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December 3, 2015

Via Federal Express

Anne M. Cooper
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acooper@polsinelli.com

Mr. George Roate
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RECEIVED

DEC 04 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Transitional Care of Lisle (Proj. No. 15-056)

Dear Mr. Roate:

Attached for your review please find copies of the financial viability ratios, pro forma financial statements, and referral source letter from Innovista, LLC. Please let me know if you have any questions or need anything further to complete your review.

Sincerely,

Anne M. Cooper

Attachments

polsinelli.com

Atlanta Chicago Dallas Denver Kansas City Los Angeles Nashville New York Phoenix San Francisco
St. Louis Washington, DC Wilmington

Polsinelli PC, Polsinelli LLP in California

51781854.1

_____	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.
\$15,841,700	TOTAL FUNDS AVAILABLE	

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

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.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				Year 2
Current Ratio				4.1
Net Margin Percentage				11.7%
Percent Debt to Total Capitalization				19.1%
Projected Debt Service Coverage				2.01
Days Cash on Hand				29 days
Cushion Ratio				1.0

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

Transitional Care of Lisle
Statement of Income - ProForma
For Years 1 - 3

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<u>INCOME</u>			
Total Room and Board	\$ 7,721,244	\$ 12,903,480	\$ 12,903,480
Medicare B Net of Contractual Allowances	-	-	-
TOTAL INCOME	<u>\$ 7,721,244</u>	<u>\$ 12,903,480</u>	<u>\$ 12,903,480</u>
OPERATING EXPENSES:			
Nursing	\$ 3,916,608	\$ 5,916,836	\$ 5,916,836
Activities	104,121	117,542	117,542
Social Service	82,791	86,923	86,923
Dietary	476,608	616,649	616,649
Laundry and Linen	43,660	52,780	52,780
Housekeeping	119,256	158,320	158,320
Plant and Maintenance	308,929	314,058	314,058
Sales and Marketing	143,400	143,400	143,400
Human Resources and Employee Benefits	782,532	929,188	929,188
General and Administrative	<u>1,181,863</u>	<u>1,332,885</u>	<u>1,332,885</u>
TOTAL OPERATING EXPENSES	<u>\$ 7,159,769</u>	<u>\$ 9,668,581</u>	<u>\$ 9,668,581</u>
<u>NET OPERATING INCOME OR (LOSS)</u>	<u>\$ 561,475</u>	<u>\$ 3,234,899</u>	<u>\$ 3,234,899</u>
Management Fees	386,062	645,174	645,174
Real Estate Taxes	240,000	240,000	240,000
Real Estate Tax Medicaid Recapture	-	-	-
<u>EBITDA</u>	<u>\$ (64,587)</u>	<u>\$ 2,349,725</u>	<u>\$ 2,349,725</u>
	-0.8%	18.2%	18.2%
CAPITAL EXPENSES:			
Rent	\$ 780,000	\$ 780,000	\$ 780,000
Other Interest Expense	-	-	-
Depreciation	60,000	60,000	60,000
Amortization	-	-	-
TOTAL CAPITAL EXPENSES	<u>\$ 840,000</u>	<u>\$ 840,000</u>	<u>\$ 840,000</u>
<u>NET INCOME OR (LOSS)</u>	<u>\$ (904,587)</u>	<u>\$ 1,509,725</u>	<u>\$ 1,509,725</u>

Transitional Care of Lisle
Balance Sheet - ProForma

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Assets			
Current Assets			
Cash - Operating	\$ 125,000	\$ 125,000	\$ 751,925
A/R Operations	2,704,428	2,704,428	2,704,428
Prepaid Insurance	10,000	10,000	10,000
Total Current Assets	<u>\$ 2,839,428</u>	<u>\$ 2,839,428</u>	<u>\$ 3,466,353</u>
Total Assets	<u>\$ 2,839,428</u>	<u>\$ 2,839,428</u>	<u>\$ 3,466,353</u>
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 403,092	\$ 403,092	\$ 403,092
Accrued Wages	194,877	193,398	193,398
Accrued Expenses	15,000	15,000	15,000
Accrued Bed Taxes	-	-	-
Accrued RE Taxes	240,000	240,000	240,000
Line of Credit	1,893,100	882,800	-
Total Current Liabilities	<u>\$ 2,746,069</u>	<u>\$ 1,734,290</u>	<u>\$ 851,490</u>
Long Term Liabilities			
Due to Parent Company	<u>997,946</u>	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>\$ 3,744,015</u>	<u>\$ 2,234,290</u>	<u>\$ 1,351,490</u>
Equity			
Retained Earnings	-	(904,587)	605,138
Current Earnings	<u>(904,587)</u>	<u>1,509,725</u>	<u>1,509,725</u>
Total Equity	<u>\$ (904,587)</u>	<u>\$ 605,138</u>	<u>\$ 2,114,862</u>
Total Liabilities and Equity	<u>\$ 2,839,428</u>	<u>\$ 2,839,428</u>	<u>\$ 3,466,353</u>

**Transitional Care of Lisle
Financial Viability Ratios**

	Standard	Projected
Current Ratio		
Current Assets		\$3,466,353
Current Liabilities		\$851,490
Current Ratio	1.5	4.1
Net Margin Percentage		
Net Income		\$ 1,509,725
Net Operating Revenues		\$ 12,903,480
Net Margin Percentage	2.5%	11.7%
Long-Term Debt to Capitalization		
Long-Term Debt		500,000
Equity		\$ 2,114,862
Long-Term Debt to Capitalization	50%	19.1%
Projected Debt Service Coverage		
Net Income		\$ 1,509,725
Depreciation/Amortization		60,000
Interest Expense		-
Interest Expense and Principal Payments		\$ 780,000
Projected Debt Service Coverage	1.5	2.01
Days Cash on Hand		
Cash		\$ 751,925
Investments		\$0
Board Designated Funds		\$0
Operating Expense		\$ 9,668,581
Depreciation		60,000
Days Cash on Hand	45 days	29
Cushion Ratio		
Cash		\$ 751,925
Investments		\$0
Board Designated Funds		\$0
Interest Expense and Principal Payments		\$ 780,000
Cushion Ratio	3.0	1.0

CONFIDENTIAL

1 Westbrook Corporate Center, Suite 940* Westchester, IL 60154* Phone: 773-562-6740
E-Mail: jnevers@innovista-health.com Web: www.innovista-health.com

Date: November 30, 2015

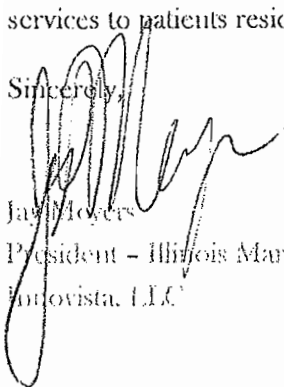
Ms. Courney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson St.
2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

On behalf of Innovista, LLC I am writing in support of Transitional Care of Lisle, LLC's application for a 68 bed skilled nursing facility to be located at 2850 Ogden Ave., Lisle, Illinois. Innovista provides management services to numerous IPAs in the area that manage thousands of commercial, Medicare, and Medicaid patients and anticipate as many as 350 could utilize Transitional Care of Lisle that will improve post-discharge care coordination and access for patients recovering from surgery, disease, and injury residing in DuPage County.

Innovista, LLC supports the establishment of Transitional Care of Lisle to increase access to short-term rehabilitation services to patients residing in DuPage County.

Sincerely,



Jay M. Myers
President - Illinois Market
Innovista, LLC