the term of this Lease with or without the consent of Lessor, Lessee shall become a tenant on a ~~month-to-month basis upon all the terms, covenants and conditions herein specified,~~ excepting however that Lessee shall pay Lessor a monthly rental, for the period of such month-to-month tenancy, in an amount equal to 150% the last Rent specified.

34.7 All notices, demands or requests which may or are required to be given by either party to the other shall be in writing and shall be sent by (i) personal delivery; (ii) Federal Express or other national overnight courier service; (iii) United States certified mail, return receipt requested, addressed to the other party hereto at the address set forth below; or (iv) facsimile provided that such facsimile shall be evidenced by transmission confirmation and such notifying party shall subsequently send additional notice by one of the other methods identified in (i) – (iii):

If to Lessor:

Richard Feingold
c/o 800 East Center Street, LLC
9539 White Oak Avenue
Munster, Indiana 46321

- 55 -

Facsimile: (219) 924-4542

With a copy to:

Law Office of Sidney R. Berger
70 West Madison
Three First National Plaza
Suite 3700
Chicago, Illinois 60602
Attention: Mr. Sidney R. Berger, Esq.
Facsimile: (312) 558-7773

If to Lessee:

Ottawa Pavilion Building, L.L.C.
c/o Dynamic Healthcare, Ltd.
3359 Main Street
Skokie, Illinois 60076
Attention: Mr. Marshall A. Mauer
Facsimile: (847) 676-9722

with a copy to:

8320 Skokie Boulevard
Skokie, Illinois 60077
Attention: Mr. Abraham A. Gutnicki, Esq.
Facsimile: (847) 933-9285

or if written notification of a change of address has been sent, to such other party and/or to such other address as may be designated in that written notification. Notices shall be effective upon receipt or refusal thereof. Notices from counsel to Lessor shall for all purposes hereunder constitute notice from Lessor. Notices from counsel to Lessee shall for purposes hereunder constitute notice from Lessee. Copies of all notices shall be delivered to Lessor and its counsel.

34.8 Lessor and Lessee agree to execute and deliver a short form lease and option in recordable form so that the same may be recorded by either party.

- 56 -

34.9 Each party agrees that any time, and from time to time, upon not less than ten (10) days' prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Rent has been paid, the amount of the Additional Rent held by Lessor, and whether to the best knowledge of such party an Event of Default has occurred or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute an Event of Default hereunder, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the Demised Premises or of this Lease.

34.10 All of the provisions of this Lease shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

34.11 Any reference herein to the termination of this Lease shall be deemed to include any termination thereof by expiration, or pursuant to Articles referring to earlier termination.

34.12 The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

34.13 This Lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.

34.14 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective successors and assigns.

~~34.15 All nouns and pronouns and any variations thereof shall be deemed to~~
refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require.

34.16 If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

34.17 Notwithstanding anything to the contrary contained herein, and except as otherwise provided in this Lease, there shall be no personal liability hereunder on any partners, shareholders, members, directors, officers, employees or trustees of Lessee, with respect to the terms, covenants, conditions, undertakings or agreements contained in this Lease and Lessor shall look solely to Lessee, and not to any such partners,

shareholders, members, directors, officers, employees or trustees of Lessee for the satisfaction of each and every remedy which Lessor may have hereunder.

34.18 NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED ELSEWHERE HEREIN, THIS AGREEMENT SHALL, IN ALL EVENTS AND CIRCUMSTANCES OF ANY AND EVERY NATURE WHATSOEVER, BE SUBJECT TO THE ILLINOIS HEALTH FACILITIES PLANNING BOARD FIRST GRANTING TO THE NEW OPERATOR AN EXEMPTION FROM THE CERTIFICATE OF NEED ("CON") REQUIREMENT AND SHALL NOT BE VALID, BINDING UPON OR ~~ENFORCEABLE AGAINST ANY PARTY HERETO AND/OR OF ANY FORCE~~ AND/OR EFFECT OF ANY NATURE WHATSOEVER UNTIL SUCH TIME AS THE CON EXEMPTION IS GRANTED IN WRITING. IF THE CON EXEMPTION IS NOT GRANTED, THE AGREEMENT, EXCEPT FOR THIS SENTENCE, SHALL BE NULL AND VOID, NON BINDING, INVALID, UNENFORCEABLE AND WITHOUT FORCE AND/OR EFFECT, AND THE PARTIES HERETO HEREBY COVENANT AND AGREE TO UNWIND/UNDO ANY ACTION, IF ANY, WHICH MIGHT HAVE BEEN TAKEN IN FURTHERANCE OF AND/OR PURSUANT TO THIS AGREEMENT, AND THEREAFTER NEITHER PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY, DUTY, OBLIGATION AND/OR RESPONSIBILITY HEREUNDER TO THE OTHER PARTY HERETO.

34.19 It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations,

- 59 -

warranties, covenants, undertakings and agreements herein and in the Lease made on the part of Lessor while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Lessor are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by Lessor or for the purpose or with the intention of binding Lessor personally, but are made and intended for the purpose only of subjecting Lessor's interest in the Demised Premises to the terms of the Lease, and for no other purpose whatsoever and in case of default hereunder by Lessor (or default ~~through, under or by any of its beneficiaries, or agents or representatives of said~~ beneficiaries), Lessee shall look solely to the interests of Lessor in the Demised Premises; that, if Lessor is a land trust, the Lease is executed and delivered by Lessor not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; that neither the Lessor nor any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents shall have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, and no liability or duty shall rest upon Lessor to sequester the Demised Premises (or the trust estate) or the rents, issues and profits arising therefrom, or the proceeds arising from any sale or other disposition thereof; and that no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against said Lessor or any of Lessor's shareholders, officers, directors, members, managers, partners, beneficiaries or agents, on account of

- 60 -

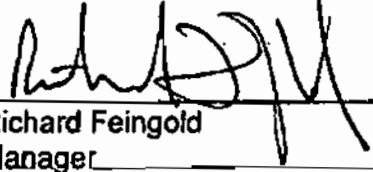
the Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor contained in the Lease, either express or implied, all such personal liability, if any, being expressly waived and released by Lessee and by all persons claiming by, through or under Lessee.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed by persons authorized so to do on behalf of each of them respectively the day and year just above written.

LESSOR:

800 EAST CENTER STREET, LLC

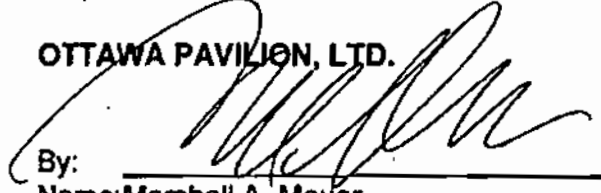
By: 

Name: Richard Feingold

Its: Manager

LESSEE:

OTTAWA PAVILION, LTD.

By: 

Name: Marshall A. Mauler

Its: Secretary/Treasurer

- 62 -

Section I. Identification, General Information, and Certification
Operating Entity/Licensee

The Certificate of Good Standing for Ottawa Pavilion, Ltd. (the "Applicant") is attached at Attachment – 3.

Individuals with a 5% or greater ownership interest in Ottawa Pavilion, Ltd. are listed in the table below.

Name	Ownership Interest
Devora Goldstein	7.56%
Abraham J. Stern	15.55%
Fred L. Aaron	13.03%
Maurice I. Aaron	26.05%
Frances Mauer	7.56%
Esther Maryles	5.67%
Chana Mauer	5.67%
Marshall Mauer	14.71%



To all to whom these Presents Shall Come, Greeting:

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

OTTAWA PAVILION, LTD., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 17, 1993, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1217701440

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 25TH day of JUNE A.D. 2012 .

Jesse White

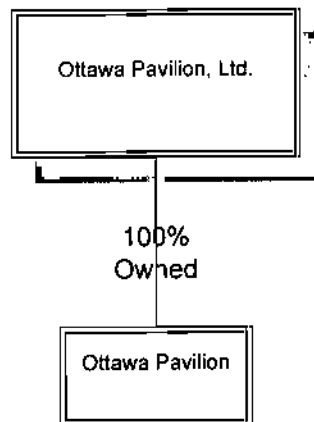
SECRETARY OF STATE

Section I. Identification, General Information, and Certification
Organizational Relationships

The organizational chart for Ottawa Pavilion, Ltd. is attached hereto at Attachment – 4.

Ottawa Pavilion

Organizational Chart



Section I. Identification, General Information, and Certification
Flood Plain Requirements

The site for Ottawa Pavilion complies with the requirements of Illinois Executive Order #2005-5. The Ottawa is located at 800 East Center Street, Ottawa, Illinois 61350. As shown in the Special Flood Hazard Area Determination from the Illinois State Water Survey. The survey found the property is not located in a Special Flood Hazard Area or a Zone X flood zone.

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Institute of Natural Resource Sustainability

Illinois State Water Survey
2204 Griffith Drive
Champaign, IL 61820



Special Flood Hazard Area Determination
pursuant to Governor's Executive Order 5 (2006)
(supersedes Governor's Executive Order 4 (1979))

Requester: Gina M. Kniery, Charles H. Foley & Associates, Inc.
Address: 1638 S. MacArthur Blvd.
City, state, zip: Springfield, IL 62704 Telephone: (217) 544-1551

Site description of determination:

Site address: Ottawa Pavilion, 800 E. Center St.
City, state, zip: Ottawa, IL 61350
County: La Salle Sec $\frac{1}{4}$: N $\frac{1}{4}$ of NW $\frac{1}{4}$ Section: 13 T. 33 N. R. 3 E. PM: 3rd
Subject area: Property Reference ID 18-13-129-001 / Block 8 in Highland Park addition to Town of South Ottawa except Lot 1; which is within the area bounded by E. Center St. on the north, E. Glover St. on the south, 5th Ave. on the west, and the center line of 6th Ave. (extended) on the east.

The property described above IS NOT located in a Special Flood Hazard Area or a shaded Zone X floodzone.
Floodway mapped: Yes Floodway on property: No
Sources used: FEMA Flood Insurance Rate Map (FIRM, copy attached); Document R2005-31774 exhibit & parcel maps.
Community name: City of Ottawa, IL Community number: 170405
Panel/map number: 17099C0530 E Effective Date: September 7, 2001
Flood zone: X [unshaded] Base flood elevation: N/A ft NGVD 1929

- N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP). NFIP flood insurance is not available; certain State and Federal assistance may not be available.
N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or unshaded X).
N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

The primary structure on the property:

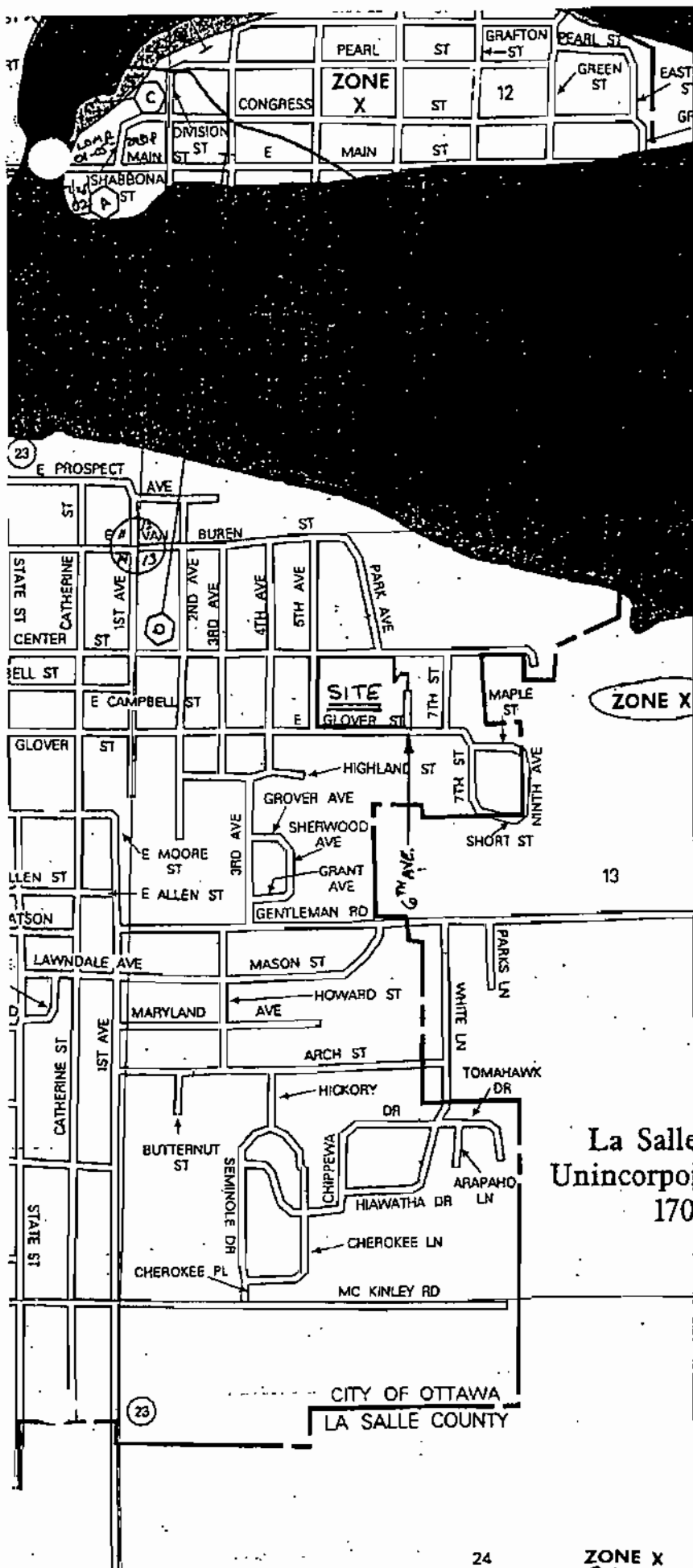
- N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.
N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.
X f. Is not located in a Special Flood Hazard Area or 500-year floodplain area shown on the effective FEMA map.
N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.
N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the effective Federal Emergency Management Agency (FEMA) flood hazard reference for the subject area. This letter does not imply that the referenced property will be free from water damage. Property not in a Special Flood Hazard Area may be damaged by a flood greater than that illustrated on the FEMA map, by local drainage problems or runoff not illustrated on the source map, or by failure of flood control structures. This letter does not create liability on the part of the Illinois State Water Survey or employee thereof for any damage that results from reliance on this determination. This letter does not exempt the project from local stormwater management regulations.

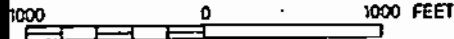
Questions concerning this determination may be directed to Bill Saylor (217/333-0447) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 5 (2006), or State floodplain regulations, may be directed to Paul Osman (217/782-3862) at the Illinois Department of Natural Resources' Office of Water Resources.

William Saylor
William Saylor, CFM IL-02-0077, Illinois State Water Survey

Title: ISWS Floodplain Information Specialist Date: 1/23/2009



APPROXIMATE SCALE



NATIONAL FLOOD INSURANCE PROGRAM

FIRM FLOOD INSURANCE RATE MAP LA SALLE COUNTY, ILLINOIS AND INCORPORATED AREAS

PANEL 530 OF 900

(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
LA SALLE COUNTY	170400	0530	E
OTTAWA, CITY OF	170405	0530	E

DATE 1/27/2001

LA 7/25/2002

LA 11/10/2008 - Vapian

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
17099C0530 E

EFFECTIVE DATE:
SEPTEMBER 7, 2001



Federal Emergency Management Agency

- WS/JSWS 1/23/2009

Section I. Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

The Historic Resources Preservation Act determination from the Illinois Historic Preservation Agency is attached at Attachment – 6.



Illinois Historic
Preservation Agency

FAX (217) 782-8161

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

LaSalle County
Ottawa

CON - Demolition, New Construction and Rehabilitation - Ottawa Pavilion
800 E. Center St.
HUD-072-43106
IHPA Log #017021909

June 3, 2011

Steve Vahl
U.S. Dept. of Housing & Urban Development
Chicago Regional Office, Region V
77 West Jackson Blvd.
Chicago, IL 60604-3507

Dear Mr. Vahl:

We have reviewed the 100% HABS documentation for the above referenced project (IL HABS LS-2010-1). The documentation meets IL HABS standards and guidelines and is acceptable to this office. We need one Gold CD copy of the documentation per Stipulation 8 of the Memorandum of Agreement (MOA).

Therefore, having met the stipulations of the MOA, we have no objection to the demolition.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer

c: John P. Kniery, Charles H. Foley & Associates, Inc.
Margie Lyle, Ottawa Pavilion
Anthony Crane, Architechnics, Inc.

Section I. Identification, General Information, and Certification
Cost Space Requirements

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing	\$8,972,333	17,762	37,134	31,105	6,029		11,733
Living/Dining/Activity	\$1,789,924	4,037	7,408	6,288	1,120		2,917
Kitchen/Food Service	\$911,875	1,186	3,774	3,774			1,186
P.T./O.T.	\$1,489,348	1,577	6,164	6,164			1,577
Laundry	\$174,208	510	721	721			510
Janitor Closets	\$45,425	154	188	188			154
Cleaned/Soiled Utility	\$156,087	543	646	646			543
Beauty/Barber	\$68,862	374	285	285			374
Total Clinical	\$13,608,062	26,143	56,320	49,171	7,149		18,994
NON REVIEWABLE							
Office/Administration	\$523,666	2,461	2,219	2,219			2,461
Employee Lounge/ Locker/Training	\$133,571	519	566	566			519
Mechanical/Electrical	\$108,556	127	460	460			127
Lobby	\$160,710	0	681	681			0
Storage/Maintenance	\$1,042,847	1,020	4,419	4,260	159		861
Corridor/Public Toilets	\$3,128,070	9,629	13,255	11,355	1,900		7,729
Stair/Elevators	\$294,518	2,217	1,248	1,248			2,217
Total Non-clinical	\$5,391,938	15,973	22,848	20,789	2,059		13,914
TOTAL	\$19,000,000	42,116	79,168	69,960	9,208		32,908

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(a) – Background, Purpose of the Project, and Alternatives

Background of the Applicant

1. Ottawa Pavilion is the only facility owned and operated by the Applicant. Additionally, there are facilities that share common ownership with the Ottawa Pavilion. Table 1110.230(a) below lists all entities with related owners. A copy of the license for Ottawa Pavilion is attached at Attachment -11A.

Table 1110.230(a)			
Facility	Address	City	License #
Ottawa Pavilion	800 East Center Street	Ottawa	0039230
Woodbridge Nursing Pavilion	2242 North Kedzie	Chicago	0034157
Windmill Nursing Pavilion	16000 South Wabash	South Holland	0031823
Bridgeview Health Care Center	8100 South Harlem Avenue	Bridgeview	0037358
Waterfront Terrace	7750 South Shore Drive	Chicago	0028076
Willow Crest Nursing Pavilion	515 North Main	Sandwich	0036533
Sterling Pavilion	105 East 23 rd Street	Sterling	0040436
Cahokia Nursing & Rehab Center	2 Annable Court	Cahokia	003936
The Renaissance of South Shore	2425 East 71 st Street	Chicago	0042085
The Renaissance of Midway	4437 South Cicero	Chicago	0041749
The Renaissance of Hillside	4600 North Frontage Road	Hillside	0042176
The Renaissance of 87 th Street	2940 West 87 th Street	Chicago	0042093

2. Certification that no adverse action has been taken against the Applicant or against any health care facilities owned or operated by the Applicant in Illinois within three years preceding the filing of this application is attached at Attachment – 11B.
3. An authorization permitting the Illinois Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.



Ottawa Pavilion, Ltd.

June 25, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chairman Galassie:

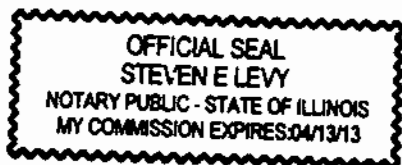
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated by Ottawa Pavilion, Ltd. during the three years prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Marshall A. Mauer
Secretary/Treasurer
Ottawa Pavilion, Ltd.

Subscribed and sworn to me
This 25th day of June, 2012

Notary Public

300 East Center Street
Ottawa, Illinois 61350
Tel 815.434.7144
Fax 815.434.2376
www.dynamichc.com

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(a) – Background, Purpose of the Project, and Alternatives

Purpose of the Project

1. The project proposes the major modernization of Ottawa Pavilion, an existing 119-bed skilled nursing facility located at 801 East Center Street, Ottawa, Illinois. The existing facility consists of three contiguous structures. The first building, constructed in 1920, has deteriorated significantly over time and is currently used only for limited storage. Most of this building was replaced in 1940 by what is referred to as the Main Building. The third building was built in 1989 and is in need of significant updates.

The Main Building currently is insufficient to meet the needs of today's seniors. The building is old, poorly configured and in constant need of repair. The cost to maintain the facility has nearly doubled over the past ten years. As a result, it has become cost prohibitive to maintain. In fact, over the last ten years, maintenance costs have nearly doubled from \$99,099 in 2001 to \$190,186 in 2011. Moreover, during this same time period, the Applicant has made over \$2 million in capital improvements to the building. Given the high cost of maintaining the building, the Applicant determined the Main Building should be replaced and the third building modernized to meet the needs of today's seniors.

2. Ottawa Pavilion is an existing skilled nursing facility primarily serving residents of LaSalle County. A map of LaSalle County's market area is attached at Attachment – 12A. The primary market area consists of the cities of Ottawa and Marseilles and the secondary market is LaSalle County.
3. The proposed project will ensure residents of LaSalle County have access to high quality skilled nursing facilities and address the need for additional skilled nursing beds in LaSalle County. While the State Board's latest inventory data show an excess of 55 beds in the LaSalle Planning Area this data is misleading. Importantly, the inventory data includes the Illinois Veterans Home at LaSalle ("Illinois Veterans Home"), which is a skilled nursing facility that exclusively serves Illinois war veterans. Excluding Illinois Veterans Home from the need calculation, the revised inventory calculation shows a need for 41 beds in the LaSalle County planning area. See Attachment – 12B. The project will address the need for beds in LaSalle County.
4. The goal of this project is to increase access to high quality, state-of-the-art skilled nursing care to residents of LaSalle County. The Applicant projects that within two years of project completion Ottawa Pavilion will reach and maintain 90% utilization.

LaSalle County PSA Bed Need Calculation

Patient Days per Need Calculation		2018 PSA Planned Use Rates	Planned Average Daily Census	Planned Bed Need (90% Occ)	Adjusted Approved Beds	Bed Need
0-64 Years Old	25,224	381.1	1,133.8	1,260	1,219	41
65-74 Years Old	38,750	4,271.3				
75+ Years Old	347,284	32,397.8				
Less: Illinois Veterans Home		2018 PSA Projected Populations	Approved Beds	1,419		
0-64 Years Old	2,153	106,900	Less: Illinois Veterans Home	200		
65-74 Years Old	2,871	11,500	Adjusted Approved Beds	1,219		
75+ Years Old	29,786	10,000				
Adjusted Patient Days		2018 PSA Planned Patient Days				
0-64 Years Old	23,071	40,742				
65-74 Years Old	35,879	49,120				
75+ Years Old	317,498	323,978				
2008 PSA Estimated Populations						
0-64 Years Old	94,000					
65-74 Years Old	8,400					
75+ Years Old	9,800					
2008 PSA Use Rates (Per 1,000)						
0-64 Years Old	245.4					
65-74 Years Old	4,271.3					
75+ Years Old	32,397.8					
2008 HAS Minimum Use Rates						
0-64 Years Old	381.1					
65-74 Years Old	2,929.4					
75+ Years Old	18,909.4					
2008 HAS Maximum Use Rates						
0-64 Years Old	1,018.3					
65-74 Years Old	7,811.8					
75+ Years Old	50,425.1					

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(a) – Background, Purpose of the Project, and Alternatives

Alternatives

The Applicant explored three options prior to determining to replace the existing facility. The options considered are as follows:

1. Continue the status quo
2. Discontinue the Existing Facility
3. Replace/Modernize the Existing Facility

Continue the Status Quo

The first alternative considered was to maintain the status quo, whereby the existing facility would continue to operate.

The existing facility consists of three contiguous structures. The first building, constructed in 1920, has deteriorated significantly over time and is currently used only for limited storage. Most of this building was replaced in 1940 by what is referred to as the Main Building. The third building was built in 1989 and is in need of significant updates.

The Main Building currently is insufficient to meet the needs of today's seniors. The building is old, poorly configured and in constant need of repair. The cost to maintain the facility has nearly doubled over the past ten years. As a result, it has become cost prohibitive to maintain. In fact, over the last ten years, maintenance costs have nearly doubled from \$99,099 in 2001 to \$190,186 in 2011. Moreover, during this same time period, the Applicant has made over \$2 million in capital improvements to the building. Given the high cost of maintaining the building, the Applicant rejected this option.

Discontinue the Existing Facility

The Applicant also considered discontinuation of the facility. While this alternative would have no cost to the Applicant, it would decrease access to skilled nursing services to residents of LaSalle County. As set forth in Criterion 1110.230(b), adjusting for Illinois Veterans Home, which solely serves Illinois war veterans, there is currently a need for 41 skilled nursing beds in LaSalle County. Discontinuation of Ottawa Pavilion would increase that need to 160 skilled beds. Because the purpose of the project is to improve access to high quality skilled nursing services, the Applicant rejected this option.

Replace/Modernize the Existing Facility

As set forth throughout this application, the existing facility consists of three contiguous structures. The oldest structure was constructed in 1920 and has significantly deteriorated over time so it can only be used for limited storage. In 1940 most of this building was replaced by what is referred to as the Main Building. The Main Building is old, poorly configured and in constant need of repair. Additionally, the third building, which was constructed in 1989 is in need of significant upgrades to meet the needs of today's seniors. The cost to maintain the entire facility has nearly doubled over the past ten years. As a result, it has become cost prohibitive to maintain. In fact, over the last ten years, maintenance costs have nearly doubled from \$99,099 in 2001 to \$190,186 in 2011. Moreover, during this same time period, the Applicant has made over \$2 million in capital improvements to the facility.

The Applicant determined the best use of their capital resources would be to construct a new building, which consist of approximately 58,985 square feet; modernize of the third building, demolish the first building and the Main Building, and construct a Memory Support Center. This alternative will achieve the

two goals of increasing access to high quality skilled nursing care to residents of LaSalle County and providing residents a state-of-the-art facility. According, the Applicant elected to replace and modernize the existing facility.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(a) – Project Scope, Utilization, and Unfinished/Shell Space

Size of the Project

The Applicant proposes to modernize and expand the existing Ottawa Pavilion. Pursuant to Section 1110, Appendix B of the State Board's rules, the State standard is 350 – 570 gross square feet per bed for a total of 45,150 to 73,530 gross square feet for a 129 bed skilled nursing facility. The total gross square footage of the proposed project is 79,168 gross square feet (or 613.7 gross square feet per bed). Although the square footage exceeds the State Standard by 5,638 (or 43.7 gross square feet per bed), as shown on the table attached at Attachment – 14A, this amount is within the range of projects previously approved by the State Board.

Table 1110.234(a)				
SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
General Long-Term Care	79,168 GSF	45,150 – 73,530 GSF	5,638 GSF	Above

**Square Footage of Approved Projects
2000 - 2012**

Project No.	Facility Name	Beds	Nursing GSF	Nursing GSF/Bed
09-077	Asbury Nursing Pavilion & Rehab Ctr (CCRC)	75	24,365	324.9
04-060	Paririview at the Garlands (CCRC)	20	7,080	354.0
05-064	Asbury Nursing Pavilion & Rehab Ctr (CCRC)	75	26,842	357.9
07-011	Rock Island County Care Center	245	95,868	391.3
10-007	Manor Court of Freeport	90	36,170	401.9
02-023	Meridian Village (CCRC)	39	15,897	407.6
02-085	Manor Court of Peru (Campus)	66	27,166	411.6
02-012	Hawthorne Inn of Princeton (Campus)	59	24,400	413.6
01-062	Clinton Manor	60	24,840	414.0
03-063	Hawthorne Inn of Freeport (Campus)	45	18,630	414.0
04-059	Hawthorne Inn of Peoria (Campus)	50	20,700	414.0
04-088	Clinton Manor	74	31,321	423.3
11-013	Bel-Wood Nursing Home	214	90,671	423.7
01-013	John J. Kelly Illinois Veterans' Home	58	25,039	431.7
06-079	Morris Healthcare & Rehab Center	142	62,490	440.1
09-040	Walnut Grove Retirement Community	24	10,808	450.3
11-065	Manor Court of Princeton	125	57,812	462.5
04-019	Oak Hill	131	60,700	463.4
06-048	Church Street Station Skilled Nursing & Living Center	150	75,068	500.5
10-061	Hoopeston Community Memorial Nursing Home	73	37,047	507.5
03-085	Champaign County Nursing Home	209	106,117	507.7
09-030	The Addison Rehab & Living Center	120	61,196	510.0
11-104	McAllister Nursing & Rehab	200	102,937	514.7
05-002	Clare Oaks	120	62,050	517.1
07-084	Palos Hills Extended Care	179	95,094	531.3
07-063	Meridian Village (Campus)	64	34,090	532.7
03-082	Valley Hi Nursing Home	127	68,214	537.1
08-062	Manor Court of Maryville	120	67,000	558.3
12-014	Manor Court of Freeport	97	54,600	562.9
05-003	Apostolic Christian Restmor (Campus)	116	65,440	564.1
05-017	Plymouth Place	86	49,552	576.2
10-015	Smith Crossing (CCRC)	46	26,542	577.0
08-099	Meadowbrook Manor Geneva	150	89,402	596.0
11-006	Transitional Care Center of Arlington Heights	120	71,600	596.7
05-036	Sedgebrook Retirement Community (CCRC)	132	79,773	604.3
11-055	Transitional Care Center of Naperville	120	72,543	604.5
Proposed Project	Ottawa Pavilion (Modernization)	129	79,168	613.7
10-059	Pecatonica Pavilion (CCRC)	24	14,730	613.8
12-005	Hickory Point Christian Village, Forsyth (Campus)	64	39,322	614.4
10-072	Warrior's Gateway	120	74,737	622.8
00-036	Classic Residence by Hyatt at the Glen (CCRC)	38	24,137	635.2
07-065	Fox River Pavilion	99	63,108	637.5
07-102	Alden Estates of Shorewood (Campus)	100	65,300	653.0
07-040	The Mather (CCRC)	37	24,575	664.2
08-080	Concordia Village (Campus)	64	43,005	672.0
08-083	Greenfields of Geneva (Campus)	40	27,297	682.4
10-065	Park Point - South Elgin Healthcare & Rehab	120	82,030	683.6
08-097	Hickory Point Christian Village, Forsyth (Campus)	47	32,519	691.9
07-114	Good Samaritan Home (Campus)	203	142,856	703.7

**Square Footage of Approved Projects
2000 - 2012**

Project No.	Facility Name	Beds	Nursing GSF	Nursing GSF/Bed
11-021	Meadowbrook Manor LaGrange	197	138,902	705.1
02-036	Smith Crossing (CCRC)	30	21,223	707.4
08-086	Springfield Nursing & Rehab Center	75	54,375	725.0
08-082	Victorian Village, Homer Glen (Campus)	50	39,030	780.6
10-003	The Clare at Water Tower (CCRC)	32	25,201	787.5
12-007	Park Place Christian	37	29,318	792.4
08-073	Monarch Landing (Campus)	24	21,134	880.6
07-137	Admiral at the Lake (CCRC)	36	32,292	897.0
11-009	Sedgebrook Retirement Community (CCRC)	88	79,774	906.5
11-008	Mercy Circle (CCRC)	24	23,303	971.0
07-171	Park Place Christian Community of Elmhurst (CCRC)	37	38,251	1,033.8
03-066	St. Joseph Village	54	57,046	1,056.4
Total		5,590	3,151,697	563.8

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(b) – Project Scope, Utilization, and Unfinished/Shell Space

Project Services Utilization

By the second year after project completion, annual utilization at the Ottawa Pavilion shall exceed the State Board's utilization standard of 90%. Pursuant to Section 1125.210(c) of the State Board's rules, general long-term care facilities should operate at or above 90% utilization.

Table 1110.234(b)					
UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
2010	General Long-Term Care	35,823		39,092	No
2011	General Long-Term Care	35,025		39,092	No
2015	General Long-Term Care		43,800	42,377	Yes

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(c) – Project Scope, Utilization, and Unfinished/Shell Space

Unfinished or Shell Space

This project will not include unfinished or shell space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(d) – Project Scope, Utilization, and Unfinished/Shell Space

Assurances

This project will not include unfinished or shell space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section VII – Service Specific Review Criteria
Criterion 1110.1730 – General Long Term Care

1. Criterion 1125.530(b) – Planning Area Need – Service to Planning Area Residents

The primary purpose of the proposed project is to provide high quality skilled nursing services to the residents of Ottawa and the surrounding area in a modern facility. Resident origin information for all admissions for the latest 12-month period is attached at Attachment – 28A. As shown in Table 1125.530(b)(2) below, over 75% of admissions were residents of Ottawa.

Table 1125.530(b)(2)		
Resident Admissions by Zip Code		
June 2011 - May 2012		
Zip Code	City	Residents
61350	Ottawa	203
61341	Marseilles	33
61301	LaSalle	5
61354	Peru	3
61364	Streator	3
60470	Ransom	2
61348	Oglesby	2
61356	Princeton	2
61373	Utica	2
60115	DeKalb	1
60408	Braidwood	1
60450	Morris	1
60477	Tinley Park	1
60481	Wilmington	1
60548	Sandwich	1
60551	Sheridan	1
61008	Belvidere	1
61322	Depue	1
61325	Grand Ridge	1
61358	Rutland	1
61362	Spring Valley	1
62856	Hanaford	1
Total		268

2. Criterion 1125.550 – Planning Area Need – Service Demand – Expansion of General Long-Term Care

- a. As set forth in Table 1125.550(a) below are the annual occupancy rates for Ottawa Pavilion for the past two years.

Table 1125.550(a)			
Annual Occupancy Rate			
Year	Licensed Beds	Patient Days	Occupancy
2010	119	35,823	82.5%
2011	119	35,025	80.6%

- b. Attached at Attachment – 28B are physician referral letters documenting sufficient numbers of referrals to achieve the State Board's 90% utilization standard.

3. Criterion 1125.590 - Staffing Availability

The Ottawa complies with all State and Medicare staffing requirements. As discussed throughout this application, the Applicant seeks authority from the State Board to modernize and expand its existing facility. The Ottawa is licensed and certified to participate in both Medicare and Medicaid. It is fully staffed with an administrator, director of nursing, 8 registered nurses, 8 licensed practical nurses, 49 certified nursing assistants as well as other health and non-health staff. Staffing levels are based upon the needs of the residents. As patient need increases, staffing levels will increase to ensure the needs of all residents are met.

4. Criterion 1125.600 – Bed Capacity

The maximum bed capacity of a general long-term care facility is 250 beds. The Applicant proposes to add 10 beds to its existing 119-bed skilled nursing facility for a total of 129-beds at the modernized facility. Accordingly, this criterion does not apply.

5. Criterion 1125.610 – Community Related Functions

Attached at Attachment – 28C are letters from community groups from the City of Ottawa and surrounding areas supporting the modernization and expansion of Ottawa Pavilion.

6. Criterion 1125.620 - Project Size

The total gross square footage of the proposed project is 79,168 gross square feet (or 613.7 gross square feet per bed). Although the square footage exceeds the State Standard by 5,638 (or 43.7 gross square feet per bed), the additional space is needed due programmatic, clinical and operational needs. The existing facility consists of 42,116 gross square feet and includes 15 private rooms, 46 semi-private rooms, and four three-bed ward rooms. Importantly, the main building has physical constraints that do not allow for effective or efficient modernization. Therefore the majority of the existing facility will be demolished and replaced. The new/modernized facility will include 49 private rooms and 40 semi-private rooms. Additionally, each resident room will have its own bathroom. In addition to the privacy and independence benefits these amenities will provide residents, the clinical benefits include infection control, isolation, and accommodation of residents with dementia or behavioral issues necessitating a private room. Further, private rooms are crucial for hospice residents to allow their families to spend their final days together in a private setting. Likewise, residents who are admitted post-operatively for rehabilitation have difficulty rehabilitating when required to share a room with a long-term resident. Private rooms allow rehab residents to rehabilitate and return to the community more quickly.

7. Criterion 1125.630 – Zoning

Attached at Attachment – 28D is a copy of the ordinance granting a conditional use permit for Ottawa Pavilion..

8. Criterion 1125.640 – Assurances

Attached at Attachment – 28E is a letter from Marshall Mauer, Secretary/Treasurer of Ottawa Pavilion, Ltd. certifying Ottawa Pavilion will achieve and maintain the occupancy standards specified in Section 1125.210(c) by the second year after project completion.

9. Criterion 1125.650(a) – Deteriorated Facilities

High Cost of Maintenance

The existing facility consists of three contiguous buildings. The first building, constructed in 1920, has deteriorated significantly over time and is currently only used for limited storage. With the exception of the current storage area, most of this building was replaced in 1940 by what is referred to as the Main Building. The third building was constructed in 1989 and is in need of modernization. The cost to maintain the Main Building has nearly doubled over the past ten years. As a result, it has become cost prohibitive to maintain the Main Building. As shown in the 2011 Medicaid cost report attached hereto at Attachment – 28F, the Applicant spent \$190,186 in maintenance and repair costs to the Main Building last year compared to \$99,099 in 2001. Moreover, during this same time period, the Applicant has made over \$2 million in capital improvements to the building. Given the high cost of maintaining the building, the Applicant decided the most effective and efficient use of its capital resources is to replace the Main Building and modernize the third building.

Non-Compliance with Life Safety Codes

In addition to the high cost of maintaining the physical plant, the facility has deferred maintenance it can no longer delay. Items of extensive expenses such as automatic fire sprinkler system, corridor doors, exits, egress windows, mechanical systems, and the roof system are either out of compliance with the current licensure code or at the end of their useful life. A copy of the most recent life safety code survey is attached at Attachment – 28G.

Changes in Standards of Care

As set forth above, the majority of Main Building was constructed in 1940 when more institutional settings were the norm. As such, the existing facility only has 15 private rooms, 46 semi-private rooms, and four three-bed wards. Today's seniors expect a more home-like environment with private rooms and baths. The modernized facility will have 49 nine private rooms and 40 semi-private rooms with each resident room having a private bathroom. As part of the modernization, the four three bed wards will be eliminated. Further, the modernized facility will include smaller autonomous households or neighborhoods, which will have their own dining and activity space. Additionally, there will be a Medicare rehabilitation wing with all private rooms for short-term rehabilitation residents. These changes will provide residents with a more state-of-the-art environment, which will allow for greater personalized care.

Additional Space for Diagnostic or Therapeutic Purposes

The modernized facility will include additional space for inpatient and outpatient physical and occupational therapy. The proposed PT/OT area will be located in newly constructed space and will be nearly three times the size of the existing PT/OT space. Further, this area will have a separate entrance. The proposed PT/OT area will be more in line with industry trends of providing more extensive therapy spaces to promote rehabilitation and to allow residents to return to their homes and lives sooner.

10. Criterion 1125.650(d) – Utilization

As set forth in Table 1125.550(a) below are the annual occupancy rates for Ottawa Pavilion for the past two years and the project occupancy rate for the second year after project completion.

Table 1125.650(d)			
Annual Occupancy Rate			
Year	Licensed Beds	Patient Days	Occupancy
2010	119	35,823	82.5%
2011	119	35,025	80.6%
2015	129	43,800	93.0%

June 2011

OTTAWA PAVILION

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	
1	6/2		DW	OFH	P	79P 61350
2	6/2		RD	St. Mary's	M	61341
3	6/3		RB	OFH	IPA	61350
4	6/3		JL	OFH	M	61350
5	6/3		EW	Kishwal. Hosp	PINS	60015
6	6/4		ND	OFH	M	61341
7	6/10		DM	OFH	M	61341
8	6/11		LH	Home	M	61350
9	6/14		JM	OFH	M	61350
10	6/15		FM	OFH	M	61350
11	6/16		AB	OFH	IPA	61350
12	6/16		RD	Melhadist	M	61350
13	6/17		DC	OFH	M	61341
14	6/21		WH	OFH	M	61350
15	6/21		JL	New York	IPA	61350
16	6/22		CN	St. Marg's	M	61350
17	6/22		MC	Home	P	61350
18	6/23		JS	Homeless	IPA	61350
19	6/24		HV	OFH	M	61341
20	6/24		SL	OFH	IPA	61350
21	6/25		ES	OFH	IPA	61350
22	6/25		SW	OSF	PINS	61341
23	6-27		ER	OFH	M	61350
24	6-28		LR	OFH	M	61350
25	6-28		VR	OFH	M	61350
26	6-29		AR	OFH	IPA	61350
27	6-29		CW	OSF	M	61350
28	6-30		VR	OFH	M	61341
29	6-30		VL	OFH	M	61350
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July 2011

OTTAWA

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	ZIP
1	7/2		ED	Methodist	M	61350
2	7/3		LD	ORH	PINS	61350
3	7/6		PL	ORH	M	61341
4	7/7		LC	Home	IPA	61350
5	7/8		GH	Iowa City	M	61322
6	7/8		JA	ORH	M	61350
7	7/10		LN	St. Mary	M	61350
8	7/10		LM	ORH	IPA	61350
9	7/10		JP	ORH	M	61350
10	7/10		H	ORH	M	61350
11	7/10		DD	St. Joas	Pending	61350
12	7/19		JS	ORH	M	61350
13	7/19		KA	ORH	M	61350
14	7/19		SG	ORH	PINS	61350
15	7/23		BS	OSF	M	61341
16	7/22		AW	Home	IPA	60450
17	7/24		LB	ORH	M	61350
18	7/27		PT	ORH	M	61350
19	7/27		WC	OSF	M	61341
20	7/28		BK	OSF	M	61350
21	7/28		MH	OSF	M	61341
22	7/31		EA	ORH	M	61350
23	7/31		VB	Home	P	61350
24	7/31		AA	ORH	M	61350
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116

August 2011

c
OTTAWA PAVILION

ADMISSIONS						
	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	ZIP
1	8/6		L.R.	OSF	M	61350
2	8/8		P.T.	ORH	M	61350
3	8/8		B.J.		M	61350
4	8/9		J.P.	ORH	M	61350
5	8/9		R.B.	ORH	Pins	61350
6	8/10		S.W.	ORH	Pins	61350
7	8/11		B.L.	Alden Estates	M	60477
8	8/11		D.D.	ORH	M	61350
9	8/15		A.S.	OSF	M	61350
10	8/15		H.R.	HOME	M	61350
11	8/16		C.R.	ORH	P	61350
12	8/17		M.M.	ORH	IPA	60408
13	8/18		C.A.	SL Margerets	M	61350
14	8/18		H.K.	HOME	M	61350
15	8/22		R.D.	Methodist	M	61350
16	8/24		S.J.	ORH	Pins	61350
17	8/25		H.R.	SL Joe's	M	61350
18	8/26		J.O.	ORH	PA	60481
19	8/30		L.B.	Home	M	61350
20	8/30		T.K.	ORH	M	61350
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Sept. 2011

C
OTTAWA PAVI

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	Zip
1	9/2		M. G.	Home	M	61350
2	9/3		A. A.	ORH	M	61350
3	9/6		M. J.	ORH	M	61350
4	9/7		L. H.	ORH	M	61350
5	9/8		H. R.	OSF	M	61350
6	9/8		L. D.	PVL	P	61350
7	9/8		M. -	Home	P	61350
8	9/21		E. S.	ORH	M	61350
9	9/2		V. L.	Home	M	61350
10	9/2		D. L.	ORH	M	61341
11	9/2		J. T.	ORH	Pins	61341
12	9/2		A. L.	Heritage Man.	IPA	61364
13	9/2		H. R.	St. Joes	M	61350
14	9/2		C. P.	OSF	M	61341
15	9/2		P. S.	ORH	IPA	61350
16	9/2		L. M.	ORH	P	61350
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October 2011

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OTTAWA PAVILION

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	
1	10/1		AB	ORH	M	61350
2	10/4		ER	ORH	M	61350
3	10/7		DM	ORH	P	61341
4	10/8		SS	ORH	P	61350
5	10/10		LV	Home	P	61350
6	10/11		PD	ORH	M	61341
7	10/11		MG	ORH	M	60450
8	10/11		LH	ORH	M	61341
9	10/6		AB	ORH	M	61350
10	10/12		PK	ORH	M	61350
11	10/12		BT	OSF	M	61350
12	10/13		FD	St. Joss	M	61341
13	10/14		DR	Home	P	61350
14	10/15		JP	Home	Pend	61341
15	10/16		RD	ORH	M	61350
16	10/18		ML	ORH	P	61350
17	10/18		JY	OSF	M	61350
18	10/19		WH	Home	IPA Hospice	60450
19	10/21		DS	ORH	IPA	61350
20	10/23		PD	ORH	M	61350
21	10/25		JH	OSF	M	61350
22	10/26		BM	ORH	IPA	61350
23	10/27		MR	OSF	M	61341
24	10/28		LG	ORH	IPA	61350
25	10/28		ND	ORH	M	61341
26	10/31		RV	ORH	M	61350
27	10/31		JG	Home	P	61350
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Zip

611

November 2011

C
OTTAWA PAVILION

Initials of Resident ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	Zip
1	11/1	CB		ORH	M	61341
2	11/2	TS		ORH	M	61350
3	11/4	SG		HOME	IPA	61350
4	11/5	R42		ORH	M	61350
5	11/8	CK		ORH	PEND	61350
6	11/8	AB		ORH	M	61341
7	11/14	AD		ORH	M	61341
8	11/17	MP		S.A.HOSP.	M	61008
9	11/21	DS		ORH	PEND	61350
10	11/22	MD		ST.MARY	M	61344
11	11/23	WR		FRANKLIN	M	61350
12	11/25	EK		ORH	M	61350
13	11/25	IG		ORH	M	61350
14	11/25	IG		IVCH	M	61350
15	11/27	IM		HOME	PEND	61341
16	11/28	RJ		MORRIS	M	61350
17	11/28	BD		ST.MARY	M	61350
18	11/28	TR		ORH	M	61350
19	11/29	RW		ORH	M	61341
20	11/30	BO		IVCH	M	61373
21	11/30	CW		ORH	IPA	61350
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December 2011

C
OTTAWA PAVILION

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	
1	12/1		J. K.	WCH	M	61354
2	12/2		M. D.	ORH-ER	PEND	61350
3	12/7		W. A.	ORH-ER	PEND	61350
4	12/9		G. L.	MANOR C	M	61301
5	12/10		M. H.	ORH	M	61350
6	12/10		D. C.	HERT WOODS	P	61350
7	12/12		J. O.	ST MARGRET	M	61350
8	12/12		D. B.	EDWARD HOSP	M	60548
9	12/14		A. M.	HOME	P HOSPICE	61350
10	12/14		B. M.	MANOR C	ORH	61350
11	12/14		A. A.	ORH	IPA	61350
12	12/15		S. A.	ORH	M	61350
13	12/16		J. S.	ORH	M	61350
14	12/19		M. K.	ORH	M	61350
15	12/20		R. J.	MORRIS	M	61341
16	12/22		M. D.	ORH	HOME	61350
17	12/24		M. L.	ORH	M	61350
18	12/27		G. H.	HOME	IPA	61350
19	12/28		F. G.	ORH	M	61350
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125

OTTAWA PAVILION RECEIPT

017/024

January 2012 pg 1

C
OTTAWA PAVILION

ADMISSIONS

	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	Zip Code
1	1/4		E.R.	ORH	M	61350
2	1/4		P.K.	ORH	M	61350
3	1/5		S.A.	ORH	PEND	61350
4	1/8		M.K.	ORH	M	61350
5	1/8		M.C.	ORH	IPA	61341
6	1/9		M.W.	ST MARY'S	M	61354
7	1/10		W.R.	ST MARY'S	M	62856
8	1/11		N.T.	HER WOODS	PEND	61348
9	1/11		D.E.	ORH	P	61350
10	1/11		R.G.	ORH	IPA	61350
11	1/13		L.H.	ORH	PEND	61350
12	1/13		J.S.	ORH	IPA	61325
13	1/14		B.Y.	ORH	M	61350
14	1/16		J.M.	ORH	PINS	61348
15	1/17		J.P.	ORH	MC	61350
16	1/17		J.R.	ORH	MC	61350
17	1/17		G.L.	ORH	MC	61350
18	18-Jan		E.K.	ORH	M	61350
19	1/19		B.M.	ORH	M	61350
20	1/19		M.K.	ORH	M	61350
21	1/19		A.R.	ORH	M	61350
22	1/20		S.G.	HOME	P	61341
23	1/20		S.R.	HOME	M	61350
24	1/20		P.K.	ORH	M	61350
25	1/20		H.R.	OSF	PENC	61350
26	1/21		R.T.	MORRIS	M	61341
27	1/21		H.	ORH	IPA	61350
28	1/21		" DR	HOME	P	61350
29	1/22		E.C.	ORH	M	61350
30	1/22		F.S.	ORH	M	61350
31	1/24		P.R.	IVCH	M	61362

Feb. 2012

C
OTTAWA PAVILION

ADMISSIONS						
	DATE	ROOM #	NAME	ADMIT FROM	PAYOR	Zipcode
1	2/1		A.S.	ORH	N	61350
2	2/1		J.A.	PROCTOR	N	61350
3	2/2		E.M.	ORH	N	61350
4	2/3		L.H. E	ORH	PINS	61350
5	2/3		D.B.	ORH	N	61350
6	2/4		M.G.	HOME	F	61350
7	2/4		A.M.	HOME	P	61350
8	2/6		G.L.	ORH	N	61341
9	2/8		T.F.	ORH	N	61350
10	2/11		M.H.	HOME	N	61350
11	2/14		L.D.	ORH	N	61350
12	2/15		M.P.	IVCH	PEND	61350
13	2/16		M.G.	ORH	F	61350
14	2/17		F.T.	HOME	F	61350
15	2/18		K.N.	ORH	N	61350
16	2/21		C.M.	ST. JAMES	P-HOSPICE	61364
17	2/22		J.S.	ORH	MC	61350
18	2/24		J.S.	PVL	N	61350
19	2/25		E.K.	ORH	N	61350
20	2/27		L.B.	ORH	N	61350
21	2/29		C.N.	ORH	P	61350
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March 2012

RES INITIALS	ADMT DATE	REFERRING FACILITY	REFERRING PHYSICIAN	RES ZIP CODE	RE-ADMIT
J.W.	3-1-12	DSF St. Eliz.		61350	
E.B.	3-3-12	Home		61350	
W.F.	3-6-12	DSF St. Eliz.		61350	
E.K.	3-7-12	DSF St. Eliz.		61350	✓
S.R.	3-9-12	DSF St. Eliz.		61341	
D.O.	3-10-12	St. Joe's		61341	
G.L.	3-11-12	DSF St. Eliz.		61361	✓
A.K.	3-12-12	DSF St. Eliz.		61350	✓
M.W.	3-13-12	DSF St. Eliz.		61350	
R.J.	3-14-12	DSF St. Eliz.		61341	
R.D.	3-16-12	DSF St. Eliz.		61350	✓
J.P.	3-16-12	DSF St. Eliz.		61341	✓
E.S.	3-16-12	DSF St. Eliz.		61350	✓
P.K.	3-17-12	DSF St. Eliz.		61350	
M.O.	3-19-12	Home		61350	
E.R.	3-19-12	DSF St. Eliz.		61350	✓
B.J.	3-21-12	DSF St. Eliz.		61350	✓
R.M.	3-26-12	DSF St. Eliz.		613470	
K.R.	3-28-12	Home		61351	
E.R.	3-28-12	DSF Peoria		61350	✓
M.S.	3-31-12	DSF St. Eliz.		61350	

124

May 2012
pg. 1

RES INITIALS	ADMT DATE	REFERRING FACILITY	REFERRING PHYSICIAN	RES ZIP CODE	READMIT
B.Y.	5-1-12	OSF St. Elizabeth's		61350	✓
L.T.	5-1-12	Home		61350	
M.S.	5-1-12	OSF St. Elizabeth's		61350	
D.S.	5-2-12	OSF St. Elizabeth's		61350	
M.S.	5-3-12	Pleasant View		61350	
L.R.	5-5-12	Home		61350	
E.C.	5-9-12	Home		61350	
M.C.	5-10-12	OSF Prairie		61301	
D.R.	5-11-12	IVCH		61350	
G.R.	5-11-12	OSF St. Elizabeth's		61350	
M.R.	5-12-12	TVC-T		61350	
L.D.	5-13-12	OSF St. Elizabeth's		61350	
M.R.	5-13-12	OSF St. Elizabeth's		61350	
M.S.	5-13-12	OSF St. Elizabeth's		61350	✓
M.S.	5-15-12	OSF St. Elizabeth's		61350	✓
B.E.	5-15-12	OSF St. Elizabeth's		61350	
Z.D.	5-15-12	OSF St. Elizabeth's		61350	
P.Y.	5-16-12	OSF St. Elizabeth's		61350	✓
J.F.	5-17-12	OSF St. Elizabeth's		61350	
R.P.	5-18-12	OSF St. Elizabeth's		61350	
H.M.	5-18-12	OSF St. Elizabeth's		61350	
M.F.	5-18-12	OSF St. Elizabeth's		61350	
R.W.	5-20-12	OSF St. Elizabeth's		61350	✓



Michael K. Harney, D.O.
719 Canal Street
Ottawa, Illinois 61350
(815) 433-1954

February 9, 2009

Ottawa Pavilion
Margie Lyle
800 E. Center St
Ottawa, IL 61350

Re: Ottawa Pavilion

Dear Margie;

This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 4 patients to Ottawa Pavilion, Ltd for 2008.

I believe I would be able to refer in the future at least two to six patients per year to your facility for nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely;

A handwritten signature in cursive script that reads "Michael K. Harney".

Michael K. Harney DO

Attachment - 28B



Ottawa Regional

Hospital & Healthcare Center

Raul V. Guerrero, MD
Internal Medicine
Board Certified
1050 E. Norris Drive, Suite 2B
Ottawa, IL 61350
(815) 433-2606
Fax: (815) 433-9448

February 9, 2009

Ottawa Pavilion
Margie Lyle
800 E. Center St.
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie,

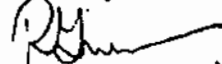
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 11 patients to Ottawa Pavilion, Ltd. For 2008.

I believe I would be able to refer in the future at least 5 to 10 patients per year to your facility of nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely,


_____, M.D.
Dr. Guerrero



Ottawa Regional

Hospital & Healthcare Center

Cynthia A. Cabalfin, MD

Internal Medicine

Board Certified

1050 E. Norris Drive, Suite 2B

Ottawa, IL 61350

Phone: (815) 433-2606

Fax: (815) 433-9448

February 11, 2009

Ottawa Pavilion
Margie Lyle
800 E. Center St.
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie,

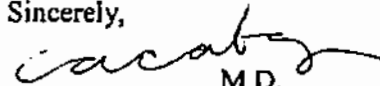
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 6 patients to Ottawa Pavilion, Ltd. For 2008.

I believe I would be able to refer in the future at least 6 to unlimited depending on need, per year to your facility of nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely,


_____, M.D.
Dr. Cabalfin



1614 East Norris Drive ■ Ottawa, IL 61350
815-433-1010
FAX 815-433-0067

Ottawa Pavilion
Margie Lyle
800 E. Center St.
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie

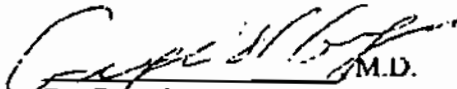
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

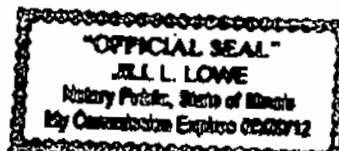
A cursory review of our files indicated that I have previously referred approximately 2 patients to Ottawa Pavilion, Ltd. for 2008.

I believe I would be able to refer in the future at least 2 to 5 patients per year to your facility for nursing care.

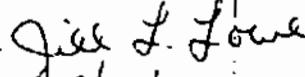
The above information is true and accurate to the best of my knowledge.

Sincerely,


Dr. Georgiev M.D.



(NOTARIZE)


2/10/09

FAMILY PRACTICE
Brian S. Rosborough, MD, ABFM
J. Naila Bhurgri, MD, ABFM
Adriana P. Dumitrescu, MD, ABFM
George S. Georgiev, MD, ABFM

INTERNAL MEDICINE AND PEDIATRICS
Geoffrey G. Capes, MD, ABIM, ABP
PEDIATRICS
Pamela L. St.clair, MD

INTERNAL MEDICINE
David O. Manigold, MD, ABIM
Robert B. Maguire, MD, FACP
Ronal I. Gandhi, MD, ABIM



1614 East Norris Drive ■ Ottawa, IL 61350
815-433-1010
FAX 815-433-0067

February 6, 2009

Ottawa Pavilion
Margie Lyie
800 E. Center Street
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie;

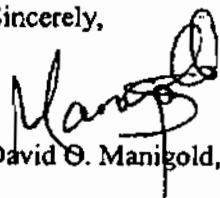
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 51 patients to Ottawa Pavilion, Ltd. for 2008.

I believe I would be able to refer in the future at least 50 to 75 patients per year to your facility for nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely,



David O. Manigold, M.D.

FAMILY PRACTICE

Brian S. Rosborough, MD, ABFM
J. Naila Bhurgui, MD, ABFM
Adriana P. Dumitrescu, MD, ABFM
George S. Georgiev, MD, ABFM

INTERNAL MEDICINE AND PEDIATRICS

Geoffrey C. Capes, MD, ABIM, ABP

PEDIATRICS

Pamela L. St.clair, MD

INTERNAL MEDICINE

David O. Manigold, MD, ABIM
Robert B. Maguire, MD, FACP
Ronal I. Gandhi, MD, ABIM



1614 East Norris Drive ■ Ottawa, IL 61350
815-433-1010
FAX 815-433-0067

Ottawa Pavilion
Margie Lyle
800 E. Center St.
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie

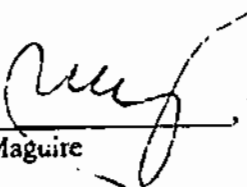
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 15 patients to Ottawa Pavilion, Ltd. for 2008.

I believe I would be able to refer in the future at least to 15 patients per year to your facility for nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely,


_____, M.D.
Dr. Maguire

FAMILY PRACTICE

Brian S. Rosborough, MD, ABFM
J. Naila Bhargi, MD, ABFM
Adriana P. Dumitrescu, MD, ABFM
George S. Georgiev, MD, ABFM

INTERNAL MEDICINE AND PEDIATRICS

Geoffrey C. Capes, MD, ABIM, ABP

PEDIATRICS

Pamela L. St. Clair, MD

INTERNAL MEDICINE

David O. Manigold, MD, ABIM
Robert B. Maguire, MD, FACP
Rumal I. Gandhi, MD, ABIM



1614 East Norris Drive ■ Ottawa, IL 61350
815-433-1010
FAX 815-433-0067

Ottawa Pavilion
Margie Lyle
800 E. Center St.
Ottawa, IL 61350

RE: Ottawa Pavilion

Dear Margie

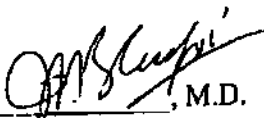
This letter is to serve as my confirmation of my support for 129 general long-term beds to the above referenced facility in Ottawa, Illinois.

A cursory review of our files indicated that I have previously referred approximately 4 patients to Ottawa Pavilion, Ltd. for 2008.

I believe I would be able to refer in the future at least 10 to 15 patients per year to your facility for nursing care.

The above information is true and accurate to the best of my knowledge.

Sincerely,


_____, M.D.
Dr. Bhurgri
2/6/09

FAMILY PRACTICE

Brian S. Rosborough, MD, ABFM
J. Naila Bhurgri, MD, ABFM
Adriana P. Dumitrescu, MD, ABFM
George S. Georgiev, MD, ABFM

INTERNAL MEDICINE AND PEDIATRICS

Geoffrey G. Capes, MD, ABIM, ABP

PEDIATRICS

Pamela L. Slclair, MD

INTERNAL MEDICINE

David O. Manigold, MD, ABIM
Robert B. Maguire, MD, FACP
Ronal I. Gandhi, MD, ABIM

DISTRICT OFFICE:
103 FIFTH STREET
PO BOX 260
PERU, ILLINOIS 61354
(815) 220-8720
FAX: (815) 220-8721

CAPITOL OFFICE:
105E STATE HOUSE
SPRINGFIELD, ILLINOIS 62706
(217) 782-3840
FAX: (217) 782-4079

senatordahl38@yahoo.com
www.dahl.senate.gov.org



GARY G. DAHL
STATE SENATOR - 38TH DISTRICT

COMMITTEES:

MINORITY SPOKESPERSON
AGRICULTURE

MEMBER:

LOCAL GOVERNMENT

COMMERCE & ECONOMIC
DEVELOPMENT

LICENSED ACTIVITIES

STATE GOVERNMENT
& VETERANS AFFAIRS

August 6, 2009

Illinois Health Facilities Planning Board
525 West Jefferson Street
Springfield, IL 62761

RE: Ottawa Pavilion, Ltd, Certificate of Need

Members of the Board:

I am pleased to offer my support of the new facility to be constructed in Ottawa, IL by Ottawa Pavilion, Ltd. This project presents an opportunity for additional jobs, capital investment and will increase the property tax base for the local schools, the city of Ottawa and LaSalle County.

None of these benefits will be possible without the approval of the CON by this Board. In these tough economic times the additional work for the construction trades is certainly needed. There is also the preservation of the jobs of the current employees of Ottawa Pavilion, Ltd. that are in jeopardy if the new facility is not completed. The financing for the project is also contingent upon the issuance of a CON.

This new facility will be possible only with this Board's issuance of the CON and therefore I urge you to give this CON top priority and a quick approval.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary G. Dahl".

Gary Dahl
State Senator

Attachment - 28C

CAPITOL OFFICE

261-S STRATTON BUILDING
SPRINGFIELD, IL 62706
217-782-0140
217-557-7680 FAX

DISTRICT OFFICE

221 E. ST. PAUL STREET
SPRING VALLEY, IL 61362
815-664-2717
815-663-1629 FAX



FRANK J. MAUTINO
ASSISTANT MAJORITY LEADER
STATE REPRESENTATIVE • 76th DISTRICT

Email

Springfield Office - klarge@hds.ilga.gov
Spring Valley Office - patti76th@ivnet.com

August 26, 2009

COMMITTEES

Appropriations General Services
Insurance
Revenue & Finance - Vice Chair
Tollway Oversight

CHIP Board

Legislative Audit Commission - Chairman
Private Sewage Disposal Review Commission

TO WHOM IT MAY CONCERN:

I would like this letter of support be considered on behalf of Ottawa Pavilion Ltd.
800 East Center Street, Ottawa, Illinois 61350, Telephone 815-434-7144, a Skilled
Nursing & Rehabilitation facility serving the City of Ottawa and the LaSalle County
area since 1964.

This licensed skilled nursing facility has been an integral part of the community
and a major employer in Ottawa, providing jobs to over 120 individuals. Since
their original structure is over seventy years old maintaining the physical plant
has become increasingly more difficult as it has reached the end of its useful life.
Furthermore, the building will be out of compliance with Federal and State Life
Safety code guidelines and requirements by 2012.

Their new, state of the art facility will be very beneficial for the City of Ottawa,
LaSalle County and the surrounding area. The additional services the new facility
will provide will enable them to hire more employees and therefore increase
employment in these times of high unemployment. In addition to having a new
state of the art therapy center, they will also have a fitness and community
center open to the public.

Therefore, I am honored and proud to present this letter of recommendation on
behalf of Ottawa Pavilion Ltd. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Frank J. Mautino".

FRANK J. MAUTINO
Asst. Majority Leader
State Representative - 76th District



Ottawa Regional
Hospital & Healthcare Center

February 26, 2009

Ottawa Pavilion, Ltd.
ATTN: Margie Lyle
300 E. Center Street
Ottawa, IL 61350

Dear Margie:

Ottawa Regional Hospital and Healthcare Center is supportive of the Ottawa Pavilion, Ltd. and the excellent quality of care that is provided.

We are proud that Ottawa has this facility available to our residents and we are happy to offer our support of the expansion/renovation of Ottawa Pavilion, Ltd.

Sincerely,

Robert A. Chaffin
President

RAC:mke



Ottawa Regional
Hospital & Healthcare Center

March 27, 2009

Ottawa Pavilion, Ltd.
ATTN: Margie Lyle
800 E. Center Street
Ottawa, IL 61350

Dear Margie:

Ottawa Regional Hospital and Healthcare Center is supportive of the Ottawa Pavilion, Ltd. and the excellent quality of care that is provided by your organization. We understand that your current two-story building was built in approximately 1939 as a TB Sanitarium. The existing building has no central air conditioning, includes only community rest rooms and shower rooms on the resident floors, and does not have a sprinkler system. This building is definitely outdated. A new, state-of-the-art building which includes sitting rooms, family dining areas, and snack stations, along with rooms that will have their own private bath/shower facilities is greatly needed for the Ottawa Pavilion. Patient care and quality of care are of the utmost importance, and we offer our support of the expansion/renovation of Ottawa Pavilion, Ltd.

Sincerely,

Robert A. Chaffin
CEO

RAC:mke



Ottawa Regional
Hospital & Healthcare Center
Ottawa Regional Home Health/Hospice

3/2/09

Ottawa Pavillion Ltd.,
800 E. Center St.
Ottawa, IL 61350

To Whom it May Concern,

We have found Ottawa Pavillion to be very helpful when placing patients in their facility. We appreciate their professionalism and caring attitudes toward our patients, whether patient is being placed for short term Hospice care or long term residential status.

Ottawa Regional Hospice partnered with Ottawa Pavilion to facilitate a designated hospice room. The results were great, a beautiful private room with all the comforts of home emerged, and a relaxed atmosphere for family was provided. Hospice staff and Hospice families appreciated having the use of this room and expressed gratitude that the room was provided.

Your staff seem to have that "extra something", when helping someone, whether answering a billing question, explaining a medication, expanding a rehab procedure or giving a referral, it is apparent that patient need always comes first.

Good luck with your renovation project and keep up the good work.

Sincerely,

Kris Thomas
Patient Services Director
Community Health Services

City Commissioners
Daniel F. Aussem
Accounts & Finance

Edward V. Whitney
Public Health & Safety

Dale F. Baxter
Streets & Public Improvements

Wayne A. Eichelkraut, Jr.
Public Property

CITY OF OTTAWA

ROBERT M. ESCHBACH
MAYOR

301 W. MADISON STREET, OTTAWA, ILLINOIS 61350



Paul Leigh & Kopko
Corporation Counsel

Donald J. Harris
City Treasurer

David A. Noble
City Engineer

Shelly L. Munks
City Clerk

Phone: 815-433-0161
Fax: 815-433-2270
www.cityofottawa.org

April 7, 2009

Ottawa Pavilion
Margie Lyle
800 East Center Street
Ottawa, Illinois 61350

Dear Margie:

The City of Ottawa is excited to learn of the proposed plans for expansion of the facilities at Ottawa Pavilion to better serve area residents. I understand the project will provide private restrooms, family rooms, snack areas and private dining rooms for family gatherings, and a sprinkler system, as well as a 5,900 square foot therapy center and renovation of the 70 year old structure that has an antiquated boiler system.

The City of Ottawa supports this renovation project that will enhance the quality of care provided to residents.

Very truly yours,

Robert M. Eschbach
Mayor

RME/kjc

"The City Where Lincoln Walked"

LaSalle County Nursing Home
1380 North 27th Road
Ottawa, IL 61350

Adrienne Erickson,
Administrator

April 1, 2009

Ottawa Pavilion, Ltd.
800 East Center Street
Ottawa, IL 61350

Dear Margie,

Thank you for your letter of March 23, 2009. I would be happy to assist you in your endeavor. The average daily census of LaSalle County Nursing Home is 94%.

We send best wishes to you, your staff, and the residents at Ottawa Pavilion for a happy and healthy spring season.

Sincerely,


Adrienne Erickson,
Administrator



Pleasant View
A Lutheran Life Community

March 27, 2009

Dear Margie Lyle,

Pleasant View is currently licensed for 164 beds. Our average occupancy is 80%.

Sincerely,

Cindy Duncan

Administrator

505 College Avenue • Ottawa, IL 61350
(815) 434-1130 • fax (815) 434-3838
www.pvOttawa.org

Celebrating God's Gift of Aging



Ottawa Area Chamber of Commerce & Industry

PO Box 688, 633 E. LaSalle Street, Suite 401, Ottawa, IL 61350

Phone 815-433-0084 Fax 815-433-2405 Email info@ottawachamberillinois.com

January 29, 2009

Ottawa Pavilion, Ltd
Attn: Margie Lyle
800 East Center Street
Ottawa, Illinois 61350

Dear Ms Lyle:

The Ottawa Area Chamber of Commerce and Industry strongly endorses Ottawa Pavilions announcement of building a state of the art, new 68,000 square foot facility to replace the original building erected in 1938.

By doing so, Ottawa Pavilion will greatly enhance its ability to serve and provide quality care for our aging population and stay current in this competitive world. In addition, this provides the City and the Chamber another tool in their tool box to show prospective companies and individuals that Ottawa has the resources and entities to serve them, whatever their needs.

The Chamber looks forward to "cutting the ribbon" when you open the doors to your new building.

Sincerely,

Boyd Palmer
Executive Director
Ottawa Area Chamber of Commerce and Industry

Shop in Ottawa. Eat in Ottawa. Thrive in Ottawa.

STATE OF ILLINOIS
Pat Quinn
Governor

GUARDIANSHIP & ADVOCACY COMMISSION

Dr. Mary L. Milano, Director

HUMAN RIGHTS AUTHORITY
LEGAL ADVOCACY SERVICE
OFFICE OF STATE GUARDIAN



February 23, 2009

To Whom It May Concern:

The Office of State Guardian has at least two wards at Ottawa Pavilion for over 20 years. We currently have four wards that receive care at Ottawa Pavilion. With our most recent ward admission to Ottawa Pavilion, I chose this nursing home for our ward, knowing he would receive the care and TLC he so desperately needs and thrives on.

I am very pleased with the attention and medical care our wards receive at Ottawa Pavilion. I have found the staff, from Housekeeping, CNAs, Nursing, Social Services and Care Plan Coordinator, PT, and Administration, very helpful and accommodating to my questions and concerns. They have worked with me to address the service needs of my wards and have been proactive to ensure that each of them is treated with respect and compassion.

I understand they are pursuing building a new state of the art facility where they can serve their residents. This plan would benefit all of the people living at Ottawa Pavilion. Having up to date equipment and rooms would enhance the services they provide. An immediate improvement would be in the bedrooms, which would be brighter and larger, allowing easier movement of staff and equipment while providing care in the rooms. Their current building is very old and foreboding. Though staff provide cheery dispositions, the building itself does not enhance their overall attitude/presence.

I am fully behind this endeavor and hope that this pursuit becomes a reality. Thank you for giving me the opportunity to give some thanks to Ottawa Pavilion and their outstanding care and nurturing they provide to the residents that live there.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jane Browning".

Jane Browning, Guardianship Representative
Office of State Guardian

ROCKFORD REGIONAL OFFICE

- ◆ 4302 North Main Street ◆ Rockford, IL 61103-5202
- ◆ Telephone (815) 987-7657 ◆ Fax (815) 987-7227
- ◆ Statewide Toll Free Intake (866) 274-8023 ◆ Statewide TTY (866) 333-3362





OTTAWA FIRE DEPARTMENT

301 W. LAFAYETTE • OTTAWA, IL 61350

PH (815) 434-3785 • FAX (815) 434-3805



JAMES R. DUBACK, FIRE CHIEF

Ms. Margie Lyle
Ottawa Pavilion, Ltd.
800 East Center Street
Ottawa, IL 61350

Re: Construction, Major renovation plans

Dear Margie,

The news of plans for Ottawa Pavilion, Ltd. to replace the existing 70 plus year old building with a completely new state of the art facility is exciting to say the least. We have spoken of the possibility for this concept to become a reality before, and I am very pleased for all of you involved with maintaining the Pavilion that these major renovation plans are becoming reality.

With 25 years of service with the Fire Department I have been in your facility hundreds of times, not only as an EMT on Medic calls, but as a Fire Officer responding to alarm panel activation. The staff of Ottawa Pavilion has shown professionalism and genuine compassionate care to our people at the Department as well as all of their residents.

At a more personal level my grandmother spent her final years at your facility (then Ottawa Care) in the late 1970's and early 1980's. I visited her several times a week and always found our concerns responded to with caring and sensitive staff. My mother is presently living in the Annex, and has grown to like the care and special attention she obviously needs at this stage of her life. Her sister lived most of her final 18 months there and received constant and comforting care the entire time.

I will fully support this huge undertaking throughout the entire process. As Fire Chief I will be involved with Design Review, along with our City Planner, Building Official, and Engineers. This Community will be well served for generations to come with such a facility, and I am pleased that Ottawa Pavilion Ltd. is willing to continue its service with such an investment in our community. If there is anything you need from the City of Ottawa throughout this entire undertaking, please feel free to call me at anytime, as I will do all I can to help with the many challenges ahead of you. I wish you the best.

Sincerely,

James R. Duback, Fire Chief
City of Ottawa



"Combining wisdom from the past with vision for the future."

Bridges Community Center

221 West Etna Rd.

Ottawa, IL 61350

(815) 431-8034

Alternatives
for the Older Adult

2-24-2009

RE: Ottawa Pavilion Ltd.

To Whom It May Concern:

Bridges Senior Center, a program of Alternatives For The Older Adult, supports Ottawa Pavilion's efforts to provide quality care for senior citizens.

By undergoing major renovations to the facility they will be able to offer excellent health care with state of the art technology. At the same time the new building will allow residents and their families to enjoy a home like atmosphere.

The improvements made to Ottawa Pavilion Ltd. will also be a great asset to the Ottawa community.

Bridges Senior Center endorses quality care for senior citizens.

Sincerely,

Jennifer Johnson
Bridges Senior Center Coordinator
221 W. Etna road
Ottawa, IL. 61350

DONALD P. MAMMANO, D.C., F.A.C.O.
- MEDICAL CORPORATION -
DIPLOMATE OF THE AMERICAN BOARD OF CHIROPRACTIC ORTHOPEDICS
ORTHOPAEDICS & SPORTS MEDICINE
MANIPULATION UNDER ANESTHESIA
1304 GEMINI CIRCLE, SUITE 2
OTTAWA, ILLINOIS 61350
TELEPHONE: (815) 434-5555
FAX: (815) 434-5568
WEBSITE: WWW.DRMAMMANO.COM
E-MAIL: DCLTD@aol.com

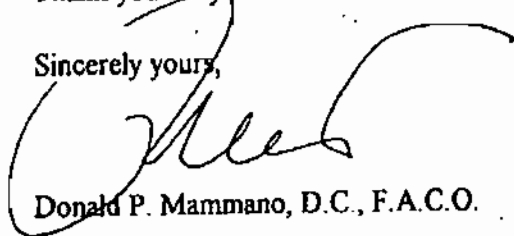
February 25, 2009

To Whom it May Concern:

As a practicing physician of 35 years, and an Ottawa resident of 31 years, I am more than familiar with the Ottawa Pavilion facility. Over the years, it has served a remarkable number of residents of Ottawa and the surrounding areas who are also my patients. It provides a necessary and vital function to this area. The current facility is old and must be replaced, in order for the Pavilion to continue to provide excellent and necessary services. Therefore I request that you respond with approval for the updating, improving and replacing of the current facilities.

Thank you for your attention to this matter. I remain,

Sincerely yours,



Donald P. Mammano, D.C., F.A.C.O.

DPM/cm

City Commissioners
Daniel F. Aussem
Accounts & Finance

Edward V. Whitney
Public Health & Safety

Dale F. Baxter
Streets & Public Improvements

Wayne A. Gehelkraut, Jr.
Public Property

CITY OF OTTAWA

ROBERT M. ESCHBACH
MAYOR

301 W. MADISON STREET, OTTAWA, ILLINOIS 61350



Paul Leigh & Kopko
Corporation Counsel

Donald J. Harris
City Treasurer

David A. Noble
City Engineer

Shelly L. Munks
City Clerk

Phone: 815-433-0161
Fax: 815-433-2270
www.cityofottawa.org

February 3, 2009

Margie Lyle
Ottawa Pavilion, Ltd.
800 East Center Street
Ottawa, Illinois 61350

Dear Ms. Lyle;

Ottawa Pavilion is and has been providing quality care in Ottawa for many years and has become part of the backbone of the fabric that makes up the residential choices for our senior citizens.

The City of Ottawa is excited to hear of the upcoming construction of a 68,000 s.f. facility to replace the existing 9,700 s.f. one that has served thousands of patients over these many decades. We fully support this project and the efforts that will be made to bring the facility up to today's standards and fulfill the needs of our elderly population.

As the times we now live in have changed, the need for facilities such as yours is so much greater than generations ago. The City is pleased to know that this site is being planned for Ottawa and we look forward to working with you as the new building is constructed and brought into service for so many residents seeking a home-like atmosphere when needing to leave their own.

Sincerely,

David A. Noble
City Engineer & Director
of Community Development

DAN:ncs

April 13, 2009

To whom it may concern:

I am writing this letter to express my concern for the good of the community, as well as my family. There is a great need for Ottawa Pavilion. However, the building is beyond repair, and much outdated. We as a community need a new one. Many people here will one day rely on this home. Many families I know already have.

I express my feelings and concerns as someone who has experienced the need already.

Sincerely,

Rev. Raymond A. Reynolds Sr.

Rev. Raymond A. Reynolds Sr.



Ottawa Pavilion, Ltd.

June 25, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: General Long-Term Care Assurances

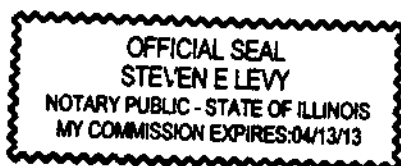
Dear Chairman Galassie:

Pursuant to 77 Ill. Admin. Code § 1125.640(a), I hereby certify that by the second year after project completion Ottawa Pavilion will achieve and maintain 90% target utilization as specified in 77 Ill. Admin. Code 1125.210(c).

Sincerely,

Marshall A. Maurer
Secretary/Treasurer
Ottawa Pavilion, Ltd.

Subscribed and sworn to me
This 25th day of JUNE, 2012

Notary Public

800 East Center Street
Ottawa, Illinois 61350
Tel 815.434.7144
Fax 815.434.2376
www.dynamiche.com

Attachment – 28D

**AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT
(Ottawa Pavilion)**

WHEREAS, the Plan Commission of the City of Ottawa, Illinois, at a public hearing in the Council Room of the City of Ottawa, at 7:05 P.M., July 27, 2009, pursuant to notice of the time and place of hearing by publication in The Times of Ottawa, Illinois, met to hear evidence with respect to a petition filed by Ottawa Pavilion, as owner, requesting that certain premises be granted a conditional use permit to increase the size of the existing nursing home, thereof.

WHEREAS, the Plan Commission of the City of Ottawa, Illinois, having heard the evidence produced at such public hearing recommended to the City Council of the City of Ottawa, Illinois, that the Petition be granted and said premises be granted a conditional use permit to increase the size of the existing nursing home.

WHEREAS, the City Council of the City of Ottawa, Illinois finds that the granting of a conditional use permit to increase the size of the existing nursing home, would be in the best interest of the public safety, convenience, and general welfare, and would be in harmony with the intent of the Zoning Ordinance and therefore finds that the premises hereinafter described should be granted a conditional use permit to increase the size of the existing nursing home, conditional on the landscape plan being submitted, in conformity with the recommendation of the Plan Commission of the City of Ottawa, Illinois.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OTTAWA, ILLINOIS, AS FOLLOWS:

Section One: The foregoing preambles are incorporated herein by reference as if set forth verbatim.

Section Two: The premises described as follows, to wit:

Block 8 in Highland Park, in the Town of South Ottawa (excepting therefrom the following: (A) that part of Lot 1 in Block 8 in Highland Park in the Town of South Ottawa, lying North of the North line of the right of way of the Chicago, Ottawa, and Peoria Railway Company and B) that part of Lot 1, Block 8 in Highland Park Addition described as follows: Commencing at a point on the west line of Lot 1, 108.5 feet from the Northwest corner of said Lot 1, thence South along said West line of said Lot 1, 17.0 feet to a point, thence East 36.85 feet to a point, thence North 65 degrees 14 minutes West 40.59 feet to the point of beginning, situated in LaSalle County, Illinois and commonly known as 800 East Center Street, Ottawa,

be, and the same is hereby granted a conditional use to increase the size of the existing nursing home

pursuant to Section 12 of the City of Ottawa Zoning Ordinance and all amendments thereto.

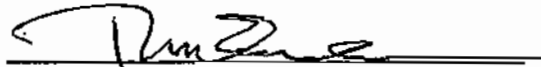
Section Three: The Council finds and determines that the granting of said conditional use permit is consistent with the factors set forth in Section 4.B.2.c. of the City of Ottawa Zoning Ordinance, which factors are expressly incorporated herein by reference.

Section Four: All ordinances or parts of ordinances in conflict herewith are repealed.

Section Five: This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form.

	Aye	Nay	Absent
Mayor Eschbach	<u>X</u>	<u> </u>	<u> </u>
Commissioner Aussem	<u>X</u>	<u> </u>	<u> </u>
Commissioner Whitney	<u>X</u>	<u> </u>	<u> </u>
Commissioner Baxter	<u> </u>	<u> </u>	<u>X</u>
Commissioner Eichelkraut	<u>X</u>	<u> </u>	<u> </u>

Passed and Approved this 15th day of September, 2009.


Robert M. Eschbach, Mayor

ATTEST:


Shelly L. Munks, City Clerk

FOR BHF USE									

LL1

2011
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
FINANCIAL AND STATISTICAL REPORT (COST REPORT)
FOR LONG-TERM CARE FACILITIES
(FISCAL YEAR 2011)

IMPORTANT NOTICE
THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 45/3-208. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

I. IDPH License ID Number: 00039230

Facility Name: OTTAWA PAVILION LTD

Address: 800 E. CENTER STREET OTTAWA 61350
Number City Zip Code

County: LASALLE

Telephone Number: (847) 679-8219 **Fax #** (847) 679-7377

HFS ID Number: _____

Date of Initial License for Current Owners: 12/01/1993

Type of Ownership:

☐ **VOLUNTARY, NON-PROFIT**

☐ Charitable Corp.

☐ Trust

IRS Exemption Code _____

☒ **PROPRIETARY**

☐ Individual

☐ Partnership

☐ Corporation

☒ "Sub-S" Corp.

☐ Limited Liability Co.

☐ Trust

☐ Other _____

☐ **GOVERNMENTAL**

☐ State

☐ County

☐ Other _____

In the event there are further questions about this report, please contact:

Name: BOB KAGDA

Telephone Number: (847) 675-3585

Email Address: _____

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 01/01/2011 to 12/31/2011 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

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

Officer or Administrator of Provider

(Signed) _____ (Date) _____

(Type or Print Name) MARSHALL MAUER

(Title) TREASURER

Paid Preparer

(Signed) (SEE ATTACHED ACCOUNTANTS' REPORT) (Date) _____

(Print Name and Title) BOB KAGDA
VICE PRESIDENT

(Firm Name & Address) KRUPNICK, BOKOR, KAGDA & BROOKS, LTD
3750 W DEVON, LINCOLNWOOD, IL 60712-1124

(Telephone) (847) 675-3585 Fax # (847) 675-5777

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

STATE OF ILLINOIS

Page 2

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning: 01/01/2011 Ending: 12/31/2011

III. STATISTICAL DATA

A. Licensure/certification level(s) of care; enter number of beds/bed days, (must agree with license). Date of change in licensed beds _____

	1	2	3	4	
	Beds at Beginning of Report Period	Licensure Level of Care	Beds at End of Report Period	Licensed Bed Days During Report Period	
1	119	Skilled (SNF)	119	43,435	1
2		Skilled Pediatric (SNF/PED)			2
3		Intermediate (ICF)			3
4		Intermediate/DD			4
5		Sheltered Care (SC)			5
6		ICF/DD 16 or Less			6
7	119	TOTALS	119	43,435	7

B. Census-For the entire report period.

	1	2	3	4	5	
	Level of Care	Patient Days by Level of Care and Primary Source of Payment				
		Medicaid Recipient	Private Pay	Other	Total	
8	SNF	193	187	6,280	6,660	8
9	SNF/PED					9
10	ICF	22,359	6,033	745	29,137	10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	22,552	6,220	7,025	35,797	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 82.42%

D. How many bed-hold days during this year were paid by the Department?

0 (Do not include bed-hold days in Section B.)

E. List all services provided by your facility for non-patients.

(E.g., day care, "meals on wheels", outpatient therapy)

NONE

F. Does the facility maintain a daily midnight census? YES

G. Do pages 3 & 4 include expenses for services or investments not directly related to patient care?

YES ☐ NO ☒

H. Does the BALANCE SHEET (page 17) reflect any non-care assets?

YES ☐ NO ☒

I. On what date did you start providing long term care at this location?

Date started 12/01/1993

J. Was the facility purchased or leased after January 1, 1978?

YES ☒ Date 12/01/1993 NO ☐

K. Was the facility certified for Medicare during the reporting year?

YES ☒ NO ☐ If YES, enter number of beds certified 119 and days of care provided 6,280Medicare Intermediary WISCONSIN PHYSICIANS SERVICE

IV. ACCOUNTING BASIS

ACCURAL ☒ MODIFIED CASH* ☐ CASH* ☐Is your fiscal year identical to your tax year? YES ☒ NO ☐Tax Year: 12/31/2011 Fiscal Year: 12/31/2011

* All facilities other than governmental must report on the accrual basis.

STATE OF ILLINOIS

Page 3

Facility Name & ID Number

OTTAWA PAVILION LTD

00039230

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

V. COST CENTER EXPENSES (throughout the report, please round to the nearest dollar)

	Operating Expenses	Costs Per General Ledger				Reclass-ification 5	Reclassified Total 6	Adjust-ments 7	Adjusted Total 8	FOR BHF USE ONLY	
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10
	A. General Services										
1	Dietary	234,164	22,196	7,913	264,273		264,273		264,273		1
2	Food Purchase		203,735		203,735		203,735	(987)	202,748		2
3	Housekeeping	140,075	30,476		170,551		170,551		170,551		3
4	Laundry	73,604	18,543	2,516	94,663		94,663		94,663		4
5	Heat and Other Utilities			144,681	144,681		144,681	955	145,636		5
6	Maintenance	110,070	30,236	18,666	158,972		158,972	12,295	171,267		6
7	Other (specify):*			6,804	6,804		6,804	723	7,527		7
8	TOTAL General Services	557,913	305,186	180,580	1,043,679		1,043,679	12,986	1,056,665		8
	B. Health Care and Programs										
9	Medical Director			6,000	6,000		6,000		6,000		9
10	Nursing and Medical Records	1,949,935	76,770	39,287	2,065,992		2,065,992		2,065,992		10
10a	Therapy	516,392	328		516,720		516,720		516,720		10a
11	Activities	132,823	6,817	3,000	142,640		142,640		142,640		11
12	Social Services	32,037		2,000	34,037		34,037		34,037		12
13	CNA Training										13
14	Program Transportation										14
15	Other (specify):*										15
16	TOTAL Health Care and Programs	2,631,187	83,915	50,287	2,765,389		2,765,389		2,765,389		16
	C. General Administration										
17	Administrative	80,766		148,806	229,572		229,572	(3,823)	225,749		17
18	Directors Fees										18
19	Professional Services			40,349	40,349		40,349	590	40,939		19
20	Dues, Fees, Subscriptions & Promotions			58,557	58,557		58,557	(43,507)	15,050		20
21	Clerical & General Office Expenses	68,588	23,090	385,021	476,699		476,699	(333,169)	143,530		21
22	Employee Benefits & Payroll Taxes			525,696	525,696		525,696		525,696		22
23	Inservice Training & Education			6,924	6,924		6,924		6,924		23
24	Travel and Seminar							691	691		24
25	Other Admin. Staff Transportation			18,337	18,337		18,337	(955)	17,382		25
26	Insurance-Prop Liab Malpractice			65,377	65,377		65,377	405	65,782		26
27	Other (specify):*			4,270	4,270		4,270	37,066	41,336		27
28	TOTAL General Administration	149,354	23,090	1,253,337	1,425,781		1,425,781	(342,702)	1,083,079		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	3,338,454	412,191	1,484,204	5,234,849		5,234,849	(329,716)	4,905,133		29

* Attach a schedule if more than one type of cost is included on this line, or if the total exceeds \$1000.

NOTE: Include a separate schedule detailing the reclassifications made in column 5. Be sure to include a detailed explanation of each reclassification.

LINE	DESCRIPTION	SCHED REF	AMOUNT	TOTAL
1	DIETARY			
	DIETITIAN CONSULTANT	XVIII B 35-2	7,913	
	REPAIRS & MAINTENANCE		0	
			0	7,913
3	HOUSEKEEPING			
			0	
			0	0
4	LAUNDRY			
	EQUIPMENT REPAIRS & MAINTENANCE		2,516	
			0	2,516
5	HEAT & OTHER UTILITIES			
	GAS HEAT		47,997	
	ELECTRICITY		73,010	
	WATER		18,694	
	CABLE TV - LOBBY		6,980	
			0	144,681
6	MAINTENANCE			
	GROUNDS MAINTENANCE		514	
	PAINTING & DECORATING		1,150	
	BUILDING REPAIRS		0	
	MAINTENANCE TRAVEL		0	
	EQUIPMENT MAINTENANCE & REPAIR		5,411	
	ELEVATOR MAINTENANCE & REPAIR		7,600	
	OUTSIDE LABOR		0	
	EXTERMINATING SERVICE		3,991	
	FIRE SERVICE		0	
			0	
			0	
			0	
			0	18,665
7	OTHER			
	SCAVENGER		6,804	
	SECURITY SERVICE		0	
			0	
			0	6,804
9	MEDICAL DIRECTOR			
	MEDICAL DIRECTOR FEES	XVIII B 36-2	6,000	6,000

LINE	SCHED REF	TOTAL
10	NURSING	
	CONTRACT NURSING XVIII C 53-2	32,731
	LABORATORY & XRAY EXPENSE	0
	PURCHASED SERVICES	0
	PSYCHO-SOCIAL CONSULTANT XVIII B -2	0
	RESTORATIVE NURSING CONSULTANT XVIII B 38-2	0
	MEDICAL RECORDS CONSULTANT XVIII B 37-2	0
	PHARMACY CONSULTANT XVIII B 39-2	6,556
	UTILIZATION REVIEW FEES XVIII B -2	0
	PHYSICIANS XVIII B -2	0
	PSYCHIATRIC XVIII B -2	0
	RN CONSULTANT XVIII B 38-2	0
		0
		0
		39,287
10a	THERAPY	
	PHYSICAL THERAPY SERVICES	
	SPEECH THERAPY SERVICES	0
	OCCUPATIONAL THERAPY SERVICES	0
	REHABILITATION CONSULTANT XVIII B -2	0
	PHYSICAL THERAPY CONSULTANT XVIII B 40-2	0
	OCCUPATIONAL THERAPY CONSULTA XVIII B 41-2	0
	RESPIRATORY THERAPY CONSULTANT XVIII B 42-2	0
	SPEECH THERAPY CONSULTANT XVIII B 43-2	0
		0
11	ACTIVITIES	
	CABLE TV - PATIENT ROOMS	0
	ACTIVITY REHAB CONSULTANT XVIII B 44-2	3,000
		0
		3,000
12	SOCIAL SERVICES	
	SOCIAL REHABILITATION SERVICES	0
	SOCIAL REHABILITATION CONSULTANT XVIII B 45-2	0
	SOCIAL WORKER XVIII B 45-2	2,000
		2,000
13	NURSE AIDE TRAINING	
	NURSE AIDE TRAINING COSTS XIII	0

V.COST CENTER EXPENSES

PAGE 3 COLUMN 3 OTHER

LINE	SCHED REF	TOTAL
14	PROGRAM TRANSPORTATION	
	PATIENT TRANSPORTATION	0
		0
17	ADMINISTRATIVE	
	MANAGEMENT FEES XIX B	148,806
		148,806
	DIRECTORS FEES	
18	DIRECTORS FEES	0
19	PROFESSIONAL SERVICES	
	DATA PROCESSING XIX C	13,993
	ADMINISTRATIVE CONSULTANTS XIX C	0
	PROFESSIONAL FEES XIX C	26,356
		0
		40,349
20	FEES,SUBSCRIPTIONS,PROMOTIONS	
	ENTERTAINMENT & MARKETING VI 19 XIX F	0
	ADV & PROMO-NON PATIENT RELATED VI 25 XIX F	43,353
	EMPLOYEE WANT ADS XIX F	3,016
	CONTRIBUTIONS VI 20 XIX F	300
	DUES & SUBSCRIPTIONS XIX F	5,192
	LICENSES & PERMITS XIX F	3,517
	PUBLIC RELATIONS-PATIENT RELATED XIX F	0
	ADVERTISING-YELLOW PAGES VI 28 XIX F	0
	TRUST FEES / FRANCHISE TAX / ETC VI 17 XIX F	0
	CONTRIBUTIONS - POLITICAL VI 20 XIX F	500
	HEALTH CARE WORKER BACKGROUND CHEC XIX F	2,679
	PATIENT BACKGROUND CHECKS XIX F	0
		58,557
21	CLERICAL & GENERAL OFFICE EXPENSES	
	BANK CHARGES (INCLUDES NO OVERDRAFT CHARGES)	3,765
	EQUIPMENT REPAIR & MAINTENANCE	16,403
	OUTSIDE CLERICAL SERVICES	354,900
	PENALTIES / OVERDRAFT CHARGES VI 18	0
	HOME OFFICE EXPENSE	0
	THEFT & DAMAGE LOSS	0
	TELEPHONE	9,953
	MESSENGER SERVICE	0
		385,021

LINE	SCHED REF	TOTAL
22	EMPLOYEE BENEFITS & PAYROLL TAXES	
	FICA TAXES XIX D	251,908
	UNEMPLOYMENT COMPENSATION XIX D	49,100
	WORKERS COMPENSATION INSURANC XIX D	132,567
	HOSPITALIZATION INSURANCE XIX D	79,213
	EMPLOYEE BENEFITS - OTHER XIX D	12,908
	EMPLOYEE PHYSICAL EXAMS XIX D	0
	INSURANCE - EXECUTIVE LIFE VI 21/XIX D	0
	PENSION/PROFIT SHARING PLANS XIX D	0
	CHICAGO HEAD TAX XIX D	0
		0
		525,696
23	INSERVICE TRAINING & EDUCATION	
	EDUCATION & SEMINARS	6,924
		5,924
24	TRAVEL & SEMINARS	
	EDUCATION & SEMINARS XIX G	0
	TRAVEL XIX G	0
		0
25	ADMIN. STAFF TRANSPORTATION	
	TRANSPORTATION - STAFF	18,337
		18,337
26	INSURANCE - PROP. LIAB & MALPRACTICE	
	GENERAL INSURANCE	65,377
		65,377
27	OTHER	
	BAD DEBTS VI 24	4,270
		4,270

GRAND TOTAL COLUMN 3 OTHER

1,484,204

OTTAWA PAVILION LTD
SCHEDULES
12/31/2011

EMPLOYEE MEAL RECLASSIFICATION
PAGE 3 SCHEDULE V COLUMN 5 LINES 2 AND 22

TOTAL FOOD PURCHASE	203,735
LESS SALES TAX	<u>(987)</u>
NET FOOD	202,748

TOTAL PATIENT CENSUS	35,797
TIME 3 MEALS PER DAY	<u>3</u>
TOTAL PATIENT MEALS	107,391

1589

ADD # EMPLOYEE MEALS/DAY	0
TIME # DAYS	<u>365</u>
TOTAL EMPLOYEE MEALS	0

PATIENT MEALS	107,391
ADD EMPLOYEE MEALS	<u>0</u>
TOTAL MEALS/YEAR	107,391

NET FOOD	202,748
DIVIDE TOTAL MEALS/YEAR	<u>107,391</u>

COST PER MEAL	1.89
TIME EMPLOYEE MEALS	<u>0</u>
EMPLOYEE MEAL RECLASSIFICATION	<u>0</u>
	=====

V. COST CENTER EXPENSES (continued)

	Capital Expense	Cost Per General Ledger				Reclass- ification 5	Reclassified Total 6	Adjust- ments 7	Adjusted Total 8	FOR BHF USE ONLY		
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10	
	D. Ownership											
30	Depreciation			64,673	64,673		64,673	63,171	127,844			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			49,130	49,130		49,130	85,508	134,638			32
33	Real Estate Taxes							43,001	43,001			33
34	Rent-Facility & Grounds			276,000	276,000		276,000	(276,000)				34
35	Rent-Equipment & Vehicles			16,477	16,477		16,477	8,089	24,566			35
36	Other (specify):*											36
37	TOTAL Ownership			406,280	406,280		406,280	(76,231)	330,049			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		207,923	58,572	266,495		266,495		266,495			39
40	Barber and Beauty Shops											40
41	Coffee and Gift Shops											41
42	Provider Participation Fee			65,153	65,153		65,153		65,153			42
43	Other (specify):*											43
44	TOTAL Special Cost Centers		207,923	123,725	331,648		331,648		331,648			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	3,338,454	620,114	2,014,209	5,972,777		5,972,777	(405,947)	5,566,830			45

*Attach a schedule if more than one type of cost is included on this line, or if the total exceeds \$1000.

Facility Name & ID Number OTTAWA PAVILION LTD

00039230

STATE OF ILLINOIS

Report Period Beginning:

01/01/2011

Ending:

Page 5

12/31/2011

VI. ADJUSTMENT DETAIL

A. The expenses indicated below are non-allowable and should be adjusted out of Schedule V, pages 3 or 4 via column 7.

In column 2 below, reference the line on which the particular cost was included. (See instructions.)

	1	2	3	
NON-ALLOWABLE EXPENSES	Amount	Reference	BHF USE ONLY	
1 Day Care	\$		\$	1
2 Other Care for Outpatients				2
3 Governmental Sponsored Special Programs				3
4 Non-Patient Meals				4
5 Telephone, TV & Radio in Resident Rooms				5
6 Rented Facility Space				6
7 Sale of Supplies to Non-Patients				7
8 Laundry for Non-Patients				8
9 Non-Straightline Depreciation	(17,371)	30		9
10 Interest and Other Investment Income	(1,959)	32		10
11 Discounts, Allowances, Rebates & Refunds				11
12 Non-Working Officer's or Owner's Salary				12
13 Sales Tax	(987)	2		13
14 Non-Care Related Interest		32		14
15 Non-Care Related Owner's Transactions				15
16 Personal Expenses (Including Transportation)				16
17 Non-Care Related Fees		20		17
18 Fines and Penalties		21		18
19 Entertainment		20		19
20 Contributions	(800)	20		20
21 Owner or Key-Man Insurance		22		21
22 Special Legal Fees & Legal Retainers				22
23 Malpractice Insurance for Individuals				23
24 Bad Debt	(4,270)	27		24
25 Fund Raising, Advertising and Promotional	(43,353)	20		25
26 Income Taxes and Illinois Personal				26
27 Property Replacement Tax				26
28 CNA Training for Non-Employees				27
29 Yellow Page Advertising		20		28
29 Other-Attach Schedule	(35,748)			29
30 SUBTOTAL (A): (Sum of lines 1-29)	\$ (104,488)		\$	30

BHF USE ONLY

48	49	50	51	52
----	----	----	----	----

B. If there are expenses experienced by the facility which do not appear in the general ledger, they should be entered below. (See instructions.)

	1	2	
	Amount	Reference	
31 Non-Paid Workers-Attach Schedule*	\$		31
32 Donated Goods-Attach Schedule*			32
33 Amortization of Organization & Pre-Operating Expense			33
34 Adjustments for Related Organization Costs (Schedule VII)	(301,459)		34
35 Other- Attach Schedule			35
36 SUBTOTAL (B): (sum of lines 31-35)	\$ (301,459)		36
37 TOTAL ADJUSTMENTS (A) and (B)	\$ (405,947)		37

*These costs are only allowable if they are necessary to meet minimum licensing standards. Attach a schedule detailing the items included on these lines.

C. Are the following expenses included in Sections A to D of pages 3 and 4? If so, they should be reclassified into Section E. Please reference the line on which they appear before reclassification. (See instructions.)

	1	2	3	4	
	Yes	No	Amount	Reference	
38 Medically Necessary Transport.		X	\$		38
39					39
40 Gift and Coffee Shops		X			40
41 Barber and Beauty Shops		X			41
42 Laboratory and Radiology		X			42
43 Prescription Drugs		X			43
44					44
45 Other-Attach Schedule					45
46 Other-Attach Schedule					46
47 TOTAL (C): (sum of lines 38-46)			\$		47

STATE OF ILLINOIS
OTTAWA PAVILION LTD

Page 5A

ID# 00039230
Report Period Beginning: 01/01/2011
Ending: 12/31/2011

Sch. V Line
Reference

NON-ALLOWABLE EXPENSES

Amount	Sch. V Line	Reference
1	MARKETING SALARY	\$ -33,549 21 1
2	MARKETING TRAVEL	(2,159) 25 2
3		3
4		4
5		5
6		6
7		7
8		8
9		9
10		10
11		11
12		12
13		13
14		14
15		15
16		16
17		17
18		18
19		19
20		20
21		21
22		22
23		23
24		24
25		25
26		26
27		27
28		28
29		29
30		30
31		31
32		32
33		33
34		34
35		35
36		36
37		37
38		38
39		39
40		40
41		41
42		42
43		43
44		44
45		45
46		46
47		47
48		48
49	Total	(35,748) 49

1201

STATE OF ILLINOIS

Summary A

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning:

01/01/2011

Ending: 12/31/2011

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Operating Expenses	PAGES 5 & 5A	PAGE 6	PAGE 6A	PAGE 6B	PAGE 6C	PAGE 6D	PAGE 6E	PAGE 6F	PAGE 6G	PAGE 6H	PAGE 6I	SUMMARY TOTALS (to Sch V, col.7)	
	A. General Services													
1	Dietary	0	0	0	0	0	0	0	0	0	0	0	0	1
2	Food Purchase	(987)	0	0	0	0	0	0	0	0	0	0	(987)	2
3	Housekeeping	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Laundry	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Heat and Other Utilities	0	0	955	0	0	0	0	0	0	0	0	955	5
6	Maintenance	0	0	5,901	6,394	0	0	0	0	0	0	0	12,295	6
7	Other (specify):*	0	0	90	0	633	0	0	0	0	0	0	723	7
8	TOTAL General Services	(987)	0	6,946	6,394	633	0	0	0	0	0	0	12,986	8
	B. Health Care and Programs													
9	Medical Director	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Nursing and Medical Records	0	0	0	0	0	0	0	0	0	0	0	0	10
10a	Therapy	0	0	0	0	0	0	0	0	0	0	0	0	10a
11	Activities	0	0	0	0	0	0	0	0	0	0	0	0	11
12	Social Services	0	0	0	0	0	0	0	0	0	0	0	0	12
13	CNA Training	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Program Transportation	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	15
16	TOTAL Health Care and Programs	0	0	0	0	0	0	0	0	0	0	0	0	16
	C. General Administration													
17	Administrative	0	(148,806)	0	144,983	0	0	0	0	0	0	0	(3,823)	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	0	0	590	0	0	0	0	0	0	0	0	590	19
20	Fees, Subscriptions & Promotions	(44,153)	0	646	0	0	0	0	0	0	0	0	(43,507)	20
21	Clerical & General Office Expenses	(33,589)	(354,900)	47,721	7,599	0	0	0	0	0	0	0	(333,169)	21
22	Employee Benefits & Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0	22
23	Inservice Training & Education	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Travel and Seminar	0	0	691	0	0	0	0	0	0	0	0	691	24
25	Other Admin. Staff Transportation	(2,159)	0	1,204	0	0	0	0	0	0	0	0	(955)	25
26	Insurance-Prop.Liab.Malpractice	0	0	405	0	0	0	0	0	0	0	0	405	26
27	Other (specify):*	(4,270)	0	9,960	0	31,376	0	0	0	0	0	0	37,066	27
28	TOTAL General Administration	(84,171)	(503,706)	61,217	152,582	31,376	0	0	0	0	0	0	(342,702)	28
29	TOTAL Operating Expense (sum of lines 8,16 & 28)	(85,158)	(503,706)	68,163	158,976	32,009	0	0	0	0	0	0	(329,716)	29

STATE OF ILLINOIS

Summary B

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning:

01/01/2011 Ending:

12/31/2011

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Capital Expense	PAGES 5 & 5A	PAGE 6	PAGE 6A	PAGE 6B	PAGE 6C	PAGE 6D	PAGE 6E	PAGE 6F	PAGE 6G	PAGE 6H	PAGE 6I	SUMMARY TOTALS (to Sch V, col.7)
	D. Ownership												
30	Depreciation	(17,371)	78,620	1,922	0	0	0	0	0	0	0	0	63,171 30
31	Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0	0	0	0	0 31
32	Interest	(1,959)	84,071	3,396	0	0	0	0	0	0	0	0	85,508 32
33	Real Estate Taxes	0	38,798	4,203	0	0	0	0	0	0	0	0	43,001 33
34	Rent-Facility & Grounds	0	(276,000)	0	0	0	0	0	0	0	0	0	(276,000) 34
35	Rent-Equipment & Vehicles	0	0	8,089	0	0	0	0	0	0	0	0	8,089 35
36	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0 36
37	TOTAL Ownership	(19,330)	(74,511)	17,610	0	0	0	0	0	0	0	0	(76,231) 37
	Ancillary Expense												
	E. Special Cost Centers												
38	Medically Necessary Transportation	0	0	0	0	0	0	0	0	0	0	0	0 38
39	Ancillary Service Centers	0	0	0	0	0	0	0	0	0	0	0	0 39
40	Barber and Beauty Shops	0	0	0	0	0	0	0	0	0	0	0	0 40
41	Coffee and Gift Shops	0	0	0	0	0	0	0	0	0	0	0	0 41
42	Provider Participation Fee	0	0	0	0	0	0	0	0	0	0	0	0 42
43	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0 43
44	TOTAL Special Cost Centers	0	0	0	0	0	0	0	0	0	0	0	0 44
	GRAND TOTAL COST												
45	(sum of lines 29, 37 & 44)	(104,488)	(578,217)	85,773	158,976	32,009	0	0	0	0	0	0	(405,947) 45

VII. RELATED PARTIES

A. Enter below the names of ALL owners and related organizations (parties) as defined in the instructions. Use Page 6-Supplemental as necessary.

1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES		
Name	Ownership %	Name	City	Name	City	Type of Business
SCHEDULE ATTACHED		SCHEDULE ATTACHED		SCHEDULE ATTACHED		

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. ☒ YES ☐ NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:	
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)	
1	V	17 MANAGEMENT FEES	\$ 148,806	DYNAMIC HEALTH CARE CONSULTANTS	100.00%	\$	\$ (148,806)	1
2	V	21 BOOKKEEPING SERVICES	354,900	" "			(354,900)	2
3	V							3
4	V							4
5	V							5
6	V							6
7	V	34 RENT	276,000	800 E. CENTER ST	100.00%		(276,000)	7
8	V	30 DEPRECIATION		" "		78,620	78,620	8
9	V	32 INTEREST		" "		84,071	84,071	9
10	V	33 REAL ESTATE TAXES		" "		38,798	38,798	10
11	V							11
12	V							12
13	V							13
14	Total		\$ 779,706			\$ 201,489	\$ * (578,217)	14

* Total must agree with the amount recorded on line 34 of Schedule VI.

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. ☒ YES ☐ NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)
15	V	5 UTILITIES	\$	DYNAMIC HEALTH CARE CONSULTANTS	100.00%	\$ 955	\$ 955
16	V	6 REPAIR & MAINT.		" " "		5,901	5,901
17	V	7 EMP. BEN. - GEN SERV		" " "		90	90
18	V	19 PROFESSIONAL FEES		" " "		590	590
19	V	20 DUES AND SUBSCRIPTION		" " "		646	646
20	V	21 CLERICAL & GENERAL		" " "		47,721	47,721
21	V	24 SEMINARS AND TRAVEL		" " "		691	691
22	V	25 AUTO EXPENSE		" " "		1,204	1,204
23	V	26 INSURANCE		" " "		405	405
24	V	27 EMP. BEN. - GEN. ADMIN.		" " "		9,960	9,960
25	V	30 DEPRECIATION		" " "		1,922	1,922
26	V	32 INTEREST		" " "		3,396	3,396
27	V	33 REAL ESTATE TAXES		" " "		3,574	3,574
28	V	33 RE TAX PROTEST FEES		" " "		629	629
29	V	35 EQUIPMENT RENTAL		" " "		8,089	8,089
30	V						
31	V						
32	V						
33	V						
34	V						
35	V						
36	V						
37	V						
38	V						
39	Total		\$			\$ 85,773	\$ * 85,773

* Total must agree with the amount recorded on line 34 of Schedule VI.

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. ☒ YES ☐ NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)
15	V	6 MAINT COMP - D NEUMER	\$	DYNAMIC HEALTH CARE CONSULTANTS	100.00%	\$ 6,394	\$ 6,394
16	V	17 ADMIN COMP - M MAUER		" " "		18,131	18,131
17	V	17 ADMIN COMP - M AARON		" " "		20,548	20,548
18	V	17 ADMIN COMP - F AARON		" " "			
19	V	17 ADMIN COMP - S GOLDSTEIN		" " "		45,601	45,601
20	V	17 ADMIN COMP - S HARAMARAS		" " "			
21	V	17 ADMIN COMP - D KUFTA		" " "		15,676	15,676
22	V	17 ADMIN COMP - HOWARD ALTER		" " "			
23	V	17 ADMIN COMP - NON OWNER - V DAVIS		" " "		4,992	4,992
24	V	17 ADMIN COMP - NON OWNER - VAR		" " "		20,412	20,412
25	V	17 ADMIN COMP - NON OWNER - CFO		" " "		19,623	19,623
26	V	21 CLERICAL COMP - S AARON		" " "		7,599	7,599
27	V						
28	V						
29	V						
30	V						
31	V						
32	V						
33	V						
34	V						
35	V						
36	V						
37	V						
38	V						
39	Total		\$			\$ 158,976	\$ * 158,976

* Total must agree with the amount recorded on line 34 of Schedule V1.

STATE OF ILLINOIS

Page 6C

Facility Name & ID Number

OTTAWA PAVILION LTD

00039230

Report Period Beginning:

01/01/2011

Ending: 12/31/2011

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth.

☒ YES☐ NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)
15	V	7 EMP BEN - D NEHMER	\$	DYNAMIC HEALTH CARE CONSULTANTS	100.00%	\$ 633	\$ 633
16	V	27 EMP BEN - M MAUER		" " "		996	996
17	V	27 EMP BEN - M AARON		" " "		1,153	1,153
18	V	27 EMP BEN - F AARON		" " "			
19	V	27 EMP BEN - S GOLDSTEIN		" " "		16,632	16,632
20	V	27 EMP BEN - S HARAMARAS		" " "			
21	V	27 EMP BEN - D KUFTA		" " "		1,102	1,102
22	V	27 EMP BEN - HOWARD ALTER		" " "			
23	V	27 EMP BEN - V DAVIS		" " "		1,210	1,210
24	V	27 EMP BEN - NON OWNER		" " "		6,438	6,438
25	V	27 EMP BEN - NON OWNER - CFO		" " "		2,268	2,268
26	V	27 EMP BEN - S AARON		" " "		1,577	1,577
27	V						
28	V						
29	V						
30	V						
31	V						
32	V						
33	V						
34	V						
35	V						
36	V						
37	V						
38	V						
39	Total		\$			\$ 32,009	\$ * 32,009

* Total must agree with the amount recorded on line 34 of Schedule VI.

STATE OF ILLINOIS

Page 7

Facility Name & ID Number OTTAWA PAVILION LTD # 00039230 Report Period Beginning: 01/01/2011 Ending: 12/31/2011

VII. RELATED PARTIES (continued)

C. Statement of Compensation and Other Payments to Owners, Relatives and Members of Board of Directors.

NOTE: ALL owners (even those with less than 5% ownership) and their relatives who receive any type of compensation from this home must be listed on this schedule.

	1 Name	2 Title	3 Function	4 Ownership Interest	5 Compensation Received From Other Nursing Homes*	6 Average Hours Per Work Week Devoted to this Facility and % of Total Work Week		7 Compensation Included in Costs for this Reporting Period**		8 Schedule V. Line & Column Reference	
						Hours	Percent	Description	Amount		
1	MAURY AARON		ADMINISTRATIVE		SEE ATTACHED SCHEDULE			SALARY	\$ 20,548	17-7	1
2	MARSHALL MAUER		ADMINISTRATIVE					SALARY	18,131	17-7	2
3	SHARON AARON		CLERICAL					SALARY	7,599	21-7	3
4	DENNIS NEHMER		MAINTENANCE					SALARY	6,394	6-7	4
5	DIANA KUFTA		ADMINISTRATIVE					SALARY	15,676	17-7	5
6	S GOLDSTEIN		ADMINISTRATIVE					SALARY	45,601	17-7	6
7											7
8											8
9											9
10											10
11											11
12											12
13								TOTAL	\$ 113,949		13

* If the owner(s) of this facility or any other related parties listed above have received compensation from other nursing homes, attach a schedule detailing the name(s) of the home(s) as well as the amount paid. THIS AMOUNT MUST AGREE TO THE AMOUNTS CLAIMED ON THE THE OTHER NURSING HOMES' COST REPORTS.

** This must include all forms of compensation paid by related entities and allocated to Schedule V of this report (i.e., management fees). FAILURE TO PROPERLY COMPLETE THIS SCHEDULE INDICATING ALL FORMS OF COMPENSATION RECEIVED FROM THIS HOME, ALL OTHER NURSING HOMES AND MANAGEMENT COMPANIES MAY RESULT IN THE DISALLOWANCE OF SUCH COMPENSATION

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning: 01/01/2011 Ending: 2/31/2011

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES ☒ NO ☐

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization DYNAMIC HEALTH CARE CONSULTANTS
 Street Address 3359 W MAIN ST
 City / State / Zip Code SKOKIE, IL 60076
 Phone Number (847) 679-8219
 Fax Number (847) 679-7377

1	2	3	4	5	6	7	8	9		
Schedule V Line Reference	Item	Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	Total Units	Number of Subunits Being Allocated Among	Total Indirect Cost Being Allocated	Amount of Salary Cost Contained in Column 6	Facility Units	Allocation (col.8/col.4)x col.6		
1	5	UTILITIES	TOTAL PATIENT DAYS	416,329	14	\$ 11,113	\$ 35,797	\$ 955	1	
2	6	REPAIRS & MAINTENANCE	TOTAL PATIENT DAYS	416,329	14	68,628	12,499	35,797	5,901	2
3	7	EMP BEN- GEN SERV	TOTAL PATIENT DAYS	416,329	14	1,044		35,797	90	3
4	19	PROFESSIONAL FEES	TOTAL PATIENT DAYS	416,329	14	6,858		35,797	590	4
5	20	DUES & SUBSCRIPTIONS	TOTAL PATIENT DAYS	416,329	14	7,513		35,797	646	5
6	21	CLERICAL & GENERAL	TOTAL PATIENT DAYS	416,329	14	555,005	401,070	35,797	47,721	6
7	24	SEMINARS & TRAVEL	TOTAL PATIENT DAYS	416,329	14	8,041		35,797	691	7
8	25	AUTO EXPENSE	TOTAL PATIENT DAYS	416,329	14	14,007		35,797	1,204	8
9	26	INSURANCE	TOTAL PATIENT DAYS	416,329	14	4,707		35,797	405	9
10	27	EMP BEN- GEN ADMIN	TOTAL PATIENT DAYS	416,329	14	115,833		35,797	9,960	10
11	30	DEPRECIATION	TOTAL PATIENT DAYS	416,329	14	22,348		35,797	1,922	11
12	32	INTEREST	TOTAL PATIENT DAYS	416,329	14	39,492		35,797	3,396	12
13	33	REAL ESTATE TAXES	TOTAL PATIENT DAYS	416,329	14	41,569		35,797	3,574	13
14	33	RE TAX PROTEST FEES	TOTAL PATIENT DAYS	416,329	14	7,315		35,797	629	14
15	35	EQUIPMENT RENTAL	TOTAL PATIENT DAYS	416,329	14	94,081		35,797	8,089	15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25	TOTALS				\$ 997,554	\$ 413,569		\$ 85,773		25

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning: 01/01/2011 Ending: 2/31/2011

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES ☒ NO ☐

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization DYNAMIC HEALTH CARE CONSULTANTS
 Street Address 3359 W MAIN ST
 City / State / Zip Code SKOKIE, IL 60076
 Phone Number (847) 679-8219
 Fax Number (847) 679-7377

1	2	3	4	5	6	7	8	9		
Schedule V Line Reference	Item	Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	Total Units	Number of Subunits Being Allocated Among	Total Indirect Cost Being Allocated	Amount of Salary Cost Contained in Column 6	Facility Units	Allocation (col.8/col.4)x col.6		
1	6	MAINT COMP - D NEHMER	WGHTD AVG HOURS	40	8	\$ 62,231	\$ 62,231	4	\$ 6,394	1
2	17	ADMIN COMP - M MAUER	WGHTD AVG HOURS	40	10	200,000	200,000	4	18,131	2
3	17	AMNIN COMP - M AARON	WGHTD AVG HOURS	40	8	200,000	200,000	4	20,548	3
4	17	ADMIN COMP - S GOLDSTEIN	WGHTD AVG HOURS	45	5	68,000	68,000			4
5	17	ADMIN COMP - J AARON	WGHTD AVG HOURS	40	2	121,602	121,602	15	45,601	5
6	17	ADMIN COMP - S KOPLIN	WGHTD AVG HOURS	40	4	74,106	74,106			6
7	17	ADMIN COMP - D MAGAFAS	WGHTD AVG HOURS	50	8	152,525	152,525	5	15,676	7
8	17	ADMIN COMP - H ALTER	WGHTD AVG HOURS	50	1	12,000	12,000			8
9	17	ADMIN COMP - NON OWNER	WGHTD AVG HOURS	40	8	74,874	74,874	3	4,992	9
10	17	ADMIN COMP - NON OWNER	WGHTD AVG HOURS	45	8	198,817	198,817	5	20,412	10
11	17	ADMIN COMP - NON OWNER	WGHTD AVG HOURS	45	10	216,469	216,469	4	19,623	11
12	21	CLERICAL COMP - S AARON	WGHTD AVG HOURS	40	10	83,751	83,751	4	7,599	12
13										13
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25	TOTALS					\$ 1,464,375	\$ 1,464,375		\$ 158,976	25

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning: 01/01/2011 Ending: 2/31/2011

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES ☒ NO ☐

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization DYNAMIC HEALTH CARE CONSULTANTS
 Street Address 3359 W MAIN ST
 City / State / Zip Code SKOKIE, IL 60076
 Phone Number (847) 679-8219
 Fax Number (847) 679-7377

1	2	3	4	5	6	7	8	9	
Schedule V Line Reference	Item	Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	Total Units	Number of Subunits Being Allocated Among	Total Indirect Cost Being Allocated	Amount of Salary Cost Contained in Column 6	Facility Units	Allocation (col.8/col.4)x col.6	
1	7	EMP BEN - D NEHMER	WGHTD AVG HOURS	40	8	\$ 6,161	\$	4	\$ 633
2	27	EMP BEN - M MAUER	WGHTD AVG HOURS	40	10	10,982		4	996
3	27	EMP BEN - M AARON	WGHTD AVG HOURS	40	8	11,224		4	1,153
4	27	EMP BEN - F AARON	WGHTD AVG HOURS	45	5	43,917			
5	27	EMP BEN - S GOLDSTEIN	WGHTD AVG HOURS	40	2	44,352		15	16,632
6	27	EMP BEN - S KOPLIN	WGHTD AVG HOURS	40	4	30,190			
7	27	EMP BEN - D MAGAFAS	WGHTD AVG HOURS	50	8	10,718		5	1,102
8	27	EMP BEN - H ALTER	WGHTD AVG HOURS	50	1	1,101			
9	27	EMP BEN - V DAVIS	WGHTD AVG HOURS	40	8	18,154		3	1,210
10	27	EMP BEN - NON OWNER	WGHTD AVG HOURS	45	8	62,705		5	6,438
11	27	EMP BEN - NON OWNER CFO	WGHTD AVG HOURS	45	10	25,019		4	2,268
12	27	EMP BEN - S AARON	WGHTD AVG HOURS	40	10	17,376		4	1,577
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25	TOTALS					\$ 281,899	\$		\$ 32,009

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE

A. Interest: (Complete details must be provided for each loan - attach a separate schedule if necessary.)

	1	2	3	4	5	6	7	8	9	10		
	Name of Lender	Related**		Purpose of Loan	Monthly Payment Required	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Interest Expense	
		YES	NO				Original	Balance				
	A. Directly Facility Related Long-Term											
1			X	CONSTRUCTION MORTGAGE			\$	6,717,790			\$ 84,071	1
2												2
3	RELATED PARTY										3,396	3
4	WOODBIDGE NP	X		WORKING CAPITAL							24,584	4
5			X	INSURANCE FINANCING							675	5
	Working Capital											
6	MB FINANCIAL		X	WORKING CAPITAL				350,000		4.2500	9,662	6
7	M.MAUER / M.AARON	X		WORKING CAPITAL				368,070			13,368	7
8	PHARMACY		X	PAYABLE FINANCING	\$4,767.70	11/10/11	159,177	154,406	10/10/14	5.2500	841	8
9	TOTAL Facility Related				\$4,767.70		\$ 159,177	\$ 7,590,266			\$ 136,597	9
	B. Non-Facility Related*											
10												10
11												11
12												12
13												13
14	TOTAL Non-Facility Related						\$	\$			\$	14
15	TOTALS (line 9+line14)						\$ 159,177	\$ 7,590,266			\$ 136,597	15

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. \$ N/A Line # 36

* Any interest expense reported in this section should be adjusted out on page 5, line 14 and, consequently, page 4, col. 7.
(See instructions.)

** If there is ANY overlap in ownership between the facility and the lender, this must be indicated in column 2.
(See instructions.)

HFS 3745 (N-4-99)

IL478-2471

172

Facility Name & ID Number OTTAWA PAVILION LTD

00039230 Report Period Beginning: 01/01/2011 Ending: 12/31/2011

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE (continued)

B. Real Estate Taxes

1. Real Estate Tax accrual used on 2010 report.		Important, please see the next worksheet, "RE_Tax". The real estate tax statement and bill must accompany the cost report.	\$ 36,000	1
2. Real Estate Taxes paid during the year: (Indicate the tax year to which this payment applies. If payment covers more than one year, detail below.)			\$ 36,798	2
3. Under or (over) accrual (line 2 minus line 1).			\$ 798	3
4. Real Estate Tax accrual used for 2011 report. (Detail and explain your calculation of this accrual on the lines below.)			\$ 38,000	4
5. Direct costs of an appeal of tax assessments which has NOT been included in professional fees or other general operating costs on Schedule V, sections A, B or C. (Describe appeal cost below. Attach copies of invoices to support the cost and a copy of the appeal filed with the county.)			\$	5
6. Subtract a refund of real estate taxes. You must offset the full amount of any direct appeal costs classified as a real estate tax cost plus one-half of any remaining refund.				
TOTAL REFUND \$ For Tax Year. (Attach a copy of the real estate tax appeal board's decision.)			\$	6
7. Real Estate Tax expense reported on Schedule V, line 33. This should be a combination of lines 3 thru 6.			\$ 38,798	7

Real Estate Tax History:

Real Estate Tax Bill for Calendar Year:	2006	2007	2008	2009	2010
	59,885	59,153	61,997	35,552	36,798
	8	9	10	11	12

THE CURRENT YEAR REAL ESTATE TAX ACCRUAL IS BASED ON ~ 101% OF THE PRIOR YEAR REAL ESTATE TAX BILL.

THE PAYMENT ON LINE 2 APPLIES TO THE 2009 TAX BILL.

FOR BHF USE ONLY	
13	FROM R. E. TAX STATEMENT FOR 2010 \$ 13
14	PLUS APPEAL COST FROM LINE 5 \$ 14
15	LESS REFUND FROM LINE 6 \$ 15
16	AMOUNT TO USE FOR RATE CALCULATIONS 16

NOTES:

1. Please indicate a negative number by use of brackets(). Deduct any overaccrual of taxes from prior year.
2. If facility is a non-profit which pays real estate taxes, you must attach a denial of an application for real estate tax exemption unless the building is rented from a for-profit entity. This denial must be no more than four years old at the time the cost report is filed.

2010 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME OTTAWA PAVILION LTD COUNTY LASALLE
 FACILITY IDPH LICENSE NUMBER 00039230
 CONTACT PERSON REGARDING THIS REPORT BOB KAGDA
 TELEPHONE (847) 675-3585 FAX # (847) 675-5777

A. Summary of Real Estate Tax Cost

Enter the tax index number and real estate tax assessed for 2010 on the lines provided below. Enter only the portion of the cost that applies to the operation of the nursing home in Column D. Real estate tax applicable to any portion of the nursing home property which is vacant, rented to other organizations, or used for purposes other than long term care must not be entered in Column D. Do not include cost for any period other than calendar year 2010.

(A)	(B)	(C)	(D)
<u>Tax Index Number</u>	<u>Property Description</u>	<u>Total Tax</u>	<u>Tax Applicable to Nursing Home</u>
1. <u>22-13-111-001</u>	<u>NURSING HOME</u>	\$ <u>36,798.12</u>	\$ <u>36,798.12</u>
2. _____	_____	\$ _____	\$ _____
3. _____	_____	\$ _____	\$ _____
4. _____	_____	\$ _____	\$ _____
5. _____	_____	\$ _____	\$ _____
6. _____	_____	\$ _____	\$ _____
7. _____	_____	\$ _____	\$ _____
8. _____	_____	\$ _____	\$ _____
9. _____	_____	\$ _____	\$ _____
10. _____	_____	\$ _____	\$ _____
TOTALS		\$ <u>36,798.12</u>	\$ <u>36,798.12</u>

B. Real Estate Tax Cost Allocations

Does any portion of the tax bill apply to more than one nursing home, vacant property, or property which is not directly used for nursing home services? _____ YES _____ ☒ NO

If YES, attach an explanation and a schedule which shows the calculation of the cost allocated to the nursing home. (Generally the real estate tax cost must be allocated to the nursing home based upon sq. ft. of space used.)

C. Tax Bills

Attach a copy of the original 2010 tax bills which were listed in Section A to this statement. Be sure to use the 2010 tax bill which is normally paid during 2011.

PLEASE NOTE: Payment information from the Internet or otherwise is not considered acceptable tax bill documentation. Facilities located in Cook County are required to provide copies of their original second installment tax bill.

Facility Name & ID Number OTTAWA PAVILION LTD

STATE OF ILLINOIS

00039230

Report Period Beginning:

01/01/2011 Ending:

Page 11

12/31/2011

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 45,125 B. General Construction Type: Exterior Frame Number of Stories

C. Does the Operating Entity? ☐ (a) Own the Facility ☒ (b) Rent from a Related Organization. ☐ (c) Rent from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.)

D. Does the Operating Entity? ☒ (a) Own the Equipment ☐ (b) Rent equipment from a Related Organization. ☒ (c) Rent equipment from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.)

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

N/A

F. Does this cost report reflect any organization or pre-operating costs which are being amortized? ☐ YES ☒ NO
If so, please complete the following:

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

Nature of Costs:

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

XI. OWNERSHIP COSTS:

A. Land.

	1 Use	2 Square Feet	3 Year Acquired	4 Cost	
1	NURSING HOME		1998	\$ 314,027	1
2					2
3	TOTALS			\$ 314,027	3

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

	1	2	3	4	5	6	7	8	9		
	Beds*	FOR BHF USE ONLY	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation	
4	119		1998		\$ 1,567,864	\$ 57,013	29	\$ 57,013	\$	\$ 349,205	4
5											5
6											6
7											7
8	RELATED PARTY				38,142	978	35	1,090	112	19,979	8
	Improvement Type**										
9	LEASEHOLD IMPROVEMENT			1994	13,015	333	39	333		5,807	9
10	WALLPAPER			1995	18,314	470	39	470		7,633	10
11	DRYWALL IN CORRIDOR			1995	17,550	450	39	450		7,331	11
12	HANDRAILS			1995	7,839	201	39	201		3,258	12
13	SECURITY DOOR			1995	1,602	41	39	41		658	13
14	MIXING VALVE & WATER HEATER			1995	756	19	39	19		305	14
15	HANDRAIL & BUMPER			1996	6,895	177	39	177		2,825	15
16	HANDRAIL & BUMPER			1996	721	18	39	18		382	16
17	ALARM			1996	1,146	29	39	29		447	17
18	PANIC DEVICE			1996	1,550	40	39	40		608	18
19	REPLACE RECONNECT SWITCH & STARTER			1996	1,074	28	39	28		423	19
20	DRAPERIES			1996	13,334	342	39	342		5,144	20
21	DRAPERY, CARPETING			1997	12,786	328	39	328		4,662	21
22	PIPING WORK, HEAT/COOL UNITS			1997	4,341	111	39	111		1,582	22
23	HEAT/COOL UNITS			1998	4,732	121	39	121		1,712	23
24	OFFICE REMODELING			1998	1,475	38	39	38		515	24
25	SHELVING/COOLER			1998	1,493	38	39	38		447	25
26	BOILER, HEAT/COOL UNIT			1999	10,441	268	39	268		3,453	26
27	ALARM SYSTEM			1999	2,853	73	39	73		946	27
28	WINDOWS			1999	19,785	507	39	507		5,929	28
29	FOLDING STEEL GATE			1999	884	23	39	23		277	29
30	REMODELING DISHWASHER ROOM			1999	5,000	128	39	128		1,541	30
31	DRAPERIES			1999	6,439	165	39	165		2,014	31
32	PARKING LOT PAVING			1999	1,834	47	39	47		592	32
33	BASEMENT REMODEL			2000	15,203	553	27.5	553		6,273	33
34	WINDOW REPAIR - DOOR			2000	3,026	110	27.5	110		1,247	34
35	FEED PUMP -- HOT WATER VALVE			2000	4,131	150	27.5	150		1,703	35
36											36

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

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

See Page 12A, Line 70 for total

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

	3	4	5	6	7	8	9	
Improvement Type**	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation	
37 SPRINKLER SYSTEM REPAIR	2000	\$ 1,175	\$ 43	27.5	\$ 43	\$	\$ 488	37
38 AIR CONDITIONER	2000	1,273	46	27.5	46		522	38
39 CARPETING - SHEERS	2000	5,693		20	285	285	4,386	39
40 BASEMENT REMODEL	2001	20,088	730	27.5	730		7,650	40
41 BOILER/SPRINKLER REPAIRS	2001	10,031	365	27.5	365		3,823	41
42 BOILER REPAIR/PUMP/COMPRESSOR	2002	11,888	432	27.5	432		4,039	42
43 HEATER	2002	2,938	107	27.5	107		979	43
44 BASEMENT REMODEL	2002	18,705	680	27.5	680		6,437	44
45 BOILER REPAIR/PUMPS/CONDENSING UNIT	2003	9,701	353	27.5	353		2,986	45
46 SPRINKLER SYSTEM REPAIR	2003	16,320	593	27.5	593		6,016	46
47 DOOR CAMERAS AND LOCKS	2003	4,591	167	27.5	167		1,412	47
48 AIR CONDITIONER 5 TON	2003	1,960	71	27.5	71		598	48
49 SERVICE SINK	2003	802	29	27.5	29		245	49
50 WALL REPAIR - WATER DAMAGE	2003	1,370	50	27.5	50		423	50
51 PAINTING	2004	17,082	621	27.5	621		4,632	51
52 BOILER,CONDENSATE DRUMS & COMPRESSOR	2004	3,277	119	27.5	119		888	52
53 STAINLESS STEEL TOPS FOR TABLES	2004	1,065	39	27.5	39		290	53
54 EXHAUST DUCTS/HOOD & A/C COMPRESSOR	2005	2,789	101	27.5	101		653	54
55 ROOF	2005	30,875	1,123	27.5	1,123		7,253	55
56 FIRE PANEL FOR ALARM SYSTEM	2005	7,757	282	27.5	282		1,821	56
57 WATER TREATMENT, CONDENSER PUMP	2005	10,107	368	27.5	368		2,376	57
58 SPRINKLER HEADS	2006	1,862	68	27.5	68		371	58
59 CUBICLE CURTAINS	2006	1,267	46	27.5	46		251	59
60 AIR CONDITIONER	2006	1,349	49	27.5	49		268	60
61 PIPING & RELIEF VALVE FOR BOILER	2006	3,548	129	27.5	129		704	61
62 SUMP PUMP	2007	3,128	114	27.5	114		508	62
63 HEAT & AC UNITS	2007	1,804	65	27.5	65		290	63
64 FLAT RUBBER ROOF	2007	2,685	98	27.5	98		437	64
65 BOILER REPAIR	2007	2,301	84	27.5	84		374	65
66 WATER TREATMENT, CONDENSER PUMP	2008	9,909	360	27.5	360		1,245	66
67 GENERATOR, COMPRESSOR,BOILER	2008	12,431	452	27.5	452		1,563	67
68 DOORS, LIGHTS	2008	15,993	582	27.5	582		2,013	68
69 DINING ROOM -CARPET,TILE,WALLPAPER,CURTAINS	2008	25,855	940	27.5	940		3,151	69
70 TOTAL (lines 4 thru 69)		\$ 2,045,844	\$ 72,105		\$ 72,502	\$ 397	\$ 505,990	70

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

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

1	2	3	4	5	6	7	8	9	10
Improvement Type**	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation		
1 Totals from Page 12A, Carried Forward		\$ 2,045,844	\$ 72,105		\$ 72,502	\$ 397	\$ 505,990	1	
2 HANDICAP RAMP REPLACEMENT	2008	3,100	113	27.5	113		391	2	
3 COMPRESSOR - WATER COOLED CONDENSING UNIT	2009	2,263	82	27.5	82		202	3	
4 WATER HEATER	2009	4,059	148	27.5	148		364	4	
5 GENERATOR REPAIRS	2009	4,476	162	27.5	162		399	5	
6 BOILER REPAIRS	2009	5,548	202	27.5	202		496	6	
7 HEATING & COOLING UNITS	2009	1,347	49	27.5	49		120	7	
8 REPLACE SMOKE DEDECTOR	2010	2,403	87	27.5	87		127	8	
9 AIR CONDITIONERS	2010	1,417	52	27.5	52		76	9	
10 ROOF WORK	2010	2,989	109	27.5	109		159	10	
11 DOOR CLOSERS	2011	2,192	37	27.5	37		37	11	
12 SIDEWALK REPLACEMENT	2011	1,133	38	15	38		38	12	
13 POSIFLEX PERSONA URU SCANNER	2011	18,819	313	27.5	313		313	13	
14								14	
15								15	
16								16	
17								17	
18								18	
19								19	
20								20	
21								21	
22								22	
23								23	
24								24	
25								25	
26								26	
27								27	
28								28	
29								29	
30								30	
31								31	
32								32	
33								33	
34 TOTAL (lines 1 thru 33)		\$ 2,095,590	\$ 73,497		\$ 73,894	\$ 397	\$ 508,712	34	

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

XI. OWNERSHIP COSTS (continued)

C. Equipment Costs-Excluding Transportation. (See instructions.)

	Category of Equipment	1 Cost	Current Book Depreciation 2	Straight Line Depreciation 3	4 Adjustments	Component Life 5	Accumulated Depreciation 6	
71	Purchased in Prior Years	\$ 253,216	\$ 11,367	\$ 24,355	\$ 12,988	5-10 YR	\$ 139,540	71
72	Current Year Purchases	37,800	37,800	1,890	(35,910)	10 YR	1,890	72
73	Fully Depreciated Assets	121,221					121,221	73
74	RELATED PARTY	257,618	21,607	24,436	2,829		17,092	74
75	TOTALS	\$ 669,855	\$ 70,774	\$ 50,681	\$ (20,093)		\$ 279,743	75

D. Vehicle Costs. (See instructions.)*

	1 Use	Model, Make and Year 2	Year Acquired 3	4 Cost	Current Book Depreciation 5	Straight Line Depreciation 6	7 Adjustments	Life in Years 8	Accumulated Depreciation 9	
76	RELATED PARTY			\$ 19,792	\$ 944	\$ 3,269	\$ 2,325		\$ 9,341	76
77										77
78										78
79										79
80	TOTALS			\$ 19,792	\$ 944	\$ 3,269	\$ 2,325		\$ 9,341	80

E. Summary of Care-Related Assets

	1 Reference	2 Amount	
81	Total Historical Cost (line 3, col.4 + line 70, col.4 + line 75, col.1 + line 80, col.4) + (Pages 12B thru 12I, if applicable)	\$ 3,099,264	81
82	Current Book Depreciation (line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 145,215	82
83	Straight Line Depreciation (line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 127,844	83
84	Adjustments (line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ (17,371)	84
85	Accumulated Depreciation (line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 797,796	85

F. Depreciable Non-Care Assets Included in General Ledger. (See instructions.)

	1 Description & Year Acquired	2 Cost	Current Book Depreciation 3	Accumulated Depreciation 4	
86		\$	\$		86
87					87
88					88
89					89
90					90
91	TOTALS	\$	\$	\$	91

G. Construction-in-Progress

	Description	Cost	
92		\$	92
93			93
94			94
95		\$	95

* Vehicles used to transport residents to & from day training must be recorded in XI-F, not XI-D.

** This must agree with Schedule V line 30, column 8.

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease: **NA**

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4?

If NO, see instructions.

☐ YES

☐ NO

		1 Year Constructed	2 Number of Beds	3 Original Lease Date	4 Rental Amount	5 Total Years of Lease	6 Total Years Renewal Option*	
3	Original Building:				\$			3
4	Additions							4
5								5
6								6
7	TOTAL				\$			7

8. List separately any amortization of lease expense included on page 4, line 34.

This amount was calculated by dividing the total amount to be amortized
by the length of the lease

9. Option to Buy: ☐ YES ☐ NO Terms: _____ *

B. Equipment-Excluding Transportation and Fixed Equipment. (See instructions.)

15. Is Movable equipment rental included in building rental?

16. Rental Amount for movable equipment: \$ **9,541**

Description: ☐ YES ☒ NO
SEE SCHEDULE ATTACHED

(Attach a schedule detailing the breakdown of movable equipment)

C. Vehicle Rental (See instructions.)

	1 Use	2 Model Year and Make	3 Monthly Lease Payment	4 Rental Expense for this Period	
17	FACILITY	2009 FORD E450	\$ 578.00	\$ 6,936	17
18					18
19					19
20					20
21	TOTAL		\$ 578.00	\$ 6,936	21

10. Effective dates of current rental agreement:

Beginning _____

Ending _____

11. Rent to be paid in future years under the current rental agreement:

Fiscal Year Ending Annual Rent

12. _____ /2012 \$ _____

13. _____ /2013 \$ _____

14. _____ /2014 \$ _____

* If there is an option to buy the building, please provide complete details on attached schedule.

** This amount plus any amortization of lease expense must agree with page 4, line 34.

A. TYPE OF TRAINING PROGRAM (If CNAs are trained in another facility program, attach a schedule listing the facility name, address and cost per CNA trained in that facility.)

1. HAVE YOU TRAINED CNAs DURING THIS REPORT PERIOD? ☐ YES ☒ NO If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.	2. CLASSROOM PORTION: IN-HOUSE PROGRAM ☐ IN OTHER FACILITY ☐ COMMUNITY COLLEGE ☐ HOURS PER CNA _____	3. CLINICAL PORTION: IN-HOUSE PROGRAM ☐ IN OTHER FACILITY ☐ HOURS PER CNA _____
---	--	---

THE FACILITY HIRES ONLY CERTIFIED NURSES AIDES

B. EXPENSES

ALLOCATION OF COSTS (d)

		1 Facility		2	3	4
		Drop-outs	Completed	Contract	Total	
1	Community College Tuition	\$	\$	\$	\$	
2	Books and Supplies					
3	Classroom Wages (a)					
4	Clinical Wages (b)					
5	In-House Trainer Wages (c)					
6	Transportation					
7	Contractual Payments					
8	CNA Competency Tests					
9	TOTALS	\$	\$	\$	\$	
10	SUM OF line 9, col. 1 and 2 (e)	\$				

C. CONTRACTUAL INCOME

In the box below record the amount of income your facility received training CNAs from other facilities.

\$ _____

D. NUMBER OF CNAs TRAINED

COMPLETED	
1. From this facility	
2. From other facilities (f)	
DROP-OUTS	
1. From this facility	
2. From other facilities (f)	
TOTAL TRAINED	

- (a) Include wages paid during the classroom portion of training. Do not include fringe benefits.
 (b) Include wages paid during the clinical portion of training. Do not include fringe benefits.
 (c) For in-house training programs only. Do not include fringe benefits.
 (d) Allocate based on if the CNA is from your facility or is being contracted to be trained in your facility. Drop-out costs can only be for costs incurred by your own CNAs.

- (e) The total amount of Drop-out and Completed Costs for your own CNAs must agree with Sch. V, line 13, col. 8.
 (f) Attach a schedule of the facility names and addresses of those facilities for which you trained CNAs.

XIV. SPECIAL SERVICES (Direct Cost) (See instructions.)

		1	2	3	4	5	6	7	8	
	Service	Schedule V Line & Column Reference	Staff		Outside Practitioner (other than consultant)		Supplies (Actual or Allocated)	Total Units (Column 2 + 4)	Total Cost (Col. 3 + 5 + 6)	
			Units of Service	Cost	Units	Cost				
1	Licensed Occupational Therapist	39-3	hrs	\$		\$	\$		\$	1
2	Licensed Speech and Language Development Therapist	39-3	hrs							2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	39-3	hrs			58,572			58,572	4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	39-2	# of prescripts				193,718		193,718	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Other (specify):									12
13	Other (specify): SUPP/LAB/XRAY						14,205		14,205	13
14	TOTAL			\$		\$ 58,572	\$ 207,923		\$ 266,495	14

NOTE: This schedule should include fees (other than consultant fees) paid to licensed practitioners. Consultant fees should be detailed on Schedule XVIII-B. Salaries of unlicensed practitioners, such as CNAs, who help with the above activities should not be listed on this schedule.

Facility Name & ID Number OTTAWA PAVILION LTD
 XV. BALANCE SHEET - Unrestricted Operating Fund.

STATE OF ILLINOIS

00039230
 As of 12/31/2011

Report Period Beginning: 01/01/2011
 (last day of reporting year)

Page 17
 Ending: 12/31/2011

This report must be completed even if financial statements are attached.

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 64,332	\$	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance 50,000)	1,424,481		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	73,372		6
7	Other Prepaid Expenses	7,061		7
8	Accounts Receivable (owners or related parties)	326,680		8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,895,926	\$	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land			13
14	Buildings, at Historical Cost			14
15	Leasehold Improvements, at Historical Cost	489,584		15
16	Equipment, at Historical Cost	425,800		16
17	Accumulated Depreciation (book methods)	(552,680)		17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify): DEPOSIT	506		23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 363,210	\$	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,259,136	\$	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 410,353	\$	26
27	Officer's Accounts Payable	368,070		27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable	504,409		29
30	Accrued Salaries Payable	204,048		30
31	Accrued Taxes Payable (excluding real estate taxes)	13,524		31
32	Accrued Real Estate Taxes(Sch.IX-B)			32
33	Accrued Interest Payable	1,252		33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
36	Other Current Liabilities(specify):			36
37				37
38	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 1,501,656	\$	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable			39
40	Mortgage Payable			40
41	Bonds Payable			41
42	Deferred Compensation			42
43	Other Long-Term Liabilities(specify):			43
44				44
45	TOTAL Long-Term Liabilities (sum of lines 39 thru 44)	\$	\$	45
46	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 1,501,656	\$	46
47	TOTAL EQUITY (page 18, line 24)	\$ 757,480	\$	47
48	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 2,259,136	\$	48

*(See instructions.)

XVI. STATEMENT OF CHANGES IN EQUITY

		I Total	
1	Balance at Beginning of Year, as Previously Reported	\$ (22,860)	1
2	Restatements (describe):		2
3			3
4			4
5			5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ (22,860)	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	780,340	7
8	Aquisitions of Pooled Companies		8
9	Proceeds from Sale of Stock		9
10	Stock Options Exercised		10
11	Contributions and Grants		11
12	Expenditures for Specific Purposes		12
13	Dividends Paid or Other Distributions to Owners	()	13
14	Donated Property, Plant, and Equipment		14
15	Other (describe)		15
16	Other (describe)		16
17	TOTAL Additions (deductions) (sum of lines 7-16)	\$ 780,340	17
	B. Transfers (Itemize):		
18			18
19			19
20			20
21			21
22			22
23	TOTAL Transfers (sum of lines 18-22)	\$	23
24	BALANCE AT END OF YEAR (sum of lines 6 + 17 + 23)	\$ 757,480	24 *

* This must agree with page 17, line 47.

STATE OF ILLINOIS

Page 19

Facility Name & ID Number OTTAWA PAVILION LTD

00039230

Report Period Beginning: 01/01/2011

Ending: 12/31/2011

XVII. INCOME STATEMENT (attach any explanatory footnotes necessary to reconcile this schedule to Schedules V and VI.) All required classifications of revenue and expense must be provided on this form, even if financial statements are attached.

Note: This schedule should show gross revenue and expenses. Do not net revenue against expense

1		2	
Revenue		Amount	
A. Inpatient Care			
1	Gross Revenue -- All Levels of Care	\$ 6,379,487	1
2	Discounts and Allowances for all Levels	()	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 6,379,487	3
B. Ancillary Revenue			
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	371,671	6
7	Oxygen		7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 371,671	8
C. Other Operating Revenue			
9	Payments for Education		9
10	Other Government Grants		10
11	CNA Training Reimbursements		11
12	Gift and Coffee Shop		12
13	Barber and Beauty Care		13
14	Non-Patient Meals		14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs		17
18	Sale of Supplies to Non-Patients		18
19	Laboratory		19
20	Radiology and X-Ray		20
21	Other Medical Services		21
22	Laundry		22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$	23
D. Non-Operating Revenue			
24	Contributions		24
25	Interest and Other Investment Income***	1,959	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 1,959	26
E. Other Revenue (specify):****			
27	Settlement Income (Insurance, Legal, Etc.)		27
28			28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 6,753,117	30

2		Amount	
Expenses			
A. Operating Expenses			
31	General Services	1,043,679	31
32	Health Care	2,765,389	32
33	General Administration	1,425,781	33
B. Capital Expense			
34	Ownership	406,280	34
C. Ancillary Expense			
35	Special Cost Centers	266,495	35
36	Provider Participation Fee	65,153	36
D. Other Expenses (specify):			
37	OUT-OF-PERIOD EXPENSES		37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 5,972,777	40
41	Income before Income Taxes (line 30 minus line 40)**	780,340	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ 780,340	43

* This must agree with page 4, line 45, column 4.

** Does this agree with taxable income (loss) per Federal Income Tax Return? YES If not, please attach a reconciliation.

*** See the instructions. If this total amount has not been offset against interest expense on Schedule V, line 32, please include a detailed explanation.

****Provide a detailed breakdown of "Other Revenue" on an attached sheet.

STATE OF ILLINOIS

Page 20

Facility Name & ID Number OTTAWA PAVILION LTD

00039230

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

XVIII. A. STAFFING AND SALARY COSTS (Please report each line separately.)

(This schedule must cover the entire reporting period.)

		1	2**	3	4	
		# of Hrs. Actually Worked	# of Hrs. Paid and Accrued	Reporting Period Total Salaries, Wages	Average Hourly Wage	
1	Director of Nursing	1,784	1,968	\$ 66,400	\$ 33.74	1
2	Assistant Director of Nursing					2
3	Registered Nurses	8,958	8,261	241,789	29.27	3
4	Licensed Practical Nurses	23,010	26,007	534,775	20.56	4
5	CNAs & Orderlies	75,133	85,229	1,026,020	12.04	5
6	CNA Trainees					6
7	Licensed Therapist	14,334	18,196	516,392	28.38	7
8	Rehab/Therapy Aides					8
9	Activity Director	2,006	2,749	31,423	11.43	9
10	Activity Assistants	9,346	9,793	101,400	10.35	10
11	Social Service Workers	2,051	2,131	32,037	15.03	11
12	Dietician					12
13	Food Service Supervisor	1,937	3,073	41,615	13.54	13
14	Head Cook					14
15	Cook Helpers/Assistants	17,064	19,283	192,549	9.99	15
16	Dishwashers					16
17	Maintenance Workers	7,397	7,266	110,070	15.15	17
18	Housekeepers	13,030	14,896	140,075	9.40	18
19	Laundry	6,503	6,937	73,604	10.61	19
20	Administrator	2,101	3,155	80,766	25.60	20
21	Assistant Administrator					21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	4,179	4,574	68,588	15.00	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator					29
30	Habilitation Aides (DD Homes)					30
31	Medical Records	5,074	5,501	80,951	14.72	31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	193,907	219,019	\$ 3,338,454 *	\$ 15.24	34

* This total must agree with page 4, column 1, line 45.

** See instructions.

B. CONSULTANT SERVICES

		1	2	3	
		Number of Hrs. Paid & Accrued	Total Consultant Cost for Reporting Period	Schedule V Line & Column Reference	
35	Dietary Consultant	M	\$ 7,913	1-3	35
36	Medical Director	O	6,000	9-3	36
37	Medical Records Consultant	N	0	10-3	37
38	Nurse Consultant	T	0	10-3	38
39	Pharmacist Consultant	H	6,556	10-3	39
40	Physical Therapy Consultant	L	0	10a-3	40
41	Occupational Therapy Consultant	Y	0	10a-3	41
42	Respiratory Therapy Consultant		0	10a-3	42
43	Speech Therapy Consultant	F	0	10a-3	43
44	Activity Consultant	E	3,000	11-3	44
45	Social Service Consultant	E	2,000	12-3	45
46	Other(specify)	S			46
47					47
48					48
49	TOTAL (lines 35 - 48)		\$ 25,469		49

C. CONTRACT NURSES

		1	2	3	
		Number of Hrs. Paid & Accrued	Total Contract Wages	Schedule V Line & Column Reference	
50	Registered Nurses	16	\$ 768	10-3	50
51	Licensed Practical Nurses	784	31,963	10-3	51
52	Certified Nurse Assistants/Aides			10-3	52
53	TOTAL (lines 50 - 52)	800	\$ 32,731		53

XIX. SUPPORT SCHEDULES

A. Administrative Salaries		Ownership %	Amount	D. Employee Benefits and Payroll Taxes		Amount	F. Dues, Fees, Subscriptions and Promotions		Amount
Name	Function			Description			Description		
MARGIE LYLE	ADMINISTRATOR		\$ 80,766	Workers' Compensation Insurance	\$	132,567	IDPH License Fee	\$	1,573
	ASST ADMIN		0	Unemployment Compensation Insurance		49,100	Advertising: Employee Recruitment		3,016
	OTHER ADMIN		0	FICA Taxes		251,908	Health Care Worker Background Check		2,679
				Employee Health Insurance		79,213	(Indicate # of checks performed)		
				Employee Meals		0	Patient Background Checks		0
				Illinois Municipal Retirement Fund (IMRF)*			TRUST/FRANCHISE/CONTRIB/ETC		800
				EMPLOYEE BENEFITS - OTHER		12,908	MARKETING/ADV/PROMO		43,353
							LICENSES/DUES/SUBSCRIPTIONS		7,136
							MGMT CO ALLOC		646
							TRUST/FRANCHISE/CONTRIB/ETC		(800)
							Less: Public Relations Expense	(	0)
							Non-allowable advertising		(43,353)
							Yellow page advertising	(	0)
TOTAL (agree to Schedule V, line 17, col. 1) (List each licensed administrator separately.)			\$ 80,766	TOTAL (agree to Schedule V, line 22, col.8)		\$ 525,696	TOTAL (agree to Sch. V, line 20, col. 8)		\$ 15,050
B. Administrative - Other				E. Schedule of Non-Cash Compensation Paid to Owners or Employees			G. Schedule of Travel and Seminar**		
Description			Amount	Description	Line #	Amount	Description		Amount
MANAGEMENT FEE			\$ 148,806			\$	Out-of-State Travel	\$	
							In-State Travel		0
							MGMT CO ALLOC		691
							Seminar Expense		0
							Entertainment Expense	(	
TOTAL (agree to Schedule V, line 17, col. 3) (Attach a copy of any management service agreement)			\$ 148,806	TOTAL		\$	(agree to Sch. V, line 24, col. 8)		\$ 691
C. Professional Services									
Vendor/Payee	Type		Amount						
			\$						
SEE SCHEDULE ATTACHED			40,349						
TOTAL (agree to Schedule V, line 19, column 3) (If total legal fees exceed \$5,000, attach copy of invoices.)			\$ 40,349						

* Attach copy of IMRF notifications

**See instructions.

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
 (See instructions.)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Improvement Type	Month & Year Improvement Was Made	Total Cost	Useful Life	Amount of Expense Amortized Per Year								
					FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
1			\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20	TOTALS		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$

881

XX. GENERAL INFORMATION:

- (1) Are nursing employees (RN, LPN, NA) represented by a union? YES
- (2) Are there any dues to nursing home associations included on the cost report? NO
If YES, give association name and amount. _____
- (3) Did the nursing home make political contributions or payments to a political action organization? YES If YES, have these costs been properly adjusted out of the cost report? YES
- (4) Does the bed capacity of the building differ from the number of beds licensed at the end of the fiscal year? NO If YES, what is the capacity? _____
- (5) Have you properly capitalized all major repairs and equipment purchases? YES
What was the average life used for new equipment added during this period? 10 YR
- (6) Indicate the total amount of both disposable and non-disposable diaper expense and the location of this expense on Sch. V. \$ 14,987 Line 10-2
- (7) Have all costs reported on this form been determined using accounting procedures consistent with prior reports? YES If NO, attach a complete explanation. _____
- (8) Are you presently operating under a sale and leaseback arrangement? NO
If YES, give effective date of lease. _____
- (9) Are you presently operating under a sublease agreement? YES X NO
- (10) Was this home previously operated by a related party (as is defined in the instructions for Schedule VII)? YES NO X If YES, please indicate name of the facility, IDPH license number of this related party and the date the present owners took over. _____
- (11) Indicate the amount of the Provider Participation Fees paid and accrued to the Department during this cost report period. \$ 65,153
This amount is to be recorded on line 42 of Schedule V. _____
- (12) Are there any salary costs which have been allocated to more than one line on Schedule V for an individual employee? NO If YES, attach an explanation of the allocation. _____

- (13) Have costs for all supplies and services which are of the type that can be billed to the Department, in addition to the daily rate, been properly classified in the Ancillary Section of Schedule V? YES
- (14) Is a portion of the building used for any function other than long term care services for the patient census listed on page 2, Section B? NO For example, is a portion of the building used for rental, a pharmacy, day care, etc.) If YES, attach a schedule which explains how all related costs were allocated to these functions
- (15) Indicate the cost of employee meals that has been reclassified to employee benefit on Schedule V. \$ 0 Has any meal income been offset against related costs? N/A Indicate the amount \$ _____
- (16) Travel and Transportation
a. Are there costs included for out-of-state travel? NO
If YES, attach a complete explanation.
b. Do you have a separate contract with the Department to provide medical transportation for residents? NO If YES, please indicate the amount of income earned from such a program during this reporting period. \$ _____
c. What percent of all travel expense relates to transportation of nurses and patients? 5%
d. Have vehicle usage logs been maintained? NO
e. Are all vehicles stored at the nursing home during the night and all other times when not in use? NO
f. Has the cost for commuting or other personal use of autos been adjusted out of the cost report? YES
g. Does the facility transport residents to and from day training? NO
Indicate the amount of income earned from providing such transportation during this reporting period. \$ N/A
- (17) Has an audit been performed by an independent certified public accounting firm? NO
Firm Name: _____
- (18) Have all costs which do not relate to the provision of long term care been adjusted out of Schedule V? YES
- (19) If total legal fees are in excess of \$5,000, have legal invoices and a summary of services performed been attached to this cost report? YES
Attach invoices and a summary of services for all architect and appraisal fees



Pat Quinn, Governor

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

April 20, 2012

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Maggie Lyle, Administrator
Ottawa Pavilion
800 East Center Street
Ottawa, Illinois 61350

Reference: Provider #: 145426/0039230
Cycle Date: 04/13/12
Survey Date: 04/13/12
Survey Type: Annual Life Safety Code
LSC Survey: 04/18/12
Highest S/S: "F", K50

Dear Administrator:

On 04/13/12, a Health inspection was conducted at the above-named facility by staff of the Illinois Department of Public Health to determine compliance with federal certification requirements for nursing homes participating in the Medicare and/or Medicaid programs. Deficiencies were identified and remedies have been proposed, recommended or imposed in an "Initial Notice" dated 04/17/12, and any amendments thereto. On 04/18/12, an Annual Life Safety Code (LSC) survey was conducted. As a result of that survey, ADDITIONAL DEFICIENCIES were identified. (See Enclosure #1, "Statement of Deficiencies," CMS Form 2567.)

Although no additional remedies will be recommended or imposed as a result of the revisit, all remedies proposed, recommended or imposed in the "Initial Notice" and any subsequent notices will continue in effect. Time lines and effective dates established in the "Initial Notice" or any amendments thereto remain unchanged.

The facility must submit a Plan of Correction (POC) for all deficiencies at "B" Level or higher; Level "A" deficiencies must be corrected, but do not require a written POC. All required POCs must be submitted to the Department within ten (10) calendar days after receipt of the written "Statement of Deficiencies." The POC cannot be submitted on the CMS-2567, but on separate sheets of paper which are attached to the first page of the CMS-2567. The first page of the CMS-2567 must be returned with the facility representative's signature and date. The POC is not to be used to dispute a deficiency or to make comments about the survey process. Information disputing a deficiency may be provided through the informal dispute resolution (IDR) process on the enclosed form, and, if necessary, separate sheets of paper; comments about the survey process may be provided on the enclosed Provider Feedback Survey. In order for a POC to be acceptable, it must:

1. Address corrective actions taken and/or how the deficiency will be corrected;
2. Address actions the facility will take to assure that no other examples of the deficiency exist in other parts of the building. Cited deficiencies may not identify all locations where a condition may occur. It is the facility's responsibility to review its building to assure that similar conditions do not exist in other areas;

3. Address what measures will be put in place or systemic changes made to ensure that the deficient practice will not recur;
4. Indicate how the facility plans to monitor its performance to make sure those solutions are sustained. The facility must develop a plan for ensuring that correction is achieved and sustained. This plan must be implemented, and the corrective action evaluated for its effectiveness. This plan of correction is integrated into the quality assurance system; and
5. Include a specific date when corrective action will be completed not later than 05/28/12 for any deficiency at Level "D" or higher.

*****See the ORANGE attachment that further explains POC requirements for Life Safety Code*****

Further, in accordance with the *State Operations Manual (Sections 7304D and 7316)*, the facility must submit POCs to the Department within ten (10) calendar days after receipt of the CMS-2567. Therefore, our Department cannot grant an extension of the time for which the POC is to be submitted. Failure to submit a POC which includes the above-listed components and in the mandated timeframes will result in our Department imposing or recommending immediate imposition of remedies and/or termination from the Medicare and/or Medicaid programs. Denial of Payment for new admissions (DOPNA) will be imposed if an acceptable Plan of Correction has not been received by three months from the survey cycle date:

In some cases, while certain provisions of the LSC might not be met but the facility provides a reasonable degree of fire safety, an Annual Waiver may be requested with proper justification. The Annual Waiver justification must include facility fire safety characteristics to support granting of the waiver would not adversely affect patient health and safety and would impose an unreasonable hardship on the facility. For those cases of unreasonable hardship an actual estimate from a licensed contractor or consulting firm in support of the statement of estimated cost must be submitted along with justification to support how this is a financial hardship. Details of how resident safety will be protected if the deficiency is not corrected must also be included in the waiver request to include building sprinkler status and smoke control features. The Annual Waiver request must provide this specific information as described in the *State Operations Manual (Section 2480)* and must be signed and dated by the facility's representative. One (1) Annual Waiver request form (Enclosure #4) must be completed, signed and dated for each K tag/deficiency. Only Plans of Correction (POCs) or Annual Waivers will be accepted and reviewed for deficiencies at Levels "B" and/or "C". Notification of CMS approval or denial of Annual Waiver requests will be issued by our Department when received from the Regional Office of the Centers for Medicare and Medicaid Services (CMS). CMS has the final authority to approve or deny all Annual Waiver requests.

The Regional CMS Office has authorized our Department to review and issue notice of our approval of Temporary Waivers up to 12 months duration from the survey cycle date for Medicare/Medicaid certified nursing homes. The Temporary Waiver response/request must address increased fire safety awareness as required by the *State Operation Manual (Section 7410FI)* to be deemed acceptable. The Temporary Waiver request must include benchmarking correction to justify the date of completion, financial information to justify the waiver request and safeguards for residents in the facility until the end of the waiver period. The request must also include interim safety measures to be implemented until correction of the deficiency. If corrective actions include modifications to the sprinkler system and/or fire alarm system or building exit access, the Licensure Plan/Review Unit must be consulted prior to modification to determine the need for project plan submission to ensure Code compliance. Temporary Waivers for more than 12 months from the survey cycle date will be forwarded to CMS for review. Notification of CMS approval or denial of these requests will be issued by our Department when received from CMS. The Temporary Waiver request form must be completed, signed and dated by the facility's representative. One (1) Temporary Waiver request form (Enclosure #4A) must be completed, signed and dated for each K tag/deficiency. Temporary Waiver requests will not be accepted or reviewed for deficiencies at Levels "B" and/or "C". If any deficiency cited on the Annual LSC survey has a previously requested Temporary Waiver on file, the POC response submitted for that deficiency for the Annual survey cannot exceed the date previously requested. [NOTE: The survey cycle date is included in the information reference block on the first page of the "Initial Notice" accompanying the LSC Statement of Deficiencies.] CMS has the final authority to approve or deny all Temporary Waiver requests.

If a deficiency is to be addressed through a Fire Safety Evaluation System (FSES) the provider is responsible for completion of the FSES to include a Table of Alternates. The FSES must be submitted within ten (10) calendar days after receipt of the written "Statement of Deficiencies" (CMS-2567) along with the POC. CMS will not allow Temporary Waivers to allow time to conduct the FSES. An inability to submit the FSES will not delay the effective date of any enforcement action. Further, Annual Waivers may not be used in conjunction with the Fire Safety Evaluation System (FSES) to achieve compliance. CMS has the final authority to approve or deny all FSES requests. (Enclosure#5)

If the facility is subject to a LSC Federal Monitoring Survey (FMS), that survey will in most instances become part of an existing enforcement cycle. No revisit activity for the Annual LSC will occur until our office has received authorization from the Regional CMS Office to conduct a revisit for the FMS survey. The Regional CMS Office has final authority for review and approval of POCs, Waiver requests and FSES requests for the LSC FMS. All inquiries regarding Denial of Payments for New Admissions (DOPNA) in these cases should be made to the CMS Illinois Principal Program Representative.

Before a revisit will be scheduled, the facility must provide to the Department an acceptable POC for all deficiencies. An acceptable POC will also serve as the facility's allegation of compliance, thereby signifying the facility attests it will be in substantial compliance with all federal certification requirements. Based upon the acceptable POC, a revisit will be conducted to verify compliance.

*****REQUIRED SPRINKLER STATUS BY AUGUST 13, 2013*****

On August 13, 2008, CMS published a final rule that requires all long-term care facilities to be equipped with a complete supervised automatic sprinkler system by no later than August 13, 2013. Facilities with no or partial sprinkler systems installed and/or that use Annual Waiver or the Fire Safety Evaluation System (FSES) to comply with the current sprinkler requirements have until August 13, 2013 to install or upgrade the sprinkler system. Please review your facility's sprinkler system to ensure it fully complies with the National Fire Protection Association's (NFPA) "Standard for the Installation of Sprinkler Systems" (1999 Edition, NFPA 13). The Federal survey process requires review of the sprinkler system to determine if the system is providing complete coverage or only partial coverage. Complete coverage means that the entire facility, including all closets, storage areas and walk-in coolers and freezers are sprinkler protected. There are specific requirements for overhangs attached to the outside of the building (1999 Edition, NFPA 13, Section 5-13.8), electrical equipment rooms (1999 Edition, NFPA 13, Section 5-13.11) and Elevator Hoistways and Machine Rooms (1999 Edition, NFPA 13, Section 5-13.6) that are the responsibility of the facility to understand and comply with, that may result in costly upgrades that will require time to complete. Since there is no waiver and/or FSES provision after August 13, 2013, it is imperative that you ensure that your facility is fully sprinkled in accordance with the regulation on August 13, 2013. Failure to do so is likely to result in enforcement remedies, including but not limited to termination.

Before a revisit will be scheduled, the facility must provide to the Department an acceptable POC for all deficiencies. An acceptable POC will also serve as the facility's allegation of compliance, thereby signifying the facility attests it will be in substantial compliance with all federal certification requirements. Based upon the acceptable POC, a revisit will be conducted to verify compliance.

SUBMISSION OF EVIDENCE IN LIEU OF AN ONSITE FOLLOW-UP REVISIT

Based upon the scope and severity level of the LSC deficiencies cited, the facility may be considered eligible to submit evidence in lieu of an onsite revisit. This evidence must be submitted within thirty days of the survey exit date, should be clearly separated by tag number, and should show that the facility has:

1. Put into place systemic changes as identified in its Plan of Correction to ensure that the deficient practices will not recur, and
2. Initiated a program to monitor the continued effectiveness of its Plan of Correction.

Evidence of correction should include documentation such as copies of written policies and procedures, **completed** (i.e., filled out) monitoring sheets, outline of in-service programs, in-service attendance sheets, quality assurance monitoring reports, committee minutes, licenses or other credentials, invoices, receipts, photographs or other credible evidence. If the evidence that the facility submits is determined by the Department to show correction of the deficiencies, an on-site life safety code revisit will not be conducted. If the evidence does not prove correction, or is not submitted in a timely manner, an on-site revisit will be scheduled. Evidence will be reviewed during revisit activity (not during POC review) by the Architect that conducted the Annual survey. All evidence submitted for review must be legible. Please be aware that copies of photographs sent via facsimile generally are not legible and may result in a request for other documents.

PLEASE SUBMIT ALL EVIDENCE WITHIN 30 DAYS OF THE LSC SURVEY EXIT DATE TO THIS OFFICE

The facility may request an "Informal Dispute Resolution" (IDR) to challenge any deficiency that renders the facility not in substantial compliance (Level "D" or above). The facility may only question whether or not a deficiency existed at the time of the survey, not the scope/severity or any recommended or imposed remedies.

The IDR process will not delay the effective date of any enforcement action! If the facility requests an IDR without submitting an acceptable POC and the Department's decision, as a result of the process, does not result in the deletion of the deficiency, our Department will then proceed to impose or recommend immediate imposition of remedies, to include termination from the Medicare and/or Medicaid programs. The provider is allowed one (1) opportunity for IDR. **Informal dispute resolution (IDR) information must be submitted within ten (10) calendar days after receipt of the CMS-2567.** (See Enclosure #3)

Please submit all documents or other materials relating to this survey to:

Illinois Department of Public Health
Division of Long-Term Care, Field Operations
Quality Review Section
525 West Jefferson, Fifth Floor
Springfield, Illinois 62761-0001
Attention: Jon Siegel

If you have questions concerning this notice, please contact my staff at the above address or telephone (217) 782-5180. You may also telephone the Department's TTY number (hearing impaired use only) at 1-800-547-0466.

Sincerely,



Acting Division Chief
Division of Life Safety and Construction
Illinois Department of Public Health

Enclosures

cc: State Medicaid Agency
IL Department on Aging
MS Rgt Agt Service, Registered Agent
File (3)
LSC G2/ 041411/as/CM

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 04/19/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145426	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 04/18/2012
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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 000	INITIAL COMMENTS An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Ottawa Pavilion was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR 483.70(a) Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19, Existing Health Care. The facility was surveyed as two separate buildings due to two different construction types. Building 0102 -Type II (222) / Building 0202- Type V (000) Building 0102 is the original building and was constructed in 1946. Building 0102 is a two story building with a full basement and was determined to be of Type II (222) Construction. Building 0102 is scheduled to be demolished when the facilities new building is complete in May, 2012. Building 0102 is partially sprinklered. Coverage is limited to the Basement Level, hazardous areas only, and is taken off the domestic water lines. Building 0102 has a fire alarm system with smoke detectors tied into the fire alarm system with smoke detectors in corridors and spaces open to the corridor. Resident sleeping rooms and offices have single station battery operated smoke detectors. Building 0102 has a capacity of 87 and had a census of 64 at the time of the survey.	K 000		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE	TITLE	(X6) DATE
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Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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K 000	Continued From page 1	K 000			
K 018 SS=E	The Facility has a capacity of 119 beds and had a census of 89 at the time of the survey. NFPA 101 LIFE SAFETY CODE STANDARD. Doors protecting corridor openings in other than required enclosures of vertical openings, exits, or hazardous areas are substantial doors, such as those constructed of 1¾ inch solid-bonded core wood, or capable of resisting fire for at least 20 minutes. Doors in sprinklered buildings are only required to resist the passage of smoke. There is no impediment to the closing of the doors. Doors are provided with a means suitable for keeping the door closed. Dutch doors meeting 19.3.6.3.6 are permitted. 19.3.6.3 Roller latches are prohibited by CMS regulations in all health care facilities. This STANDARD is not met as evidenced by: Based on observations and interview it was determined that the facility failed to maintain the closure for corridor doors per NFPA 101, Section 19.3.6.3. This deficient practice could affect staff, visitors and approximately 28 of 64 residents in the First Floor / East Smoke Zone and the Basement / Center Smoke Zones, as well as an indeterminable number of staff and visitors if a fire would start in one of these rooms it could affect the entire smoke zone.	K 018			

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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K 018	Continued From page 2 Findings include: A. On 04/18/12 at 10:37 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the First Floor / East Smoke Zone, Door 109 did not close to the latch. B. On 04/18/12 at 11:10 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Basement / Center Smoke Zone, Beauty Shop door was held open with a wood wedge. These observations were verified at the exit interview with E-1 and E-2.	K 018		
K 019 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Vision panels in corridor walls or doors are fixed window assemblies in approved frames. (In fully sprinklered buildings, there are no restrictions in the area and fire resistance of glass and frames.) 19.3.6.2.3, 19.3.6.3.8, 19.3.6.5 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to provide fixed vision panels in corridor walls in accordance with NFPA 101, 2000 Edition, Sections 19.3.6.2.3, 19.3.6.3.8 and 8.2.3 (the situation does not meet the	K 019		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER

OTTAWA PAVILION

STREET ADDRESS, CITY, STATE, ZIP CODE

800 EAST CENTER STREET
OTTAWA, IL 61350

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K 019	Continued From page 3 requirements of the exceptions). This deficient practice could affect 4 of 64 residents in Building 0102, which is partially sprinklered, as well as an indeterminable number of staff and visitors, if smoke and fire were allowed to spread into the exit access corridor through a deficient vision panel. Findings include: On 04/18/12 at 10:15 AM while accompanied by E-1, observation of the facilities vision panels determined that the First Floor, Center Smoke Zone, Exit Corridor at the reception desk and offices, adjacent to the main entry, the vision panels are constructed of tempered glass set in aluminum frames. This observation was verified by the exit interview with E-1 and E-2.	K 019		
K 028 SS=F	TEMPORARY WAIVER UNTIL 05/01/12 NFPA 101 LIFE SAFETY CODE STANDARD Door openings in smoke barriers provide a minimum clear width of 32 inches (81cm) for swinging or horizontal doors. Vision panels are of fire-rated glazing or wired glass panels and steel frames. 19.3.7.5, 19.3.7.7 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide doors in smoke barriers with a minimum clear width of 32 inches for swinging or horizontal doors in accordance with NFPA 101 Life Safety Code, Sections 19.3.7.5 and 19.3.7.7. This deficient practice could affect 64 of 64	K 028		

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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K 028	Continued From page 4 residents and an indeterminable number of staff and visitors of evacuation via deficient door was necessary. Findings include: On 04/18/12 at 10:18 AM, while accompanied by E-1, observation of the facilities smoke barrier doors determined that the following doors measured 29 1/2 inches wide in lieu of the required 32 inch minimum width. A. Basement Level, smoke doors adjacent to Physical Therapy. B. First Floor, smoke doors adjacent to Room 101. C. Second Floor, smoke doors adjacent to Room 245. These observations were verified at the exit interview with E-1 and E-2. TEMPORARY WAIVER UNTIL 05/10/12	K 028		
K 033 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Exit components (such as stairways) are enclosed with construction having a fire resistance rating of at least one hour, are arranged to provide a continuous path of escape, and provide protection against fire or smoke from other parts of the building. 8.2.5.2, 19.3.1.1 This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide construction of exit components having a fire resistance rating of at least one hour. The exit components are to be arranged to provide a construction path of escape, and to provide protection against fire or smoke from other parts of the building in accordance with LSC	K 033		

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K 033	Continued From page 5 Sections 19.3.1.1. This deficient practice could affect 15 of the 64 residents in the Basement Level, East Smoke Zone as well as an indeterminable number of staff and visitors, if evacuation was required to limit the fire rating and possible smoke penetration of the stair tower doors. Findings include: On 04/18/12 at 11:06 AM, while accompanied by E-1, observation of the facilities exit stairs determined that the Basement Level, East Smoke Zone / East Exit Stair, the rated door with closer was held open with a wood wedge. This observation was verified at the exit interview with E-1 and E-2.	K 033		
K 050 SS=F	NFPA 101 LIFE SAFETY CODE STANDARD Fire drills are held at unexpected times under varying conditions, at least quarterly on each shift. The staff is familiar with procedures and is aware that drills are part of established routine. Responsibility for planning and conducting drills is assigned only to competent persons who are qualified to exercise leadership. Where drills are conducted between 9 PM and 6 AM a coded announcement may be used instead of audible alarms. 19.7.1.2 This STANDARD is not met as evidenced by: Based on record review and interview it was determined that the facility failed to maintain provide fire drills as required. Fire drills are to be held at unexpected times under varying conditions, at least quarterly on each shift per NFPA 101, Section 19.7.1.2. This deficient	K 050		

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K 050	Continued From page 6 practice could affect 64 of 64 residents, as well as an indeterminable number of staff and visitors, if the facility staff is not trained to find the fire and to deal with residents in varying location in a real fire event. Findings include: On 04/18/12 at 9:56 AM, during record review of the facilities fire drill log, it was determined that one (1) of the 12 required quarterly fire drills was not conducted. Per an interview with E-1, it was noted that no other fire drill documentation was available for review. The facility failed to conduct the required fire drill in the following quarter and shift. 1. 3rd Quarter / 3rd Shift. This record review was verified at the exit interview with E-1 and E-2.	K 050			
K 069 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Cooking facilities are protected in accordance with 9.2.3. 19.3.2.6, NFPA 96 This STANDARD is not met as evidenced by: Based on record review and staff interview, the facility failed to ensure that the range hood fire extinguishing system was properly installed and inspected semi-annually in accordance with NFPA 101, 2000 Edition, and Section 9.2.3 as well as NFPA 96. These deficient practices could affect 15 of 64 residents in the Basement Level, Center Smoke Zone, as well as an indeterminable number of staff and visitors. Findings include: On 04/28/12 at 9:12 AM, during record review of the kitchen hood duct cleaning	K 069			

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K 069	Continued From page 7 report and interview with E-1, it was determined that the facility could not provide documentation for the required (2) two Semi-Annual Kitchen Hood Duct Inspection and Cleaning. Failure to properly inspect and clean the hood, in a moderate volume cooking facility, could result in a fire in the hood or exhaust system. A moderate volume cooking facility is required to clean the hood semi-annually per NFPA 96, Section 8-3, "Type or Volume of Cooking Frequency". NFPA 96, Section 8-3 Cleaning. Section 8-3.1 Hoods, grease removal devices, fans, ducts, and other appurtenances shall be cleaned to bare metal at frequent intervals prior to surfaces becoming heavily contaminated with grease or oily sludge. After the exhaust system is cleaned to bare metal, it shall not be coated with powder or other substance. The entire exhaust system shall be inspected by a properly trained, qualified, and certified company or person(s) acceptable to the authority having jurisdiction in accordance with Table 8-3.1. Table 8-3.1 Exhaust System Inspection Schedule Type or Volume of Cooking Frequency: Systems serving moderate-volume cooking operations, Semiannually. This record review was verified at the exit interview with E-1 and E-2.	K 069		
K 144 SS=F	NFPA 101 LIFE SAFETY CODE STANDARD Generators are inspected weekly and exercised under load for 30 minutes per month in accordance with NFPA 99. 3.4.4.1.	K 144		

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FORM APPROVED
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NAME OF PROVIDER OR SUPPLIER

OTTAWA PAVILION

STREET ADDRESS, CITY, STATE, ZIP CODE

800 EAST CENTER STREET
OTTAWA, IL 61350

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K 144	Continued From page 8 This STANDARD is not met as evidenced by: Based on record review and staff interview, the facility failed to test and maintain the emergency generator set in accordance with the requirements of NFPA 101, 2000 Edition, NFPA 99, 1999 Edition; NFPA 110, 1999 Edition and failed to provide proper equipment, inspections and inspection records for the emergency generator in accordance NFPA 99, Section, 3-6.4, NFPA 110, 1999 Edition and other referenced sections. This deficient practice affects the entire building and could affect 64 of 64 residents, as well as an indeterminable number of staff and visitors. Findings include: A. On 04/18/12 at 9:00 AM during the record review of the facilities generator log and an interview with E-1, it was determined that the facility has (2) two generators. The facility is running the generators under load monthly and recording all phases. A total of twelve (12) of the 12 required monthly generator logs indicated that the load tests for both of the generators were less than 30% of the Name Plate Rating (NPR). The facility is required to load the generator to 30% or greater monthly per NFPA 110, Section 6-4.2. NFPA 110, Section 6-4.2*	K 144		

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K 144	Continued From page 9 Generator sets in Level 1 and Level 2 service shall be exercised at least once monthly, for a minimum of 30 minutes, using one of the following methods: (a) Under operating temperature conditions or at not less than 30 percent of the EPS nameplate rating (b) Loading that maintains the minimum exhaust gas temperatures as recommended by the manufacturer The date and time of day for required testing shall be decided by the owner, based on facility operations. B. On 04/18/12 at 9:00 AM, during the record review of the facilities generator log and an interview with E-1, it was determined that the facility did not run a Load Bank Test in the past 12 months per NFAP 110, Section 5-13.2.5. The last load bank test was by V-1 dated 12/02/10. NFPA 110, Section 5-13.2.5 Full Load Test. A load shall be applied for a 2-hour, full load test. The building load can serve as part or all of the load, supplemented by a load bank of sufficient size to provide a load equal to 100 percent of the nameplate kW rating of the EPS, less applicable derating factors for site conditions. A unity power factor shall be acceptable for on-site testing, provided that rated load tests at the rated power factor have been performed by the manufacturer of the EPS prior to shipment. Exception: Where the EPS is a paralleled multi-unit EPS, each unit shall be permitted to be tested individually at its rating. These record reviews were verified at the exit interview with E-1 and E-2.	K 144			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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FORM APPROVED
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K 000	INITIAL COMMENTS An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Ottawa Pavilion was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR 483.70(a) Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19, Existing Health Care. The facility was surveyed as two separate buildings due to two different construction types. Building 0102 -Type II (222) / Building 0202- Type V (000) Building 0202 was constructed in 1992 and is a one story building without basement and is located on the South -East corner of Building 0102. The exterior walls are synthetic plaster and wood studs with a non rated roof /ceiling assembly consisting of wood trusses, plywood sheathing and asphalt shingles. Building 0102 was determined to be of Type V (000) Construction. Building 0202 is scheduled to be remodeled when the facilities new building is completed in May, 2012. Building 0202 is fully sprinklered having coverage in all areas. Building 0202 has a fire alarm system with smoke detectors tied into the fire alarm system with smoke detectors in corridors; spaces open to the corridor and resident sleeping rooms. Building 0202 has a capacity of 32 and had a	K 000		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE	TITLE	(X6) DATE
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Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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K 000	Continued From page 1 census of 25 at the time of the survey.	K 000			
K 017 SS=E	The Facility has a capacity of 119 beds and had a census of 89 at the time of the survey. The requirement at 42 CFR Subpart 483.70(a) is NOT MET as evidenced by: NFPA 101 LIFE SAFETY CODE STANDARD Corridors are separated from use areas by walls constructed with at least ½ hour fire resistance rating. In sprinklered buildings, partitions are only required to resist the passage of smoke. In non-sprinklered buildings, walls properly extend above the ceiling. (Corridor walls may terminate at the underside of ceilings where specifically permitted by Code. Charting and clerical stations, waiting areas, dining rooms, and activity spaces may be open to the corridor under certain conditions specified in the Code. Gift shops may be separated from corridors by non-fire rated walls if the gift shop is fully sprinklered.) 19.3.6.1, 19.3.6.2.1, 19.3.6.5 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to provide corridor walls constructed with a 30 minutes fire resistance rating and continue through the drywall ceiling to the roof in accordance with NFPA 101, 2000 Edition, Section 19.3.6.2.1. in which, " Corridor walls shall be continuously from the floor to the underside of the	K 017			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145426	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - BUILDING 02 B. WING _____	(X3) DATE SURVEY COMPLETED 04/18/2012
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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 017	Continued From page 2 floor or roof deck above and they shall have a fire resistance rating of not less than 1/2 hour." This deficient practice could affect 6 of 25 residents in the Short Hall Smoke Zone, as well as an indeterminable number of staff and visitors, if smoke was allowed to move from a room into an exit access corridor. Findings include: A. On 04/18/12 at 10:27 AM, while accompanied by E-1, observations determined that the Short Hall Smoke Zone, Dining Room 304 contained a (3) three inch diameter sprinkler line that penetrated the wall into the previous Vestibule. The sprinkler line had a (2) two inch annular opening around the sprinkler pipe and was not sealed. B. On 04/18/12 at 10:30 AM, while accompanied by E-1, observations determined that the Short Hall Smoke Zone, Storage Room contained two conduits with communication wires that penetrated the ceiling. The interior of the conduit which contained the communication wires was not sealed. These observations were verified at the exit interview with E-1 and E-2.	K 017		
K 018 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Doors protecting corridor openings in other than required enclosures of vertical openings, exits, or hazardous areas are substantial doors, such as those constructed of 1 3/4 inch solid-bonded core wood, or capable of resisting fire for at least 20 minutes. Doors in sprinklered buildings are only required to resist the passage of smoke. There is	K 018		

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION			STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 018	Continued From page 3 no impediment to the closing of the doors. Doors are provided with a means suitable for keeping the door closed. Dutch doors meeting 19.3.6.3.6 are permitted. 19.3.6.3 Roller latches are prohibited by CMS regulations in all health care facilities. This STANDARD is not met as evidenced by: Based on observations and interview it was determined that the facility failed to maintain the closure for corridor doors per NFPA 101, Section 19.3.6.3. This deficient practice could affect staff, visitors and approximately 25 of 25 residents in the Long and Short Hall Smoke Zones, as well as an indeterminable number of staff and visitors if a fire would start in one of these rooms it could affect the entire smoke zone. Findings include: A. On 04/18/12 at 10:15 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Long Hall Smoke Zone, Door 125 had a 1/2 inch gap between the head of the door and frame. B. On 04/18/12 at 10:16 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Long	K 018			

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 018	Continued From page 4 Hall Smoke Zone, Door 131 had a ½ inch gap between the head of the door and frame. C. On 04/18/12 at 10:17 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Long Hall Smoke Zone, Door 132 had a ½ inch gap between the head of the door and frame. D. On 04/18/12 at 11:18 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Long Hall Smoke Zone, Door 124 was held open with a paper wedge. E. On 04/18/12 at 11:20 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Long Hall Smoke Zone, Door 122 did not close to the latch. F. On 04/18/12 at 11:18 AM, while accompanied by E-1, observation of the facilities corridor doors and interview with E-1, determined that the Short Hall Smoke Zone, Activity Office Door was held open with a paper wedge.	K 018		
K 050 SS=F	These observations were verified at the exit interview with E-1 and E-2. NFPA 101 LIFE SAFETY CODE STANDARD Fire drills are held at unexpected times under varying conditions, at least quarterly on each shift. The staff is familiar with procedures and is aware that drills are part of established routine. Responsibility for planning and conducting drills is assigned only to competent persons who are qualified to exercise leadership. Where drills are	K 050		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION			STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 050	Continued From page 5 conducted between 9 PM and 6 AM a coded announcement may be used instead of audible alarms. 19.7.1.2 This STANDARD is not met as evidenced by: Based on record review and interview it was determined that the facility failed to maintain provide fire drills as required. Fire drills are to be held at unexpected times under varying conditions, at least quarterly on each shift per NFPA 101, Section 19.7.1.2. This deficient practice could affect 25 of 25 residents, as well as an indeterminable number of staff and visitors, if the facility staff is not trained to find the fire and to deal with residents in varying location in a real fire event. Findings include: On 04/18/12 at 9:56 AM, during record review of the facilities fire drill log, it was determined that one (1) of the 12 required quarterly fire drills was not conducted. Per an interview with E-1, it was noted that no other fire drill documentation was available for review. The facility failed to conduct the required fire drill in the following quarter and shift. 1. 3rd Quarter / 3rd Shift. This record review was verified at the exit interview with E-1 and E-2.	K 050			
K 067 SS=F	NFPA 101 LIFE SAFETY CODE STANDARD Heating, ventilating, and air conditioning comply with the provisions of section 9.2 and are installed in accordance with the manufacturer's specifications. 19.5.2.1, 9.2, NFPA 90A,	K 067			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER

OTTAWA PAVILION

STREET ADDRESS, CITY, STATE, ZIP CODE

800 EAST CENTER STREET

OTTAWA, IL 61350

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 067	Continued From page 6 19.5.2.2 This STANDARD is not met as evidenced by: Based on observation and staff interview, the facility failed to ensure that the general heating ventilation and air conditioning system (HVAC) was installed and maintained in accordance with NFPA 101, 2000 Edition, Section 19.5.2.1, 19.5.2.2 and NFPA 90A, 1999 Edition, Section 3-4.7. This deficient practice could affect 25 of 25 residents in the Short and Long Hall Smoke Zones, as well as an indeterminable number of staff and visitors. Findings include: A. On 04/18/12 at 10:22 AM, during observation of the facilities mechanical system and interview with E-1, it was determined that the Long Hall Smoke Zone, Corridor, adjacent to the smoke barrier, contained a smoke detector that was less than (3) three feet from a supply air grill. B. On 04/18/12 at 10:32 AM, during observation of the facilities mechanical system and interview with E-1, it was determined that the Short Hall Smoke Zone, Corridor, contains (2) two smoke detectors that was less than (3) three feet from a supply air grill. C. On 04/18/12 at 10:35 AM, during observation of the facilities mechanical system and interview with E-1, it was determined that the Long Hall Smoke Zone, Corridor, contains (2) two smoke detectors that was less than (3) three feet from a	K 067		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145426	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - BUILDING 02 B. WING _____	(X3) DATE SURVEY COMPLETED 04/18/2012
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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 067	Continued From page 7 supply air grill.	K 067		
K 144 SS=F	These observations were verified at the exit interview with E-1 and E-2. NFPA 101 LIFE SAFETY CODE STANDARD Generators are inspected weekly and exercised under load for 30 minutes per month in accordance with NFPA 99. 3.4.4.1. This STANDARD is not met as evidenced by: Based on record review and staff interview, the facility failed to test and maintain the emergency generator set in accordance with the requirements of NFPA 101, 2000 Edition, NFPA 99, 1999 Edition; NFPA 110, 1999 Edition and failed to provide proper equipment, inspections and inspection records for the emergency generator in accordance NFPA 99, Section, 3-6.4, NFPA 110, 1999 Edition and other referenced sections. This deficient practice affects the entire building and could affect 25 of 25 residents, as well as an indeterminable number of staff and visitors. Findings include: A. On 04/18/12 at 9:00 AM during the record review of the facilities generator log and an interview with E-1, it was determined that the	K 144		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145426	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - BUILDING 02 B. WING _____	(X3) DATE SURVEY COMPLETED 04/18/2012
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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 144	Continued From page 8 facility has (2) two generators. The facility is running the generators under load monthly and recording all phases. A total of twelve (12) of the 12 required monthly generator logs indicated that the load tests for both of the generators were less than 30% of the Name Plate Rating (NPR). The facility is required to load the generator to 30% or greater monthly per NFPA 110, Section 6-4.2. NFPA 110, Section 6-4.2* Generator sets in Level 1 and Level 2 service shall be exercised at least once monthly, for a minimum of 30 minutes, using one of the following methods: (a) Under operating temperature conditions or at not less than 30 percent of the EPS nameplate rating (b) Loading that maintains the minimum exhaust gas temperatures as recommended by the manufacturer The date and time of day for required testing shall be decided by the owner, based on facility operations. B. On 04/18/12 at 9:00 AM, during the record review of the facilities generator log and an interview with E-1, it was determined that the facility did not run a Load Bank Test in the past 12 months per NFAP 110, Section 5-13.2.5. The last load bank test was by V-1 dated 12/02/10. NFPA 110, Section 5-13.2.5 Full Load Test. A load shall be applied for a 2-hour, full load test. The building load can serve as part or all of the load, supplemented by a load bank of sufficient size to provide a load equal to 100 percent of the nameplate kW rating of the EPS, less applicable	K 144		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION	STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 144	Continued From page 9 derating factors for site conditions. A unity power factor shall be acceptable for on-site testing, provided that rated load tests at the rated power factor have been performed by the manufacturer of the EPS prior to shipment. Exception: Where the EPS is a paralleled multi-unit EPS, each unit shall be permitted to be tested individually at its rating. These record reviews were verified at the exit interview with E-1 and E-2.	K 144		

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 144 - Bldg. 02

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

The generator is inspected weekly and properly tested under load for 30 minutes each month.

- A) The Facility will test the emergency generators with a 30% load.
- B) The Facility will run a Load Bank Test.

Maintenance supervisor will monitor for overall compliance.

COMPLETION DATE: 06/02/12

MUCH SHELLIST

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312.521.2467
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May 4, 2012

VIA FEDERAL EXPRESS

Mr. William Meyers
Illinois Department of Public Health
Division of Long-Term Care
Licensure and Certification
525 W. Jefferson Street
Springfield, IL 62761

Re: Ottawa Pavilion
Type of Survey: Annual LSC
Date of Survey: April 18, 2012
Provider No.: 14-5426

Dear Mr. Meyers:

Enclosed please find a copy of the Written Allegation of Compliance, Plans of Correction and Requests for Temporary Waiver for the above-captioned survey. If you have any questions regarding this, please do not hesitate to contact the undersigned.

Submission of this Plan of Correction does not constitute in any way an admission of any facts and/or conclusions of law reflected in the alleged deficiencies nor does it constitute a waiver of the Facility's right to contest the deficiencies and/or any remedies imposed as a result of this or future surveys.

Very truly yours,

Frances Meckan
Frances Meckan

FM:bsr

Enclosures

cc: Ms. Margie L. Lyle - w/encs. via e-mail
Mr. Dennis Nehmer - " "
Abraham J. Stern, Esq.

Much Shellist, P.C.

INTERNATIONAL
ALLIANCE
OF LAW FIRMS

3172813-1

215

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Form 01/07 51-2467 From: William E. Meyers Mark David ELL 181 N. Western State 1800 Chicago, IL 60600 Bill Sender MEYERS, WILLIAM IL Dept. of Public Health 525 W. JEFFERSON ST DIV OF LIFE SAFETY & CONSTRUCTION SPRINGFIELD, IL 62702		Ship To: 1812312467 BILL SENDER MEYERS, WILLIAM IL Dept. of Public Health 525 W. JEFFERSON ST DIV OF LIFE SAFETY & CONSTRUCTION SPRINGFIELD, IL 62702	
Ship Date: 05/07/2012 Ship Time: 08:00 AM Ship Weight: 1.0000 Ship Length: 10.00 Ship Width: 10.00 Ship Height: 10.00		Ship Date: 05/07/2012 Ship Time: 08:00 AM Ship Weight: 1.0000 Ship Length: 10.00 Ship Width: 10.00 Ship Height: 10.00	

PART IV RECOMMENDATIONS FOR WAIVER OF SPECIFIC LIFE SAFETY CODE PROVISIONS

For each item of the Life Safety Code requested for waiver, list the survey report form item # and state the reason for the conclusion that: (a) the specific provisions of the Code, if rigidly applied, would result in unreasonable hardship on the facility, and (b) the waiver of the stated provisions will not adversely affect the health and safety of the patients. (If additional space is required, use reverse side.)

PROVISION NUMBER	PROVIDER JUSTIFICATION FOR REQUESTING WAIVER							
K84 K-67 LSC 19.5.2.2 NAME OF FACILITY: Ottawa Pavilion CITY: Ottawa TEMPORARY WAIVER EXPIRATION DATE: 08/01/12	REQUEST FOR TEMPORARY WAIVER: The Facility is requesting a temporary waiver of the 2000 edition of the Life Safety Code of the National Fire Protection Assn., Section 19.5.2.2. The Facility is requesting a temporary waiver in order to complete construction of the replacement facility. This condition has existed as long as the Facility has been in use and has never been identified as a deficiency before. A temporary waiver of this requirement would not adversely affect resident health and safety. The Facility will more closely monitor these areas in the interim by checking them on daily rounds. Additional fire drills and inservices will be conducted. The Facility requests until 08/01/12 to come into substantial compliance with this requirement.							
FIRE AUTHORITY OFFICIAL <table border="1"> <tr> <td>(initials)</td> <td>RECOMMEND WAIVER (TEMP)</td> </tr> <tr> <td></td> <td>DO NOT RECOMMEND WAIVER (TEMP)</td> </tr> </table> SURVEYOR RECOMMENDATIONS ATTACHED ☐ YES ☒ NO	(initials)	RECOMMEND WAIVER (TEMP)		DO NOT RECOMMEND WAIVER (TEMP)	Provider Representative Signature: <u>James J. Martin</u> Date: <u>05/04/12</u> <table border="1"> <tr> <td>TITLE</td> <td>OFFICE</td> <td>DATE</td> </tr> </table>	TITLE	OFFICE	DATE
(initials)	RECOMMEND WAIVER (TEMP)							
	DO NOT RECOMMEND WAIVER (TEMP)							
TITLE	OFFICE	DATE						

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 67 - Bldg 02

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

The Facility's air conditioning and ventilating equipment is in accordance with applicable NFPA standards.

A smoke detection device will be installed less than 3' from the supply air grill.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 08/01/12. Request for Annual and Temporary Waivers are attached.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 04/18/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145428	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING		(X3) DATE SURVEY COMPLETED 04/18/2012
NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION			STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350		
(X4) ID PREFIX TAG K 000	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG K 000	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
	INITIAL COMMENTS An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Ottawa Pavilion was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR 483.70(a) Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19, Existing Health Care. The facility was surveyed as two separate buildings due to two different construction types. Building 0102 - Type II (222) / Building 0202 - Type V (000) Building 0102 is the original building and was constructed in 1948. Building 0102 is a two story building with a full basement and was determined to be of Type II (222) Construction. Building 0102 is scheduled to be demolished when the facilities new building is complete in May, 2012. Building 0102 is partially sprinklered. Coverage is limited to the Basement Level, hazardous areas only, and is taken off the domestic water lines. Building 0102 has a fire alarm system with smoke detectors tied into the fire alarm system with smoke detectors in corridors and spaces open to the corridor. Resident sleeping rooms and offices have single station battery operated smoke detectors. Building 0102 has a capacity of 87 and had a census of 64 at the time of the survey.		See Def 1		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings noted above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 18 - Bldg 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Corridor doors have at least a 20-minute fire resistance.

- A) Door 109 was repaired so that it latches.
- B) The wedge holding open the door identified in the deficiency was removed.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

3172813-1

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 50 - Bldg. 02

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Quarterly fire drills are conducted on each shift.

Fire drills will be conducted each shift quarterly at varied times and documentation maintained.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

3172813-1

218

PART IV RECOMMENDATIONS FOR WAIVER OF SPECIFIC LIFE SAFETY CODE PROVISIONS

For each item of the Life Safety Code requested for waiver, list the survey report form item # and state the reason for the conclusion that: (a) the specific provisions of the Code, if rigidly applied, would result in unreasonable hardship on the facility, and (b) the waiver of the named provisions will not adversely affect the health and safety of the occupants. (If additional space is required, use reverse side.)

PROVISION NUMBER	PROVIDER JUSTIFICATION FOR REQUESTING WAIVER										
K84 K-18 LSC 19.3.6.3.6 and 19.3.6.3 NAME OF FACILITY: Ottawa Pavilion CITY: Ottawa TEMPORARY WAIVER EXPIRATION DATE: 08/01/12	REQUEST FOR TEMPORARY WAIVER: The Facility is requesting a temporary waiver of the 2000 edition of the Life Safety Code of the National Fire Protection Assn., Sections 19.3.6.3.6 and 19.3.6.3. The Facility is requesting a temporary waiver in order to complete construction of the replacement facility. This condition has existed as long as the Facility has been in use and has never been identified as a deficiency before. A temporary waiver of this requirement would not adversely affect resident health and safety. The Facility will more closely monitor these areas in the interim by checking them on daily rounds. Additional fire drills will be conducted. The Facility requests until 08/01/12 to come into substantial compliance with this requirement.										
FIRE AUTHORITY OFFICIAL <table border="1"> <tr> <td>(Initials)</td> <td>RECOMMEND WAIVER (TEMP)</td> </tr> <tr> <td></td> <td>DO NOT RECOMMEND WAIVER (TEMP)</td> </tr> </table> SUBVBYOR RECOMMENDATIONS ATTACHED ☐ YES ☒ NO	(Initials)	RECOMMEND WAIVER (TEMP)		DO NOT RECOMMEND WAIVER (TEMP)	Provider Representative Signature: <u>Sharon J. M. J.</u> Date: <u>08/12</u> <table border="1"> <tr> <td>TITLE</td> <td>OFFICE</td> <td>DATE</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>	TITLE	OFFICE	DATE			
(Initials)	RECOMMEND WAIVER (TEMP)										
	DO NOT RECOMMEND WAIVER (TEMP)										
TITLE	OFFICE	DATE									

WAIVER FMT

REV. 03/19/96

318978D-1

OTTAWA PAVILION PLAN OF CORRECTION 04/18/12 SURVEY

K 19 - Bldg 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Vision panels are fixed assemblies in approved frames.

The Facility is in the process of constructing a replacement facility. It would be a financial hardship and a waste to replace the vision panels in exit corridor wall at reception desk and front offices at main entry.

Additional fire drills will be conducted pending completion of the replacement facility.

Administrator will monitor for overall compliance.

COMPLETION DATE: 08/01/12. A Request for Temporary Waiver is attached.

3172813-1

PART IV RECOMMENDATIONS FOR WAIVER OF SPECIFIC LIFE SAFETY CODE PROVISIONS

For each item of the Life Safety Code requested for waiver, list the survey report form item # and state the reason for the conclusion that: (a) the specific provisions of the Code, if rigidly applied, would result in unreasonable hardship on the facility, and (b) the waiver of the unmet provisions will not adversely affect the health and safety of the patients. (If additional space is required, use reverse side.)

K84 X-19 LSC 19.3.6.2.3; 19.3.6.3.8; and 19.3.6.5 NAME OF FACILITY: Ottawa Pavilion CITY: Ottawa TEMPORARY WAIVER EXPIRATION DATE: 08/01/12 FIRE AUTHORITY OFFICIAL (initials) RECOMMEND WAIVER (TEMP) DO NOT RECOMMEND WAIVER (TEMP) SURVEYOR RECOMMENDATIONS ATTACHED ☐ YES ☒ NO FIRE AUTHORITY (SIGNATURE)	PROVISION NUMBER PROVIDER JUSTIFICATION FOR REQUESTING WAIVER <u>REQUEST FOR TEMPORARY WAIVER:</u> The Facility is requesting a temporary waiver of the 2000 edition of the Life Safety Code of the National Fire Protection Assn., Sections 19.3.6.2.3; 19.3.6.3.8; and 19.3.6.5. The Facility is requesting a temporary waiver in order to complete construction of the replacement facility. This condition has existed as long as the Facility has been in use and has never been identified as a deficiency before. A temporary waiver of this requirement would not adversely affect resident health and safety. The Facility will more closely monitor these areas in the interim by checking them on daily rounds. Additional fire drills will be conducted. The Facility requests until 08/01/12 to come into substantial compliance with this requirement. Provider Representative Signature: <u>Shirley Jackson</u> Date: <u>8/1/12</u> OFFICE _____ DATE _____
--	--

Abstract

REV. 03/1976

3189710-3

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 18 - Bldg 02

The following Report of Correction shall also serve as the Facility's written credible allegation of compliance which was achieved by the stated date of completion.

Corridor doors have at least a 20-minute fire resistance.

A) The corridor doors of the long hall smoke zone, door 125, will be repaired so that the gap is less than 1/2".

B) The corridor doors of the long hall smoke zone, door 125, will be repaired so that the gap is less than 1/2".

C) The exit corridor door of resident rooms 132, 124 and 122 will be repaired so that they latch properly.

Maintenance supervisor will monitor for overall compliance.

COMPLETION DATE: 08/01/12. Request for Annual and Temporary Waivers are attached.

3172813-1

270

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 17- Bldg. 02

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Corridors are separated from use areas by walls that resist the passage of smoke.

A) The holes in the exit corridor walls identified in the deficiency have been repaired.

B) The holes in the ceiling identified in the deficiency have been repaired.

Maintenance supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 28 - Bldg. 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Door openings in smoke barriers are at least 32" wide.

The Facility is in the process of constructing a replacement facility. It would be a financial hardship and a waste to replace the cross corridor doors in the basement, 1st floor east and west smoke zones and 2nd floor east and west smoke zones.

Additional fire drills will be conducted pending completion of the replacement facility.

Administrator will monitor for overall compliance.

COMPLETION DATE: 08/01/12. A Request for Temporary Waiver is attached.

PART IV RECOMMENDATIONS FOR WAIVER OF SPECIFIC LIFE SAFETY CODE PROVISIONS

For each item of the Life Safety Code requested for waiver, list the survey report form item # and state the reason for the condition that: (a) the specific provisions of the Code, if rigidly applied, would result in unreasonable hardship on the facility, and (b) the waiver of the stated provisions will not adversely affect the health and safety of the patients. (If additional space is required, use reverse side.)

PROVISION NUMBER	PROVIDER JUSTIFICATION FOR REQUESTING WAIVER
K84 K-28 LSC 19.3.7.5 and 19.3.7.7 NAME OF FACILITY: Ottawa Pavilion CITY: Ottawa TEMPORARY WAIVER EXPIRATION DATE: 08/01/12	REQUEST FOR TEMPORARY WAIVER: The Facility is requesting a temporary waiver of the 2000 edition of the Life Safety Code of the National Fire Protection Assn., Sections 19.3.6.2.3; 19.3.6.3.8; and 19.3.6.5. The Facility is requesting a temporary waiver in order to complete construction of the replacement facility. This condition has existed as long as the Facility has been in use and has never been identified as a deficiency before. A temporary waiver of this requirement would not adversely affect resident health and safety. The Facility will more closely monitor these areas in the interim by checking them on daily rounds. Additional fire drills will be conducted. The Facility requests until 08/01/12 to come into substantial compliance with this requirement. Provider Representative Signature: <i>D. Thomas</i> Date: <i>07/12</i>
FIRE AUTHORITY OFFICIAL (initials) RECOMMEND WAIVER (TEMP) DO NOT RECOMMEND WAIVER (TEMP) SURVEYOR RECOMMENDATIONS ATTACHED YES NO	DATE OFFICE TITLE FIRE AUTHORITY (SIGNATURE)

WAFER INT

REV. 03/19/96

3187780-1

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES		PRINTED: 04/19/2012 FORM APPROVED OMB NO. 0938-0391	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 145426	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - BUILDING 02 B. WING	(X3) DATE SURVEY COMPLETED 04/18/2012
NAME OF PROVIDER OR SUPPLIER OTTAWA PAVILION		STREET ADDRESS, CITY, STATE, ZIP CODE 800 EAST CENTER STREET OTTAWA, IL 61350	
(X4) ID PREFIX TAG K 000	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) INITIAL COMMENTS An Annual Life Safety Code (LSC) Certification Survey was conducted by the Illinois Department of Public Health. At this survey, Ottawa Pavilion was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR 483.70(a) Life Safety from Fire, and the 2000 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, Chapter 19, Existing Health Care. The facility was surveyed as two separate buildings due to two different construction types. Building 0102 - Type II (222) / Building 0202 - Type V (000) Building 0202 was constructed in 1992 and is a one story building without basement and is located on the South -East corner of Building 0102. The exterior walls are synthetic plaster and wood studs with a non rated roof /ceiling assembly consisting of wood trusses, plywood sheathing and asphalt shingles. Building 0102 was determined to be of Type V (000) Construction. Building 0202 is scheduled to be remodeled when the facilities new building is completed in May, 2012. Building 0202 is fully sprinklered having coverage in all areas. Building 0202 has a fire alarm system with smoke detectors tied into the fire alarm system with smoke detectors in corridors; spaces open to the corridor and resident sleeping rooms. Building 0202 has a capacity of 32 and had a	ID PREFIX TAG K 000	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) <i>See att's</i>
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE <i>D. Thomas</i>		TITLE <i>Attorney</i>	(X6) DATE <i>04/12</i>

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

FORM CMS-2567(02-99) Previous Versions Obsolete

Event ID: NT4E21

Facility ID: 8.8006985

If continuation sheet Page 1 of 10

222

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 144 - Bldg. 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

The generator is inspected weekly and properly tested under load for 30 minutes each month.

- A) The Facility will test the emergency generators with a 30% load.
- B) The Facility will run a Load Bank Test.

Maintenance supervisor will monitor for overall compliance.

COMPLETION DATE: 06/02/12

3172813-1

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 33 - Bldg. 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which was achieved by the stated date of completion.

Exit components are enclosed with construction having the appropriate fire rating and provide a continuous path of egress.

The wood wedge was removed.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

3172813-1

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 50 - Bldg. 01.

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Quarterly fire drills are conducted on each shift.

Fire drills will be conducted each shift quarterly at varied times and documentation maintained.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

3172813-1

OTTAWA PAVILION
PLAN OF CORRECTION
04/18/12 SURVEY

K 69 - Bldg. 01

The following Plan of Correction shall also serve as the Facility's written credible allegation of compliance which will be achieved by the stated date of completion.

Cooking facilities are protected in accordance with 9.23, 19.3.2.6, NFPA 96.

The kitchen fire suppression will be inspected semiannually.

Maintenance Supervisor will monitor for overall compliance.

COMPLETION DATE: 05/04/12

3172813-1

Section VIII

Criterion 1120.120 – Availability of Funds

Copies of the 2011 financial statements for Ottawa Pavilion and firm commitment from the U.S. Department of Housing and Urban Development evidencing sufficient financial resources to fund the project are attached at Attachment – 39.

BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:

CASH IN BANK	64,132
PETTY CASH	200
ACCOUNTS RECEIVABLE-PRIVATE	<14,840>
ACCOUNTS RECEIVABLE-PERSONAL PORTION	<16,889>
ACCOUNTS RECEIVABLE-MEDICAID	733,739
ACCOUNTS RECEIVABLE-MEDICAID PENDING	102,198
ACCOUNTS RECEIVABLE-VETERANS	<722>
ACCOUNTS RECEIVABLE-HOSPICE	58,480
ACCOUNTS RECEIVABLE-MEDICARE	720,515
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<158,000>
INTERCOMPANY RECEIVABLES	173,180
EMPLOYEE LOANS	<12,763>
PREPAID EXPENSES	7,061
PREPAID INSURANCE	73,372
REAL ESTATE TAX DEPOSIT	0

TOTAL CURRENT ASSETS:	1,729,662

FIXED ASSETS:

LEASEHOLD IMPROVEMENTS	489,584
MACHINERY & EQUIPMENT	331,623
VEHICLES	13,563
FURNITURE & FIXTURES	80,614

TOTAL FIXED ASSETS:	915,383
LESS ACCUMULATED DEPRECIATION	<552,680>

NET CARRYING VALUES:	362,704

OTHER ASSETS:

SECURITY DEPOSITS	506
SECURITY DEPOSIT-BLDG	153,500

TOTAL OTHER ASSETS:	154,006

TOTAL ASSETS:	2,246,372
	=====

BALANCE SHEET
DECEMBER 31, 2011

LIABILITIES & CAPITAL

ACCRUED LIABILITIES:

EXPENSES	16,685
PAYROLL	75,530
VACATION & SICK PAY	128,518
INTEREST	1,252
MANAGEMENT FEES	10,000
PAYROLL TAXES	13,524
DUE IDR - STATE LICENSING FEE	0

TOTAL ACCRUED LIABILITIES: 245,508

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	277,005
DUE TO MEDICARE	93,900
DUE TO MB FINANCIAL BANK	350,000
DUE TO SHAREHOLDERS	368,070
NOTE PAYABLE-PHARMACY	154,409

TOTAL CURRENT LIABILITIES: 1,243,384

CAPITAL:

CAPITAL STOCK	526,100
PAID IN CAPITAL	288,000
RETAINED EARNINGS	<836,960>
NET INCOME (LOSS)	780,340

TOTAL CAPITAL: 757,480

TOTAL LIABILITIES & CAPITAL: 2,246,372

=====

	MONTH ENDING DECEMBER 31, 2011			12 MONTH(S) ENDING DECEMBER 31, 2011		
	3086 PATIENT DAYS			35797 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
ROUTINE SERVICES:						
PRIVATE	566	70,266.00	124.14	6,220	775,395.00	124.66
MEDICAID	1,484	174,843.90	117.81	21,689	2,555,900.02	117.84
MEDICAID-PENDING	353	41,562.22	117.74	863	101,609.62	117.74
MEDICAID-SPECIAL SERVICES		310.00	.20		4,190.00	.19
PRIVATE-INSURANCE	0	.00	.00	600	77,978.00	129.96
HOSPICE	30	3,532.20	117.74	145	17,190.04	118.55
MEDICARE	653	269,761.60	413.11	6,280	2,905,029.59	462.58
NET: MEDICARE		269,761.60	413.11		2,905,029.59	462.58

TOTAL ROUTINE SERVICES:	3,086	560,275.92	181.55	35,797	6,437,292.27	179.82
ANCILLARY SERVICES:						
PHARMACY-INSURANCE		.00	.00		31,355.03	.87
OXYGEN-MEDICAID		1,015.30	.32		12,491.88	.34
OCCUPATIONAL THERAPY-PRIVATE		.00	.00		400.00	.01
OCCUPATIONAL THERAPY-INSURANCE		.00	.00		76,500.00	2.13
PHYSICAL THERAPY-PRIVATE		.00	.00		250.00	.00
PHYSICAL THERAPY-INSURANCE		.00	.00		79,400.00	2.21
PHYSICAL THERAPY-MEDICAID		.00	.00		4,300.00	.12
RADIOLOGY-MEDICARE		68.93	.02		10,901.75	.30
RADIOLOGY-INSURANCE		.00	.00		102.67	.00
LABORATORY-INSURANCE		.00	.00		64.80	.00
LABORATORY-MEDICARE		2,655.19	.86		22,618.45	.63
MEDICAL SUPPLIES-MEDICARE		.00	.00		818.42	.02
PHARMACY-MEDICARE		18,247.53	5.91		252,934.56	7.06
PHYSICAL THERAPY-MEDICARE		93,300.00	30.23		1,064,850.00	29.74
SPEECH THERAPY-MEDICARE		8,000.00	2.59		94,880.00	2.65
SPEECH THERAPY-INSURANCE		.00	.00		2,720.00	.07
SPEECH THERAPY-MEDICAID		.00	.00		640.00	.01
OCCUPATIONAL THERAPY-MEDICARE		93,650.00	30.34		1,007,750.00	28.15
OCCUPATIONAL THERAPY-MEDICAID		.00	.00		4,700.00	.13
OTHER SERVICES-PRIVATE		.00	.00		408.00	.01
TOTAL ANCILLARY INCOME:		216,936.95	70.29		2,668,085.56	74.53
LESS: CONTRACTUAL ADJUSTMENT		<192,531.65>	<62.38>		<2,055,305.07>	<57.41>
LESS: CONTRACTUAL ADJ-COINS PART B		<13,999.99>	<4.53>		<241,110.16>	<6.73>
ADD: CONTRACTUAL ADJ-ROOM & BOARD		.00	.00		.00	.00

TOTAL ANCILLARY SERVICES:		10,405.31	3.37		371,670.33	10.38
TOTAL INCOME:		570,681.23	184.92		6,808,962.60	190.21

RUN DATE: 2/20/12

STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2011			12 MONTH(S) ENDING DECEMBER 31, 2011		
	3086 PATIENT DAYS			35797 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
OPERATING EXPENSES:						
NURSING		189,395.76	61.37		2,170,045.22	60.62
ANCILLARY COSTS		64,278.49	20.82		762,887.20	21.57
HOUSEKEEPING & PLANT		43,398.96	14.06		463,294.07	12.94
DIETARY		41,684.09	13.50		458,007.83	13.07
EMPLOYEE WELFARE		40,348.09	13.07		525,696.13	14.68
LAUNDRY & LINEN		7,209.15	2.33		94,663.29	2.64

TOTAL OPERATING EXPENSES:		386,314.54	125.18		4,504,593.74	125.83
INCOME BEFORE GEN & ADM EXPENSES:		164,366.69	59.74		2,304,368.86	64.37
GENERAL & ADMINISTRATIVE EXPENSES:		90,707.27	29.39		1,071,399.73	29.92
INCOME BEFORE CAPITAL EXPENSES:		93,659.42	30.34		1,232,969.13	34.44
CAPITAL EXPENSES:		33,232.36	10.76		389,803.06	10.88
INCOME BEFORE OTH INCOME & EXPENSE:		60,427.06	19.58		843,166.07	23.55
OTHER INCOME & <EXPENSE>:		47.56	.01		<62,826.02>	<2.75>

NET INCOME OR <LOSS>:		60,474.62	19.59		780,340.05	21.79



U.S. Department of Housing and Urban Development

Chicago Regional Office, Region V
Office of Multifamily Housing
77 West Jackson Boulevard
Chicago, Illinois 60604-3507

FEB 12 2010

Mr. Mover
Margie Lyle
Abe Stern
David Berkley

Mr. Andrew Erkes
Cambridge Realty Capital Ltd. Of Illinois
125 South Wacker Drive
Suite 1800A
Chicago, Illinois 60606

Dear Mr. Erkes:

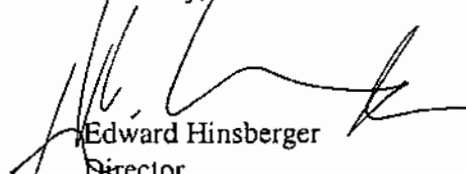
SUBJECT: Firm Commitment for Insurance of Advances
Project No. 072-43106
Ottawa Pavilion
Ottawa, Illinois

This letter transmits the original and duplicate copies of the firm commitment for insurance of advances in the amount of \$15,390,000 issued on the date of this letter, for the subject property, together with a copy of FHA forms 92264 and 92264-A.

You should notify this office not less than two weeks prior to the start of construction to Determine if a wage conference for your project is necessary. If a wage conference is deemed necessary, you or your representative, the general contractor and any subcontractors who may be available, should attend. Please call Ms. Lorraine Cooper, Office of Labor Relations at (312) 913-8661 to discuss this issue.

Thank your for your interest and participation in HUD programs. Any questions regarding this matter should be directed to Maggie O'Connor at 312-913-8193.

Sincerely,


Edward Hinsberger
Director
Chicago Multifamily Hub

Enclosures

Section IX

Criterion 1120.130 – Financial Viability

Worksheets for the financial viability ratios as well as copies of the 2009 – 2011 financial statements for Ottawa Pavilion, Ltd. are attached at Attachment – 41.

**Financial Viability Ratios
Ottawa Pavilion**

	Standard	2009	2010	2011	2015
Current Ratio (Current Assets/Current Liabilities)					
Current Assets		\$1,018,758	\$745,773	\$1,729,662	\$6,289,357
Current Liabilities		\$1,708,350	\$1,057,658	\$1,243,384	\$1,659,352
Current Ratio	1.5	0.6	0.7	1.4	3.8
Net Margin Percentage (Net Income/Net Operating Revenue)					
Net Income		(\$175,860)	\$389,785	\$780,340	\$2,102,727
Net Operating Revenues		\$5,502,944	\$6,087,186	\$6,808,963	\$9,678,201
Net Margin Percentage	2.5%	-3.2%	6.4%	11.5%	21.7%
Long-Term Debt to Capitalization (Long-Term Debt/(Long-Term Debt + Net Assets))					
Long-Term Debt		\$0	\$0	\$0	\$0
Net Assets		(\$1,226,745)	(\$836,960)	(\$56,620)	\$4,357,165
Long-Term Debt to Capitalization	50%	0%	0%	0%	0%
Projected Debt Service Coverage (Net Income + Depreciation + Amortization + Interest) / Principal Payments + Interest Expense					
Net Income		(\$175,860)	\$389,785	\$780,340	\$2,102,724
Depreciation		\$38,568	\$52,635	\$64,673	\$72,790
Amortization		\$0	\$0	\$0	\$0
Principal Payments		\$0	\$0	\$0	\$0
Interest Expense		\$0	\$0	\$0	\$0
Projected Debt Service Coverage	1.5	N/A	N/A	N/A	N/A
Days Cash on Hand					
Cash		(\$10,920)	\$80,208	\$64,332	\$4,041,187
Investments		\$0	\$0	\$0	\$0
Board Designated Funds		\$0	\$0	\$0	\$0
Operating Expense		\$3,963,500	\$4,296,289	\$5,678,804	\$6,228,102
Depreciation		\$38,568	\$52,635	\$64,373	\$72,790
Days Cash on Hand	45 days	0 days	7 days	4 days	239 days
Cushion Ratio					
Cash		(\$10,920)	\$80,208	\$64,332	\$4,041,187
Investments		\$0	\$0	\$0	\$0
Board Designated Funds		\$0	\$0	\$0	\$0
Principal Payments		\$0	\$0	\$0	\$0
Interest Expense		\$0	\$0	\$0	\$0
Cushion Ratio	3.0	N/A	N/A	N/A	N/A

BALANCE SHEET
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:

CASH IN BANK	<11,120>
PETTY CASH	200
ACCOUNTS RECEIVABLE-PRIVATE	26,404
ACCOUNTS RECEIVABLE-PERSONAL PORTION	<5,681>
ACCOUNTS RECEIVABLE-MEDICAID	300,670
ACCOUNTS RECEIVABLE-MEDICAID PENDING	34,538
ACCOUNTS RECEIVABLE-VETERANS	17,007
ACCOUNTS RECEIVABLE-HOSPICE	116,363
ACCOUNTS RECEIVABLE-MEDICARE	650,291
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<281,800>
DUE FROM MEDICARE	99,500
EMPLOYEE LOANS	<365>
PREPAID EXPENSES	3,989
PREPAID INSURANCE	68,762
REAL ESTATE TAX DEPOSIT	0

TOTAL CURRENT ASSETS:

1,018,758

FIXED ASSETS:

LEASEHOLD IMPROVEMENTS	460,631
MACHINERY & EQUIPMENT	264,934
VEHICLES	13,563
FURNITURE & FIXTURES	77,291

TOTAL FIXED ASSETS:

816,418

LESS ACCUMULATED DEPRECIATION

<435,372>

NET CARRYING VALUES:

381,047

OTHER ASSETS:

SECURITY DEPOSITS	360
SECURITY DEPOSIT-BLDG	153,500

TOTAL OTHER ASSETS:

153,860

TOTAL ASSETS:

1,553,665
=====

BALANCE SHEET
DECEMBER 31, 2009

LIABILITIES & CAPITAL

ACCRUED LIABILITIES:

EXPENSES	25,948
PAYROLL	42,996
VACATION & SICK PAY	105,709
REAL ESTATE TAXES	64,000
INTEREST	4,008
MANAGEMENT FEES	8,000
PAYROLL TAXES	7,299
DUE IDR - STATE LICENSING FEE	0

TOTAL ACCRUED LIABILITIES:

257,960

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	244,174
INTERCOMPANY PAYABLES	449,054
DUE TO MB FINANCIAL BANK	593,822
DUE TO SHAREHOLDERS	421,300

TOTAL CURRENT LIABILITIES:

1,708,350

CAPITAL:

CAPITAL STOCK	526,100
PAID IN CAPITAL	288,000
RETAINED EARNINGS	<1,050,885>
NET INCOME (LOSS)	<175,860>

TOTAL CAPITAL:

<412,645>

TOTAL LIABILITIES & CAPITAL:

1,553,665

RUN DATE: 2/22/10

STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2009			12 MONTH(S) ENDING DECEMBER 31, 2009		
	2960 PATIENT DAYS			33826 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
ROUTINE SERVICES:						
PRIVATE	472	56,764.00	120.26	6,484	791,255.06	122.03
MEDICAID	1,791	203,242.68	113.48	21,196	2,428,164.07	114.56
MEDICAID-PENDING	101	11,461.48	113.48	303	34,538.36	113.98
MEDICAID-SPECIAL SERVICES		310.00	.17		3,650.00	.17
PRIVATE-INSURANCE	147	19,098.00	129.91	709	96,144.00	135.60
HOSPICE	31	3,517.88	113.48	388	44,944.63	115.83
MEDICARE	418	148,616.85	355.54	4,746	1,684,534.84	354.93
NET: MEDICARE		148,616.85	355.54		1,684,534.84	354.93
TOTAL ROUTINE SERVICES:	2,960	443,010.89	149.66	33,826	5,083,230.96	150.27
ANCILLARY SERVICES:						
PHARMACY-PRIVATE		.00	.00		344.10	.01
PHARMACY-INSURANCE		3,902.78	1.31		27,481.30	.81
OXYGEN-MEDICAID		1,624.48	.54		14,571.24	.43
OCCUPATIONAL THERAPY-PRIVATE		.00	.00		750.00	.02
OCCUPATIONAL THERAPY-INSURANCE		16,250.00	5.48		72,250.00	2.13
PHYSICAL THERAPY-PRIVATE		.00	.00		1,750.00	.05
PHYSICAL THERAPY-INSURANCE		17,850.00	6.03		88,600.00	2.61
PHYSICAL THERAPY-MEDICAID		.00	.00		11,100.00	.32
SPEECH THERAPY-PRIVATE		.00	.00		1,440.00	.04
RADIOLOGY-MEDICARE		27.39	.00		4,337.92	.12
LABORATORY-MEDICARE		1,229.78	.41		14,066.77	.41
MEDICAL SUPPLIES-MEDICARE		18.77	.00		3,214.51	.09
PHARMACY-MEDICARE		17,151.67	5.79		203,922.82	6.02
PHYSICAL THERAPY-MEDICARE		65,900.00	22.26		811,950.00	24.00
SPEECH THERAPY-MEDICARE		3,160.00	1.06		37,920.00	1.12
SPEECH THERAPY-INSURANCE		1,980.00	.66		6,180.00	.18
SPEECH THERAPY-MEDICAID		.00	.00		1,540.00	.04
OCCUPATIONAL THERAPY-MEDICARE		47,200.00	15.94		527,900.00	15.60
OCCUPATIONAL THERAPY-MEDICAID		.00	.00		8,900.00	.26
TOTAL ANCILLARY INCOME:		176,294.87	59.55		1,838,218.66	54.34
LESS: CONTRACTUAL ADJUSTMENT		<103,127.61>	<34.84>		<1,135,011.44>	<33.55>
LESS: CONTRACTUAL ADJ-COINS PART B		<17,397.44>	<5.87>		<283,494.03>	<8.38>
ADD: CONTRACTUAL ADJ-ROOM & BOARD		.00	.00		.00	.00
TOTAL ANCILLARY SERVICES:		55,769.82	18.84		419,713.19	12.40
TOTAL INCOME:		498,780.71	168.50		5,502,944.15	162.68

OTTAWA PAVILION, LTD.
STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2009			12 MONTH(S) ENDING DECEMBER 31, 2009		
	2960 PATIENT DAYS			11826 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
OPERATING EXPENSES:						
NURSING		178,730.70	60.38		2,009,967.30	59.42
ANCILLARY COSTS		57,249.59	19.34		571,674.99	16.90
HOUSEKEEPING & PLANT		36,986.96	12.49		454,774.69	13.44
DIETARY		37,926.41	12.81		432,810.04	12.79
EMPLOYEE WELFARE		34,520.08	11.66		418,283.14	12.36
LAUNDRY & LINEN		8,035.49	2.71		76,009.76	2.24
TOTAL OPERATING EXPENSES:		353,449.23	119.40		3,963,499.92	117.17
INCOME BEFORE GEN & ADM EXPENSES:		145,331.48	49.09		1,539,444.23	45.51
GENERAL & ADMINISTRATIVE EXPENSES:		72,631.03	24.53		900,642.04	26.62
INCOME BEFORE CAPITAL EXPENSES:		72,700.45	24.56		638,802.19	18.88
CAPITAL EXPENSES:		37,084.50	12.52		450,365.15	13.31
INCOME BEFORE OTH INCOME & EXPENSE:		35,615.95	12.03		188,437.04	5.57
OTHER INCOME & <EXPENSE>:		<448.26>	<.15>		<364,296.63>	<10.76>
NET INCOME OR <LOSS>:		35,167.69	11.88		<175,859.59>	<5.19>

RUN DATE: 2/22/10

SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2009		12 MONTH(S) ENDING DECEMBER 31, 2009	
	2960 PATIENT DAYS		33826 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
NURSING COSTS				
NURSING SALARIES:				
DIRECTOR OF NURSING	5,596.15	1.89	64,682.77	1.91
REGISTERED NURSES	32,292.91	10.90	339,885.51	10.04
LICENSED PRACTICAL NURSES	36,626.57	12.37	444,821.79	13.15
NURSES AIDES	83,521.30	28.21	925,683.13	27.36
NURSING-CLERICAL	3,398.05	1.14	20,634.49	.61
CONTRACT NURSES	315.00	.10	9,060.75	.26
CONTRACT NURSES AIDES	.00	.00	.00	.00
TOTAL NURSING SALARIES:	163,759.98	54.64	1,804,768.44	53.35
ACTIVITY DEPARTMENT:				
ACTIVITY DIRECTOR	2,382.22	.80	33,465.14	.98
ACTIVITY AIDES	7,147.23	2.41	93,731.08	2.77
TOTAL ACTIVITY SALARIES:	9,529.45	3.21	127,196.22	3.76
TOTAL NURSING & ACTIVITY SALARIES:	171,289.43	57.86	1,931,964.66	57.11
MEDICAL & NURSING SUPPLIES	5,191.09	1.75	52,351.56	1.54
OXYGEN	115.15	.03	3,499.49	.10
ACTIVITY PROGRAM EXPENSE	394.83	.13	6,239.02	.18
REIMB SUPPLIES	.00	.00	724.56	.02
CONSULTANTS:				
SOCIAL WORKER	610.00	.20	1,733.01	.05
PHARMACY	380.00	.12	4,750.00	.14
ACTIVITIES	250.00	.08	2,705.00	.07
MEDICAL DIRECTOR	500.00	.16	6,000.00	.17
DENTAL	.00	.00	.00	.00
TOTAL NURSING EXPENSE:	7,441.27	2.51	78,002.64	2.30
TOTAL NURSING COSTS:	178,730.70	60.38	2,009,967.30	59.42
ANCILLARY COSTS				
MEDICAL SUPPLIES	12.51	.00	2,142.98	.06
PHARMACY	14,068.83	4.75	158,104.09	4.67
RADIOLOGY	18.26	.00	2,893.17	.08
LABORATORY	418.00	.14	4,700.44	.13
OCCUPATIONAL THERAPY-SALARIES	15,454.29	5.22	126,054.01	3.72
PHYSICAL THERAPY-SALARIES	16,428.79	5.55	193,036.58	5.70
PHYSICAL THERAPY-CONT SERVICES	9,744.00	3.29	71,583.50	2.11
SPEECH THERAPY-SALARIES	1,104.91	.37	13,160.22	.38
BED RENTALS	.00	.00	.00	.00
TOTAL ANCILLARY COSTS:	37,249.59	19.34	571,674.99	16.90

RUN DATE: 2/22/10

SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2009		12 MONTH(S) ENDING DECEMBER 31, 2009	
	2960 PATIENT DAYS		33826 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
HOUSEKEEPING & PLANT COSTS				
HOUSEKEEPING SALARIES	10,237.73	3.45	133,976.09	3.96
HOUSEKEEPING SUPPLIES	1,873.70	1.20	23,612.18	.69
MAINTENANCE SALARIES	7,036.49	2.37	87,826.30	2.59
MAINTENANCE SUPPLIES	1,787.67	.60	41,534.51	1.22
EQUIPMENT RENTAL	114.95	.03	1,624.84	.04
REPAIRS & MAINTENANCE	742.96	.25	5,002.75	.14
ELEVATOR REPAIRS & MAINTENANCE	487.43	.16	9,196.11	.27
SCAVENGER	522.00	.17	5,843.80	.17
EXTERMINATOR	303.16	.10	1,579.62	.10
FUEL & GAS	5,500.02	1.85	56,042.97	1.65
ELECTRICITY	5,041.30	1.70	71,207.69	2.10
WATER & SEWER	1,639.55	.55	15,428.83	.45
TOTAL HOUSEKEEPING & PLANT EXPENSE:	36,986.96	12.49	454,774.69	13.44
DIETARY COSTS				
DIETARY SALARIES	17,824.67	6.02	214,742.27	6.34
FOOD	17,599.01	5.94	182,047.00	5.38
DIETARY SUPPLIES	1,818.73	.61	26,879.27	.79
SALES TAX ON FOOD	64.00	.02	864.00	.02
DIETARY CONSULTANT	620.00	.20	8,277.50	.24
EQUIPMENT REPAIRS	.00	.00	.00	.00
TOTAL DIETARY EXPENSE:	37,926.41	12.81	432,810.04	12.79
EMPLOYEE WELFARE COSTS				
PAYROLL TAXES	21,568.89	7.28	249,213.44	7.36
WORKERS' COMPENSATION INSURANCE	7,778.07	2.62	88,152.85	2.60
WORKER'S COMP. INSURANCE-PRIOR YEAR	.00	.00	8,869.00	.26
EMPLOYEE BENEFITS	449.81	.15	11,203.09	.33
EMPLOYEE INSURANCE	4,733.31	1.59	60,724.76	1.79
TOTAL EMPLOYEE WELFARE EXPENSE:	34,520.00	11.66	418,263.14	12.36
LAUNDRY & LINEN COSTS				
LAUNDRY SALARIES	5,456.08	1.84	60,852.13	1.79
LAUNDRY SUPPLIES	495.38	.16	7,121.47	.21
LINEN REPLACEMENT	910.00	.30	4,141.54	.12
REPAIRS & MAINTENANCE	1,174.03	.39	3,894.62	.11
TOTAL LAUNDRY & LINEN EXPENSE:	8,035.49	2.71	76,009.76	2.24

	MONTH ENDING DECEMBER 31, 2009		12 MONTH(S) ENDING DECEMBER 31, 2009	
	2960 PATIENT DAYS		33826 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
GENERAL & ADMINISTRATIVE COSTS				
ADMINISTRATIVE SALARIES	6,653.57	2.24	71,210.61	2.10
OFFICE SALARIES	12,194.79	4.11	143,597.10	4.24
BOOKKEEPING SERVICE	24,180.00	8.16	290,160.00	8.57
PROFESSIONAL FEES	2,024.25	.68	18,397.65	.54
PENALTIES	.00	.00	2,210.00	.06
LICENSES	252.50	.08	3,200.81	.09
DATA PROCESSING	730.95	.24	8,987.93	.26
ADV & PROMOTION-NON PATIENT RELATED	3,003.13	1.01	21,905.23	.64
BANK CHARGES	119.43	.04	2,777.10	.08
CLASSIFIED ADVERTISING	47.30	.01	3,935.97	.11
DUES & SUBSCRIPTIONS	684.00	.23	3,587.56	.10
EQUIPMENT RENTAL & MAINTENANCE	1,705.55	.57	21,965.02	.64
GENERAL INSURANCE	4,671.41	1.57	59,366.16	1.75
COLLECTION FEES	133.50	.04	190.50	.00
LEGAL FEES	.00	.00	23,912.14	.70
OFFICE EXPENSE	2,065.77	.69	17,623.90	.52
POSTAGE	.00	.00	2,729.26	.08
TELEPHONE	694.37	.23	9,963.32	.29
TRANSPORTATION - STAFF	937.01	.31	13,561.15	.40
EDUCATION & SEMINARS	.00	.00	2,454.56	.07
MANAGEMENT FEES	7,000.00	2.36	77,966.23	2.30
ILLINOIS LICENSING FEE	5,533.50	1.86	65,153.00	1.92
BAD DEBTS	.00	.00	252,386.84	7.46
BAD DEBT RECOVERY	.00	.00	<216,800.00>	<6.40>
CONTRIBUTIONS	.00	.00	200.00	.00
TOTAL GEN & ADMINISTRATIVE EXPENSE:	72,631.03	24.53	900,642.04	26.62
CAPITAL EXPENSES:				
RENT	23,000.00	7.77	276,000.00	8.18
REAL ESTATE TAXES	5,333.33	1.80	64,000.00	1.89
REAL ESTATE TAXES-PRIOR YEAR	.00	.00	1,997.26	.05
DEPRECIATION	3,050.00	1.03	38,568.00	1.14
INTEREST	5,701.17	1.92	69,799.89	2.06
TOTAL CAPITAL EXPENSES:	37,084.50	12.52	450,365.15	13.31
OTHER (INCOME) AND EXPENSE				
INTEREST INCOME	<24.03>	.00	<10,048.03>	<.29>
OTHER SERVICES	472.29	.15	5,654.38	.16
ADJUSTMENT OF PRIOR YEAR'S EXPENSES	.00	.00	368,690.28	10.89
DISCOUNTS EARNED	.00	.00	.00	.00
TOTAL OTHER INCOME AND EXPENSE:	448.26	.15	364,296.63	10.76
TOTAL OPERATING EXPENSE:	463,613.02	156.62	5,678,803.74	167.88

BALANCE SHEET
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:

CASH IN BANK	80,008
PETTY CASH	200
ACCOUNTS RECEIVABLE-PRIVATE	<22,688>
ACCOUNTS RECEIVABLE-PERSONAL PORTION	2,613
ACCOUNTS RECEIVABLE-MEDICAID	<3,166>
ACCOUNTS RECEIVABLE-MEDICAID PENDING	4,239
ACCOUNTS RECEIVABLE-VETERANS	11,756
ACCOUNTS RECEIVABLE-HOSPICE	67,794
ACCOUNTS RECEIVABLE-MEDICARE	694,132
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<257,000>
INTERCOMPANY RECEIVABLES	73,180
EMPLOYEE LOANS	<2,439>
PREPAID EXPENSES	5,221
PREPAID INSURANCE	91,924
REAL ESTATE TAX DEPOSIT	0

TOTAL CURRENT ASSETS:

745,773

FIXED ASSETS:

LEASEHOLD IMPROVEMENTS	467,440
MACHINERY & EQUIPMENT	295,254
VEHICLES	13,563
FURNITURE & FIXTURES	79,183

TOTAL FIXED ASSETS:

855,439

LESS ACCUMULATED DEPRECIATION

<488,007>

NET CARRYING VALUES:

367,433

OTHER ASSETS:

SECURITY DEPOSITS	506
SECURITY DEPOSIT-BLDG	153,500

TOTAL OTHER ASSETS:

154,006

TOTAL ASSETS:

1,267,212
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BALANCE SHEET
DECEMBER 31, 2010

LIABILITIES & CAPITAL

ACCRUED LIABILITIES:

EXPENSES	19,336
PAYROLL	52,417
VACATION & SICK PAY	118,989
INTEREST	5,348
MANAGEMENT FEES	26,000
PAYROLL TAXES	10,324
DUE IDR - STATE LICENSING FEE	0

TOTAL ACCRUED LIABILITIES: 232,413

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	303,880
DUE TO MEDICARE	28,000
DUE TO MB FINANCIAL BANK	319,766
DUE TO SHAREHOLDERS	406,012

TOTAL CURRENT LIABILITIES: 1,057,658

CAPITAL:

CAPITAL STOCK	526,100
PAID IN CAPITAL	288,000
RETAINED EARNINGS	<1,226,745>
NET INCOME (LOSS)	389,785

TOTAL CAPITAL: <22,860>

TOTAL LIABILITIES & CAPITAL: 1,267,212

OTTAWA PAVILION, LTD.
 STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2010			12 MONTH(S) ENDING DECEMBER 31, 2010		
	2923 PATIENT DAYS			35821 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
ROUTINE SERVICES:						
PRIVATE	501	61,710.00	123.17	5,613	691,898.00	123.26
PRIVATE-BEDHOLD		.00	.00		520.00	.09
MEDICAID	1,977	232,787.31	117.74	24,415	2,869,835.58	117.54
MEDICAID-PENDING	32	3,760.32	117.51	35	4,238.64	121.10
MEDICAID-SPECIAL SERVICES		310.00	.15		3,650.00	.14
PRIVATE-INSURANCE	16	2,080.00	130.00	618	78,634.00	127.23
HOSPICE	0	.00	.00	204	24,215.62	118.70
MEDICARE	397	192,917.12	485.93	4,936	2,010,259.84	407.26
NET: MEDICARE		192,917.12	485.93		2,010,259.84	407.26
TOTAL ROUTINE SERVICES:	2,923	493,564.75	168.85	35,821	8,683,261.68	158.65
ANCILLARY SERVICES:						
PHARMACY-INSURANCE		1,034.15	.35		17,250.01	.48
OXYGEN-MEDICAID		962.37	.32		16,918.46	.47
OCCUPATIONAL THERAPY-INSURANCE		2,500.00	.85		57,200.00	1.59
PHYSICAL THERAPY-PRIVATE		.00	.00		100.00	.00
PHYSICAL THERAPY-INSURANCE		2,250.00	.76		76,350.00	2.13
PHYSICAL THERAPY-MEDICAID		200.00	.06		6,150.00	.17
RADIOLOGY-MEDICARE		38.16	.01		4,534.56	.12
LABORATORY-INSURANCE		43.20	.01		196.20	.00
LABORATORY-MEDICARE		1,418.87	.48		12,364.42	.34
MEDICAL SUPPLIES-MEDICARE		4.85	.00		5,132.84	.14
MEDICAL SUPPLIES-INSURANCE		.00	.00		92.72	.00
PHARMACY-MEDICARE		17,006.26	5.81		206,145.23	5.75
PHYSICAL THERAPY-MEDICARE		76,850.00	26.29		922,850.00	25.76
SPEECH THERAPY-MEDICARE		5,780.00	1.97		53,460.00	1.49
SPEECH THERAPY-INSURANCE		.00	.00		2,880.00	.08
SPEECH THERAPY-MEDICAID		.00	.00		3,060.00	.08
OCCUPATIONAL THERAPY-MEDICARE		78,950.00	27.00		679,150.00	18.95
OCCUPATIONAL THERAPY-MEDICAID		150.00	.05		2,600.00	.07
TOTAL ANCILLARY INCOME:		187,187.86	64.03		2,066,434.44	57.68
LESS: CONTRACTUAL ADJUSTMENT		<131,481.34>	<44.98>		<1,405,936.14>	<39.24>
LESS: CONTRACTUAL ADJ-COINS PART B		<23,906.84>	<8.17>		<256,563.87>	<7.16>
ADD: CONTRACTUAL ADJ-ROOM & BOARD		.00	.00		.00	.00
TOTAL ANCILLARY SERVICES:		31,799.68	10.87		403,934.43	11.27
TOTAL INCOME:		525,364.43	179.73		6,087,186.11	169.93

OTTAWA PAVILION, LTD.
STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2010			12 MONTH(S) ENDING DECEMBER 31, 2010		
	2923 PATIENT DAYS			35821 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
OPERATING EXPENSES:						
NURSING		181,839.09	62.20		2,181,190.57	60.89
ANCILLARY COSTS		57,192.76	19.56		653,416.19	18.24
HOUSEKEEPING & PLANT		40,827.99	13.96		452,219.56	12.62
DIETARY		38,666.41	13.22		442,849.95	12.36
EMPLOYEE WELFARE		42,663.49	14.59		483,970.37	13.51
LAUNDRY & LINEN		7,138.98	2.44		82,642.85	2.30
TOTAL OPERATING EXPENSES:		368,328.72	126.01		4,296,289.49	119.93
INCOME BEFORE GEN & ADM EXPENSES:		157,035.71	53.72		1,790,896.62	49.99
GENERAL & ADMINISTRATIVE EXPENSES:		82,789.83	28.32		944,353.16	26.36
INCOME BEFORE CAPITAL EXPENSES:		74,245.88	25.40		846,543.46	23.63
CAPITAL EXPENSES:		30,661.27	10.48		369,195.12	10.30
INCOME BEFORE OTH INCOME & EXPENSE:		43,584.61	14.91		477,348.34	13.32
OTHER INCOME & <EXPENSE>:		<530.31>	<.18>		<87,563.42>	<2.44>
NET INCOME OR <LOSS>:		43,054.30	14.72		389,784.92	10.88

	MONTH ENDING DECEMBER 31, 2010		12 MONTH(S) ENDING DECEMBER 31, 2010	
	2923 PATIENT DAYS		35821 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY

NURSING COSTS

NURSING SALARIES:

DIRECTOR OF NURSING	4,498.62	1.53	65,625.60	1.83
REGISTERED NURSES	27,230.01	9.31	382,074.56	10.66
LICENSED PRACTICAL NURSES	41,960.89	14.35	445,922.99	12.44
NURSES AIDES	85,720.74	29.32	1,004,119.00	28.03
NURSING-CLERICAL	3,917.68	1.34	38,781.43	1.08
CONTRACT NURSES	.00	.00	23,745.36	.66
CONTRACT NURSES AIDES	.00	.00	.00	.00

TOTAL NURSING SALARIES:	163,327.94	55.87	1,960,268.94	54.72
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ACTIVITY DEPARTMENT:

ACTIVITY DIRECTOR	2,430.76	.83	30,057.26	.83
ACTIVITY AIDES	7,995.98	2.73	95,490.03	2.66

TOTAL ACTIVITY SALARIES:	10,426.74	3.56	125,547.29	3.50
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TOTAL NURSING & ACTIVITY SALARIES:	173,754.68	59.44	2,085,816.23	58.22
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MEDICAL & NURSING SUPPLIES	4,579.47	1.56	61,729.83	1.72
OXYGEN	494.00	.16	4,626.82	.12
ACTIVITY PROGRAM EXPENSE	1,361.94	.46	9,787.39	.27
REHAB SUPPLIES	.00	.00	161.30	.00

CONSULTANTS:

SOCIAL WORKER	387.50	.13	4,619.00	.12
PHARMACY	511.50	.17	5,000.00	.13
ACTIVITIES	250.00	.08	3,450.00	.09
MEDICAL DIRECTOR	500.00	.17	6,000.00	.16
DENTAL	.00	.00	.00	.00

TOTAL NURSING EXPENSE:	8,084.41	2.76	95,374.34	2.66
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TOTAL NURSING COSTS:	181,839.09	62.20	2,181,190.57	60.89
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ANCILLARY COSTS

MEDICAL SUPPLIES	3.23	.00	3,483.68	.09
PHARMACY	12,105.60	4.14	151,416.97	4.22
RADIOLOGY	25.44	.00	3,022.97	.08
LABORATORY	425.80	.14	5,558.14	.15
OCCUPATIONAL THERAPY-SALARIES	12,320.46	4.21	136,713.94	3.81
PHYSICAL THERAPY-SALARIES	19,383.13	6.63	217,106.81	6.06
PHYSICAL THERAPY-CONT SERVICES	11,600.00	3.96	120,676.00	3.36
SPEECH THERAPY-SALARIES	1,329.10	.45	15,438.68	.43
BED RENTALS	.00	.00	.00	.00

TOTAL ANCILLARY COSTS:	57,192.76	19.56	653,416.19	18.24
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RUN DATE: 2/24/11

SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2010		12 MONTH(S) ENDING DECEMBER 31, 2010	
	2923 PATIENT DAYS		35821 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
HOUSEKEEPING & PLANT COSTS				
HOUSEKEEPING SALARIES	12,039.51	4.11	132,829.37	3.70
HOUSEKEEPING SUPPLIES	3,216.44	1.10	30,785.18	.85
MAINTENANCE SALARIES	8,081.70	2.76	87,917.08	2.45
MAINTENANCE SUPPLIES	2,984.14	1.02	38,134.40	1.06
EQUIPMENT RENTAL	114.95	.03	1,379.40	.03
REPAIRS & MAINTENANCE	223.91	.07	4,930.21	.13
ELEVATOR REPAIRS & MAINTENANCE	822.42	.28	7,328.27	.20
SCAVENGER	489.24	.16	6,055.12	.16
EXTERMINATOR	321.35	.10	3,765.25	.10
FUEL & GAS	4,359.41	1.49	45,066.11	1.25
ELECTRICITY	6,976.00	2.38	80,362.34	2.24
WATER & SEWER	1,198.92	.41	13,666.83	.38
TOTAL HOUSEKEEPING & PLANT EXPENSE:	40,827.99	13.96	452,219.56	12.62
DIETARY COSTS				
DIETARY SALARIES	19,426.08	6.64	218,789.27	6.10
FOOD	17,275.86	5.91	193,429.47	5.39
DIETARY SUPPLIES	1,284.47	.43	21,726.00	.60
SALES TAX ON FOOD	60.00	.02	823.00	.02
DIETARY CONSULTANT	620.00	.21	7,540.00	.21
EQUIPMENT REPAIRS	.00	.00	542.21	.01
TOTAL DIETARY EXPENSE:	38,666.41	13.22	442,849.95	12.36
EMPLOYEE WELFARE COSTS				
PAYROLL TAXES	22,192.17	7.59	275,209.94	7.68
WORKERS' COMPENSATION INSURANCE	13,141.83	4.49	125,519.40	3.50
WORKER'S COMP. INSURANCE-PRIOR YEAR	.00	.00	5,336.00	.14
EMPLOYEE BENEFITS	1,452.84	.49	11,942.17	.33
EMPLOYEE INSURANCE	5,876.65	2.01	65,962.86	1.84
TOTAL EMPLOYEE WELFARE EXPENSE:	42,663.49	14.59	483,970.37	13.51
LAUNDRY & LINEN COSTS				
LAUNDRY SALARIES	5,267.77	1.80	68,288.61	1.90
LAUNDRY SUPPLIES	1,382.84	.47	8,954.09	.24
LINEN REPLACEMENT	300.25	.10	3,465.28	.09
REPAIRS & MAINTENANCE	188.12	.06	1,934.87	.05
TOTAL LAUNDRY & LINEN EXPENSE:	7,138.98	2.44	82,642.85	2.30

OTTAWA PAVILION, LTD.
 SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2010		12 MONTH(S) ENDING DECEMBER 31, 2010	
	2923 PATIENT DAYS		35821 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
GENERAL & ADMINISTRATIVE COSTS				
ADMINISTRATIVE SALARIES	8,545.16	2.92	75,669.82	2.11
OFFICE SALARIES	13,175.15	4.50	141,138.14	3.94
BOOKKEEPING SERVICE	29,575.00	10.11	344,110.00	9.60
PROFESSIONAL FEES	1,382.50	.47	16,917.38	.47
LICENSES	82.50	.02	2,845.04	.07
DATA PROCESSING	1,013.92	.34	13,090.55	.36
ADV & PROMOTION-NON PATIENT RELATED	3,676.15	1.25	32,165.34	.89
BANK CHARGES	27.53	.00	3,848.11	.10
CLASSIFIED ADVERTISING	.00	.00	3,971.84	.11
DUES & SUBSCRIPTIONS	741.10	.25	5,604.53	.15
EQUIPMENT RENTAL & MAINTENANCE	1,640.73	.56	25,713.41	.71
GENERAL INSURANCE	6,642.24	2.27	63,427.46	1.77
AUTO LEASING	578.00	.19	6,936.00	.19
LEGAL FEES	.00	.00	4,512.22	.12
OFFICE EXPENSE	1,500.69	.51	24,589.61	.68
POSTAGE	32.72	.01	3,140.91	.08
TELEPHONE	760.53	.26	9,894.73	.27
TRANSPORTATION - STAFF	882.41	.30	10,234.36	.28
EDUCATION & SEMINARS	.00	.00	3,722.82	.10
MANAGEMENT FEES	7,000.00	2.39	80,000.00	2.23
ILLINOIS LICENSING FEE	5,533.50	1.89	65,153.00	1.81
BAD DEBTS	.00	.00	197,619.89	5.51
BAD DEBT RECOVERY	.00	.00	<192,000.00>	<5.35>
CONTRIBUTIONS	.00	.00	1,968.00	.05

TOTAL GEN & ADMINISTRATIVE EXPENSE:	82,789.83	28.32	944,353.16	26.36
CAPITAL EXPENSES:				
RENT	23,000.00	7.86	276,000.00	7.70
REAL ESTATE TAXES-PRIOR YEAR	.00	.00	<28,448.44>	<.79>
DEPRECIATION	2,500.00	.85	52,635.00	1.46
INTEREST	5,161.27	1.76	69,008.56	1.92

TOTAL CAPITAL EXPENSES:	30,661.27	10.46	369,195.12	10.30
OTHER (INCOME) AND EXPENSE				
INTEREST INCOME	<12.55>	.00	<7,255.50>	<-.20>
OTHER SERVICES	542.86	.18	6,283.55	.17
ADJUSTMENT OF PRIOR YEAR'S EXPENSES	.00	.00	88,535.37	2.47
DISCOUNTS EARNED	.00	.00	.00	.00

TOTAL OTHER INCOME AND EXPENSE:	530.31	.18	87,563.42	2.44

TOTAL OPERATING EXPENSE:	482,310.13	165.00	5,697,401.19	159.05

	MONTH ENDING DECEMBER 31, 2010		12 MONTH(S) ENDING DECEMBER 31, 2010	
	2923 PATIENT DAYS		35821 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
PRIVATE SKILLED	0	0.0%	75	0.2%
PRIVATE INTERMEDIATE	501	17.1%	5538	15.5%
PRIVATE BED HOLD	0	0.0%	4	0.0%
PRIVATE DISCHARGE	0	0.0%	8	0.0%
MEDICARE SKILLED	397	13.6%	4936	13.8%
PUBLIC AID SKILLED	0	0.0%	330	0.9%
PUBLIC AID INTERMEDIATE	1977	67.6%	24085	67.2%
PUBLIC AID DISCHARGE	4	0.1%	18	0.1%
VETERANS SKILLED	0	0.0%	30	0.1%
VETERANS INTERMEDIATE	0	0.0%	174	0.5%
VETERANS DISCHARGE	0	0.0%	1	0.0%
INSURANCE SKILLED	0	0.0%	66	0.2%
INSURANCE INTERMEDIATE	16	0.5%	552	1.5%
INSURANCE DISCHARGE	0	0.0%	1	0.0%
PENDING INTERMEDIATE	32	1.1%	35	0.1%
PENDING DISCHARGE	0	0.0%	1	0.0%
VACANCY PATIENT DAYS	766	26.2%	7614	21.3%

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RUN DATE: 2/20/12 10:30

OTTAWA PAVILION, LTD.

PAGE:

BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:

CASH IN BANK	64,132
PETTY CASH	200
ACCOUNTS RECEIVABLE-PRIVATE	<14,840>
ACCOUNTS RECEIVABLE-PERSONAL PORTION	<16,889>
ACCOUNTS RECEIVABLE-MEDICAID	733,739
ACCOUNTS RECEIVABLE-MEDICAID PENDING	102,198
ACCOUNTS RECEIVABLE-VETERANS	<722>
ACCOUNTS RECEIVABLE-HOSPICE	58,480
ACCOUNTS RECEIVABLE-MEDICARE	720,515
ALLOWANCE FOR DOUBTFUL ACCOUNTS	<158,000>
INTERCOMPANY RECEIVABLES	173,180
EMPLOYEE LOANS	<12,763>
PREPAID EXPENSES	7,061
PREPAID INSURANCE	73,372
REAL ESTATE TAX DEPOSIT	0

TOTAL CURRENT ASSETS:

1,729,662

FIXED ASSETS:

LEASEHOLD IMPROVEMENTS	489,584
MACHINERY & EQUIPMENT	331,623
VEHICLES	13,563
FURNITURE & FIXTURES	80,614

TOTAL FIXED ASSETS:

915,383

LESS ACCUMULATED DEPRECIATION

<552,680>

NET CARRYING VALUES:

362,704

OTHER ASSETS:

SECURITY DEPOSITS	506
SECURITY DEPOSIT-BLDG	153,500

TOTAL OTHER ASSETS:

154,006

TOTAL ASSETS:

2,246,372
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BALANCE SHEET
DECEMBER 31, 2011

LIABILITIES & CAPITAL

ACCRUED LIABILITIES:

EXPENSES	16,685
PAYROLL	75,530
VACATION & SICK PAY	128,518
INTEREST	1,252
MANAGEMENT FEES	10,000
PAYROLL TAXES	13,524
DUE IDR - STATE LICENSING FEE	0

TOTAL ACCRUED LIABILITIES: 245,508

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	277,005
DUE TO MEDICARE	93,900
DUE TO MB FINANCIAL BANK	350,000
DUE TO SHAREHOLDERS	368,070
NOTE PAYABLE-PHARMACY	154,409

TOTAL CURRENT LIABILITIES: 1,243,384

CAPITAL:

CAPITAL STOCK	526,100
PAID IN CAPITAL	288,000
RETAINED EARNINGS	<836,960>
NET INCOME (LOSS)	780,340

TOTAL CAPITAL: 757,480

TOTAL LIABILITIES & CAPITAL: 2,246,372

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	MONTH ENDING DECEMBER 31, 2011			12 MONTH(S) ENDING DECEMBER 31, 2011		
	1086 PATIENT DAYS			35797 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
ROUTINE SERVICES:						
PRIVATE	566	70,266.00	124.14	6,220	775,395.00	124.66
MEDICAID	1,484	174,843.90	117.81	21,689	2,555,900.02	117.84
MEDICAID-PENDING	353	41,562.22	117.74	863	101,609.62	117.74
MEDICAID-SPECIAL SERVICES		310.00	.20		4,190.00	.19
PRIVATE-INSURANCE	0	.00	.00	600	77,978.00	129.96
HOSPICE	30	3,532.20	117.74	145	17,190.04	118.55
MEDICARE	653	269,761.60	413.11	6,280	2,905,029.59	462.58
NET: MEDICARE		269,761.60	413.11		2,905,029.59	462.58

TOTAL ROUTINE SERVICES:	3,086	560,275.92	181.55	35,797	6,437,292.27	179.82
ANCILLARY SERVICES:						
PHARMACY-INSURANCE		.00	.00		31,355.03	.87
OXYGEN-MEDICAID		1,015.30	.32		12,491.88	.34
OCCUPATIONAL THERAPY-PRIVATE		.00	.00		400.00	.01
OCCUPATIONAL THERAPY-INSURANCE		.00	.00		76,500.00	2.13
PHYSICAL THERAPY-PRIVATE		.00	.00		250.00	.00
PHYSICAL THERAPY-INSURANCE		.00	.00		79,400.00	2.21
PHYSICAL THERAPY-MEDICAID		.00	.00		4,300.00	.12
RADIOLOGY-MEDICARE		68.93	.02		10,901.75	.30
RADIOLOGY-INSURANCE		.00	.00		102.67	.00
LABORATORY-INSURANCE		.00	.00		64.80	.00
LABORATORY-MEDICARE		2,655.19	.86		22,618.45	.63
MEDICAL SUPPLIES-MEDICARE		.00	.00		818.42	.02
PHARMACY-MEDICARE		18,247.53	5.91		252,934.56	7.06
PHYSICAL THERAPY-MEDICARE		93,300.00	30.23		1,064,850.00	29.74
SPEECH THERAPY-MEDICARE		8,000.00	2.59		94,880.00	2.65
SPEECH THERAPY-INSURANCE		.00	.00		2,720.00	.07
SPEECH THERAPY-MEDICAID		.00	.00		640.00	.01
OCCUPATIONAL THERAPY-MEDICARE		93,650.00	30.34		1,007,750.00	28.15
OCCUPATIONAL THERAPY-MEDICAID		.00	.00		4,700.00	.13
OTHER SERVICES-PRIVATE		.00	.00		408.00	.01
TOTAL ANCILLARY INCOME:		216,936.95	70.29		2,668,085.56	74.53
LESS: CONTRACTUAL ADJUSTMENT		<192,531.65>	<62.38>		<2,055,305.07>	<57.41>
LESS: CONTRACTUAL ADJ-COINS PART B		<13,999.99>	<4.53>		<241,110.16>	<6.73>
ADD: CONTRACTUAL ADJ-ROOM & BOARD		.00	.00		.00	.00

TOTAL ANCILLARY SERVICES:		10,405.31	3.37		371,670.33	10.38
TOTAL INCOME:		570,681.23	184.92		6,808,962.60	190.21

OTTAWA PAVILION, LTD.
 STATEMENT OF INCOME & EXPENSE

	MONTH ENDING DECEMBER 31, 2011			12 MONTH(S) ENDING DECEMBER 31, 2011		
	3086 PATIENT DAYS			35797 PATIENT DAYS		
	DAYS	AMOUNT	PER PAT DAY	DAYS	AMOUNT	PER PAT DAY
OPERATING EXPENSES:						
NURSING		189,395.76	61.37		2,170,045.22	60.62
ANCILLARY COSTS		64,278.49	20.82		782,887.20	21.87
HOUSEKEEPING & PLANT		43,398.96	14.06		463,294.07	12.94
DIETARY		41,684.09	13.50		468,007.83	13.07
EMPLOYEE WELFARE		40,348.09	13.07		525,696.13	14.68
LAUNDRY & LINEN		7,209.15	2.33		94,663.29	2.64
TOTAL OPERATING EXPENSES:		386,314.54	125.18		4,504,593.74	125.83
INCOME BEFORE GEN & ADM EXPENSES:		184,366.69	59.74		2,304,368.86	64.37
GENERAL & ADMINISTRATIVE EXPENSES:		90,707.27	29.39		1,071,399.73	29.92
INCOME BEFORE CAPITAL EXPENSES:		93,659.42	30.34		1,232,969.13	34.44
CAPITAL EXPENSES:		33,232.36	10.76		389,803.06	10.88
INCOME BEFORE OTH INCOME & EXPENSE:		60,427.06	19.58		841,166.07	23.55
OTHER INCOME & <EXPENSE>:		47.56	.01		<62,826.02>	<1.75>
NET INCOME OR <LOSS>:		60,474.62	19.59		780,340.05	21.79

OTTAWA PAVILION, LTD.
 SCHEDULE OF OPERATING EXPENSES

MONTH ENDING DECEMBER 31, 2011		12 MONTH(S) ENDING DECEMBER 31, 2011	
3086 PATIENT DAYS		35797 PATIENT DAYS	
AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY

NURSING COSTS

NURSING SALARIES:

DIRECTOR OF NURSING	6,331.37	2.05	66,399.83	1.85
REGISTERED NURSES	19,068.74	6.17	241,788.66	6.75
LICENSED PRACTICAL NURSES	48,062.40	15.57	534,774.91	14.93
NURSES AIDES	90,554.19	29.34	1,026,019.47	28.66
NURSING-CLERICAL	3,460.42	1.12	40,106.88	1.12
CONTRACT NURSES	1,996.00	.64	32,733.00	.91
CONTRACT NURSES AIDES	.00	.00	.00	.00

TOTAL NURSING SALARIES:	169,481.12	54.91	1,941,822.75	54.24
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ACTIVITY DEPARTMENT:

ACTIVITY DIRECTOR	2,512.37	.81	31,423.18	.87
ACTIVITY AIDES	8,390.96	2.71	95,329.04	2.66

TOTAL ACTIVITY SALARIES:	10,903.33	3.53	126,752.22	3.54
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TOTAL NURSING & ACTIVITY SALARIES:	180,384.45	58.45	2,068,574.97	57.78
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MEDICAL & NURSING SUPPLIES	6,641.90	2.15	70,875.91	1.97
OXYGEN	329.97	.10	5,893.99	.16
ACTIVITY PROGRAM EXPENSE	722.44	.23	6,816.60	.19
REHAB SUPPLIES	.00	.00	328.25	.00
CONSULTANTS:				
SOCIAL WORKER	.00	.00	1,999.50	.05
PHARMACY	567.00	.18	6,556.00	.18
ACTIVITIES	250.00	.08	3,000.00	.08
MEDICAL DIRECTOR	500.00	.16	6,000.00	.16
DENTAL	.00	.00	.00	.00

TOTAL NURSING EXPENSE:	9,011.31	2.92	101,470.25	2.83
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TOTAL NURSING COSTS:	189,395.76	61.37	2,170,045.22	60.62
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ANCILLARY COSTS

MEDICAL SUPPLIES	.00	.00	545.59	.01
PHARMACY	12,306.24	3.98	193,718.41	5.41
RADIOLOGY	45.95	.01	7,336.20	.20
LABORATORY	653.00	.21	6,323.20	.17
OCCUPATIONAL THERAPY-SALARIES	16,487.06	5.34	163,761.01	4.57
PHYSICAL THERAPY-SALARIES	33,533.48	10.86	334,997.96	9.35
PHYSICAL THERAPY-CONT SERVICES	.00	.00	58,572.00	1.63
SPEECH THERAPY-SALARIES	1,252.76	.40	17,632.83	.49
BED RENTALS	.00	.00	.00	.00

TOTAL ANCILLARY COSTS:	64,278.49	20.82	782,887.20	21.87
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RUN DATE: 2/20/12

SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2011		12 MONTH(S) ENDING DECEMBER 31, 2011	
	1086 PATIENT DAYS		35797 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
HOUSEKEEPING & PLANT COSTS				
HOUSEKEEPING SALARIES	12,648.80	4.09	140,074.57	3.91
HOUSEKEEPING SUPPLIES	3,891.04	1.26	30,476.10	.85
MAINTENANCE SALARIES	8,285.06	2.68	97,114.83	2.71
MAINTENANCE SUPPLIES	1,122.62	.36	30,235.98	.84
EQUIPMENT RENTAL	271.86	.08	2,220.60	.06
REPAIRS & MAINTENANCE	1,142.68	.37	7,075.88	.19
ELEVATOR REPAIRS & MAINTENANCE	542.57	.17	7,600.25	.21
SCAVENGER	638.17	.20	6,803.76	.19
EXTERMINATOR	340.63	.11	3,991.16	.11
FUEL & GAS	6,924.53	2.24	47,996.87	1.34
ELECTRICITY	5,873.18	1.90	73,010.46	2.03
WATER & SEWER	1,717.82	.55	16,693.61	.46
TOTAL HOUSEKEEPING & PLANT EXPENSE:	43,398.96	14.06	463,294.07	12.94
DIETARY COSTS				
DIETARY SALARIES	19,925.90	6.45	234,163.80	6.54
FOOD	19,840.63	6.42	202,747.90	5.66
DIETARY SUPPLIES	1,135.56	.36	22,196.13	.62
SALES TAX ON FOOD	119.00	.03	987.00	.02
DIETARY CONSULTANT	663.00	.21	7,913.00	.22
EQUIPMENT REPAIRS	.00	.00	.00	.00
TOTAL DIETARY EXPENSE:	41,684.09	13.50	468,007.83	13.07
EMPLOYEE WELFARE COSTS				
PAYROLL TAXES	25,087.24	8.12	301,008.36	8.40
WORKERS' COMPENSATION INSURANCE	8,569.75	2.77	119,868.50	3.34
WORKER'S COMP. INSURANCE-PRIOR YEAR	.00	.00	12,698.00	.35
EMPLOYEE BENEFITS	2,069.62	.67	12,908.06	.36
EMPLOYEE INSURANCE	4,621.48	1.49	79,213.21	2.21
TOTAL EMPLOYEE WELFARE EXPENSE:	40,348.09	13.07	525,696.13	14.68
LAUNDRY & LINEN COSTS				
LAUNDRY SALARIES	5,416.39	1.75	73,604.32	2.05
LAUNDRY SUPPLIES	1,014.96	.32	12,983.50	.36
LINEN REPLACEMENT	360.80	.11	5,559.01	.15
REPAIRS & MAINTENANCE	417.00	.13	2,516.46	.07
TOTAL LAUNDRY & LINEN EXPENSE:	7,209.15	2.33	94,663.29	2.64

RUN DATE: 2/20/12

SCHEDULE OF OPERATING EXPENSES

	MONTH ENDING DECEMBER 31, 2011		12 MONTH(S) ENDING DECEMBER 31, 2011	
	3086 PATIENT DAYS		35797 PATIENT DAYS	
	AMOUNT	PER PAT DAY	AMOUNT	PER PAT DAY
GENERAL & ADMINISTRATIVE COSTS				
ADMINISTRATIVE SALARIES	7,065.22	2.28	80,765.84	2.25
OFFICE SALARIES	15,540.32	5.03	160,493.36	4.48
BOOKKEEPING SERVICE	29,576.00	9.58	354,900.00	9.91
PROFESSIONAL FEES	1,522.50	.49	24,354.23	.68
LICENSES	240.83	.07	3,517.11	.09
DATA PROCESSING	1,749.66	.56	13,993.31	.39
ADV & PROMOTION-NON PATIENT RELATED	4,076.62	1.32	43,353.20	1.21
BANK CHARGES	268.52	.08	3,765.20	.10
CLASSIFIED ADVERTISING	155.25	.05	3,016.48	.08
DUES & SUBSCRIPTIONS	229.17	.07	5,192.27	.14
EQUIPMENT RENTAL & MAINTENANCE	3,713.47	1.20	23,722.53	.66
GENERAL INSURANCE	4,604.71	1.49	65,377.00	1.82
AUTO LEASING	578.00	.18	6,936.00	.19
LEGAL FEES	6.25	.00	4,681.08	.13
OFFICE EXPENSE	1,973.69	.63	19,992.51	.55
POSTAGE	18.91	.00	3,096.85	.08
TELEPHONE	840.17	.27	9,952.88	.27
TRANSPORTATION - STAFF	2,424.08	.78	18,337.30	.51
EDUCATION & SEMINARS	1,591.40	.51	6,923.55	.19
MANAGEMENT FEES	9,000.00	2.91	148,806.11	4.15
ILLINOIS LICENSING FEE	5,533.50	1.79	65,153.00	1.82
BAD DEBTS	.00	.00	112,269.92	3.13
BAD DEBT RECOVERY	.00	.00	<108,000.00>	<3.01>
CONTRIBUTIONS	.00	.00	800.00	.02
TOTAL GEN & ADMINISTRATIVE EXPENSE:	90,707.27	29.39	1,071,399.73	29.92
CAPITAL EXPENSES:				
RENT	23,000.00	7.45	276,000.00	7.71
DEPRECIATION	6,200.00	2.00	64,673.00	1.80
INTEREST	4,032.36	1.30	49,130.06	1.37
TOTAL CAPITAL EXPENSES:	33,232.36	10.76	389,803.06	10.88
OTHER (INCOME) AND EXPENSE				
INTEREST INCOME	<628.45>	<.20>	<1,959.24>	<.05>
OTHER SERVICES	580.89	.18	6,979.62	.19
ADJUSTMENT OF PRIOR YEAR'S EXPENSES	.00	.00	57,805.64	1.61
DISCOUNTS EARNED	.00	.00	.00	.00
TOTAL OTHER INCOME AND EXPENSE:	<47.56>	<.01>	62,826.02	1.75
TOTAL OPERATING EXPENSE:	510,206.61	165.32	6,028,622.55	168.41

Section X, Economic Feasibility

Criterion 1120.140(a) – Reasonableness of Financing Arrangements

Attached at Attachment – 42A is a letter from the Applicant attesting the total estimated project costs and related costs will be funded in part by borrowing.



Ottawa Pavilion, Ltd.

June 25, 2012

Dale Galassie

Chair

Illinois Health Facilities and Services Review Board

525 West Jefferson Street, 2nd Floor

Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funding in part by borrowing because a portion of the cash and cash equivalents must be retained in the balance sheet asset accountings in order to maintain a current ratio of 1.5 times. Further, the selected form of debt financing the project will be the lowest cost available.

Sincerely,

Marshall A. Mader
Secretary/Treasurer
Ottawa Pavilion, Ltd.

Subscribed and sworn to me

This 20th day of June, 2012

Notary Public



800 East Center Street
Ottawa, Illinois 61350
Tel 815.434.7144
Fax 815.434.2376
www.dynamiche.com

Section X, Economic Feasibility

Criterion 1120.140(b) – Conditions of Debt Financing

Attached at Attachment – 42A is a letter from the Applicant documenting that the conditions of debt financing are reasonable.

Section X, Economic Feasibility

Criterion 1120.310(c) – Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is provided in the table below.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE								
Department (list below)	A	B	C	D	E	F	G	H
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)
Clinical								
Nursing	\$144.68	\$374.50	31,105		6,029		\$4,500,120	\$2,257,847
Living/Dining/Activity	\$144.68	\$374.50	6,288		1,120		\$909,717	\$419,437
Kitchen/Food Svc	\$144.68		3,774				\$546,004	
P.T./O.T.	\$144.68		6,164				\$891,777	
Laundry	\$144.68		721				\$104,311	
Janitor Closets	\$144.68		188				\$27,199	
Cleaned/Soiled Utility	\$144.68		646				\$93,460	
Beauty/Barber	\$144.68		285				\$41,232	
Contingency	\$12.73	\$12.73	49,171		7,149		\$625,719	\$90,974
Total Clinical	\$157.40	\$387.22	49,171		7,149		\$7,739,539	\$2,768,258
Non-Clinical								
Office/Administration	\$138.82		2,219				\$308,044	
Employee Lounge/ Locker/Training	\$138.82		566				\$78,573	
Mechanical/Electrical	\$138.82		460				\$63,858	
Lobby	\$138.82		681				\$94,537	
Storage/Maintenance	\$138.82	\$527.50	4,260		159		\$591,377	\$83,873
Corridor/Public Toilets	\$138.82	\$527.50	11,355		1,900		\$1,576,311	\$1,002,253
Stair/Elevators	\$138.82		1,248				\$173,248	0
Contingency	\$12.72	\$12.73	20,789		2,059		\$264,548	\$26,202
Total Non-Clinical	\$151.55	\$540.23	20,789		2,059		\$3,150,496	\$1,112,328
TOTALS	\$155.66	\$421.43	69,960		9,208		\$10,890,035	\$3,880,586
* Include the percentage (%) of space for circulation								

2. A comparison of the project costs to the State Standard is provided in Table 1120.310(c) below.

Table 1120.310(c)			
	Proposed Project	State Standard	Above/Below State Standard
Preplanning	\$46,470	$1.8\% \times (\text{Construction} + \text{Contingency} + \text{Equipment}) =$ $1.8\% \times (\$7,113,820 + \$2,677,284 + \$716,693 + \$800,000) =$ $1.8\% \times \$11,307,797 =$ \$203,540	Below State Standard
Site Survey and Preparation	\$10,404	$5\% \times (\text{Construction} + \text{Contingency}) =$ $5\% \times (\$7,113,820 + \$2,677,284 + \$716,693) =$ $= 5\% \times \$10,507,797$ $= \$525,390$	Below State Standard
New Construction Contracts	\$7,113,820	$\$174 \text{ per gross square foot} =$ $\$174 \times 49,171 =$ \$8,555,754	Below State Standard
Modernization Contracts	\$2,677,284	$\$121.80 \text{ per gross square foot} =$ $\$121.80 \times 7,149 =$ \$870,748	Above State Standard

Table 1120.310(c)			
	Proposed Project	State Standard	Above/Below State Standard
Contingencies	\$716,693	$5\% - 7\% \times \text{Construction Costs} =$ $5\% - 7\% \times (\$7,113,820 + \$2,677,284) =$ $5\% - 7\% \times \$9,791,104 =$ $\$489,555 - \$685,377$	Above State Standard
Architectural/Engineering Fees	\$464,957	$5.64\% - 8.48\% \times (\text{Construction} + \text{Contingency}) =$ $= 5.64\% - 8.48\% \times (\$7,113,820 + \$2,677,284) =$ $5.64\% - 8.48\% \times \$9,791,104 =$ $\$552,218 - \$830,287$	Below State Standard
Consulting and Other Fees	\$401,256	No State Standard	N/A
Moveable Equipment	\$800,000	$\$6,491 \text{ per Bed}$ $\$6,491 \times 129 =$ $\$837,339$	Below State Standard
Net Interest Expense During Construction	\$597,704	No State Standard	N/A
Other Costs to be Capitalized	\$384,370	No State Standard	N/A

Section X, Economic Feasibility
Criterion 1120.310(d) – Projected Operating Costs

Operating Expenses: \$6,228,102

Resident Days: 43,800

Operating Expense per Resident Day: \$142.19

Section X, Economic Feasibility

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

Capital Costs

Depreciation:	\$72,790
Amortization:	\$ 0
Interest:	<u>\$ 0</u>
Total Capital Costs	\$72,790

Resident Days: 43,800

Capital Cost per Resident Day: \$1.66

Section XII – Charity Care Information

CHARITY CARE			
	2009	2010	2011
Net Patient Revenue	\$5,083,231	\$5,683,252	\$6,420,102
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

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 NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	21-22
2	Site Ownership	23-85
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	86-87
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	88-89
5	Flood Plain Requirements	90-92
6	Historic Preservation Act Requirements	93-94
7	Project and Sources of Funds Itemization	
8	Obligation Document if required	
9	Cost Space Requirements	95
10	Discontinuation	
11	Background of the Applicant	96-98
12	Purpose of the Project	99-101
13	Alternatives to the Project	102-103
14	Size of the Project	104-106
15	Project Service Utilization	107
16	Unfinished or Shell Space	108
17	Assurances for Unfinished/Shell Space	109
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	110-224
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
39	Availability of Funds	225-230
40	Financial Waiver	
41	Financial Viability	231-254
42	Economic Feasibility	255-262
43	Safety Net Impact Statement	
44	Charity Care Information	263