

FOLEY & ASSOCIATES, INC.

Charles H. Foley, MHSA
cfoley@foleyandassociates.com

John P. Kniery
jkniery@foleyandassociates.com

HAND DELIVERED

RECEIVED

November 15, 2017

NOV 15 2017

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

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

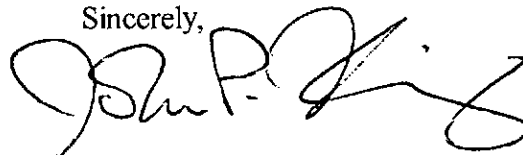
**Re: Project No. 17-012, Meadowbrook Manor
of Geneva Modification of the Project**

Dear Ms. Avery:

The enclosed replacement Certificate of Need Application pages 25, 26, 29, 30, 40, 41, 531-539 and 541 for the above referenced project modify the project during the review period in accordance with the 77 IAC Chapter II, Subchapter b, Section 1130.650. Specifically, the enclosed increases the project costs, within the State norms, to meet the future completion schedule and at a more current cost structure.

If you have any questions, please don't hesitate to contact me.

Sincerely,



John P. Kniery
Health Care Consultant

JPK/kah

ENCLOSURES



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>\$ 6,021,169</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"> 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;
<u>\$22,500,000</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"> 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;
\$ 1,562,699	g. All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$30,083,868	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.

COMBINED (M M G Partners, L.P. & Butterfield Health Care III, LLC)

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	NO HISTORICAL YEARS	OWNER 2022	OPERATOR 2022	COMBINED 2022
Enter Historical and/or Projected Years:				
Current Ratio	N/A	24.93	8.75	12.43
Net Margin Percentage	N/A	6.18%	10.07%	9.57%
Percent Debt to Total Capitalization	N/A	63.44%	0.00%	60.88%
Projected Debt Service Coverage	N/A	2.20	9.66	3.42
Days Cash on Hand	N/A	382.39	28.30	75.27
Cushion Ratio	N/A	2.44	6.00	3.02

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.

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

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.

Use of Funds	Clinical	Non-Clinical	Amount
Preplanning Costs	\$257,156	\$177,996	\$435,152
Site Survey and Soil Investigation	\$38,412	\$26,588	\$65,000
Site Preparation	\$385,147	\$266,589	\$651,736
Off Site Work	\$300,609	\$208,073	\$508,682
New Construction Contracts	\$12,495,160	\$8,648,808	\$21,143,968
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$1,249,516	\$864,881	\$2,114,397
Architectural/Engineering Fees	\$1,118,095	\$773,915	\$1,892,010
Consulting and Other Fees	\$468,167	\$324,053	\$792,220
Movable or Other Equipment	\$932,280	\$645,298	\$1,577,578
Bond Issuance Expense	\$0	\$0	\$0
Net Interest Expense During Construction	\$310,178	\$214,697	\$524,875
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs to be Capitalized	\$223,529	\$154,721	\$378,250
Acquisition of Building or Other Property	\$0	\$0	\$0
Total IDPH Regulated Uses of Funds	\$17,778,250	\$12,305,618	\$30,083,868
Source of Funds			Total
Cash and Securities	\$ -	\$ -	\$6,021,169
Pledges	\$ -	\$ -	\$ -
Gifts and Bequests	\$ -	\$ -	\$ -
Bond Issues	\$ -	\$ -	\$ -
Mortgages	\$ -	\$ -	\$22,500,000
Leases	\$ -	\$ -	\$ -
Governmental Appropriations	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -
Other Funds and Sources	\$ -	\$ -	\$1,562,699
Total Sources of Funds	\$ -	\$ -	\$30,083,868

*Appended as APPENDIX-A1, is a further breakdown of project costs.

Meadowbrook Manor of Geneva
Sources and Uses Worksheet

REVISED 11/15/2017

Uses

Preplanning Costs	
Traffic Study	\$ 1,000
Premarketing/Market Study	\$ 444,152
Total Preplanning Costs	\$ 445,152
Site Survey and Soil Investigation	
Water IEPA MWRD	\$ 20,000
Survey	\$ 30,000
Soil	\$ 10,000
Phase I ESA	\$ 5,000
Total Site Survey and Soil Investigation	\$ 65,000
Site Prep	\$ 651,736
Off Site Work	\$ 508,682
Construction Contract	\$ 21,143,968
Contingency	\$ 2,114,397
Architectural/Engineering Fees	
Architectural Engineering/Site Assessment	\$ 28,500
Design and Supervisory Architects	\$ 1,892,309
A&E Coast Reviews	\$ 20,000
Supervisory Architect Fee	\$ 31,201
Total Architectural/Engineering Fees	\$ 1,972,010
Consulting and Other	
Permits	\$ 90,000
State Fire Marshall	\$ 5,000
Impact Fees	\$ 100,000
IDPH Review Inspection Fee	\$ 20,000
Cost Cer Audit Fee	\$ 9,920
Financing Fee	\$ 114,600
Legal	\$ 50,000
- Organizational	\$ 10,000
Audit	\$ 18,400
Title and Recording	\$ 35,000
Legal and Organization	\$ 10,000
Title	\$ 22,500
Insurance	\$ 20,000
Appraisal	\$ 45,000
HUD Inspections	\$ 78,000
Interior Design	\$ 50,000
CON Application	\$ 68,000
HUD Application Fee	\$ 45,800
Total Consulting and Other	\$ 792,220
Moveable or Other Equipment	
Equipment	\$ 1,347,578
Minor Moveable	\$ 140,000
Total Moveable or Other Equipment	\$ 1,487,578
Net Interest Expense During Construction	
Interest Escrow	\$ 524,875
Other Costs to be Capitalized	
Taxes	\$ 70,000
Construction Bond	\$ 180,000
HUD Initial MIP	\$ 128,250
Total Other Costs to be Capitalized	\$ 378,250
Total Uses	\$ 30,083,868

Sources

Cash	\$ 6,021,169
Prepaid Cost	\$ 1,562,699
Mortgage	\$ 22,500,000
Total Sources	\$ 30,083,868
Land	\$ 1,700,000
Total Cost	\$ 31,783,868

APPENDIX C

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

- None or not applicable
- Preliminary
- Schematics
- Final Working

Anticipated project completion date (refer to Part 1130.140): March 2021

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.

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
CLINICAL							
Nursing	\$10,713,249	0	33,765.2	33,765.2	0	0	0
Living/Dining/Activity	\$3,743,571	0	11,798.7	11,798.7	0	0	0
Kitchen/Food Service	\$1,539,507	0	4,852.1	4,852.1	0	0	0
P.T./O.T.	\$603,479	0	1,902.0	1,902.0	0	0	0
Laundry	\$569,403	0	1,794.6	1,794.6	0	0	0
Janitor Closets	\$17,832	0	56.2	56.2	0	0	0
Clean/Soiled Utility	\$486,527	0	1,533.4	1,533.4	0	0	0
Beauty/Barber	\$104,682	0	329.9	329.9	0	0	0
Total Clinical	\$17,778,250	0	56,032.1	56,032.1	0	0	0
NON-CLINICAL							
Office/Administration	\$1,004,688	0	3,166.5	3,166.5	0	0	0
Employee Lounge/ Locker/Training	\$638,413	0	2,012.1	2,012.1	0	0	0
Mechanical/Electrical	\$1,069,321	0	3,370.2	3,370.2	0	0	0
Lobby	\$216,548	0	682.5	682.5	0	0	0
Storage/Maintenance	\$807,051	0	2,543.6	2,543.6	0	0	0
Corridor/Public Toilets	\$6,976,818	0	21,989.0	21,989.0	0	0	0
Stair/Elevators	\$1,592,779	0	5,020.0	5,020.0	0	0	0
Total Non-clinical	\$12,305,618	0	38,783.9	38,783.9	0	0	0
TOTAL	\$30,083,868	0	94,816.0	94,816.0	0	0	0

Meadowbrook Manor of Geneva
 FINANCIAL VIABILITY RATIOS
 MMG Partners, LP - Owner

REVISED 11/15/2017

	2022	NORM
<u>CURRENT RATIO</u>		
1. CURRENT ASSETS	\$ 5,140,823	
2. CURRENT LIABILITIES	\$ 206,220	
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	24.93	1.5 or more
<u>NET MARGIN PERCENTAGE</u>		
4. NET INCOME OR (LOSS)	\$ 140,243	
5. NET OPERATING REVENUE	\$ 2,269,111	
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	6.18%	3% or more
<u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u>		
7. LONG TERM DEBT	\$ 21,429,675	
8. LONG TERM DEBT + NET ASSETS	\$ 33,776,846	
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	63.44%	80% or less
<u>PROJECTED DEBT SERVICE COVERAGE</u>		
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ 2,008,367	
11. PRINCIPAL + INTEREST	\$ 914,649	
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	2.20	1.5 or more
<u>DAYS CASH ON HAND</u>		
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 2,230,294	
14. OPER EXPENSE LESS DEPR EXP/365	\$ 5,833	
15. DAY CASH ON HAND (LINE 13 / LINE 14)	382.39	45 days or more
<u>CUSHION RATIO</u>		
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 2,230,294	
17. PRINCIPAL + INTEREST EXPENSE	\$ 914,649	
18. CUSHION (LINE 16 / LINE 17)	2.44	3 or more

Meadowbrook Manor of Geneva
FINANCIAL VIABILITY RATIOS
Butterfield Healthcare III, LLC - Operator

REVISED 11/15/2017

	2022	NORM
<u>CURRENT RATIO</u>		
1. CURRENT ASSETS	\$ 6,122,329	
2. CURRENT LIABILITIES	\$ 700,000	
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	8.75	1.5 or more
<u>NET MARGIN PERCENTAGE</u>		
4. NET INCOME OR (LOSS)	\$ 1,558,749	
5. NET OPERATING REVENUE	\$ 15,479,741	
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	10.07%	3% or more
<u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u>		
7. LONG TERM DEBT	\$ -	
8. LONG TERM DEBT + NET ASSETS	\$ 1,422,329	
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	0.00%	80% or less
<u>PROJECTED DEBT SERVICE COVERAGE</u>		
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ 1,738,749	
11. PRINCIPAL + INTEREST	\$ 180,000	
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	9.66	1.5 or more
<u>DAYS CASH ON HAND</u>		
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,079,369	
14. OPER EXPENSE LESS DEPR EXP/365	\$ 38,140	
15. DAY CASH ON HAND (LINE 13 / LINE 14)	28.30	45 days or more
<u>CUSHION RATIO</u>		
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 1,079,369	
17. PRINCIPAL + INTEREST EXPENSE	\$ 180,000	
18. CUSHION (LINE 16 / LINE 17)	6.00	3 or more

Meadowbrook Manor of Geneva
 FINANCIAL VIABILITY RATIOS
 Owner - Operator Combined

REVISED 11/15/2017

	2022	NORM
<u>CURRENT RATIO</u>		
1. CURRENT ASSETS	\$ 11,263,152	
2. CURRENT LIABILITIES	\$ 906,220	
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	12.43	1.5 or more
<u>NET MARGIN PERCENTAGE</u>		
4. NET INCOME OR (LOSS)	\$ 1,698,992	
5. NET OPERATING REVENUE	\$ 17,748,852	
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	9.57%	3% or more
<u>LONG-TERM DEBT TO TOTAL CAPITALIZATION RATIO</u>		
7. LONG TERM DEBT	\$ 21,429,675	
8. LONG TERM DEBT + NET ASSETS	\$ 35,199,175	
9. DEBT CAPITALIZATION RATIO (LINE 7 DIVIDED BY LINE 8)	60.88%	80% or less
<u>PROJECTED DEBT SERVICE COVERAGE</u>		
10. NET INCOME(LOSS) + DEPR + INTEREST + AMORTIZATION	\$ 3,747,116	
11. PRINCIPAL + INTEREST	\$ 1,094,649	
12. DEBT SERVICE COVERAGE RATIO (LINE 10 DIVIDED BY LINE 11)	3.42	1.5 or more
<u>DAYS CASH ON HAND</u>		
13. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 3,309,663	
14. OPER EXPENSE LESS DEPR EXP/365	\$ 43,972	
15. DAY CASH ON HAND (LINE 13 / LINE 14)	75.27	45 days or more
<u>CUSHION RATIO</u>		
16. CASH + INVESTMENTS + BOARD DESIGNATED FUNDS	\$ 3,309,663	
17. PRINCIPAL + INTEREST EXPENSE	\$ 1,094,649	
18. CUSHION (LINE 16 / LINE 17)	3.02	3 or more

**Meadowbrook Manor of Geneva (Butterfield Health Care III Operations) - 150 Bed Model
Forecasted Balance Sheets
December 31**

Assets		<u>2020</u>	<u>2021</u>	<u>2022</u>
Current Assets	Cash and cash equivalents	\$ (1,499,245)	\$ (146,399)	\$ 1,079,369
	Reserves & Escrows	180,000	360,000	540,000
	Accounts Receivable	1,107,394	3,349,978	4,502,959
	Total current assets	<u>(211,850)</u>	<u>3,563,579</u>	<u>6,122,329</u>
Other Assets	Land	-	-	-
	Building	-	-	-
	Equipment	-	-	-
	Vehicle	-	-	-
	Accumulated Depreciation	-	-	-
	Net property and equipment	-	-	-
	Loan finance costs	-	-	-
	Less accumulated amortization	-	-	-
	Total other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets		<u>\$ (211,850)</u>	<u>\$ 3,563,579</u>	<u>\$ 6,122,329</u>
Liabilities and Net Assets				
Current Liabilities	Current portion of loan payable	\$ -	\$ -	\$ -
	Accounts payable and accrued i	350,000	500,000	500,000
	Other accrued expenses	100,000	200,000	200,000
	Total current liabilities	<u>450,000</u>	<u>700,000</u>	<u>700,000</u>
Other Liabilities	Loan payable	-	-	-
	Operating loss loan	-	-	-
	Working capital LOC	1,000,000	3,000,000	4,000,000
	Total other liabilities	<u>1,000,000</u>	<u>3,000,000</u>	<u>4,000,000</u>
	Total liabilities	<u>1,450,000</u>	<u>3,700,000</u>	<u>4,700,000</u>
Members' Capital	Members Subordinated Contribu	-	-	-
	Members' Capital	(1,661,850)	(136,421)	1,422,329
	Total Members' Capital	<u>(1,661,850)</u>	<u>(136,421)</u>	<u>1,422,329</u>
Total Liabilities and Members' Capital		<u>\$ (211,850)</u>	<u>\$ 3,563,579</u>	<u>\$ 6,122,329</u>

**MMG LP
Balance Sheets
as of December 31**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cash and cash equivalents	\$ 825,000	\$ 1,539,009	\$ 2,230,294
Reserves & Escrows	2,700,529	2,805,529	2,910,529
Accounts Receivable	-	-	-
Total current assets	3,525,529	4,344,539	5,140,823
Land	1,700,000	1,700,000	1,700,000
Building	28,427,089	28,427,089	28,427,089
Equipment	1,347,578	1,347,578	1,347,578
Vehicle	-	-	-
Accumulated Depreciation	(946,960)	(1,893,921)	(2,840,881)
Net property and equipment	30,527,707	29,580,746	28,633,786
Loan finance costs	228,000	228,000	228,000
Less accumulated amortization	(6,514)	(13,029)	(19,543)
Total other assets	30,749,192	29,795,718	28,842,243
	\$ 34,274,722	\$ 34,140,256	\$ 33,983,066
Current portion of loan payable	\$ 193,259	\$ 199,635	\$ 206,220
Accounts payable and accrued interest	-	-	-
Other accrued expenses	-	-	-
Total current liabilities	193,259	199,635	206,220
Loan payable	\$ 22,028,002	\$ 21,733,692	\$ 21,429,675
Operating loss loan	-	-	-
Working capital LOC	-	-	-
Total other liabilities	22,028,002	21,733,692	21,429,675
Total liabilities	22,221,261	21,933,327	21,635,895
Members Subordinated Contributions	\$ -	\$ -	\$ -
Members' Capital/ RE	12,053,461	12,206,929	12,347,172
Total Members' Capital	12,053,461	12,206,929	12,347,172
	\$ 34,274,722	\$ 34,140,256	\$ 33,983,066

Meadowbrook Manor of Geneva (Butterfield Health Care III Operations and MMG Partners LP)
Balance Sheets
as of December 31

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cash and cash equivalents	\$ (674,245)	\$ 1,392,610	\$ 3,309,663
Reserves & Escrows	2,880,529	-	3,450,529
Accounts Receivable	1,107,394	3,349,978	4,502,959
Total current assets	3,313,679	4,742,589	11,263,152
Land	1,700,000	1,700,000	1,700,000
Building	28,427,089	28,427,089	28,427,089
Equipment	1,347,578	1,347,578	1,347,578
Vehicle	-	-	-
Accumulated Depreciation	(946,960)	(1,893,921)	(2,840,881)
Net property and equipment	30,527,707	29,580,746	28,633,786
Loan finance costs	228,000	228,000	228,000
Less accumulated amortization	(6,514)	(13,029)	(19,543)
Total other assets	30,749,192	29,795,718	28,842,243
	\$ 34,062,871	\$ 34,538,306	\$ 40,105,395
Current portion of loan payable	\$ 193,259	\$ 199,635	\$ 206,220
Accounts payable and accrued interest	350,000	500,000	500,000
Other accrued expenses	100,000	200,000	200,000
Total current liabilities	643,259	899,635	906,220
Loan payable	22,028,002	21,733,692	21,429,675
Operating loss loan	-	-	-
Working capital LOC	1,000,000	3,000,000	4,000,000
Total other liabilities	23,028,002	24,733,692	25,429,675
Total liabilities	23,671,261	25,633,327	26,335,895
Members Subordinated Contributions	-	-	-
Members' Capital/ RE	10,391,610	12,070,508	13,769,500
Total Members' Capital	10,391,610	12,070,508	13,769,500
	\$ 34,062,871	\$ 37,703,836	\$ 40,105,395

**Meadowbrook Manor of Geneva (Butterfield Health Care III Operations) - 150 Bed Model
Forecasted Statements of Operations and Changes in Members' Capital
For the Years Ending December 31**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Changes in unrestricted net assets			
Revenues and other support			
Tenant service fee revenue	\$8,607,504	\$14,983,288	\$15,028,875
Other	258,225	449,499	450,866
Total revenue and other support	<u>8,865,729</u>	<u>15,432,787</u>	<u>15,479,741</u>
Expenses			
Salaries and wages	3,493,881	4,545,316	4,545,316
Employee benefits	1,013,225	1,318,142	1,318,142
Utilities	155,932	155,932	155,932
Professional Care	1,798,819	3,268,639	3,278,453
Dietary	194,117	356,615	357,700
Housekeeping	41,597	76,418	76,650
Maintenance	138,227	138,227	138,227
Activities	9,000	9,000	9,000
Rent	2,269,111	2,269,111	2,269,111
General and administrative	352,100	352,100	352,100
Marketing / Advertising	33,000	33,000	33,000
Management Fees	354,629	617,311	619,190
Insurance	300,000	300,000	300,000
Real Estate Taxes	-	-	-
Bed Taxes	193,942	287,546	288,171
Interest Expense	180,000	180,000	180,000
Depreciation	-	-	-
Amortization	-	-	-
Total expenses	<u>10,527,580</u>	<u>13,907,357</u>	<u>13,920,992</u>
Change in members' capital	(1,661,850)	1,525,430	1,558,749
Members' capital, beginning of year	0	-1,314,056	559,168
Members' capital, end of year	<u>(1,661,850)</u>	<u>211,373</u>	<u>2,117,917</u>

MMG Partners LP
Statements of Operations and Changes in Members' Capital
For the Years Ending December 31

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Changes in unrestricted net assets			
Revenues and other support			
Tenant service fee revenue	\$0	\$0	\$0
Other	2,269,111	2,269,111	2,269,111
Total revenue and other support	<u>2,269,111</u>	<u>2,269,111</u>	<u>2,269,111</u>
Expenses			
Salaries and wages	-	-	-
Employee benefits	-	-	-
Utilities	-	-	-
Professional Care	-	-	-
Dietary	-	-	-
Housekeeping	-	-	-
Maintenance	-	-	-
Activities	-	-	-
Mortgage Insurance	128,250	125,841	125,841
General and administrative	30,000	30,000	45,000
Marketing / Advertising	-	-	-
Management Fees	-	-	-
Insurance	30,000	30,900	30,900
Real Estate Taxes	250,000	257,500	265,225
Bed Taxes	-	-	-
Interest Expense	727,122	717,928	708,429
Depreciation	946,960	946,960	946,960
Amortization	6,514	6,514	6,514
Total expenses	<u>\$ 2,118,847</u>	<u>\$ 2,115,643</u>	<u>\$ 2,128,868</u>
Change in capital from operations	150,264	153,468	140,243
Members' capital, beginning of year	\$11,903,196	12,053,461	12,206,929
Members capital contributions	-	-	-
Members' capital, end of year	<u>\$ 12,053,461</u>	<u>\$ 12,206,929</u>	<u>\$ 12,347,172</u>

**Meadowbrook Manor of Geneva (Butterfield Health Care III Operations and MMG Partners LP)
For the Years Ending December 31**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Changes in unrestricted net assets			
Revenues and other support			
Tenant service fee revenue	\$8,607,504	\$14,983,288	\$15,028,875
Other	\$258,225	\$449,499	\$450,866
Total revenue and other support	<u>8,865,729</u>	<u>15,432,787</u>	<u>15,479,741</u>
Expenses			
Salaries and wages	\$3,493,881	\$4,545,316	\$4,545,316
Employee benefits	1,013,225	1,318,142	1,318,142
Utilities	155,932	155,932	155,932
Professional Care	1,798,819	3,268,639	3,278,453
Dietary	194,117	356,615	357,700
Housekeeping	41,597	76,418	76,650
Maintenance	138,227	138,227	138,227
Activities	9,000	9,000	9,000
Mortgage Insurance	128,250	125,841	125,841
General and administrative	382,100	382,100	397,100
Marketing / Advertising	33,000	33,000	33,000
Management Fees	354,629	617,311	619,190
Insurance	330,000	330,900	330,900
Real Estate Taxes	250,000	257,500	265,225
Bed Taxes	193,942	287,546	288,171
Interest Expense	907,122	897,928	888,429
Depreciation	946,960	946,960	946,960
Amortization	6,514	6,514	6,514
Total expenses	<u>\$ 10,377,315</u>	<u>\$ 13,753,889</u>	<u>\$ 13,780,749</u>
Change in capital from operations	(1,511,586)	1,678,898	1,698,992
Members' capital, beginning of year	14,020,965	12,509,379	14,188,277
Members capital contributions			
Members' capital, end of year	<u>\$ 12,509,379</u>	<u>\$ 14,188,277</u>	<u>\$ 15,887,270</u>

SECTION V – FINANCIAL AND ECONOMIC FEASIBILITY REVIEW Continued v**C. Reasonableness of Project and Related Costs - REVISED**

Identify each 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 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	\$223.00	\$0	56,032	0		0	0		\$12,495,161	\$0	\$12,495,161
Contingency	\$22.30	\$0	56,032	0		0	0		\$1,249,516	\$0	\$1,249,516
TOTALS	\$245.30	\$0	56,032	0		0	0		\$13,744,677	\$0	\$13,744,677

* Include the percentage (%) of space for circulation

The above chart is based on clinical square footage and cost.

D. Projected Operating Costs – DOES NOT CHANGE

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.

	2022	
Salaries	\$4,545,316	
Benefits	\$1,318,142	
Supplies	\$1,025,941	
Patient Days @ 90%		49,275
Total/Operating Cost/PT Day	\$6,889,399	\$139.82

E. Total Effect of the Project on Capital Costs - REVISED

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.

	2022	
Depreciation	\$946,960	
Interest Expense	\$708,429	
Amortization	\$6,514	
Real Estate Taxes	\$265,225	
Patient Days @ 90%		49,275
Total/Operating Cost/PT Day	\$1,927,128	\$39.11