

# NEIGHBORS

Rehabilitation Center

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

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

July 29, 2016

**RECEIVED**

AUG 03 2016

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Via Overnight Carrier

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson Street--2<sup>nd</sup> Floor  
Springfield, IL 62761

Re: Request for Permit Alteration  
Neighbors Rehabilitation Center ("Neighbors")  
Project No. 14-008 (the "Project")

Dear Ms. Avery:

Neighbors Rehabilitation Centers is asking the Board's approval for a Permit Alteration to increase the approved amount of funds being borrowed. This is our first request for a Permit Alteration.

The Illinois Health Facilities and Services Review Board previously granted a permit ("Permit") to construct a 30-bed addition to our existing facility in Byron. Construction of the Project is nearing completion and we expect to complete the Project well before the February 28, 2017 Project completion date.

We have experienced higher than expected construction costs and have incurred project costs in excess of the permit amount. We are seeking an increase in the debt approval amount to pay these costs. Unfortunately, the cost increase is over 7% of the project amount and cannot be addressed as part of the permit alteration. We have engaged CON counsel and have initiated discussions with the Review Board's legal counsel to address the cost overrun issue.

Neighbors requests to increase the debt financing by \$2,231,142. We have received loan approval for the increased amount, but have not yet drawn on the loan in excess of the debt amount approved in our Permit.

**Applicable Review Criteria**

**1. § 1125.120 Availability of Funds**

The method of financing the Project remains a combination of equity and debt. The increased Project Costs are to be financed primarily from the increased borrowing. Fortunately, the funds are available for the increased costs. We have a construction loan with The PrivateBank and Trust Company in the amount of \$12,000,000. While this loan is used for purposes in addition to the construction cost (for example land acquisition), there is sufficient loan funds available. In addition, we are anticipating that we will lease rather than purchase some of the equipment for the facility. We would anticipate an equipment leasing arrangement for approximately \$500,000. A copy of that lease proposal is attached. The loan approval and lease proposal list amounts higher than we anticipate actually borrowing, but evidence that we do have funds available.

**2. § 1120.130 Financial Viability**

The source of financing remains a combination of debt and equity. We have prepared new financial viability ratios for permit alternation which are included as part of this application. These viability ratios show compliance with five of the six ratios. We have included updated financial projections for our facility in addition to the changes in cost and borrowing. Even with the increased borrowing the Project would continue to meet the important 80% debt to equity ratio. The only ratio that would not be met is the cushion ratio, which at 2.24 would be below the state standard of 3.0. We note that this is not different from the negative finding on cushion ratio from the original State Board Report.

**3. § 1120.140(c) Reasonableness of Project Cost**

The change requested in this permit alteration is to increase the amount of debt for the Project. We are compiling outstanding statements reconciling invoices and negotiating with contractors and vendors. Project costs will increase on the Project, but must be resolved as a compliance matter rather than a Permit Alteration. Project construction is nearing completion and we estimate the final cost will be approximately \$11,250,000, or an increase of \$2,231,142. Our estimate includes the original contingency amount of \$167,413 to be used while we reconcile change orders and negotiate with the contractor and other vendors, but expect that amount to be far less.

The increased Project cost is a result of us underestimating the original Project construction costs. We have not expanded the size of the Project. In preparing the original Project budget we had relied on construction cost estimates of our architect. The estimated Project cost in our permit application was near the state standard for new construction and well below the state standard for the modernization component.

**4. § 1120.140 (e) Total Effect of the Project on Capital Costs**

A revised pro forma showing Project Cost Per Patient Day as a result of this permit alteration is attached, although there is no review standard.

### **Project Costs Chart**

This permit alteration is to authorize additional debt in order to pay additional construction costs. The attached Project Cost Table shows the amount of the increase borrowing.

### **Conclusion**

While our administrative team has considerable experience in operating a facility this is the first significant construction project that we have undertaken and the first time through the CON process. We understand now that we should have addressed these issues with our permit earlier in the process. We are committed to working with the Board to address these changes and any questions related to this request.

Enclosed are applicable application pages reflecting the proposed change and a check in the amount of \$1,000 for the application processing fee. We look forward to continuing to work with you on this Project.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Winter", with a stylized, flowing script.

Thomas Winter

Enclosures

113379419.2

**SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW****Criterion 1125.800 Estimated Total Project Cost**

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):

- Availability of Funds – Review Criteria
- Financial Viability – Review Criteria
- Economic Feasibility – Review Criteria, subsection (a)

**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:**

<u>\$989,202</u>	<p>a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
_____	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;
\$9,760,798 + \$500,000 <u>\$10,260,798</u>	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5. For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>

_____	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.
<b>\$11,250,000</b>	<b>TOTAL FUNDS AVAILABLE</b>	

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

### 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- THIS ITEM IS NOT GERMANE

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

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. 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
4. 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-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. 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.

#### **COMBINED (NEIGHBORS PROPERTY, LLC & NEIGHBORS REHABILITATION, LLC)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	STATE STANDARD		2018 AS APPROVED	2019 REVISED 7/27/16
Current Ratio	1.5 OR MORE		2.0	3.1
Net Margin Percentage	2.5 OR MORE		17.3	38.2
Percent Debt to Total Capitalization	80% OR LESS		79.9	80.0
Projected Debt Service Coverage	1.5 OR MORE		4.0	3.1
Days Cash on Hand	45 DAYS OR MORE		79.5	98.5
Cushion Ratio	3 OR MORE		3.0	2.4

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and

1. 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.

**NEIGHBORS PROPERTY, LLC (OWNER)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	STATE STANDARD		2018 AS APPROVED	2019 REVISED 7/27/16
Current Ratio	1.5 OR MORE		2.2	13.4
Net Margin Percentage	2.5 OR MORE		-58.6	-9.2
Percent Debt to Total Capitalization	80% OR LESS		110.2	94.8
Projected Debt Service Coverage	1.5 OR MORE		1.0	1.1
Days Cash on Hand	45 DAYS OR MORE		57.4	454.7
Cushion Ratio	3 OR MORE		.02	1.2

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and

1. 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.

**NEIGHBORS REHABILITATION, LLC (OPERATOR)**

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	STATE STANDARD		2018 AS APPROVED	2019 REVISED 7/27/16
Enter Historical and/or Projected Years:				
Current Ratio	1.5 OR MORE		2.0	2.4
Net Margin Percentage	2.5 OR MORE		24.7	56.7
Percent Debt to Total Capitalization	80% OR LESS		N/A	N/A
Projected Debt Service Coverage	1.5 OR MORE		54.4	58.7
Days Cash on Hand	45 DAYS OR MORE		81.4	58.2
Cushion Ratio	3 OR MORE		42.6	23.1

**COST AND GROSS SQUARE FEET BY SERVICE**

Area (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)	
Nursing-New	\$177.21	\$46.51	27,143**		23,013		\$4,810,070	\$1,070,298	\$5,880,368
Contingency	\$0.00	\$4.74	27,143**		23,013		\$0.00*	\$109,073*	\$109,073
<b>TOTALS</b>	<b>\$177.21</b>	<b>\$51.25</b>	<b>27,143**</b>		<b>23,013</b>		<b>\$4,810,070</b>	<b>\$1,179,371</b>	<b>\$5,989,441</b>

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

\*Contingency Cost breakdown based on New Construction being completed and the balance is for Modernization Total Contract Costs

\*\*New Construction of 27,143gsf + vacated (demolition) space of 2,878gsf as demolition costs are in the construction contract line item.

**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 - 30, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**Project Costs and Sources of Funds****APPENDIX A**

Complete the following table listing all costs 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.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs	\$17,841	\$9,543	\$27,384
Site Survey and Soil Investigation	\$10,294	\$5,506	\$15,800
Site Preparation	\$0	\$0	\$0
Off Site Work	\$18,706	\$10,005	\$28,711
New Construction Contracts	\$4,810,070	\$2,572,791	\$7,382,861
Modernization Contracts	\$1,070,298	\$572,477	\$1,642,775
Contingencies	\$109,073	\$58,340	\$167,413
Architectural/Engineering Fees	\$474,646	\$253,876	\$728,522
Consulting and Other Fees	\$39,091	\$20,909	\$60,000
Movable or Other Equipment (not in construction contracts)	\$62,295	\$33,320	\$95,615
Bond Issuance Expense (project related)	\$114,614	\$61,305	\$175,919
Net Interest Expense During Construction (project related)	\$130,304	\$69,696	\$200,000
Fair Market Value of Leased Space or Equipment	\$325,759	\$174,241	\$500,000
Other Costs To Be Capitalized	\$146,592	\$78,408	\$225,000
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
<b>TOTAL USES OF FUNDS</b>	<b>\$7,329,583</b>	<b>\$3,920,417</b>	<b>\$11,250,000</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$644,483	\$344,719	\$989,202
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$6,359,340	\$3,401,458	\$9,760,798
Leases (fair market value)	\$325,759	\$174,241	\$500,000
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$7,329,583</b>	<b>\$3,920,417</b>	<b>\$11,250,000</b>

\*Clinical Cost equates to Appendix D's Total Clinical space as a percentage of the whole (65%); Conversely, Nonclinical Cost equates to Appendix D's Total Nonclinical space as a percentage of the whole (35%).

**APPENDIX D****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.**

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>							
New Resident Rooms & Bath Rooms	\$ 1,548,440	468	8,226	7,758	468		
Existing Resident Rooms and Toilet Rooms	\$ 2,233,059	11,863	11,863		11,863		
Nursing Support	\$ 305,133	513	1,621	1,108	288	225	
Utility Rooms	\$ 199,531	731	1,060	329	115	616	
Living/Dining/Activity	\$ 1,885,573	5,076	10,017	4,941	1,937	3,139	
PT / OT	\$ 513,323	0	2,727	2,727			
Alzheimers Dayroom and Toilet	\$ 0	1,393					1,393
Food Service	\$ 356,898	1,598	1,896	298	500	1,098	
Shower Rooms/Toilets-existing	\$ 287,627	1,528	1,528			1,528	
<b>TOTAL CLINICAL</b>	<b>\$ 7,329,583</b>	<b>23,170</b>	<b>38,938</b>	<b>17,161</b>	<b>15,171</b>	<b>6,606</b>	<b>1,393</b>
<b>NON-CLINICAL</b>							
Chapel and Support	\$ 316,050	1,679	1,679			1,679	
Office / Administration	\$ 414,687	198	2,203	2,005		198	
Maintenance Storage	\$ 0	534					534
Commons	\$ 860,621	702	4,572	3,870	702		
Dietary Office	\$ 0	124					124
Staff Lounge	\$ 0	351					351
Plaza	\$ 372,145	1,977	1,977		1,977		
Support Departments	\$ 308,144	0	1,637	1,637			
Building Storage	\$ 56,095	0	298	298			
Mechanical Room	\$ 124,425	566	661	95		566	
Lobby	\$ 0	476					476
Building Support	\$ 644,524	1,347	3,424	2,077	787	560	
Existing Corridor Renovations	\$ 823,726	4,376	4,376		4,376		
<b>Total Non-Clinical</b>	<b>\$ 3,920,417</b>	<b>12,330</b>	<b>20,827</b>	<b>9,982</b>	<b>7,842</b>	<b>3,003</b>	<b>1,485</b>
<b>TOTAL</b>	<b>\$11,250,000</b>	<b>35,500</b>	<b>59,765</b>	<b>27,143</b>	<b>23,013</b>	<b>9,609</b>	<b>2,878</b>

# **ATTACHMENT 27**

**Mortgage**

**Lease**



# TETRA

FINANCIAL GROUP

**Lease Proposal**  
June 16, 2016

<b>Lessor:</b>	Tetra Financial Group, L.L.C. or assign.
<b>Lessee:</b>	Generations at Neighbors, LLC
<b>Guarantor(s):</b>	Neighbors Property, LLC / S.I.R. Management, Inc.
<b>Leased Property:</b>	FF&E for Care Center
<b>Leased Property Cost:</b>	\$700,000.00
<b>Leased Property Location:</b>	IL
<b>Base Term:</b>	48 months with Basic Rent billed Monthly.
<b>Basic Rent:</b>	\$14,287.00 due and payable Monthly in advance by ACH initiated by Lessor.
<b>Lease Rate Factor:</b>	.02041
<b>End of Base Term Options:</b>	(i) purchase the Leased Property for a price to be agreed upon by Lessor and Lessee, (ii) continue using the Leased Property by extending the lease, or (iii) return the Leased Property; all in accordance with the final lease agreement.
<b>Triple Net:</b>	Lessee is responsible for all taxes, insurance, maintenance and other costs, including inspections, appraisals, lien searches and filings.
<b>UCC:</b>	The proposed lease is intended to be a true lease. Notwithstanding, Lessee hereby grants a security interest in and authorizes Lessor to file a UCC financing statement relating to the Leased Property and proposed lease as Lessor deems necessary.
<b>Good Faith Deposit:</b>	Lessee shall provide a good faith deposit equal to the Basic Rent ("Deposit"), due upon execution hereof. The Deposit will be applied to the last payment of Basic Rent of the lease Term. If Lessor does not issue a credit approval (an "Approval"), the Deposit will be refunded without interest. In connection with Lessor's underwriting, Lessee shall provide such financial, tax and other information as Lessor requests. Upon Approval or if Lessee withdraws this Lease Proposal, the Deposit shall become nonrefundable and be deemed a processing and commitment fee fully earned by Lessor, as liquidated damages and not as a penalty, in consideration of Lessor's time, effort and expense of underwriting and allocating funds for this Lease Proposal.
<b>Rate Adjustment:</b>	The Lease Rate Factor will be adjusted as of the Final Acceptance Date upward by .00009889 for every five (5) basis point increase in similarly maturing U.S. Treasury Notes from a benchmark of 0.0%
<b>Confidentiality:</b>	Lessee shall keep this Lease Proposal and any Approval strictly confidential.
<b>Applicable Law; Jurisdiction; Venue; Jury Waiver:</b>	This Lease Proposal shall be governed by the laws of the State of Utah, without regard to conflict of laws provisions. The exclusive jurisdiction and venue for any matter or action arising out of or relating to this Lease Proposal shall be the state or federal courts in Salt Lake County, Utah. Lessee hereby submits to the exclusive jurisdiction of such courts and waives any objection to such exclusive jurisdiction, venue or convenience of forum. Lessee hereby waives all rights to a jury trial to the fullest extent permitted by law.
<b>Entire Understanding:</b>	<p>This Lease Proposal is personal to Lessee, may not be amended or assigned without Lessor's prior written consent, supersedes any prior written or oral understandings or agreements, and constitutes the entire and exclusive understanding and agreement of the parties regarding the subject matter. This Lease Proposal sets forth the basic terms of a proposed lease and does not create any commitment or obligation of the parties to enter into such lease, which shall be binding only upon the parties' execution of final lease agreements, consisting of Lessor's standard lease documentation. Upon execution of the final lease agreements, this Lease Proposal and any Approval shall be superseded in all respects.</p> <p>THIS LEASE PROPOSAL IS NOT A FINANCING COMMITMENT. NEITHER LESSEE NOR ANY OTHER PERSON SHOULD RELY UPON IT IN TAKING OR FORBEARING FROM TAKING ANY ACTION OR ADVANCING ANY CREDIT.</p>
<b>AGREED AND ACCEPTED:</b>	<div><div><b>BY:</b> <u>Thomas Wint</u> <b>TITLE:</b> <u>LFO</u></div><div><b>PRINT NAME:</b> <u>Thomas Wint</u> <b>DATE:</b> <u>6-17-2016</u></div></div>

23620180.6  
02-25-16

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**CONSTRUCTION LOAN AGREEMENT**

Dated as of February 25, 2016

by and between

**NEIGHBORS PROPERTY, LLC,**  
an Illinois limited liability company,  
as Borrower

and

**THE PRIVATEBANK AND TRUST COMPANY,**  
an Illinois banking corporation,  
as Lender

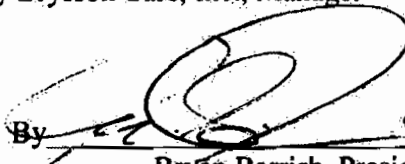
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**IN WITNESS WHEREOF**, Borrower and Lender have caused this Agreement to be executed the day and year first above written.

**NEIGHBORS PROPERTY, LLC**

By Brysson Care, Inc., Manager

By 

Bryan Barrish, President

**THE PRIVATEBANK AND TRUST COMPANY**

By \_\_\_\_\_

Michael Monticello, Managing Director

# **ATTACHMENT 29**

**Financial Viability Ratio Worksheets**

**Projected Financial Statements for CY 2019**

NEIGHBORS REHABILITATION CENTER  
VIABILITY RATIOS WORKSHEET  
LTC FACILITY OWNER OPERATOR COMBINED

	2014	2015	2016	2019
<u>CURRENT RATIO</u>				
1. CURRENT ASSETS	\$ 1,306,686	\$ 1,231,256	\$ 1,744,027	\$ 4,206,002
2. CURRENT LIABILITIES	\$ 1,780,150	\$ 3,281,683	\$ 1,262,150	\$ 1,338,150
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	0.7	0.4	1.4	3.1
<u>NET MARGIN PERCENTAGE</u>				
4. NET INCOME OR (LOSS)	\$ 19,717	\$ (14,689)	\$ (167,450)	\$ 1,638,325
5. NET OPERATING REVENUE	\$ 723,100	\$ 696,330	\$ 911,175	\$ 4,289,396
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	2.7%	-2.1%	-18.4%	38.2%
<u>DEBT SERVICE COVERAGE</u>				
NET INCOME(LOSS) + DEPR +				
7. INTEREST + AMORTIZATION	\$ 334,327	\$ 304,984	\$ 410,550	\$ 2,847,725
8. PRINCIPAL + INTEREST	\$ 148,875	\$ 349,700	\$ 294,844	\$ 931,400
9. DEBT SERVICE COVERAGE RATIO (LINE 7 DIVIDED BY LINE 8)	2.2	0.9	1.4	3.1
<u>DEBT CAPITALIZATION RATIO</u>				
10. LONG TERM DEBT	\$ 2,396,361	\$ 6,013,565	\$ 12,000,000	\$ 12,000,000
11. LONG TERM DEBT + EQUITY	\$ 3,252,866	\$ 6,856,381	\$ 13,925,366	\$ 14,992,341
12. DEBT CAPITALIZATION RATIO (LINE 10 DIVIDED BY LINE 11)	73.7%	87.7%	86.2%	80.0%
<u>DAYS CASH</u>				
13. CASH AND INVESTMENTS	\$ 31,686	\$ 90,581	\$ 376,027	\$ 2,286,002
14. OPER EXPENSE LESS DEPR/365	\$ 12,762	\$ 12,169	\$ 13,702	\$ 23,219
15. DAY CASH ON HAND (LINE 13 / LINE 14)	2.5	7.4	27.4	98.5
<u>CUSHION RATIO</u>				
16. CASH AND INVESTMENTS	\$ 31,686	\$ 90,581	\$ 376,027	\$ 2,286,002
17. MAX ANNUAL DEBT SERVICE	\$ 164,875	\$ 368,450	\$ 320,944	\$ 952,500
18. CUSHION (LINE 16 / LINE 17)	0.2	0.2	1.2	2.4



NEIGHBORS REHABILITATION CENTER  
VIABILITY RATIOS WORKSHEET  
LTC FACILITY OWNER - NEIGHBORS PROPERTY, LLC

	2014	2015	2016	2019
<u>CURRENT RATIO</u>				
1. CURRENT ASSETS	\$ 71,686	\$ 81,256	\$ 370,027	\$ 1,143,002
2. CURRENT LIABILITIES	\$ 81,150	\$ 71,683	\$ 73,150	\$ 85,150
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	0.9	1.1	5.1	13.4
<u>NET MARGIN PERCENTAGE</u>				
4. NET INCOME OR (LOSS)	\$ (45,283)	\$ (42,689)	\$ (204,450)	\$ (110,675)
5. NET OPERATING REVENUE	\$ 288,000	\$ 290,000	\$ 398,000	\$ 1,204,000
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	-15.7%	-14.7%	-51.4%	-9.2%
<u>DEBT SERVICE COVERAGE</u>				
NET INCOME(LOSS) + DEPR +				
7. INTEREST + AMORTIZATION	\$ 211,227	\$ 213,684	\$ 299,150	\$ 1,004,325
8. PRINCIPAL + INTEREST	\$ 128,875	\$ 324,700	\$ 268,444	\$ 900,000
9. DEBT SERVICE COVERAGE RATIO (LINE 7 DIVIDED BY LINE 8)	1.6	0.7	1.1	1.1
<u>DEBT CAPITALIZATION RATIO</u>				
10. LONG TERM DEBT	\$ 2,391,361	\$ 6,013,565	\$ 12,000,000	\$ 12,000,000
11. LONG TERM DEBT + EQUITY	\$ 2,646,866	\$ 6,226,381	\$ 13,258,366	\$ 12,654,341
12. DEBT CAPITALIZATION RATIO (LINE 10 DIVIDED BY LINE 11)	90.3%	96.6%	90.5%	94.8%
<u>DAYS CASH</u>				
13. CASH AND INVESTMENTS	\$ 11,686	\$ 15,581	\$ 308,027	\$ 1,071,002
14. OPER EXPENSE LESS DEPR/365	\$ 531	\$ 522	\$ 979	\$ 2,355
15. DAY CASH ON HAND (LINE 13 / LINE 14)	22.0	29.8	314.5	454.7
<u>CUSHION RATIO</u>				
16. CASH AND INVESTMENTS	\$ 11,686	\$ 15,581	\$ 308,027	\$ 1,071,002
17. MAX ANNUAL DEBT SERVICE	\$ 128,875	\$ 324,700	\$ 268,444	\$ 900,000
18. CUSHION (LINE 16 / LINE 17)	0.1	0.0	1.1	1.2

NEIGHBORS REHABILITATION CENTER  
VIABILITY RATIOS WORKSHEET  
LTC FACILITY OPERATOR - NEIGHBORS REHABILITATION CENTER, LLC

	2014	2015	2016	2019
<u>CURRENT RATIO</u>				
1. CURRENT ASSETS	\$ 1,235,000	\$ 1,150,000	\$ 1,374,000	\$ 3,063,000
2. CURRENT LIABILITIES	\$ 1,699,000	\$ 3,210,000	\$ 1,189,000	\$ 1,253,000
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	0.7	0.4	1.2	2.4
<u>NET MARGIN PERCENTAGE</u>				
4. NET INCOME OR (LOSS)	\$ 65,000	\$ 28,000	\$ 37,000	\$ 1,749,000
5. NET OPERATING REVENUE	\$ 435,100	\$ 406,330	\$ 513,175	\$ 3,085,396
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	14.9%	6.9%	7.2%	56.7%
<u>DEBT SERVICE COVERAGE</u>				
NET INCOME(LOSS) + DEPR +				
7. INTEREST + AMORTIZATION	\$ 123,100	\$ 91,300	\$ 111,400	\$ 1,843,400
8. PRINCIPAL + INTEREST	\$ 20,000	\$ 25,000	\$ 26,400	\$ 31,400
9. DEBT SERVICE COVERAGE RATIO (LINE 7 DIVIDED BY LINE 8)	6.2	3.7	4.2	58.7
<u>DEBT CAPITALIZATION RATIO</u>				
10. LONG TERM DEBT	\$ 5,000	\$ -	\$ -	\$ -
11. LONG TERM DEBT + EQUITY	\$ 606,000	\$ 630,000	\$ 667,000	\$ 2,338,000
12. DEBT CAPITALIZATION RATIO (LINE 10 DIVIDED BY LINE 11)	0	0	0	0
<u>DAYS CASH</u>				
13. CASH AND INVESTMENTS	\$ 20,000	\$ 75,000	\$ 68,000	\$ 1,215,000
14. OPER EXPENSE LESS DEPR/365	\$ 12,231	\$ 11,647	\$ 12,722	\$ 20,864
15. DAY CASH ON HAND (LINE 13 / LINE 14)	1.6	6.4	5.3	58.2
<u>CUSHION RATIO</u>				
16. CASH AND INVESTMENTS	\$ 20,000	\$ 75,000	\$ 68,000	\$ 1,215,000
17. MAX ANNUAL DEBT SERVICE	\$ 36,000	\$ 43,750	\$ 52,500	\$ 52,500
18. CUSHION (LINE 16 / LINE 17)	0.6	1.7	1.3	23.1

<u>NEIGHBORS - COMBINED</u> Description	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>CURRENT ASSETS</u>								
Cash in Banks - Total	31,687		90,581		376,027		2,286,002	
Accounts Receivable	1,170,000		1,050,000		1,258,000		1,800,000	
Prepaid Expenses	45,000		28,675		48,000		48,000	
<u>Total Current Assets</u>	<u>1,246,687</u>		<u>1,169,256</u>		<u>1,682,027</u>		<u>4,134,002</u>	
FIXED ASSETS - COST	4,092,500		4,207,500		4,237,500		4,427,500	
Construction Project	157,861		3,733,319		10,575,000		10,575,000	
less: Accum. Depr	(1,069,031)		(1,251,011)		(1,509,011)		(2,913,011)	
	<u>3,181,330</u>		<u>6,689,808</u>		<u>13,303,489</u>		<u>12,089,489</u>	
<u>OTHER ASSETS</u>								
Other Assets	540,000		114,599		140,000		35,000	
<u>Total Assets</u>	<u>4,968,017</u>		<u>7,973,663</u>		<u>15,125,516</u>		<u>16,258,491</u>	
<u>CURRENT LIABILITIES</u>								
Accounts Payable	175,000		110,000		147,000		147,000	
Accrued Expenses	231,150		189,683		228,150		219,150	
Accrued Vacation Pay	110,000		80,000		90,000		90,000	
Payables & Accruals	516,150		379,683		465,150		456,150	
Patient Trust Fund-net	0		0		0		0	
Other Loans & Liabilities	275,000		1,937,118		0		0	
Member Loans	150,000		1,700,000		0		0	
Line of Credit -Private B.	760,000		850,000		725,000		800,000	
Note Payable - Van	9,000		5,000		0		0	
Mortgage-current portion	0		0		0		0	
Deferred Repl. Tax	10,000		10,000		10,000		10,000	
<u>Total Current Liabilities</u>	<u>1,720,150</u>		<u>4,881,801</u>		<u>1,200,150</u>		<u>1,266,150</u>	
Long Term Liabilities								
Due To Operator	107,861		0		0		0	
Mortgage Payable	2,283,500		2,249,046		0		0	
Mortgage - add'l	0		0		12,000,000		12,000,000	
<u>Total Liabilities</u>	<u>4,111,511</u>		<u>7,130,847</u>		<u>13,200,150</u>		<u>13,266,150</u>	
<u>EQUITY</u>								
Member Equity	1,053,100		1,053,100		1,053,100		2,303,100	
Retained Earnings	(216,311)		(195,595)		(210,284)		150,916	
Contribution(Distribution)	0		0		1,250,000		(1,100,000)	
Current Year Profit	19,717		(14,689)		(167,450)		1,638,325	
<u>Total Equity</u>	<u>856,506</u>		<u>842,816</u>		<u>1,925,366</u>		<u>2,992,341</u>	
<u>Total Liabilities &amp; Equity</u>	<u>4,968,017</u>		<u>7,973,663</u>		<u>15,125,516</u>		<u>16,258,491</u>	

NEIGHBORS - COMBINED		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day	
Total Resident Income	4,813,350	167.11	4,548,300	170.86	4,938,624	187.10	9,721,368	231.60	
Provider Bed Tax	(56,662)		(55,298)		(60,773)		(71,723)		
Provider Assessments	(166,288)		(148,873)		(143,476)		(199,400)		
Net Resident Income	4,590,400	159.37	4,344,130	163.19	4,734,375	179.36	9,450,246	225.14	
Operating Expenses									
Nursing	2,139,000	74.26	1,896,600	71.25	2,123,000	80.43	3,154,100	75.14	
Employee Welfare	374,300	12.99	381,500	14.33	400,600	15.18	532,200	12.68	
Housekeeping & Plant	449,000	15.59	413,200	15.52	396,500	15.02	538,200	12.82	
Laundry & Linen	108,400	3.76	116,400	4.37	114,400	4.33	148,800	3.54	
Dietary	436,100	15.14	425,100	15.97	450,650	17.07	653,650	15.57	
General and Admin.	665,200	23.09	720,028	27.05	741,400	28.09	1,339,575	31.91	
Total Operating Expense	4,172,001	144.84	3,952,828	148.49	4,226,550	160.12	6,366,525	151.67	
Income on Operations	418,399	14.53	391,302	14.70	507,825	19.24	3,083,721	73.47	
Capital Expenses									
Mortgage Interest	117,102	4.07	114,393	4.30	93,600	3.55	0	0.00	
Mortgage Interest - new	0	0.00	0	0.00	165,000	6.25	660,000	15.72	
Equipment Lease - new			0	0.00	31,500	1.19	126,000	3.00	
Real Estate Taxes	60,000	2.08	59,288	2.23	60,000	2.27	72,000	1.72	
Interest	20,000	0.69	25,000	0.94	26,400	1.00	31,400	0.75	
Depreciation & Amort.	176,408	6.12	179,980	6.76	293,000	11.10	503,000	11.98	
State Replacement Tax	1,100	0.04	300	0.01	0	0.00	15,000	0.36	
Total Capital Expenses	374,610	13.01	378,961	14.24	669,500	25.36	1,407,400	33.53	
Income From Operations	43,789	1.52	12,341	0.46	(161,675)	(6.12)	1,676,321	39.94	
Other Income	(23,998)	0.00	(27,030)	0.00	(5,775)	0.00	(37,996)	0.00	
Net Income	19,791	1.52	(14,689)	0.46	(167,450)	(6.12)	1,638,325	39.94	
Net Income	19,791		(14,689)		(167,450)		1,638,325		
Int,Tax,Depr,Amort,Rent	314,610		319,673		578,000		1,209,400		
EBITDAR for period	334,401		304,984		410,550		2,847,725		
Debt Service Coverage	2.9		2.7		1.6		4.3		

<u>NEIGHBORS - COMBINED</u>		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description		Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<b>AVERAGE PER DAY</b>									
Private		13.3		9.0		9.9		17.0	
Public Aid		49.2		52.9		50.3		63.0	
Medicare		7.3		6.0		7.6		25.0	
Hospice		7.7		4.4		3.4		7.0	
Insurance		1.4		0.7		1.2		3.0	
Avg. Per Day - in house		<u>78.9</u>		<u>72.9</u>		<u>72.3</u>		<u>115.0</u>	
<b>TOTAL CENSUS</b>									
Census-Private		4,851		3,277		3,601		6,205	
Census-Medicaid		17,964		19,295		18,346		22,995	
Census-Medicare		2,668		2,173		2,759		9,125	
Census-Hospice		2,799		1,618		1,259		2,555	
Census-HMO		522		257		431		1,095	
Census-In House		<u>28,804</u>		<u>26,620</u>		<u>26,396</u>		<u>41,975</u>	
Days in Period		<u>365</u>		<u>365</u>		<u>365</u>		<u>365</u>	
Bed Capacity		<u>101</u>		<u>101</u>		<u>111</u>		<u>131</u>	
Percent to Capacity		<u>78.1%</u>		<u>72.2%</u>		<u>65.2%</u>		<u>87.8%</u>	
<b>INCOME</b>									
Private		959,944	197.89	663,000	202.32	717,850	199.36	1,321,665	213.00
Medicare		1,154,903	432.87	941,000	433.04	1,336,469	484.36	4,836,250	530.00
Public Aid		2,437,618	135.69	2,806,000	145.43	2,779,809	151.52	3,817,170	166.00
P.A. - Rate Incr. \$6.60		0		0		0		160,965	7.00
Hospice		380,014	135.77	234,000	144.62	191,296	151.97	411,355	161.00
Hospice-Rate Incr. \$6.60		0		0		0		16,863	6.60
HMO		198,582	380.43	113,000	439.69	250,200	580.51	635,100	580.00
Day Care		1,130		300		0		0	
Ancillary Exp. - Part A		(308,644)	(115.68)	(268,000)	(123.33)	(331,000)	(119.96)	(1,460,000)	(160.00)
Ancillary Inc. - Other		205,467		179,000		117,200		210,000	
Ancillary Exp. - Other		<u>(215,664)</u>		<u>(120,000)</u>		<u>(123,200)</u>		<u>(228,000)</u>	
<u>Total Resident Income</u>		<u>4,813,350</u>	<u>167.11</u>	<u>4,548,300</u>	<u>170.86</u>	<u>4,938,624</u>	<u>187.10</u>	<u>9,721,368</u>	<u>231.60</u>
<b>Other Income(Expense)</b>									
Illinois Bed Tax		(56,662)		(55,298)		(60,773)		(71,723)	
Provider Assessment Tax		(166,288)		(148,873)		(143,476)		(199,400)	
Miscellaneous Income		<u>(23,998)</u>		<u>(27,030)</u>		<u>(5,775)</u>		<u>(37,996)</u>	
<u>Total Income</u>		<u>4,566,402</u>	<u>158.53</u>	<u>4,317,100</u>	<u>162.18</u>	<u>4,728,600</u>	<u>179.14</u>	<u>9,412,250</u>	<u>224.23</u>

<u>NEIGHBORS - COMBINED</u>		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description		Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>NURSING</u>									
Salary - Dir of Nursing		80,200	2.78	63,400	2.38	72,800	2.76	100,000	2.38
Salary - Asst Dir		58,900	2.04	62,000	2.33	81,600	3.09	90,000	2.14
Salary - RN's & LPN's		445,900	15.48	386,100	14.50	355,400	13.46	1,040,000	24.78
Salary - Program Aides		688,300	23.90	574,500	21.58	540,800	20.49	1,080,000	25.73
Salary - Therapy Dept.		96,100	3.34	103,200	3.88	104,900	3.97	156,400	3.73
Salary - Med Rec/CPC		78,300	2.72	75,400	2.83	81,200	3.08	115,000	2.74
Contract Nurses		329,700	11.45	307,800	11.56	515,200	19.52	50,000	1.19
Salary - Psycho Social		67,000	2.33	57,300	2.15	71,200	2.70	100,000	2.38
Salary - Activity		103,400	3.59	89,300	3.35	96,000	3.64	143,000	3.41
<u>Total Salaries</u>		<u>1,947,800</u>	<u>67.62</u>	<u>1,719,000</u>	<u>64.58</u>	<u>1,919,100</u>	<u>72.70</u>	<u>2,874,400</u>	<u>68.48</u>
Nursing Supplies		62,200	2.16	55,900	2.10	62,600	2.37	110,000	2.62
Wound Care Supplies		8,900	0.31	11,800	0.44	5,000	0.19	9,000	0.21
Enteral Supplies		9,700	0.34	7,400	0.28	6,800	0.26	15,000	0.36
Nursing Equip. Rental		10,800	0.37	24,400	0.92	30,400	1.15	24,000	0.57
Oxygen, Lab, X-Ray		11,800	0.41	11,700	0.44	13,750	0.52	12,000	0.29
Prescription Drugs		12,400	0.43	1,200	0.05	4,400	0.17	7,000	0.17
Activity Programs		16,200	0.56	11,000	0.41	17,700	0.67	24,000	0.57
<u>CONSULTANTS</u>									
Activity		1,800	0.06	1,800	0.07	1,600	0.06	2,000	0.05
Physical & Occup. Therapy		0	0.00	500	0.02	650	0.02	2,000	0.05
Social Worker		1,800	0.06	1,800	0.07	1,600	0.06	2,400	0.06
Medical Records		800	0.03	0	0.00	300	0.01	1,000	0.02
Pharmacy		5,100	0.18	1,400	0.05	2,100	0.08	3,500	0.08
Speech Therapy		0	0.00	0	0.00	3,300	0.13	3,800	0.09
Medical Director		10,900	0.38	9,900	0.37	12,500	0.47	14,000	0.33
Specialized Rehab		9,700	0.34	9,700	0.36	9,600	0.36	12,000	0.29
Nursing		29,100	1.01	29,100	1.09	31,600	1.20	38,000	0.91
<u>Total Other Nursing</u>		<u>191,200</u>	<u>6.64</u>	<u>177,600</u>	<u>6.67</u>	<u>203,900</u>	<u>7.72</u>	<u>279,700</u>	<u>6.66</u>
<u>Total Nursing</u>		<u>2,139,000</u>	<u>74.26</u>	<u>1,896,600</u>	<u>71.25</u>	<u>2,123,000</u>	<u>80.43</u>	<u>3,154,100</u>	<u>75.14</u>

<u>NEIGHBORS - COMBINED</u>		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description		Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>EMPLOYEE WELFARE</u>									
Payroll Taxes		211,800	7.35	195,400	7.34	215,000	8.15	300,000	7.15
Workers Comp. Insur.		41,400	1.44	51,600	1.94	56,400	2.14	73,000	1.74
Employee Insurance		83,300	2.89	85,600	3.22	93,200	3.53	120,000	2.86
Classified Advertising		8,100	0.28	14,200	0.53	7,200	0.27	7,200	0.17
Employee Benefits		29,700	1.03	34,700	1.30	28,800	1.09	32,000	0.76
<u>Total Employee Welfare</u>		<u>374,300</u>	<u>12.99</u>	<u>381,500</u>	<u>14.33</u>	<u>400,600</u>	<u>15.18</u>	<u>532,200</u>	<u>12.68</u>
<u>HOUSEKEEPING &amp; PLANT</u>									
Salary - Housekeeping		135,700	4.71	127,400	4.79	129,400	4.90	164,400	3.92
Salary - Maintenance		43,600	1.51	35,000	1.31	30,600	1.16	51,000	1.22
Dir. of Envir. Services		12,100	0.42	12,100	0.45	14,400	0.55	15,700	0.37
Housekeeping Supply		23,900	0.83	18,200	0.68	23,700	0.90	29,600	0.71
Grounds Maintenance		11,100	0.39	11,300	0.42	8,700	0.33	15,800	0.38
Paint & Deferred Maint		37,300	1.29	26,500	1.00	20,500	0.78	26,400	0.63
Equip Mtce & Repair		32,600	1.13	49,500	1.86	28,800	1.09	24,000	0.57
Maintenance Supplies		38,100	1.32	26,200	0.98	28,400	1.08	35,000	0.83
Scavenger		11,000	0.38	14,600	0.55	11,900	0.45	15,400	0.37
Exterminator		1,400	0.05	0	0.00	0	0.00	0	0.00
Fire Service		7,300	0.25	11,600	0.44	9,900	0.38	12,900	0.31
Utilities - Total		94,900	3.29	80,800	3.04	90,200	3.42	148,000	3.53
<u>Total Housekeep&amp;Plant</u>		<u>449,000</u>	<u>15.59</u>	<u>413,200</u>	<u>15.52</u>	<u>396,500</u>	<u>15.02</u>	<u>538,200</u>	<u>12.82</u>
<u>LAUNDRY &amp; LINEN</u>									
Salary - Laundry		80,500	2.79	81,400	3.06	80,800	3.06	109,200	2.60
Laundry Supplies		19,100	0.66	26,800	1.01	23,000	0.87	26,000	0.62
Linen Replacement		8,800	0.31	8,200	0.31	10,600	0.40	13,600	0.32
<u>Total Laundry</u>		<u>108,400</u>	<u>3.76</u>	<u>116,400</u>	<u>4.37</u>	<u>114,400</u>	<u>4.33</u>	<u>148,800</u>	<u>3.54</u>
<u>DIETARY</u>									
Salary - Dietary		227,800	7.91	222,600	8.36	245,200	9.29	334,200	7.96
Food		165,400	5.74	159,900	6.01	157,600	5.97	251,850	6.00
Dietary Supplies		19,500	0.68	19,500	0.73	23,700	0.90	38,000	0.91
Sales Tax		500	0.02	500	0.02	1,050	0.04	1,900	0.05
Dietary Consultant		10,800	0.37	10,500	0.39	11,100	0.42	12,000	0.29
Dir. of Food Service		12,100	0.42	12,100	0.45	12,000	0.45	15,700	0.37
<u>Total Dietary</u>		<u>436,100</u>	<u>15.14</u>	<u>425,100</u>	<u>15.97</u>	<u>450,650</u>	<u>17.07</u>	<u>653,650</u>	<u>15.57</u>

<u>NEIGHBORS - COMBINED</u> Description	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>GENERAL &amp; ADMINISTRATIVE</u>								
Salary-Administrative	89,100	3.09	89,400	3.36	92,000	3.49	108,000	2.57
Salary-Office	120,200	4.17	124,900	4.69	159,200	6.03	193,200	4.60
Dir. of Financial Services	36,000	1.25	39,600	1.49	39,600	1.50	39,600	0.94
Dir. of Admissions	14,500	0.50	14,500	0.54	20,800	0.79	18,900	0.45
Dir. of Reimb. Services	14,500	0.50	14,500	0.54	14,400	0.55	18,900	0.45
Dir. of Admin. Services	29,100	1.01	29,000	1.09	29,200	1.11	37,700	0.90
Dir. of Regulatory Serv.	14,500	0.50	14,500	0.54	14,400	0.55	18,900	0.45
Ancillary Admin Charge	24,200	0.84	24,200	0.91	24,000	0.91	24,000	0.57
Accounting Fees	19,000	0.66	21,000	0.79	25,000	0.95	25,000	0.60
Advertising & Promo	22,700	0.79	26,700	1.00	27,000	1.02	36,000	0.86
Bookkeeping Services	49,700	1.73	49,700	1.87	52,000	1.97	64,500	1.54
Computer Support	8,500	0.30	8,500	0.32	13,200	0.50	14,000	0.33
Contributions	2,000	0.07	1,000	0.04	2,000	0.08	2,000	0.05
Dues & Subscriptions	26,700	0.93	40,000	1.50	31,600	1.20	31,600	0.75
Education & Seminars	2,700	0.09	5,500	0.21	2,400	0.09	4,100	0.10
Equipment Rental	3,200	0.11	3,100	0.12	2,400	0.09	2,400	0.06
General Insurance	66,100	2.29	63,500	2.39	84,500	3.20	100,000	2.38
Legal Fees	8,800	0.31	24,700	0.93	15,000	0.57	8,000	0.19
License, Fees, Permits	9,600	0.33	17,900	0.67	6,800	0.26	6,800	0.16
Management Fees	0	0.00	0	0.00	0	0.00	486,100	11.58
Office Expense	25,250	0.88	27,175	1.02	34,150	1.29	36,975	0.88
Other Prof. Fees	50,250	1.74	53,553	2.01	28,900	1.09	38,100	0.91
Telephone	17,400	0.60	17,100	0.64	14,100	0.53	15,600	0.37
Travel-Staff & Enter.	11,200	0.39	10,000	0.38	8,750	0.33	9,200	0.22
<u>Total General &amp; Admin.</u>	<u>665,200</u>	<u>23.09</u>	<u>720,028</u>	<u>27.05</u>	<u>741,400</u>	<u>28.09</u>	<u>1,339,575</u>	<u>31.91</u>
<u>CAPITAL AND REPLACEMENT TAX</u>								
Mortgage Interest	117,102	4.07	114,393	4.30	93,600	3.55	0	0.00
Mortgage Interest - New	0	0.00	0	0.00	165,000	6.25	660,000	15.72
Equipment Lease - New			0	0.00	31,500	1.19	126,000	3.00
Real Estate Taxes	60,000	2.08	59,288	2.23	60,000	2.27	72,000	1.72
Interest Expenses	20,000	0.69	25,000	0.94	26,400	1.00	31,400	0.75
Depreciation & Amort.	176,408	6.12	179,980	6.76	293,000	11.10	503,000	11.98
State Repl. Tax	1,100	0.04	300	0.01	0	0.00	15,000	0.36
<u>Total Capital Expenses</u>	<u>374,610</u>	<u>13.01</u>	<u>378,961</u>	<u>14.24</u>	<u>669,500</u>	<u>25.36</u>	<u>1,407,400</u>	<u>33.53</u>
<u>Total Expenses</u>	<u>4,546,609</u>	<u>157.85</u>	<u>4,331,789</u>	<u>162.73</u>	<u>4,896,050</u>	<u>185.48</u>	<u>7,773,925</u>	<u>185.20</u>
<u>NET INCOME</u>	<u>19,793</u>	<u>0.69</u>	<u>(14,689)</u>	<u>(0.55)</u>	<u>(167,450)</u>	<u>(6.34)</u>	<u>1,638,325</u>	<u>39.03</u>



<u>NEIGHBORS - COMBINED</u>		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description		Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>STMT. OF CASH FLOWS</u>									
<u>Operating Activities</u>									
Net Income		19,717		(14,689)		(167,450)		1,638,325	
Non-Cash Items		176,408		182,979		293,000		503,000	
Change in Current Assets		(197,000)		136,325		(227,325)		(50,000)	
Change in Current Liab.		8,085		(136,467)		85,467		0	
Cash Flows From Operating		<u>7,210</u>		<u>168,148</u>		<u>(16,308)</u>		<u>2,091,325</u>	
<u>Investing Activities</u>									
Fixed Asset Purchases		(32,000)		(115,000)		(30,000)		(80,000)	
Construction Project		(50,000)		(3,683,319)		(6,841,681)		0	
Change in Other Assets		(350,000)		425,401		(60,401)		0	
Cash Flows From Investing		<u>(432,000)</u>		<u>(3,372,918)</u>		<u>(6,932,082)</u>		<u>(80,000)</u>	
<u>Financing Activities</u>									
Other Loans		145,000		3,212,118		(3,637,118)		0	
Note Pay-Private Bank		132,000		90,000		(125,000)		0	
Note Pay-Van		(4,000)		(4,000)		(5,000)		0	
Mortgage Proceeds - net		(54,142)		(34,454)		9,750,954		0	
Contribution(Distribution)		0		0		1,250,000		(1,100,000)	
Cash Flows From Financing		<u>218,858</u>		<u>3,263,664</u>		<u>7,233,836</u>		<u>(1,100,000)</u>	
<u>Net Cash Flow</u>		<u>(205,932)</u>		<u>58,894</u>		<u>285,446</u>		<u>911,325</u>	
Cash Balance - Beginning		<u>84,619</u>		<u>31,687</u>		<u>90,581</u>		<u>1,374,677</u>	
Cash Balance - Ending		<u>(121,313)</u>		<u>90,581</u>		<u>376,027</u>		<u>2,286,002</u>	

NEIGHBORS REHAB.				YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day	
CURRENT ASSETS											
Cash in Banks - Total	20,000		75,000		68,000		1,215,000				
Accounts Receivable	1,170,000		1,050,000		1,258,000		1,800,000				
Prepaid Expenses	45,000		25,000		48,000		48,000				
Total Current Assets	1,235,000		1,150,000		1,374,000		3,063,000				
FIXED ASSETS - COST											
Construction Project	685,000		700,000		730,000		920,000				
less: Accum. Depr	0		0		0		0				
	(160,000)		(200,000)		(248,000)		(392,000)				
	525,000		500,000		482,000		528,000				
OTHER ASSETS											
Other Deposits	540,000		2,190,000		0		0				
Total Assets	2,300,000		3,840,000		1,856,000		3,591,000				
CURRENT LIABILITIES											
Accounts Payable	175,000		110,000		147,000		147,000				
Accrued Expenses	210,000		180,000		217,000		206,000				
Accrued Vacation Pay	110,000		80,000		90,000		90,000				
Payables & Accruals	495,000		370,000		454,000		443,000				
Patient Trust Fund-net	0		0		0		0				
Other Loans	275,000		275,000		0		0				
Member Loans	150,000		1,700,000		0		0				
Line of Credit -Private B.	760,000		850,000		725,000		800,000				
Note Payable - Van	9,000		5,000		0		0				
Deferred Repl. Tax	10,000		10,000		10,000		10,000				
Total Liabilities	1,699,000		3,210,000		1,189,000		1,253,000				
EQUITY											
Member Equity	257,500		257,500		257,500		257,500				
Retained Earnings	278,500		344,500		372,500		1,431,500				
Distributions	0		0		0		(1,100,000)				
Current Year Profit	65,000		28,000		37,000		1,749,000				
Total Equity	601,000		630,000		667,000		2,338,000				
Total Liabilities & Equity	2,300,000		3,840,000		1,856,000		3,591,000				

NEIGHBORS REHAB.	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
Total Resident Income	4,813,350	167.11	4,548,300	170.86	4,938,623	187.10	9,721,368	231.60
Provider Bed Tax	(56,662)		(55,298)		(60,773)		(71,723)	
Provider Assessments	(166,288)		(148,873)		(143,476)		(199,400)	
Net Resident Income	4,590,400	159.37	4,344,130	163.19	4,734,375	179.36	9,450,246	225.14
<u>Operating Expenses</u>								
Nursing	2,139,000	74.26	1,896,600	71.25	2,123,000	80.43	3,154,100	75.14
Employee Welfare	374,300	12.99	381,500	14.33	400,600	15.18	532,200	12.68
Housekeeping & Plant	449,000	15.59	413,200	15.52	396,500	15.02	538,200	12.82
Laundry & Linen	108,400	3.76	116,400	4.37	114,400	4.33	148,800	3.54
Dietary	436,100	15.14	425,100	15.97	450,650	17.07	653,650	15.57
General and Admin.	648,500	22.51	705,000	26.48	736,050	27.88	1,337,900	31.87
Total Operating Expense	4,155,300	144.26	3,937,800	147.93	4,221,200	159.92	6,364,850	151.63
<u>Income before Capital Exp.</u>								
Capital Expenses	435,100	15.11	406,330	15.26	513,175	19.44	3,085,396	73.51
Rent	228,000	7.92	228,000	8.56	228,000	8.64	0	0.00
Rent - Construction	0	0.00	0	0.00	108,000	4.09	1,132,000	26.97
Rent-R/E Taxes	60,000	2.08	60,000	2.25	60,000	2.27	72,000	1.72
Interest	20,000	0.69	25,000	0.94	26,400	1.00	31,400	0.75
Depreciation & Amort.	37,000	1.28	38,000	1.43	48,000	1.82	48,000	1.14
State Replacement Tax	1,100	0.04	300	0.01	0	0.00	15,000	0.36
Total Capital Expenses	346,100	12.02	351,300	13.20	470,400	17.82	1,298,400	30.93
Income From Operations	89,000	3.09	55,030	2.07	42,775	1.62	1,786,996	42.57
Other Income/Expense	(24,000)	0.00	(27,030)	0.00	(5,775)	0.00	(37,996)	0.00
Net Income	65,000	3.09	28,000	2.07	37,000	1.62	1,749,000	42.57
<u>Net Income</u>								
Int,Tax,Depr,Amort,Rent	65,000		28,000		37,000		1,749,000	
EBITDAR for period	286,100		291,300		410,400		1,226,400	
	351,100		319,300		447,400		2,975,400	
Debt Service Coverage	1.5		1.4		1.3		2.6	

<u>NEIGHBORS REHAB.</u>		<u>YTD 12/31/14</u>		<u>YTD 12/31/15</u>		<u>YTD 12/31/16</u>		<u>YTD 12/31/19</u>	
Description		Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>AVERAGE PER DAY</u>									
Private		13.3		9.0		9.9		17.0	
Public Aid		49.2		52.9		50.3		63.0	
Medicare		7.3		6.0		7.6		25.0	
Hospice		7.7		4.4		3.4		7.0	
Insurance		1.4		0.7		1.2		3.0	
Avg. Per Day - in house		78.9		72.9		72.3		115.0	
<u>TOTAL CENSUS</u>									
Census-Private		4,851		3,277		3,601		6,205	
Census-Medicaid		17,964		19,295		18,346		22,995	
Census-Medicare		2,668		2,173		2,759		9,125	
Census-Hospice		2,799		1,618		1,259		2,555	
Census-HMO		522		257		431		1,095	
Census-In House		28,804		26,620		26,396		41,975	
Days in Period		365.00		365.00		365.00		365.00	
Bed Capacity		101		101		111		131	
Percent to Capacity		78.1%		72.2%		65.2%		87.8%	
<u>INCOME</u>									
Private		959,944	197.89	663,000	202.32	717,850	199.36	1,321,665	213.00
Medicare		1,154,903	432.87	941,000	433.04	1,336,469	484.36	4,836,250	530.00
Public Aid		2,437,618	135.69	2,806,000	145.43	2,779,809	151.52	3,817,170	166.00
P.A. - Rate Incr. \$6.60		0		0		0		160,965	7.00
Hospice		380,014	135.77	234,000	144.62	191,296	151.97	411,355	161.00
Hospice-Rate Incr. \$6.60		0		0		0		16,863	6.60
Insurance		198,582	380.43	113,000	439.69	250,200	580.51	635,100	580.00
Day Care		1,130		300		0		0	
Ancillary Exp. - Part A		(308,644)	(115.68)	(268,000)	(123.33)	(331,000)	(119.96)	(1,460,000)	(160.00)
Ancillary Inc. - Other		205,467		179,000		117,200		210,000	
Ancillary Exp. - Other		(215,664)		(120,000)		(123,200)		(228,000)	
Total Resident Income		4,813,350	167.11	4,548,300	170.86	4,938,623	187.10	9,721,368	231.60
<u>Other Income(Expense)</u>									
Illinois Bed Tax		(56,662)		(55,298)		(60,773)		(71,723)	
Provider Assessment Tax		(166,288)		(148,873)		(143,476)		(199,400)	
Misc. Income/Exp.		(23,998)		(27,030)		(5,775)		(37,996)	
Total Income		4,566,400	158.53	4,317,100	162.18	4,728,600	179.14	9,412,250	224.23

NEIGHBORS REHAB.		YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
Description	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day	
NURSING									
Salary - Dir of Nursing	80,200	2.78	63,400	2.38	72,800	2.76	100,000	2.38	
Salary - Asst Dir	58,900	2.04	62,000	2.33	81,600	3.09	90,000	2.14	
Salary - RN's & LPN's	445,900	15.48	386,100	14.50	355,400	13.46	1,040,000	24.78	
Salary - Program Aides	688,300	23.90	574,500	21.58	540,800	20.49	1,080,000	25.73	
Salary - Therapy Dept.	96,100	3.34	103,200	3.88	104,900	3.97	156,400	3.73	
Salary - Med Rec/CPC	78,300	2.72	75,400	2.83	81,200	3.08	115,000	2.74	
Contract Nurses	329,700	11.45	307,800	11.56	515,200	19.52	50,000	1.19	
Salary - Psycho Social	67,000	2.33	57,300	2.15	71,200	2.70	100,000	2.38	
Salary - Activity	103,400	3.59	89,300	3.35	96,000	3.64	143,000	3.41	
Total Salaries	1,947,800	67.62	1,719,000	64.58	1,919,100	72.70	2,874,400	68.48	
Nursing Supplies	62,200	2.16	55,900	2.10	62,600	2.37	110,000	2.62	
Wound Care Supplies	8,900	0.31	11,800	0.44	5,000	0.19	9,000	0.21	
Enteral Supplies	9,700	0.34	7,400	0.28	6,800	0.26	15,000	0.36	
Nursing Equip. Rental	10,800	0.37	24,400	0.92	30,400	1.15	24,000	0.57	
Oxygen, Lab, X-Ray	11,800	0.41	11,700	0.44	13,750	0.52	12,000	0.29	
Prescription Drugs	12,400	0.43	1,200	0.05	4,400	0.17	7,000	0.17	
Activity Programs	16,200	0.56	11,000	0.41	17,700	0.67	24,000	0.57	
CONSULTANTS									
Activity	1,800	0.06	1,800	0.07	1,600	0.06	2,000	0.05	
Physical & Occup. Therapy	0	0.00	500	0.02	650	0.02	2,000	0.05	
Social Worker	1,800	0.06	1,800	0.07	1,600	0.06	2,400	0.06	
Medical Records	800	0.03	0	0.00	300	0.01	1,000	0.02	
Pharmacy	5,100	0.18	1,400	0.05	2,100	0.08	3,500	0.08	
Speech Therapy	0	0.00	0	0.00	3,300	0.13	3,800	0.09	
Medical Director	10,900	0.38	9,900	0.37	12,500	0.47	14,000	0.33	
Specialized Rehab	9,700	0.34	9,700	0.36	9,600	0.36	12,000	0.29	
Nursing	29,100	1.01	29,100	1.09	31,600	1.20	38,000	0.91	
Total Other Nursing	191,200	6.64	177,600	6.67	203,900	7.72	279,700	6.66	
Total Nursing	2,139,000	74.26	1,896,600	71.25	2,123,000	80.43	3,154,100	75.14	

NEIGHBORS REHAB.

Description	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>EMPLOYEE WELFARE</u>								
Payroll Taxes	211,800	7.35	195,400	7.34	215,000	8.15	300,000	7.15
Workers Comp. Insur.	41,400	1.44	51,600	1.94	56,400	2.14	73,000	1.74
Employee Insurance	83,300	2.89	85,600	3.22	93,200	3.53	120,000	2.86
Classified Advertising	8,100	0.28	14,200	0.53	7,200	0.27	7,200	0.17
Employee Benefits	29,700	1.03	34,700	1.30	28,800	1.09	32,000	0.76
<u>Total Employee Welfare</u>	<u>374,300</u>	<u>12.99</u>	<u>381,500</u>	<u>14.33</u>	<u>400,600</u>	<u>15.18</u>	<u>532,200</u>	<u>12.68</u>

HOUSEKEEPING & PLANT

Salary - Housekeeping	135,700	4.71	127,400	4.79	129,400	4.90	164,400	3.92
Salary - Maintenance	43,600	1.51	35,000	1.31	30,600	1.16	51,000	1.22
Dir. of Envir. Services	12,100	0.42	12,100	0.45	14,400	0.55	15,700	0.37
Housekeeping Supply	23,900	0.83	18,200	0.68	23,700	0.90	29,600	0.71
Grounds Maintenance	11,100	0.39	11,300	0.42	8,700	0.33	15,800	0.38
Paint & Deferred Maint	37,300	1.29	26,500	1.00	20,500	0.78	26,400	0.63
Equip Mtce & Repair	32,600	1.13	49,500	1.86	28,800	1.09	24,000	0.57
Maintenance Supplies	38,100	1.32	26,200	0.98	28,400	1.08	35,000	0.83
Scavenger	11,000	0.38	14,600	0.55	11,900	0.45	15,400	0.37
Exterminator	1,400	0.05	0	0.00	0	0.00	0	0.00
Fire Service	7,300	0.25	11,600	0.44	9,900	0.38	12,900	0.31
Utilities - Total	94,900	3.29	80,800	3.04	90,200	3.42	148,000	3.53
<u>Total Housekeep&amp;Plant</u>	<u>449,000</u>	<u>15.59</u>	<u>413,200</u>	<u>15.52</u>	<u>396,500</u>	<u>15.02</u>	<u>538,200</u>	<u>12.82</u>

LAUNDRY & LINEN

Salary - Laundry	80,500	2.79	81,400	3.06	80,800	3.06	109,200	2.60
Laundry Supplies	19,100	0.66	26,800	1.01	23,000	0.87	26,000	0.62
Linen Replacement	8,800	0.31	8,200	0.31	10,600	0.40	13,600	0.32
<u>Total Laundry</u>	<u>108,400</u>	<u>3.76</u>	<u>116,400</u>	<u>4.37</u>	<u>114,400</u>	<u>4.33</u>	<u>148,800</u>	<u>3.54</u>

DIETARY

Salary - Dietary	227,800	7.91	222,600	8.36	245,200	9.29	334,200	7.96
Food	165,400	5.74	159,900	6.01	157,600	5.97	251,850	6.00
Dietary Supplies	19,500	0.68	19,500	0.73	23,700	0.90	38,000	0.91
Sales Tax	500	0.02	500	0.02	1,050	0.04	1,900	0.05
Dietary Consultant	10,800	0.37	10,500	0.39	11,100	0.42	12,000	0.29
Dir. of Food Service	12,100	0.42	12,100	0.45	12,000	0.45	15,700	0.37
<u>Total Dietary</u>	<u>436,100</u>	<u>15.14</u>	<u>425,100</u>	<u>15.97</u>	<u>450,650</u>	<u>17.07</u>	<u>653,650</u>	<u>15.57</u>

# NEIGHBORS REHAB.

Description	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<b>GENERAL &amp; ADMINISTRATIVE</b>								
Salary-Administrative	89,100	3.09	89,400	3.36	92,000	3.49	108,000	2.57
Salary-Office	120,200	4.17	124,900	4.69	159,200	6.03	193,200	4.60
Dir. of Financial Services	36,000	1.25	39,600	1.49	39,600	1.50	39,600	0.94
Dir. of Admissions	14,500	0.50	14,500	0.54	20,800	0.79	18,900	0.45
Dir. of Reimb. Services	14,500	0.50	14,500	0.54	14,400	0.55	18,900	0.45
Dir. of Admin. Services	29,100	1.01	29,000	1.09	29,200	1.11	37,700	0.90
Dir. of Regulatory Serv.	14,500	0.50	14,500	0.54	14,400	0.55	18,900	0.45
Ancillary Admin Charge	24,200	0.84	24,200	0.91	24,000	0.91	24,000	0.57
Accounting Fees	19,000	0.66	21,000	0.79	25,000	0.95	25,000	0.60
Advertising & Promo	22,700	0.79	26,700	1.00	27,000	1.02	36,000	0.86
Bookkeeping Services	49,700	1.73	49,700	1.87	52,000	1.97	64,500	1.54
Computer Support	8,500	0.30	8,500	0.32	13,200	0.50	14,000	0.33
Contributions	2,000	0.07	1,000	0.04	2,000	0.08	2,000	0.05
Dues & Subscriptions	26,700	0.93	40,000	1.50	31,600	1.20	31,600	0.75
Education & Seminars	2,700	0.09	5,500	0.21	2,400	0.09	4,100	0.10
Equipment Rental	3,200	0.11	3,100	0.12	2,400	0.09	2,400	0.06
General Insurance	66,100	2.29	63,500	2.39	84,500	3.20	100,000	2.38
Legal Fees	8,800	0.31	24,700	0.93	15,000	0.57	8,000	0.19
License, Fees, Permits	9,600	0.33	17,900	0.67	6,800	0.26	6,800	0.16
Management Fees	0	0.00	0	0.00	0	0.00	486,100	11.58
Office Expense	25,000	0.87	26,400	0.99	29,700	1.13	36,200	0.86
Other Prof. Fees	33,800	1.17	39,300	1.48	28,000	1.06	37,200	0.89
Telephone	17,400	0.60	17,100	0.64	14,100	0.53	15,600	0.37
Travel-Staff & Enter.	11,200	0.39	10,000	0.38	8,750	0.33	9,200	0.22
<b>Total General &amp; Admin.</b>	<b>648,500</b>	<b>22.51</b>	<b>705,000</b>	<b>26.48</b>	<b>736,050</b>	<b>27.88</b>	<b>1,337,900</b>	<b>31.87</b>

# CAPITAL AND REPL. TAX

Rent - Existing \$2.25mil	228,000	7.92	228,000	8.56	228,000	8.64	0	0.00
Rent - Additional	0	0.00	0	0.00	108,000	4.09	1,132,000	26.97
Real Estate Taxes	60,000	2.08	60,000	2.25	60,000	2.27	72,000	1.72
Interest Expenses	20,000	0.69	25,000	0.94	26,400	1.00	31,400	0.75
Depreciation & Amort.	37,000	1.28	38,000	1.43	48,000	1.82	48,000	1.14
State Repl. Tax	1,100	0.04	300	0.01	0	0.00	15,000	0.36
<b>Total Capital Expenses</b>	<b>346,100</b>	<b>12.02</b>	<b>351,300</b>	<b>13.20</b>	<b>470,400</b>	<b>17.82</b>	<b>1,298,400</b>	<b>30.93</b>
<b>Total Expenses</b>	<b>4,501,400</b>	<b>156.28</b>	<b>4,289,100</b>	<b>161.12</b>	<b>4,691,600</b>	<b>177.74</b>	<b>7,663,250</b>	<b>182.57</b>
<b>NET INCOME</b>	<b>65,000</b>	<b>2.26</b>	<b>28,000</b>	<b>1.05</b>	<b>37,000</b>	<b>1.40</b>	<b>1,749,000</b>	<b>41.67</b>

<u>NEIGHBORS REHAB.</u> Description	YTD 12/31/14		YTD 12/31/15		YTD 12/31/16		YTD 12/31/19	
	Amount	Per Day	Amount	Per Day	Amount	Per Day	Amount	Per Day
<u>NEIGHBORS REHAB.</u>								
<u>STMT. OF CASH FLOWS</u>								
<u>Operating Activities</u>								
Net Income	65,000		28,000		37,000		1,749,000	
Non-Cash Items	37,000		66,000		48,000		48,000	
Change in Current Assets	(197,000)		147,000		(231,000)		(50,000)	
Change in Current Liab.	(3,000)		(109,000)		84,000		0	
Cash Flows From Operating	(98,000)		132,000		(62,000)		1,747,000	
<u>Investing Activities</u>								
Fixed Asset Purchases	(32,000)		(15,000)		(30,000)		(80,000)	
Construction Project	0		0		0		0	
Change in Other Assets	(350,000)		(1,657,000)		2,190,000		0	
Cash Flows From Investing	(382,000)		(1,672,000)		2,160,000		(80,000)	
<u>Financing Activities</u>								
Other Loans - net	298,000		1,550,000		(1,975,000)		0	
Note Pay-Private Bank	132,000		90,000		(125,000)		0	
Note Pay-Van	(4,000)		(4,000)		(5,000)		0	
Distributions	0		0		0		(1,100,000)	
Cash Flows From Financing	426,000		1,636,000		(2,105,000)		(1,100,000)	
Net Cash Flow	(54,000)		96,000		(7,000)		567,000	
Cash Balance - Beginning	74,000		(21,000)		75,000		648,000	
Cash Balance - Ending	20,000		75,000		68,000		1,215,000	



<u>NEIGHBORS PROPERTY</u>	12/31/2014	12/31/2015	12/31/2016	12/31/2019
Description	Amount	Amount	Amount	Amount
<u>CURRENT ASSETS</u>				
Cash in Bank - Total	11,687	15,581	308,027	1,071,002
Prepaid Expense		3,675	0	0
Rent Receivable	60,000	62,000	62,000	72,000
<u>Total Current Assets</u>	<u>71,687</u>	<u>81,256</u>	<u>370,027</u>	<u>1,143,002</u>
 <u>FIXED ASSETS - COST</u>	 3,407,500	 3,507,500	 3,507,500	 3,507,500
Construction Project	157,861	3,733,319	10,575,000	10,575,000
less: Accum. Depr	(909,031)	(1,051,011)	(1,261,011)	(2,521,011)
Property & Equip - net of Depr.	<u>2,656,330</u>	<u>6,189,808</u>	<u>12,821,489</u>	<u>11,561,489</u>
 <u>OTHER ASSETS</u>				
Unamortized Costs	0	30,000	140,000	35,000
<u>Total Assets</u>	<u>2,728,017</u>	<u>6,301,064</u>	<u>13,331,516</u>	<u>12,739,491</u>
<u>LIABILITIES &amp; EQUITY</u>				
Current Liabilities				
Accrued Expenses	81,150	71,683	73,150	85,150
Due on Construction		1,662,118	0	0
Mortgage-current portion	0	0	0	0
Total Current Liab.	<u>81,150</u>	<u>1,733,801</u>	<u>73,150</u>	<u>85,150</u>
Long Term Liabilities				
Due To Operator	107,861	2,105,401	0	0
Mortgage Payable	2,283,500	2,249,046	0	0
Mortgage - add'l	0	0	12,000,000	12,000,000
<u>Total Liabilities</u>	<u>2,472,511</u>	<u>6,088,248</u>	<u>12,073,150</u>	<u>12,085,150</u>
 <u>EQUITY</u>				
Member Equity	795,600	795,600	795,600	2,045,600
Accumulated Earnings	(494,811)	(540,095)	(582,784)	(1,280,584)
Capital Contributions	0	0	1,250,000	0
Current Year Profit	(45,283)	(42,689)	(204,450)	(110,675)
<u>Total Equity</u>	<u>255,506</u>	<u>212,816</u>	<u>1,258,366</u>	<u>654,341</u>
<u>Total Liabilities &amp; Equity</u>	<u>2,728,017</u>	<u>6,301,064</u>	<u>13,331,516</u>	<u>12,739,491</u>

<u>NEIGHBORS PROPERTY</u>	12/31/2014	12/31/2015	12/31/2016	12/31/2019
Description	Amount	Amount	Amount	Amount
<u>RENTAL INCOME</u>				
Base Rent	228,000	228,000	228,000	0
Rent - New	0	0	108,000	1,132,000
Real Estate Taxes	60,000	62,000	62,000	72,000
<u>Total Rental Income</u>	<u>288,000</u>	<u>290,000</u>	<u>398,000</u>	<u>1,204,000</u>
<u>EXPENSES</u>				
Interest Expense - Base	117,102	114,393	93,600	0
Interest Expense - New	0	0	165,000	660,000
Equipment Lease	0	0	31,500	126,000
Real Estate Taxes	60,073	61,288	62,000	72,000
Professional Fees	16,450	14,253	900	900
Other Expenses	250	775	4,450	775
<u>Total Capital Expense</u>	<u>193,875</u>	<u>190,709</u>	<u>357,450</u>	<u>859,675</u>
<u>Income - Cash Basis</u>	94,125	99,291	40,550	344,325
Amortization Exp.	0	0	(35,000)	(35,000)
Depreciation Exp.	(139,408)	(141,980)	(210,000)	(420,000)
<u>Net Income</u>	<u>(45,283)</u>	<u>(42,689)</u>	<u>(204,450)</u>	<u>(110,675)</u>

<u>NEIGHBORS PROPERTY</u>	12/31/2014	12/31/2015	12/31/2016	12/31/2019
Description	Amount	Amount	Amount	Amount
<u>STMT OF CASH FLOWS</u>				
<u>Operating Activities</u>				
Net Income	(45,283)	(42,689)	(204,450)	(110,675)
Depr. & Amort.	139,408	141,980	245,000	455,000
Change in Current Assets	0	(5,675)	3,675	(4,000)
Change in Current Liab.	11,085	(9,467)	1,467	4,000
Cash Flows From Operating	<u>105,210</u>	<u>84,149</u>	<u>45,692</u>	<u>344,325</u>
<u>Investing Activities</u>				
Fixed Asset Purchases	(157,861)	(3,675,458)	(6,841,681)	0
Changes to Due on Const.		1,662,118	(1,662,118)	0
Mortgage Costs Paid	0	(30,000)	(145,000)	0
Cash Flows From Investing	<u>(157,861)</u>	<u>(2,043,340)</u>	<u>(8,648,799)</u>	<u>0</u>
<u>Financing Activities</u>				
Mortgage Payments	(54,142)	(34,455)	(2,249,046)	0
Mortgage Proceeds	0	0	12,000,000	0
Related Party Advances	107,861	1,997,540	(2,105,401)	0
Capital Contributions	0	0	1,250,000	0
Cash Flows From Financing	<u>53,719</u>	<u>1,963,085</u>	<u>8,895,553</u>	<u>0</u>
<u>Net Cash Flow</u>	<u>1,068</u>	<u>3,894</u>	<u>292,446</u>	<u>344,325</u>
Cash Balance - Beginning	<u>10,619</u>	<u>11,687</u>	<u>15,581</u>	<u>726,677</u>
Cash Balance - Ending	<u><u>11,687</u></u>	<u><u>15,581</u></u>	<u><u>308,027</u></u>	<u><u>1,071,002</u></u>

## SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW Continued v

**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.

**THIS ITEM REMAINS UNCHANGED**

**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.

	<b>2019</b>	
Depreciation	\$503,000	
Interest Expense	\$691,400	
Patient Days @ 90%		43,033
Total/Operating Cost/PT Day	\$1,194,400	<b>\$27.76</b>