

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

LTC APPLICATION FOR PERMIT  
February 2021 Edition

ORIGINAL SIGNATURES

**ORIGINAL****LONG-TERM CARE  
APPLICATION FOR PERMIT****SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
This Section must be completed for all projects.**DESCRIPTION OF PROJECT**

OCT 21 2021

HEALTH FACILITIES &  
SERVICES REVIEW BOARD**Project Type**

[Check one]

[check one]

- ☒ General Long-term Care
- ☐ Specialized Long-term Care

- ☐ Establishment of a new LTC facility
- ☐ Establishment of new LTC services
- ☐ Expansion of an existing LTC facility or service
- ☒ Modernization of an existing facility

**Narrative Description**

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive. Include: the number and type of beds involved; the actions proposed (establishment, expansion and/or modernization); the ESTIMATED total project cost and the funding source(s) for the project.

**King-Bruwaert House** (Applicant Entity) ("KBH" or "Applicant"), a Not-for-Profit corporation, incorporated in 1929 and established as a senior living community at its current site in 1933, proposes a modernization of its skilled nursing care unit as described below.

KBH operates a continuing care retirement community ("CCRC") on its 35 acre campus located at 6101 South County Line Road, Burr Ridge, Illinois, consisting of 49 nursing beds (35 Skilled and 14-Intermediate Care beds) and 76 sheltered care licensed beds in a 3-story, Georgian-style retirement home. The CCRC also includes 58 independent living cottages, known as the Woods of King-Bruwaert. A nursing care building (referred to as the "Nursing Care Addition") houses 35 beds and was constructed in 1984 with 22,755 square feet of space.<sup>1</sup> Upon completion of the proposed project, the Nursing Care Addition will have 26,922 square feet that will include 22,758 gsf of modernized space housing 14-beds with 8 private rooms and a new two-story addition consisting of 28-beds (with 2 double occupancy rooms) and 24 private rooms. The total cost of the project is \$16,809,210.

After completion of the project, the licensed skilled nursing bed capacity will decrease to 42 beds (28 Skilled and 12 Intermediate care) with 32 private rooms and 5 double occupancy rooms. Please note that this project is limited only to the modernization of the nursing beds.

The project is classified as non-substantive per of 77 *Illinois Administrative Code, Chapter II, Subchapter a, Section 1110.20* because it proposes to modernize an existing health care facility at its current location.

<sup>1</sup> There are an additional 14 nursing beds in another component of the Applicant's building (7,160gsf) that while not being replaced will receive minor improvements like new paint, flooring and fixtures.



## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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Facility Name: <b>King-Bruwaert House</b>		
Street Address: <b>6101 S. County Line Road</b>		
City and Zip Code: <b>Burr Ridge, Illinois 60527</b>		
County: <b>Cook</b>	Health Service Area: <b>007</b>	Health Planning Area: <b>705</b>

**Applicant /Co-Applicant Identification**

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

Exact Legal Name: <b>King-Bruwaert House</b>	
Address: <b>6101 S. County Line Road</b>	
Name of Registered Agent: <b>W. B. Martin Gross</b>	
Name of Chief Executive Officer: <b>Terri Bowen</b>	
CEO Address: <b>154 Golden Eye Lane, Bloomingdale, IL 60108</b>	
Telephone Number: <b>(630) 230-9502</b>	

**Type of Ownership (Applicant/Co-Applicants)**

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

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

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

**Primary Contact**

[Person to receive ALL correspondence or inquiries]

Name: <b>Kara Friedman</b>
Title: <b>Attorney at Law</b>
Company Name: <b>Polsinelli P. C.</b>
Address: <b>150 N. Riverside Plaza, Suite 3000, Chicago, Illinois 60606</b>
Telephone Number: <b>(312) 873-3639</b>
E-mail Address: <b>KFriedman@Polsinelli.com</b>
Fax Number:

**Additional Contact**

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

Name: <b>John P. Kniery</b>
Title: <b>Health Care Consultant</b>
Company Name: <b>Polsinelli Health Solutions</b>
Address:
Telephone Number: <b>(217) 544-1551</b>
E-mail Address: <b>jkniery@polsinellisolutions.com</b>
Fax Number:



## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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[Person to receive all correspondence subsequent to permit issuance. **This person must be an employee of the applicant.**]

Name: <b>Terri Bowen</b>
Title: <b>CEO</b>
Company Name: <b>King-Bruwaert House</b>
Address: <b>6101 S. County Line Road, Burr Ridge, Illinois 60527</b>
Telephone Number: <b>(630) 230-9502</b>
E-mail Address: <b>terrib@kbhouse.org</b>
Fax Number: <b>(630) 655-8179</b>

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: <b>King-Bruwaert House</b>
Address of Site Owner: <b>6101 S. County Line Road, Burr Ridge, Illinois 60527</b>
Street Address or Legal Description of Site: <b>6101 S. County Line Road, Burr Ridge, Illinois 60527</b>
Proof of ownership or control of the site is to be provided as . Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Operating Identity/Licensee**

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

Exact Legal Name: <b>King-Bruwaert House</b>			
Address: <b>6101 S. County Line Road, Burr Ridge, Illinois 60527</b>			
<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none"> <li>○ Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>○ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>○ <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>			
APPEND DOCUMENTATION AS <u>ATTACHMENT-3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

**Organizational Relationships**

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

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



**Flood Plain Requirements**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>). Before an application for permit involving construction will be deemed **COMPLETE** the applicant must **attest** that the project **is or is not in a flood plain**, and that the location of the proposed project complies with the Flood Plain Rule under Illinois Executive Order #2006-5.

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

**Historic Resources Preservation Act Requirements**

[Refer to application instructions.]

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

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

**State Agency Submittals**

The following submittals are up- to- date, as applicable:

☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

☐ All reports regarding outstanding permits

**If the applicant fails to submit updated information for the requirements listed above, the application for permit will be deemed incomplete.**



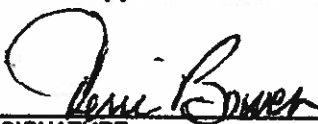
## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD


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

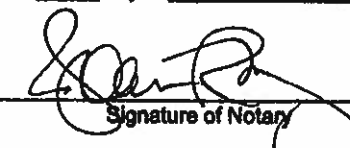
- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of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

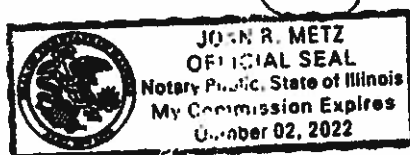
This Application for Permit is filed on the behalf of King-Bruwaert House (KBH) \*  
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf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

  
SIGNATURE  
Terri Bowen  
PRINTED NAME  
CEO  
PRINTED TITLE

  
SIGNATURE  
John P. Grube  
PRINTED NAME  
Chair of Board of Directors  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 23 day of June 2021

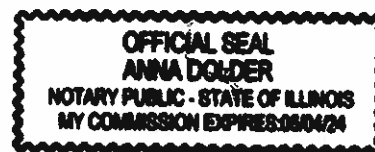
  
Signature of Notary



Seal

Notarization:  
Subscribed and sworn to before me  
this 5th day of October 2021

  
Signature of Notary



Seal



**SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES –  
INFORMATION REQUIREMENTS**

This Section is applicable to ALL projects.

**Criterion 1125.320 – Purpose of the Project**

**READ THE REVIEW CRITERION** and provide the following required information:

**PURPOSE OF PROJECT**

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

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

**NOTE:** Information regarding the "Purpose of the Project" will be included in the State Board Report. APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. Each item (1-6) must be identified in Attachment 10.

**Criterion 1125.330 – Alternatives**

**READ THE REVIEW CRITERION** and provide the following required information:

**ALTERNATIVES**

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

Alternative options **must** include:

- a. Proposing a project of greater or lesser scope and cost;
- b. Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- c. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- d. Provide the reasons why the chosen alternative was selected.

2. Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial



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benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

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

**APPEND DOCUMENTATION AS ATTACHMENT-11. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**SECTION III – BED CAPACITY, UTILIZATION AND APPLICABLE REVIEW CRITERIA**

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

**Criterion 1125.510 – Introduction****Bed Capacity**

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

**Indicate bed capacity changes by Service:**

Category of Service	Total # Existing Beds*	Total # Beds After Project Completion
<input checked="" type="checkbox"/> General Long-Term Care	49	42
<input type="checkbox"/> Specialized Long-Term Care		
<input type="checkbox"/>		

\*Existing number of beds as authorized by IDPH and posted in the "LTC Bed Inventory" on the HFSRB website ([www.hfrsb.illinois.gov](http://www.hfrsb.illinois.gov)). PLEASE NOTE: ANY bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

**Utilization****Utilization for the most current CALENDAR YEAR:**

Category of Service	Year	Admissions	Patient Days
<input checked="" type="checkbox"/> General Long Term Care	2019 2020	33 24	14,974 14,896
<input type="checkbox"/> Specialized Long-Term Care			

\* Patient Days were corrected through the Declaratory Ruling on 02/21/2020 by the HFSRB, Docket E-01



**Applicable Review Criteria - Guide**

The review criteria listed below must be addressed, per the LTC rules contained in 77 Ill. Adm. Code 1125. See HFSRB's website to view the subject criteria for each project type - (<http://hfsrb.illinois.gov>). To view LTC rules, click on "Board Administrative Rules" and then click on "77 Ill. Adm. Code 1125".

READ THE APPLICABLE REVIEW CRITERIA OUTLINED BELOW and submit the required documentation for the criteria, as described in SECTIONS IV and V:

**GENERAL LONG-TERM CARE**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
	Section	Subject
<b>Establishment of Services or Facility</b>	.520	Background of the Applicant
	.530(a)	Bed Need Determination
	.530(b)	Service to Planning Area Residents
	.540(a) or (b) + (c) + (d) or (e)	Service Demand – Establishment of General Long Term Care
	.570(a) & (b)	Service Accessibility
	.580(a) & (b)	Unnecessary Duplication & Maldistribution
	.580(c)	Impact of Project on Other Area Providers
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.620	Project Size
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

<b>Expansion of Existing Services</b>	.520	Background of the Applicant
	.530(b)	Service to Planning Area Residents
	.550(a) + (b) or (c)	Service Demand – Expansion of General Long-Term Care
	.590	Staffing Availability
	.600	Bed Capacity
	.620	Project Size
	.640	Assurances
	.560(a)(1) through (3)	Continuum of Care Components
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions



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	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
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	Appendix D	Project Status and Completion Schedule

<b>Continuum of Care – Establishment or Expansion</b>	.520	Background of the Applicant
	.560(a)(1) through (3)	Continuum of Care Components
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

<b>Defined Population – Establishment or Expansion</b>	.520	Background of the Applicant
	.560(b)(1) & (2)	Defined Population to be Served
	.590	Staffing Availability
	.600	Bed Capacity
	.610	Community Related Functions
	.630	Zoning
	.640	Assurances
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
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<b>Modernization</b>	.650(a)	Deteriorated Facilities
	.650(b) & (c)	Documentation
	.650(d)	Utilization
	.600	Bed Capacity
	.610	Community Related Functions
	.620	Project Size
	.630	Zoning
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule



**SPECIALIZED LONG-TERM CARE**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
	Section	Subject
<b>Establishment of LTC Developmentally Disabled – (Adult)</b>	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(d)	Recommendations from State Departments
	.720(f)	Zoning
	.720(g)	Establishment of Beds – Developmentally Disable -Adult
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

<b>Establishment of LTC Developmentally Disabled - Children</b>	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(d)	Recommendations from State Departments
	.720(f)	Zoning
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

<b>Establishment of Chronic Mental Illness</b>	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(f)	Zoning
	.720(g)	Establishment of Chronic Mental Illness
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost



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	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule

<b>Establishment of Long Term Medical Care for Children</b>	.720(a)	Facility Size
	.720(b)	Community Related Functions
	.720(c)	Availability of Ancillary and Support Programs
	.720(e)	Long-Term Medical Care for Children-Category of Service
	.720(f)	Zoning
	.720(j)	State Board Consideration of Public Hearing Testimony
	.800	Estimated Total Project Cost
	Appendix A	Project Costs and Sources of Funds
	Appendix B	Related Project Costs
	Appendix C	Project Status and Completion Schedule
	Appendix D	Project Status and Completion Schedule



**SECTION IV - SERVICE SPECIFIC REVIEW CRITERIA****GENERAL LONG-TERM CARE****Criterion 1125.520 – Background of the Applicant - This item is not germane.****BACKGROUND OF APPLICANT**

The applicant shall provide:

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.**

**Criterion 1125.530 - Planning Area Need - This item is not germane.**

1. Identify the calculated number of beds needed (excess) in the planning area. See HFSRB website (<http://hfsrb.illinois.gov>) and click on "Health Facilities Inventories & Data".
2. Attest that the primary purpose of the project is to serve residents of the planning area and that at least 50% of the patients will come from within the planning area.
3. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used, as described in Section 1125.540.

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



**Criterion 1125.540 - Service Demand – Establishment of General Long Term Care - This item is not germane.**

<ul style="list-style-type: none"> <li>• If the applicant is an existing facility wishing to establish this category of service or a new facility, #1 – 4 must be addressed. Requirements under #5 must also be addressed if applicable.</li> </ul>
<ul style="list-style-type: none"> <li>• If the applicant is not an existing facility and proposes to establish a new general LTC facility, the applicant shall submit the number of annual projected referrals.</li> </ul>
<ol style="list-style-type: none"> <li>1. Document the number of referrals to other facilities, for each proposed category of service, for each of the latest two years. Documentation of the referrals shall include: resident/patient origin by zip code; name and specialty of referring physician or identification of another referral source; and name and location of the recipient LTC facility.</li> <li>2. Provide letters from referral sources (hospitals, physicians, social services and others) that attest to total number of prospective residents (by zip code of residence) who have received care at existing LTC facilities located in the area during the 12-month period prior to submission of the application. Referral sources shall verify their projections and the methodology used.</li> <li>3. Estimate the number of prospective residents whom the referral sources will refer annually to the applicant's facility within a 24-month period after project completion. Please note: <ul style="list-style-type: none"> <li>• The anticipated number of referrals cannot exceed the referral sources' documented historical LTC caseload.</li> <li>• The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share, within a 24-month period after project completion</li> <li>• Each referral letter shall contain the referral source's Chief Executive Officer's notarized signature, the typed or printed name of the referral source, and the referral source's address</li> </ul> </li> <li>4. Provide verification by the referral sources that the prospective resident referrals have not been used to support another pending or approved Certificate of Need (CON) application for the subject services.</li> <li>5. If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand shall be determined as follows: <ol style="list-style-type: none"> <li>a. The applicant shall define the facility's market area based upon historical resident/patient origin data by zip code or census tract;</li> <li>b. Population projections shall be produced, using, as a base, the population census or estimate for the most recent year, for county, incorporated place, township or community area, by the U.S. Bureau of the Census or IDPH;</li> <li>c. Projections shall be for a maximum period of 10 years from the date the application is submitted;</li> <li>d. Historical data used to calculate projections shall be for a number of years no less</li> </ol> </li> </ol>



than the number of years projected;

- e. Projections shall contain documentation of population changes in terms of births, deaths and net migration for a period of time equal to or in excess of the projection horizon;
- f. Projections shall be for total population and specified age groups for the applicant's market area, as defined by HFSRB, for each category of service in the application (see the HFSRB Inventory); and
- g. Documentation on projection methodology, data sources, assumptions and special adjustments shall be submitted to HFSRB.

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

**Criterion 1125.550 - Service Demand – Expansion of General Long-Term Care - This item is not germane.**

The applicant shall document #1 and either #2 or #3:

1. **Historical Service Demand**
  - a. An average annual occupancy rate that has equaled or exceeded occupancy standards for general LTC, as specified in Section 1125.210(c), for each of the latest two years.
  - b. If prospective residents have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including completed applications that could not be accepted due to lack of the subject service and documentation from referral sources, with identification of those patients by initials and date.
2. **Projected Referrals**  
The applicant shall provide documentation as described in Section 1125.540(d).
3. **If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area** (as experienced annually within the latest 24-month period), the projected service demand shall be determined as described in Section 1125.540 (e).

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

**Criterion 1125.560 - Variances to Computed Bed Need - This item is not germane.**

**Continuum of Care:**

The applicant proposing a continuum of care project shall demonstrate the following:

1. The project will provide a continuum of care for a geriatric population that includes independent living and/or congregate housing (such as unlicensed apartments, high rises for the elderly and retirement villages) and related health and social services. The housing complex shall be on the same site as the health facility component of the project.
2. The proposal shall be for the purposes of and serve only the residents of the housing complex



and shall be developed either after the housing complex has been established or as a part of a total housing construction program, provided that the entire complex is one inseparable project, that there is a documented demand for the housing, and that the licensed beds will not be built first, but will be built concurrently with or after the residential units.

3. The applicant shall demonstrate that:

- a. The proposed number of beds is needed. Documentation shall consist of a list of available patients/residents needing the proposed project. The proposed number of beds shall not exceed one licensed LTC bed for every five apartments or independent living units;
- b. There is a provision in the facility's written operational policies assuring that a resident of the retirement community who is transferred to the LTC facility will not lose his/her apartment unit or be transferred to another LTC facility solely because of the resident's altered financial status or medical indigency; and
- c. Admissions to the LTC unit will be limited to current residents of the independent living units and/or congregate housing.

#### Defined Population:

The applicant proposing a project for a defined population shall provide the following:

1. The applicant shall document that the proposed project will serve a defined population group of a religious, fraternal or ethnic nature from throughout the entire health service area or from a larger geographic service area (GSA) proposed to be served and that includes, at a minimum, the entire health service area in which the facility is or will be physically located.
2. The applicant shall document each of the following:
  - a. A description of the proposed religious, fraternal or ethnic group proposed to be served;
  - b. The boundaries of the GSA;
  - c. The number of individuals in the defined population who live within the proposed GSA, including the source of the figures;
  - d. That the proposed services do not exist in the GSA where the facility is or will be located;
  - e. That the services cannot be instituted at existing facilities within the GSA in sufficient numbers to accommodate the group's needs. The applicant shall specify each proposed service that is not available in the GSA's existing facilities and the basis for determining why that service could not be provided.
  - f. That at least 85% of the residents of the facility will be members of the defined population group. Documentation shall consist of a written admission policy insuring that the requirements of this subsection (b)(2)(F) will be met.
  - g. That the proposed project is either directly owned or sponsored by, or affiliated with, the religious, fraternal or ethnic group that has been defined as the population to be served by the project. The applicant shall provide legally binding documents that prove ownership, sponsorship or affiliation.

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



**Criterion 1125.570 - Service Accessibility - This item is not germane.****1. Service Restrictions**

The applicant shall document that **at least one** of the following factors exists in the planning area, as applicable:

- The absence of the proposed service within the planning area;
- Access limitations due to payor status of patients/residents, including, but not limited to, individuals with LTC coverage through Medicare, Medicaid, managed care or charity care;
- Restrictive admission policies of existing providers; or
- The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.

**2. Additional documentation required:**

The applicant shall provide the following documentation, as applicable, concerning existing restrictions to service access:

- a. The location and utilization of other planning area service providers;
- b. Patient/resident location information by zip code;
- c. Independent time-travel studies;
- d. Certification of a waiting list;
- e. Admission restrictions that exist in area providers;
- f. An assessment of area population characteristics that document that access problems exist;
- g. Most recently published IDPH Long Term Care Facilities Inventory and Data (see [www.hfsrb.illinois.gov](http://www.hfsrb.illinois.gov)).

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



**Criterion 1125.580 - Unnecessary Duplication/Maldistribution - This item is not germane.**

1. The applicant shall provide the following information:
  - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
  - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
  - c. The names and locations of all existing or approved LTC facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. The applicant shall document that the project will not result in maldistribution of services.
3. The applicant shall document that, within 24 months after project completion, the proposed project:
  - a. Will not lower the utilization of other area providers below the occupancy standards specified in Section 1125.210(c); and
  - b. Will not lower, to a further extent, the utilization of other area facilities that are currently (during the latest 12-month period) operating below the occupancy standards.

**APPEND DOCUMENTATION AS ATTACHMENT- 18. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.590 - Staffing Availability - This item is not germane.**

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
  - a. The name and qualification of the person currently filling the position, if applicable; and
  - b. Letters of interest from potential employees; and
  - c. Applications filed for each position; and
  - d. Signed contracts with the required staff; or
  - e. A narrative explanation of how the proposed staffing will be achieved.

**APPEND DOCUMENTATION AS ATTACHMENT- 19. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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The maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

**APPEND DOCUMENTATION AS ATTACHMENT- 20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.610 - Community Related Functions**

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

**APPEND DOCUMENTATION AS ATTACHMENT- 21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.620 - Project Size**

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards as stated in Appendix A of 77 Ill. Adm. Code 1125 (LTC rules), unless the additional GSF can be justified by documenting one of the following:

1. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
2. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix A;
3. The project involves the conversion of existing bed space that results in excess square footage.

**APPEND DOCUMENTATION AS ATTACHMENT- 22, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.630 - Zoning**

The applicant shall document one of the following:

1. The property to be utilized has been zoned for the type of facility to be developed;
2. Zoning approval has been received; or
3. A variance in zoning for the project is to be sought

**APPEND DOCUMENTATION AS ATTACHMENT- 23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**Criterion 1125.640 – Assurances - This item is not germane.**

1. The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.
2. For beds that have been approved based upon representations for continuum of care (Section 1125.560(a)) or defined population (Section 1125.560(b)), the facility shall provide assurance that it will maintain admissions limitations as specified in those Sections for the life of the facility. To eliminate or modify the admissions limitations, prior approval of HFSRB will be required.

**APPEND DOCUMENTATION AS ATTACHMENT- 24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Criterion 1125.650 - Modernization**

1. If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to:
  - a. High cost of maintenance;
  - b. non-compliance with licensing or life safety codes;
  - c. Changes in standards of care (e.g., private versus multiple bed rooms); or
  - d. Additional space for diagnostic or therapeutic purposes.
2. Documentation shall include the most recent:
  - a. IDPH and CMMS inspection reports; and
  - b. Accrediting agency reports.
3. Other documentation shall include the following, as applicable to the factors cited in the application:
  - a. Copies of maintenance reports;
  - b. Copies of citations for life safety code violations; and
  - c. Other pertinent reports and data.
4. Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).

**APPEND DOCUMENTATION AS ATTACHMENT- 25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**



**SPECIALIZED LONG-TERM**

**Criterion 1125.720 - Specialized Long-Term Care – Review Criteria - This item is not germane.**

**This section is applicable to all projects proposing specialized long-term care services or beds.**

**1. Community Related Functions**

Read the criterion and submit the following information:

- a. a description of the process used to inform and receive input from the public including those residents living in close proximity to the proposed facility's location;
- b. letters of support from social, social service and economic groups in the community;
- c. letters of support from municipal/elected officials who represent the area where the project is located.

**2. Availability of Ancillary and Support Services**

Read the criterion, which applies only to ICF/DD 16 beds and fewer facilities, and submit the following:

- a. a copy of the letter, sent by certified mail return receipt requested, to each of the day programs in the area requesting their comments regarding the impact of the project upon their programs and any response letters;
- b. a description of the public transportation services available to the proposed residents;
- c. a description of the specialized services (other than day programming) available to the residents;
- d. a description of the availability of community activities available to the facility's residents.
- e. documentation of the availability of community workshops.

**3. Recommendation from State Departments**

Read the criterion and submit a copy of the letters sent, including the date when the letters were sent, to the Departments of Human Services and Healthcare and Family Services requesting these departments to indicate if the proposed project meets the department's planning objectives regarding the size, type, and number of beds proposed, whether the project conforms or does not conform to the department's plan, and how the project assists or hinders the department in achieving its planning objectives.

**4. Long-term Medical Care for Children Category of Service**

Read the criterion and submit the following information:

- a. a map outlining the target area proposed to be served;
- b. the number of individuals age 0-18 in the target area and the number of individuals in the target area that require the type of care proposed, include the source documents for this estimate;
- c. any reports/studies that show the points of origin of past patients/residents admissions to the facility;



- d. describe the special programs or services proposed and explain the relationship of these programs to the needs of the specialized population proposed to be served.
- e. indicate why the services in the area are insufficient to meet the needs of the area population;
- f. documentation that the 90% occupancy target will be achieved within the first full year of

**5. Zoning**

Read the criterion and provide a letter from an authorized zoning official that verifies appropriate zoning.

**6. Establishment of Chronic Mental Illness**

Read the criterion and provide the following:

- a. documentation of how the resident population has changed making the proposed project necessary.
- b. indicate which beds will be closed to accommodate these additional beds.
- c. the number of admissions for this type of care for each of the last two years.

**7. Variance to Computed Bed Need for Establishment of Beds for Developmentally Disabled Placement of Residents from DHS State Operated Beds**

Read this criterion and submit the following information:

- a. documentation that all of the residents proposed to be served are now residents of a DHS facility;
- b. documentation that each of the proposed residents has at least one interested family member who resides in the planning area or at least one interested family member that lives out of state but within 15 miles of the planning area boundary where the facility is or will be located;
- c. if the above is not the case then you must document that the proposed resident has lived in a DHS operated facility within the planning area in which the proposed facility is to be located for more than 2 years and that the consent of the legal guardian has been obtained;
- d. a letter from DHS indicating which facilities in the planning area have refused to accept referrals from the department and the dates of any refusals and the reasons cited for each refusal;
- e. a copy of the letter (sent certified--return receipt requested) to each of the underutilized facilities in the planning area asking if they accept referrals from DHS-operated facilities, listing the dates of each past refusal of a referral, and requesting an explanation of the basis for each refusal;
- f. documentation that each of the proposed relocations will save the State money;
- g. a statement that the facility will only accept future referrals from an area DHS facility if a bed is available;
- h. an explanation of how the proposed facility conforms with or deviates from the DHS comprehensive long range development plan for developmental disabilities services.

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



**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>\$ 4,809,210</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;
<u>\$12,000,000</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"> <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>



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_____	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>\$16,809,210</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**

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	State Norms
Enter Historical and/or Projected Years:	2018	2019	2020	2026	
Current Ratio	32.8	21.99	13.45	16.30	1.5 or more
Net Margin Percentage	8.3%	10.2%	(0.32)	7.91%	2.5% or more
Percent Debt to Total Capitalization	0.0%	1.9%	4.32	37.69	80% or less
Projected Debt Service Coverage	N/A	N/A	N/A	3.90	1.5 or more
Days Cash on Hand	1286.2	1383.8	1339.06	1,019.97	45 days or more
Cushion Ratio	N/A	N/A	N/A	85.0	3.0 or More

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



applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

## 2. Variance

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

**APPEND DOCUMENTATION AS ATTACHMENT 29, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## Economic Feasibility

**This section is applicable to all projects**

### A. Reasonableness of Financing Arrangements

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

1. That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
2. That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A. A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or
  - B. Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

### B. Conditions of Debt Financing

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

1. That the selected form of debt financing for the project will be at the lowest net cost available;
2. That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
3. That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

### C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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	\$295.21	\$211.79	12,485	0	5,343	0	\$3,685,684.36	\$1,131,616.41	\$4,817,301
Contingency	\$17.47	\$26.27	12,485	0	5,343	0	\$218,128.43	\$ 140,359.84	\$ 358,488
<b>TOTALS</b>	<b>\$312.68</b>	<b>\$238.06</b>	<b>12,485</b>	<b>0</b>	<b>5,343</b>	<b>0</b>	<b>\$3,903,812.79</b>	<b>\$1,271,976.25</b>	<b>\$5,175,789</b>

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

**D. Projected Operating Costs**

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

**E. Total Effect of the Project on Capital Costs**

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

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



**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	\$ 72,709	\$ 127,291	\$200,000
Site Survey and Soil Investigation	\$ 16,650	\$ 29,150	\$45,800
Site Preparation	\$ 214,753	\$ 375,962	\$590,715
Off Site Work	\$ 43,036	\$ 75,341	\$118,377
New Construction Contracts	\$ 3,685,684	\$ 6,452,428	\$10,138,113
Modernization Contracts	\$ 1,131,616	\$ 1,981,090	\$3,112,707
Contingency-NCC (10%)	\$ 218,128	\$ 381,872	\$600,000
Contingency-MC (15%)	\$ 140,360	\$ 245,724	\$386,084
Architectural/Engineering Fees-NCC	\$ 203,158	\$ 355,662	\$558,820
Architectural/Engineering Fees-MC	\$ -	\$ -	
Consulting and Other Fees	\$ 27,998	\$ 49,016	\$77,014
Movable or Other Equipment	\$ 140,193	\$ 245,432	\$385,625
Bond Issuance Expense	\$ -	\$ -	\$0
Net Interest Expense During Construction	\$ -	\$ -	\$0
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	\$0
Other Costs to be Capitalized	\$ 216,658	\$ 379,297	\$595,955
Acquisition of Building or Other Property	\$ -	\$ -	\$0
<b>Total IDPH Regulated Uses of Funds</b>	<b>\$ 6,110,944</b>	<b>\$ 10,698,266</b>	<b>\$16,809,210</b>
Source of Funds			Total
Cash and Securities	\$ 1,748,376	\$ 3,060,834	\$4,809,210
Pledges	\$ -	\$ -	\$0
Gifts and Bequests	\$ -	\$ -	\$0
Bond Issues	\$ -	\$ -	\$0
Mortgages	\$ 4,362,569	\$ 7,637,431	\$12,000,000
Leases	\$ -	\$ -	\$0
Governmental Appropriations	\$ -	\$ -	\$0
Grants	\$ -	\$ -	\$0
Other Funds and Sources	\$ -	\$ -	\$0
<b>Total Sources of Funds</b>	<b>\$ 6,110,944</b>	<b>\$ 10,698,266</b>	<b>\$16,809,210</b>



**APPENDIX B****Related Project Costs**

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No  
Purchase Price: \$ N/A  
Fair Market Value: \$ N/A

The project involves the establishment of a new facility or a new category of service  
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ N/A.



**APPENDIX C****Project Status and Completion Schedules**

Indicate the stage of the project's architectural drawings:

☐ None or not applicable☐ Preliminary☒ Schematics☐ Final WorkingAnticipated project completion date (refer to Part 1130.140): December 2024

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 (demolished)
<b>CLINICAL</b>	-	-	-	-	-	-	
Nursing	\$6,110,944	12,766	17,828	12,485	5,343	-	7,423
Total Clinical	\$6,110,944	12,766	17,828	12,485	5,343	0	7,423
<b>NON-CLINICAL</b>							
Non-Clinical areas	\$10,698,266	17,149	31,211	14,437	16,774	-	375
Total Non-clinical	\$10,698,266	17,149	31,211	14,437	16,774	0	375
<b>TOTAL</b>	<b>\$16,809,210</b>	<b>29,915</b>	<b>49,039</b>	<b>26,922</b>	<b>22,117</b>	<b>0</b>	<b>7,798</b>

Clinical as a % of total	36.4%
Non-Clinical as a % of total	63.6%



**APPENDIX E****SPECIAL FLOOD HAZARD AREA AND 500YEAR FLOOD PLAIN DETERMINATION FORM**

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is located in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.



1. Applicant: King-Bruwaert House  
(Name) (Address)

(City) (State) (ZIP Code) (Telephone Number)

2. Project Location: 6101 S. County Line Road Burr Ridge, Illinois  
(Address) (City) (State)

(County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (<https://msc.fema.gov/portal/home>) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the **Go To NFHL Viewer** tab above the map. You can print a

copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

**IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes \_\_\_ No \_\_\_**  
**IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN**

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.

If the determination is being made by a local official, please complete the following:

FIRM Panel Number: \_\_\_\_\_ Effective Date: \_\_\_\_\_

Name of Official: \_\_\_\_\_ Title: \_\_\_\_\_

Business/Agency: \_\_\_\_\_ Address: \_\_\_\_\_

(City) (State) (ZIP Code) (Telephone Number)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



# National Flood Hazard Layer FIRMette



## Legend

SEE FIRM REPORT FOR DETAILED LEGEND AND NOTES. MAP FOR FIRM PANEL LAYOUT

<b>SPECIAL FLOOD HAZARD AREAS</b>	Without Base Flood Elevation (BFE) Zone A, V, AE With BFE or Depth (Zone AE, A, V, AE, AP) Regulatory Floodway
<b>OTHER AREAS OF FLOOD HAZARD</b>	0.2% Annual Chance Flood Hazard, Areas of 1% Annual Chance Flood with average depth less than one foot or with drainage areas of less than one square mile Future Conditions 1% Annual Chance Flood Hazard Zone X Areas with Reduced Flood Risk due to Levees, See Notes, Zone X Areas with Flood Risk due to Levees Zone D
<b>OTHER AREAS</b>	Area of Minimal Flood Hazard Zone X Effective LOMR
<b>GENERAL STRUCTURES</b>	Area of Undetermined Flood Hazard Zone D Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
<b>OTHER FEATURES</b>	Cross Sections with 1% Annual Chance Water Surface Elevation Coastal Tractant Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Tractant Basebase Profile Basebase Hydrographic Feature
<b>MAP PANELS</b>	Digital Data Available No Digital Data Available Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authorized property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative FEMA web services provided by FEMA. This map was updated on 3/3/2020 at 2:52:54 PM and does not reflect changes or amendments subsequent to this date and time. The NFIP and effective information may change or become superseded by new data over time.

This map is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifier, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.



## ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

LTC APPLICATION FOR PERMIT  
February 2021 Edition

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

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2	Site Ownership	36-45
3	Operating Identity/Licensee	46-47
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5	Flood Plain Requirements	50-51
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13	Planning Area Need	65
14	Establishment of General LTC Service or Facility	65
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**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued I**Applicant /Co-Applicant Identification**

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

- Corporations and limited liability companies must provide an Illinois certificate of good standing.

The Applicant is **King-Bruwaert House**. The entity is the owner and operating entity of the existing facility, King-Bruwaert House. The entity's Illinois Certificates of Good Standing is included as **ATTACHMENT-1A**.

**ATTACHMENT-1**



File Number

2070-973-1



***To all to whom these Presents Shall Come, Greeting:***

***I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that***

KING-BRUWAERT HOUSE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 21, 1929, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 4TH day of MARCH A.D. 2020 .***

*Jesse White*

SECRETARY OF STATE

Authentication #: 2006401112 verifiable until 03/04/2021

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

ATTACHMENT-1A



**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued II**Site Ownership**

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.

The owner of the existing building and site is **King-Bruwaert House**. The entity's Illinois Certificate of Good Standing is appended as **ATTACHMENT-2A**. As an existing ongoing business, the legal description of the Project's site is provided within the Property Report prepared by Premier Title, appended as **ATTACHMENT-2B**. Additional property details provided from the Cook County Assessor's Office documenting proof of site ownership is appended as **ATTACHMENT-2C**.

**ATTACHMENT-2**



6101 SOUTH COUNTY LINE ROAD  
BURR RIDGE, ILLINOIS 60527



TELEPHONE: 630 323-2250  
FAX: 630 655-8179

April 16, 2020

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

Re: Attestation of Site Ownership - King-Bruwaert House

Dear Ms. Avery:

I hereby attest King-Bruwaert House, an Illinois not-for-profit corporation, located at 6101 South County Line Road, Burr Ridge, Illinois 60521, is the beneficial owner of three parcels of land, pursuant to two trusts agreements (the "Trust Agreements"), trust numbers: 3114 and 3644, dated November 4, 1992 and August 22, 1997, respectively.

The trustee of both Trust Agreements is Chicago Title Land Trust Company, as successor in interest to Harris Bank Hinsdale.

Please find attached copies of the Disclosure of Beneficial Interests and Trust Agreements. Also attached is a title report for King-Bruwaert House, dated January 30, 2020, which includes legal descriptions of each parcel mentioned above.

Sincerely,

Terri Bowen, CEO  
KING-BRUWAERT HOUSE

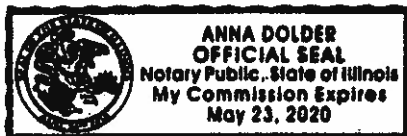
By: *Terri Bowen* Its: Chief Executive Officer

Notarization:

Subscribed and sworn to before me this 16th day of April, 2020.

*Anna Dolder* Signature of Notary

Seal:



WOODS OF KING-BRUWAERT

KING-BRUWAERT HOUSE

GODAIR PARK

ATTACHMENT-2A



**PROPERTY REPORT**

*PREPARED BY:  
PREMIER TITLE  
a policy issuing agent of  
FIRST AMERICAN TITLE INSURANCE COMPANY*

**ORDER NO.: 2020-00624-PT**  
**Effective Date: January 30, 2020**

**NAME(S) OF GRANTEE(S) IN LAST DEED OF RECORD:**

Chicago Title Land Trust Company, as successor trustee under trust agreement dated November 4, 1992 and known as trust number L-3114, as to Parcels 1 and 3;

Chicago Title Land Trust Company, as successor trustee under trust agreement dated August 22, 1997 and known as trust number L-3644, as to Parcel 2

**TAX INFORMATION, ENCUMBRANCES, JUDGMENTS AND OTHER LIENS OF RECORD:****1. Taxes for the year(s) 2019 and 2020**

Taxes for the year 2020 are not yet due or payable.

First installment of 2019 taxes is not billed.

Final installment of 2019 taxes is not yet due or payable.

The general taxes as shown below are marked exempt on the collector's warrants: Year 2018 and prior. Unless satisfactory evidence is submitted to substantiate said exemption, our policy, if and when issued, will be subject to said taxes.

Permanent Index Number: 18-18-300-012-0000 (1 of 2)  
(Affects part of the land)

Note: Beginning with the first installment of 2009 taxes, payable in 2010, the amount of the first installment of Cook County real estate taxes shall be 55% (not 50%) of the preceding year's total tax bill for each permanent index number (Public Act 96-490, effective August 14, 2009, amends section 21-30 of the Property Tax Code, 35 ILCS 200/21-30).

**2. Taxes for the year(s) 2019 and 2020**

Taxes for the year 2020 are not yet due or payable.

First installment of 2019 taxes in the amount of \$224,864.59 is not delinquent before March 3, 2020.

Final installment of 2019 taxes is not yet due or payable.

Permanent Index Number: 18-18-300-013-0000 (2 of 2)  
(Affects part of the land)

Note: Beginning with the first installment of 2009 taxes, payable in 2010, the amount of the first installment of Cook County real estate taxes shall be 55% (not 50%) of the preceding year's total tax bill for each permanent index number (Public Act 96-490, effective August 14, 2009, amends section 21-30 of the Property Tax Code, 35 ILCS 200/21-30).

**END**



**EXHIBIT "A"**

File No.: 2020-00624-PT

**PROPERTY DESCRIPTION****PARCEL 1:**

THAT PART OF THE SOUTH 3/4 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 00 MINUTES 12 SECONDS EAST ALONG THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 300.00 FEET TO AN INTERSECTION WITH A LINE 300.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 410.58 FEET; THENCE SOUTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY AND HAVING A RADIUS OF 103.47 FEET, AN ARC DISTANCE OF 50.81 FEET TO A POINT OF COMPOUND CURVATURE (THE CHORD OF SAID ARC BEARS SOUTH 21 DEGREES 40 MINUTES 05 SECONDS WEST, 50.30 FEET); THENCE SOUTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 503.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 202.04 FEET (THE CHORD OF SAID ARC BEARS SOUTH 47 DEGREES 13 MINUTES 53 SECONDS WEST, 200.69 FEET); THENCE SOUTH 85 DEGREES 17 MINUTES 37 SECONDS WEST, 133.89 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 303.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 160.91 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS NORTH 79 DEGREES 30 MINUTES 59 SECONDS WEST, 159.03 FEET); THENCE NORTH 64 DEGREES 19 MINUTES 34 SECONDS WEST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT 48.35 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 383.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 159.12 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS NORTH 52 DEGREES 26 MINUTES 19 SECONDS WEST, 157.98 FEET); THENCE NORTH 40 DEGREES 33 MINUTES 04 SECONDS WEST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, 52.62 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 263.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 7.55 FEET TO AN INTERSECTION WITH A LINE 300.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4 (THE CHORD OF SAID ARC BEARS NORTH 39 DEGREES 43 MINUTES 47 SECONDS WEST, 7.55 FEET); THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 228.50 FEET TO THE WEST LINE OF SAID SOUTHWEST 1/4; THENCE NORTH 00 DEGREES 03 MINUTES 00 SECONDS WEST, ALONG THE WEST LINE OF SAID SOUTHWEST 1/4, 300.00 FEET TO THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, THENCE NORTH 89 DEGREES 49 MINUTES 30 SECONDS EAST ALONG THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 1302.90 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

**PARCEL 2:**

THAT PART OF THE SOUTH 3/4 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 00 MINUTES 12 SECONDS EAST ALONG THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 300.00 FEET TO AN INTERSECTION WITH A LINE 300.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, SAID LAST DESCRIBED POINT BEING THE PLACE OF BEGINNING; THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID



**EXHIBIT "A"**

(Continued)

File No.: 2020-00624-PT

Commitment No.: 2020-00624-PT

LAST DESCRIBED PARALLEL LINE, 410.58 FEET; THENCE SOUTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY AND HAVING A RADIUS OF 103.47 FEET, AN ARC DISTANCE OF 50.81 FEET TO A POINT OF COMPOUND CURVATURE (THE CHORD OF SAID ARC BEARS SOUTH 21 DEGREES 40 MINUTES 05 SECONDS WEST, 50.30 DDDDDDDDDDDDDDDDDDD FEET); THENCE SOUTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHEASTERLY, HAVING A RADIUS OF 503.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 202.04 FEET (THE CHORD OF SAID ARC BEARS SOUTH 47 DEGREES 13 MINUTES 53 SECONDS WEST, 200.69 FEET); THENCE SOUTH 85 DEGREES 17 MINUTES 37 SECONDS WEST, 133.89 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 303.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 160.91 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS NORTH 79 DEGREES 30 MINUTES 59 SECONDS WEST, 159.03 FEET); THENCE NORTH 64 DEGREES 19 MINUTES 34 SECONDS WEST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT 48.35 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 383.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 159.12 FEET TO A POINT OF TANGENCY (THE CHORD OF SAID ARC BEARS NORTH 52 DEGREES 26 MINUTES 19 SECONDS WEST, 157.98 FEET); THENCE NORTH 40 DEGREES 33 MINUTES 04 SECONDS WEST ALONG A LINE TANGENT TO SAID LAST DESCRIBED CURVED LINE AT SAID LAST DESCRIBED POINT, 52.62 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG A CURVED LINE CONVEX SOUTHWESTERLY, HAVING A RADIUS OF 263.47 FEET AND BEING TANGENT TO SAID LAST DESCRIBED LINE AT SAID LAST DESCRIBED POINT, AN ARC DISTANCE OF 7.55 FEET TO AN INTERSECTION WITH A LINE 300.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4 (THE CHORD OF SAID ARC BEARS NORTH 39 DEGREES 43 MINUTES 47 SECONDS WEST, 7.55 FEET); THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 228.50 FEET TO THE WEST LINE OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 03 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID SOUTHWEST 1/4, 250.00 FEET TO A POINT 550.00 FEET SOUTH OF THE NORTHWEST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 45 DEGREES 47 MINUTES 19 SECONDS EAST, 292.86 FEET; THENCE SOUTH 76 DEGREES 27 MINUTES 44 SECONDS EAST, 387.02 FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 117.32 FEET; THENCE NORTH 24 DEGREES 25 MINUTES 00 SECONDS WEST, 40.00 FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 100.00 FEET; THENCE SOUTH 24 DEGREES 25 MINUTES 00 SECONDS EAST, 40.00 FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 107.00 FEET; THENCE SOUTH 81 DEGREES 50 MINUTES 31 SECONDS EAST, 118.80 FEET; THENCE NORTH 79 DEGREES 10 MINUTES 13 SECONDS EAST, 308.86 FEET; TO A POINT ON THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, SAID POINT BEING 673.55 FEET SOUTH OF THE NORTHEAST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE NORTH 00 DEGREES 00 MINUTES 12 SECONDS WEST ALONG THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 373.55 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

**PARCEL 3:**

THAT PART OF THE SOUTH 3/4 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 03 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 550.00 FEET TO A POINT FOR A PLACE OF BEGINNING; THENCE SOUTH 45 DEGREES 47 MINUTES 19 SECONDS EAST, 292.86 FEET; THENCE SOUTH 76 DEGREES 27 MINUTES 44 SECONDS EAST, 387.02 FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 117.32 FEET; THENCE NORTH 24 DEGREES 25 MINUTES 00 SECONDS WEST, 40.00



**EXHIBIT "A"**  
(Continued)

File No.: 2020-00624-PT

Commitment No.: 2020-00624-PT

FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 100.00 FEET; THENCE SOUTH 24 DEGREES 25 MINUTES 00 SECONDS EAST 40.00 FEET; THENCE NORTH 65 DEGREES 35 MINUTES 00 SECONDS EAST, 107.00 FEET; THENCE SOUTH 81 DEGREES 50 MINUTES 31 SECONDS EAST, 118.80 FEET; THENCE NORTH 79 DEGREES 10 MINUTES 13 SECONDS EAST, 308.86 FEET; TO A POINT ON THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, SAID POINT BEING 673.55 FEET SOUTH OF THE NORTHEAST CORNER OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 00 MINUTES 12 SECONDS EAST ALONG THE EAST LINE OF THE WEST 1/2 OF SAID SOUTHWEST 1/4, 272.45 FEET TO AN INTERSECTION WITH A LINE 946.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 312.13 FEET TO AN INTERSECTION WITH A LINE 990.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 03 MINUTES 00 SECONDS EAST PARALLEL WITH THE WEST LINE OF SAID SOUTHWEST 1/4, 332.00 FEET TO AN INTERSECTION WITH A LINE 1278.00 FEET, AS MEASURED AT RIGHT ANGLES, SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE SOUTH 3/4 OF THE WEST 1/2 OF SAID SOUTHWEST 1/4; THENCE SOUTH 89 DEGREES 49 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, 990.00 FEET TO THE WEST LINE OF SAID SOUTHWEST 1/4; THENCE NORTH 00 DEGREES 03 MINUTES 00 SECONDS WEST ALONG THE WEST LINE OF SAID SOUTHWEST 1/4, 28.00 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.



2/17/2020

Print Pin Details | Cook County Assessor's Office



18183000120000 03/13/2008

## Property Details

18-18-300-012-0000

6101 S COUNTY LINE RD • BURR RIDGE, IL • Lyons

## Tax Details

PROPERTY CLASSIFICATION 0  
 SQUARE FOOTAGE (LAND) 0  
 NEIGHBORHOOD 62  
 TAXCODE 21061  
 NEXT REASSESSMENT to come.

## Assessed Valuation

LAND ASSESSED VALUE \$0  
 BUILDING ASSESSED VALUE \$0  
 TOTAL ASSESSED VALUE \$0

## Exemption Status

## Exemption History

## Characteristics

ESTIMATED 2019 MARKET VALUE \$0  
 ESTIMATED 2018 MARKET VALUE \$0  
 DESCRIPTION Exempt  
 RESIDENCE TYPE USE  
 EXTERIOR CONSTRUCTION  
 FULL BATHS 0  
 HALF BATHS 0  
 BASEMENT<sup>1</sup> None  
 ATTIC None  
 CENTRAL AIR No  
 NUMBER OF FIREPLACES 0  
 GARAGE SIZE/TYPE<sup>2</sup> None  
 AGE 0  
 BUILDING SQUARE FOOTAGE \*\*  
 ASSESSMENT PASS 2019

<sup>1</sup> Excluded from building square footage, except apartment<sup>2</sup> Excluded from building square footage

"Property Location" is not a legal/postal mailing address. Its sole purpose is to help our Office locate the property. Therefore, you should not utilize the property location for any purpose, however, you may update the Property Location with your Legal/Postal Mailing Address should you choose to do so. Updating the address will not change the Property Location to a Legal/Postal Mailing Address.

\*\* Information may be available by submitting an FOIA Request



2/17/2020

Print Pin Details | Cook County Assessor's Office



18183000130000 03/13/2008

## Property Details

18-18-300-013-0000

6101 S COUNTY LINE RD • BURR RIDGE, IL • Lyons

## Tax Details

PROPERTY CLASSIFICATION 297  
 SQUARE FOOTAGE (LAND) 1,076,933  
 NEIGHBORHOOD 62  
 TAXCODE 21061  
 NEXT REASSESSMENT to come.

## Assessed Valuation

LAND ASSESSED VALUE \$706,006  
 BUILDING ASSESSED VALUE \$1,846,592  
 TOTAL ASSESSED VALUE \$2,552,598

## Exemption Status

2018 Homeowner | \$43,156.59 Senior Citizen | \$22,822.80  
 2017 Homeowner | \$41,183.88 Senior Citizen | \$22,900.96 Senior Freeze | \$2,957.29

## Exemption History

2017 Homeowner, Senior Citizen, and Senior Freeze exemption was applied to the property this year.  
 2016 Homeowner, Senior Citizen, and Senior Freeze exemption was applied to the property this year.  
 2015 Homeowner, Senior Citizen, and Senior Freeze exemption was applied to the property this year.  
 2014 Homeowner, Senior Citizen, and Senior Freeze exemption was applied to the property this year.

## Characteristics

ESTIMATED 2019 MARKET VALUE \$22,466,980  
 ESTIMATED 2018 MARKET VALUE \$22,465,980  
 DESCRIPTION Special residential improvements  
 RESIDENCE TYPE  
 USE  
 EXTERIOR CONSTRUCTION  
 FULL BATHS 0  
 HALF BATHS 0  
 BASEMENT<sup>1</sup> None  
 ATTIC None  
 CENTRAL AIR No  
 NUMBER OF FIREPLACES 0  
 GARAGE SIZE/TYPE<sup>2</sup> None  
 AGE 23  
 BUILDING SQUARE FOOTAGE \*\*  
 ASSESSMENT PASS 2019

<sup>1</sup> Excluded from building square footage, except apartment<sup>2</sup> Excluded from building square footage

<sup>3</sup> "Property Location" is not a legal/postal mailing address. Its sole purpose is to help our Office locate the property. Therefore, you should not utilize the property location for any purpose, however, you may update the Property Location with your Legal/Postal Mailing Address should you choose to do so. Updating the address will not change the Property Location to a Legal/Postal Mailing Address.

<sup>4</sup> Information may be available by submitting an FOIA Request



2/17/2020

## Print Pin Details | Cook County Assessor's Office

## Appeal History

Year	Appeal Number	Attorney/Tax Representative	Applicant	Status	Prior Value	Current Value	Result
2019	70589	KELLY J KEELING	KING BRUNWART WOODS	Appeal Review Complete	\$2,246,598	\$2,246,598	Assessed Value Not Adjusted - This due to the failure to abide by the official rules posted by the CCAO.

ATTACHMENT-2C



2/17/2020

## Print Pin Details | Cook County Assessor's Office

## Certificate of Error History

Year	Certificate Number	Property Location	Issued Date	C of E Description	Reason	Comments
2018	16431	6101 S COUNTY LINE RD		Residential Senior Freeze	The Senior Citizen Exemption was not applied.	The Assessor's Office has completed processing the C of E. Please contact the Cook County Treasurer or the Cook County Clerk to determine whether you are entitled to a refund or if a balance is due.
2014	79342	6101 S COUNTY LINE RD		Senior Citizen / Homeowner Cooperative	The Senior Citizen Exemption was not applied.	The Assessor's Office has completed processing the C of E. Please contact the Cook County Treasurer or the Cook County Clerk to determine whether you are entitled to a refund or if a balance is due.
2013	48456	6101 S COUNTY LINE RD		Residential Senior Freeze	The Senior Citizen Exemption was not applied.	The Assessor's Office has completed processing the C of E. Please contact the Cook County Treasurer or the Cook County Clerk to determine whether you are entitled to a refund or if a balance is due.
2012	27202	6101 S COUNTY LINE RD		Residential Senior Freeze	The Senior Citizen Exemption was not applied.	The Assessor's Office has completed processing the C of E. Please contact the Cook County Treasurer or the Cook County Clerk to determine whether you are entitled to a refund or if a balance is due.
2011	80818	6101 S COUNTY LINE RD		Residential Senior Freeze	The Senior Citizen Exemption was not applied.	The Assessor's Office has completed processing the C of E. Please contact the Cook County Treasurer or the Cook County Clerk to determine whether you are entitled to a refund or if a balance is due.

ATTACHMENT-2C



**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued III**Operating Identity/Licensee**

- o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.

The operator/Licensee of the existing King-Bruwaert House is **King-Bruwaert House**. The entity's Illinois Certificate of Good Standing is included as **ATTACHMENT-3A**.

**ATTACHMENT-3**



File Number

2070-973-1



**To all to whom these Presents Shall Come, Greeting:**

***I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that***

KING-BRUWAERT HOUSE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 21, 1929, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



***In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 4TH day of MARCH A.D. 2020 .***

*Jesse White*

SECRETARY OF STATE

Authentication #: 2006401112 verifiable until 03/04/2021

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

ATTACHMENT-3A



**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued iv**Organizational Relationships**

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

**ATTACHMENT-4A**, is the organizational chart for **King-Bruwaert House**. It should be noted that this is an internal organizational chart as this entity has no related or controlling parties.

**ATTACHMENT-4**



## Master Organizational Chart - 03/11/2020





**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued v**Flood Plain Requirements**

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>. Before an application for permit involving construction will be deemed **COMPLETE** the applicant must attest that the project is or is not in a flood plain, and that the location of the proposed project complies with the Flood Plain Rule under Illinois Executive Order #2006-5.

A FIRM map identifying that the area is not within a special flood zone area is appended as **ATTACHMENT-5A**. This item is in conformance with the flood plain requirements.

**ATTACHMENT-5**



# National Flood Hazard Layer FIRMette



## Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	WITHOUT BASE FLOOD ELEVATION (BFE) Zone A, V, AE, AR	WITH BFE or Depth Zone AE, AO, AH, VE, AR	Regulatory Floodway
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X			
Future Conditions 1% Annual Chance Flood Hazard Zone X			
Area with Reduced Flood Risk due to Levees. See Notes, Zone X			
Area with Flood Risk due to Levees Zone D			

OTHER AREAS OF FLOOD HAZARD	Area of Minimal Flood Hazard Zone X	Effective LOMRs	Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer		
	Levee, Dike, or Floodwall		

OTHER FEATURES	Cross Sections with 1% Annual Chance	Water Surface Elevation	Coastal Tract	Base Flood Elevation Line (BFE)	Limit of Study	Jurisdiction Boundary	Coastal Tract Baseline	Profile Baseline	Hydrographic Feature
	20.2	17.2							

MAP PANELS	Digital Data Available	No Digital Data Available	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 3/3/2020 at 1:52:54 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unadministered areas cannot be used for regulatory purposes.

#21-031



**SECTION I – IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**  
Continued vi**Historic Resources Preservation Act Requirements**

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

**ATTACHMENT-6A**, is a letter from the Illinois Historic Preservation Agency (IHPA) documenting compliance with the requirements of the Historic Resources Preservation Act.

**ATTACHMENT-6**





## Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271

www.dnr.illinois.gov

Mailing Address: 1 Old State Capitol Plaza, Springfield, IL 62701

JB Pritzker, Governor

Colleen Callahan, Director

FAX (217) 524-7525

Cook County

Burr Ridge

CON - Modernization/Reduction of Nursing Care Beds, King-Bruwaert House

6101 S. County Line Road

SHPO Log #013031220

April 21, 2020

Kathryn Harris

Foley & Associates, Inc.

133 S. 4th St., Suite 200

Springfield, IL 62701

Dear Ms. Harris:

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

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

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

If you have any further questions, please call 217/782-4836.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. Appleman".

Robert F. Appleman  
Deputy State Historic  
Preservation Officer

ATTACHMENT - 6A



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS *Continued*

### Criterion 1125.320 – Purpose of the Project

This project proposes the modernization of an existing skilled nursing facility that will result in a decrease in licensed skilled nursing bed capacity. Specifically, as part of the modernization, 7 skilled nursing care beds will be discontinued, which will reduce the excess beds in the State's inventory. As part of a continuing care retirement center, the nursing unit is but one component of a community that also offers independent living apartments as well as assisted living, i.e., a full continuum not only on the overall campus but under one roof. Ancillary to these facilities is a geriatric clinic staffed by board-certified geriatricians. It should be noted that the independent living and assisted living facilities will be appropriately separated with the requisite fire barrier and its own means of ingress and egress and, therefore, distinct from the nursing project.

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

King-Bruwaert House was established/built in 1929 and in 1984, the Nursing Care Addition was completed. The Nursing Care Addition (now a 36-year old structure) is becoming functionally obsolete for the delivery of skilled care and the additional maintenance costs would be better spent on a higher level of care and services in an updated building. Fifty percent of the beds are in double occupancy units and all rooms utilize a Jack-and-Jill (Shared) bathroom layout which is inconsistent with the class of amenities that the patient population and their families would expect. As such, the community lacks marketability for residents considering King-Bruwaert House for independent living. The rooms as designed are no longer appropriate for providing this level of care and service, particularly in consideration of the desire to separate residents for privacy and infection controls as currently required to meet IDPH licensure standards. The room allocation and the overall square footage of the Nursing Care Addition is not suitable for future operations. Seniors and their families require private rooms, bathrooms and amenity space for themselves and their loved ones. This fact has been made particularly apparent by the infection control necessities created by the COVID-19 pandemic. Throughout the country, nursing homes have been a particular focus of pandemic control because of the difficulty isolating infected patients from the general population. Finally, the facilities housing the skilled nursing beds have come to the near end of their useful life with several deficiencies such as:

- The underground sanitary sewer is no longer pitched, and the solids accumulate in the pipes requiring the sewer to be rodded on almost a monthly basis.
- The attic dry sprinkling system is corroding and develops leaks creating false alarms.
- The dry valve is also obsolete and needs replacement as well as all the attic piping.
- There are 8 different Heating and Cooling systems that range in age from 12-40 years old.
- Three of the systems from 1983 can only heat or cool at one time making it hard to control temperatures on the mild days.
- The existing steel piping is corroding and is subject to leaks.
- The conditioning of outside make up air is hard to maintain during extreme weather due to the condition of older equipment.
- All the existing mechanical systems are inefficient and not practical with the current prices of energy today.
- The older systems must be continually adjusted and repaired.

**ATTACHMENT-10**



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS *Continued II*

- Except for one room, all rooms have Jack and Jill bathrooms.
- More than one-half of the rooms are two-person as most residents and their family members request private rooms. KBH often has a waitlist for private rooms.
- The configuration of the nursing care space does not lend to small gathering spaces nor is it the 'home like setting' residents desire, but it will be once re-designed.
- Residents spend most of their time in their rooms or in a large dining/multipurpose room. Re-developing this component of the community will provide more choices for the residents to circulate and spend time, which will improve their well-being and outlook.

This project addresses the future viability of KBH in terms of physical plant and marketability. As KBH is home to existing residents and part of a larger campus setting, the existing health services are needed. Modernizing and right sizing those existing health care resources will improve the health care and well-being of the market area population that is currently being served.

### 2. Define the planning area or market area, or other, per the applicant's definition.

KBH's market area is defined by the patient origin of all admissions and by the State's required service area, i.e., a 10-mile radius. Specifically, 91% of KBH's admissions came from within a 10-mile radius verifying the authenticity of the market area.

### 3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.

The existing nursing unit at KBH is outdated and does not offer private bathrooms; primarily private rooms and other amenity space is desired by seniors and their families, which is provided by contemporary facilities and as planned by this project. The existing bed complement presents its own unique challenges with matching genders that share a bathroom and managing isolation issues that could eliminate up to three beds if two double occupancy rooms share a bathroom. These issues are all in addition to the functional obsolescence of the physical plant that is near the end of its useful life. This is especially true for the mechanical, electrical and plumbing ("MEP") systems as listed above. Much of the MEP equipment requires partial to full replacement. The systems as they currently operate are increasing the utility usage of water, gas, electric and sewer. These ageing systems lead to higher operating costs from non-efficient utility use and increased maintenance. It should be noted KBH has gone through great lengths to maintain all systems and that all systems meet current codes and regulation.

The proposed project will right size the overall campus. KBH's nursing bed capacity will be decreased by 7 beds, which is roughly equivalent to the displaced utilization due to gender isolation and private room preference issues. The institutionalism of the physical plant is being addressed by breaking up the two 25-bed units on each floor (1 25-bed and 1 24-bed = 49 bed capacity) into smaller 14-bed households on the two floors of the new addition and allows the existing resident rooms to be renovated for the remaining 14 beds (for a total of 42-nursing care beds) each with private bathrooms. Although this facility is not under the continuum of care

**ATTACHMENT-10**



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS Continued III

variance, it is more in line with the State's norm of providing one nursing bed for every five campus beds which equates to a twenty percent ratio of nursing beds to non-nursing campus units<sup>2</sup>.

4. Cite the sources of the information provided as documentation.

Appended as **ATTACHMENT-10A**, is the Microsoft MapPoint North America 2013 map identifying the primary service area of 10-mile radius and all zip codes within said market area.

Appended as **ATTACHMENT-10B**, SAS Architects and Planners Modernization narrative report.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

The proposed project addresses two issues; the need for the existing nursing unit to be modernized for functionality and marketability and the repositioning of the overall campus. The existing nursing unit and overall campus already care for residents and therefore the population's health status and well-being, but this project will allow that care to continue in a more modern and efficient manner. Moreover, since King-Bruwaert House is modernizing the existing skilled nursing facility which includes an expansion, the current residents will be transitioned to the new skilled nursing beds once the expansion is complete; thereby, allowing the existing nursing space to be renovated. The plan does not require any outplacement or displacement of the current residents.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

The quantifiable goals and measurable objectives associated with any healthcare and housing project are the ability to fill and maintain the project in the long-term. KBH is unique in this area, as it has a long history of maintaining strong occupancy. Over the last two years (December 2017 thru November 2019) the nursing unit produced 29,077 patient days. This equates to an average daily census of 40 residents or a utilization rate of 94.8% based upon the proposed 42 licensed beds. Therefore, maintaining the State's optimal use rate of 90% is obtainable.

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

On behalf of the KBH, SAS Architects, along with all involved in the planning of this project, collaborated on a modernization narrative describing the conditions being upgraded as it relates to architecture, life safety code and MEP. These issues will continue to develop should they not be addressed. What is also clear is that in order to fix the issues, the existing residents would have to be displaced and the existing space would not be able to accommodate the bed

**ATTACHMENT-10**

<sup>2</sup> 77 Illinois Administrative Code, Chapter II, Subchapter b, Part 1125, Item a), Continuum of Care (<http://www.ilga.gov/commission/icar/admincode/077/077011250D05600R.html>)

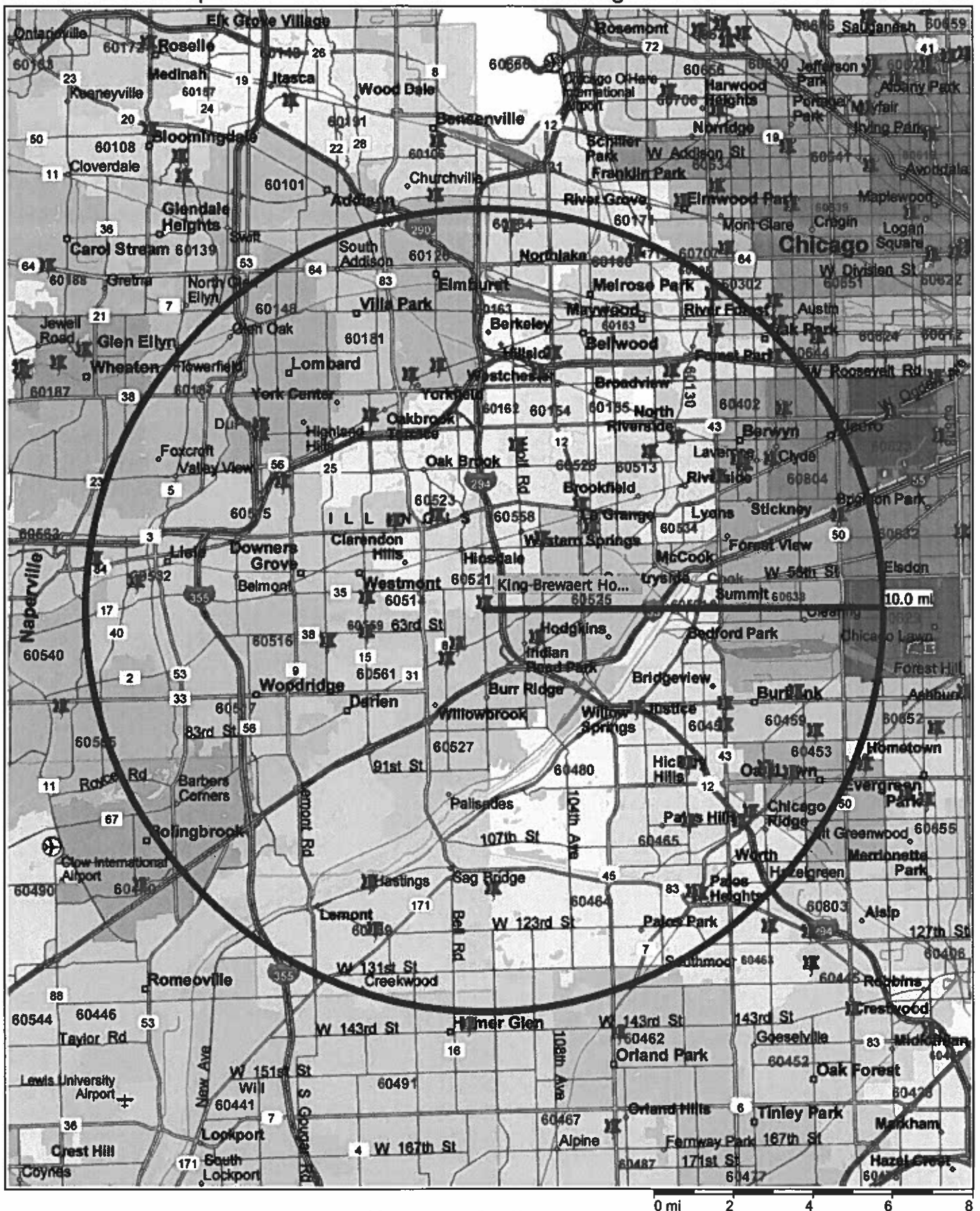


**SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES –  
INFORMATION REQUIREMENTS** *Continued iv*

compliment upon project completion without the construction of new space. Therefore, the purpose of this project is to maintain and improve the nursing level of care and associated amenities in a manner that does not displace existing residents of the continuing care retirement community.



Map Point 10-mile Radius Facilities - King-Bruwaert House



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

ATTACHMENT-10A



**King Bruwaert Certificate of Need - Narrative**

The current Health Center's physical layout and access to amenities is no longer adequate for the needs of today's seniors. The renovation of such spaces, while the facility is still in operation, would be both financially infeasible and detrimental to the quality of life of the residents. The existing mechanical and electrical building systems are inefficient and costly to maintain and need to be replaced with state-of-the-art building systems which improve the quality of life of KBH's seniors and are efficient to operate.

**Architecture:**

The majority of the resident suites in the existing facility are semi-private beds and have a jack-and-jill shared toilets with no private showers. The resident rooms, although adequate for their time, also no longer meet quality standards or ADA compliance. Today's seniors are requesting private beds with access to a private bathroom. The current jack-and-jill shared powder rooms do not provide clear floor spaces, have adequate grab bars or toilets with necessary accessible clearances. Further, none of the resident's feature a shower within their bathroom, which forces all residents to use the assisted bathing facilities, which is both inconvenient and does not provide a level of privacy which today's seniors expect.

Adding to the problem is the placement of the elevator, which is outside the licensed area of the facility beyond a 2-hr separation doorway, hindering staff mobility and functionality. The residents have to be checked out of the skilled nursing floor and escorted when wanting to access the clinic, physical therapy gym or activity areas. The floorplans also feature a limited amount of common areas outside of an activity room and a dining room, providing limited spaces for communal gathering.

This proposed renovation and addition would rectify these issues by providing primarily single occupancy resident rooms, each with an individual bathroom. Each bathroom would include an accessible shower meeting all current ADA codes while providing personal space and privacy. The addition will feature a new elevator which can be accessible within the secured health care wings. The usability of the community spaces will be improved to be more than just sitting areas. A true living room with amenities such as an electric fireplace, comfortable seating and activity areas would be added for the benefit of staff and residents and create a "home-like" atmosphere with smaller gathering spaces not currently available. The renovated areas will also include a country kitchen which aids in making the environment feel more residential.

**Life Safety:**

A non-compliant roof/attic construction is the first of a few major life safety issues which are not in compliance with current codes and regulations. The roof/attic fire separation will be repaired, non-compliant penetrations through rated walls will be fixed, smoke barriers that are non-continuous will be



repaired, inadequate exiting from the existing stairways will be improved, and the facility will be brought up to current life safety code requirements.

To provide the necessary quality of life, these must be updated through replacement and repair, which cannot be completed while occupied. If this was done during occupancy of the building, the renovation would have to be completed one room at a time requiring each resident to be moved from their room multiple times in an unnecessarily long phasing in order to bring the building up to code. This type of construction would also be more costly and involve multiple phases, making this more inconvenient for the residents and staff. In the proposed plan, once the addition is completed the residents will be moved from the existing building into the new building and the entire existing floor will be renovated to fix these life safety issues in one efficient phase.

#### Building Systems:

The current Health Care facility cannot continue to be maintained as is for the long term without significant intervention because the building system infrastructure is continually aging and repair costs keep rising. Repairs will continue to grow in scope and the costs will be unsustainable without this full renovation. A few examples include corroding dry sprinkler systems, intermingled mechanical systems that do not operate efficiently in cold weather, corroding plumbing piping, broken sanitary sewer lines that continually need routing out, and aging equipment. The current systems are costly to repair and are inefficient to operate.

The existing mechanical systems are a combination of forced air and a two-pipe system. These systems allow the zones to be either heated or cooled, which does not allow for individualized control of the temperature. The proposed systems would provide individual control for each room which will provide a greater level of comfort for the residents. The newly proposed systems also are 25 percent more efficient in cooling mode than the aging existing infrastructure.

Ensuring that the electrical life safety systems are separate from the general electrical panels and the transfer switches are provided appropriately is imperative to meeting all codes and can only be accomplished during the process of construction and phasing the project for the next generation life cycle of the facility.



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS *Continued v*

### Criterion 1125.330 – Alternatives

1. Identify ALL of the alternatives to the proposed project:

Alternative options must include:

- a. Proposing a project of greater or lesser scope and cost;
- b. Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- c. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- d. Provide the reasons why the chosen alternative was selected.

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

The alternatives to this project are limited by the fact that KBH is an existing ongoing concern. As such, it considered alternatives of modernization through replacement of all 49-nursing beds; the modernization through replacement of fewer than 42 nursing care beds, pursuing a joint venture and utilizing other health care resources that are available to the alternative of the project as being proposed.

### **ALTERNATIVE #1 Greater Scope- Modernize and Replace all 49 nursing beds:**

The alternative of greater scope would require additional newly constructed space as the existing space is already planned for in the renovation. Therefore, to construct seven additional rooms at the clinical size of 510 gross square feet per bed (510gsf/bed \* 7 beds = 3,570 gsf) at the existing construction cost per square foot (\$306.49) could conservatively add over a million dollars (\$1,094,169) to the project cost, just in terms of hard construction contract expense.

Patient access would be maintained, if not improved, as the existing seven beds that are not being proposed for replacement have not been well utilized given that most were double occupancy rooms that shared a bathroom with an adjacent room, thus, presenting gender, isolation, privacy and desirability issues. To have seven additional private rooms without shared bathrooms would, by definition, count as improved patient access.

KBH provides the highest level of quality possible in the physical environment that it offers. KBH is always seeking ways to improve its quality and in a new modern environment, quality could be further optimized.

The financial benefits of proceeding with this alternative are the issue along with the land limitations of redeveloping within an already developed campus. This means that costs could be

**ATTACHMENT-11**



## **SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS** *Continued vi*

far higher than the proposed estimate of \$1,094,169 and may have to be at the expense of other levels of care already situated on the campus or that are being proposed as part of the overall repositioning of this campus. This alternative would also not align with the State's identified need for beds in this level of care. The update to the State's Inventory of Health Care Facilities and Services and Need Determinations<sup>3</sup> shows that in the greater 7-E planning area there is not a need for new beds. These issues together render this alternative as not viable.

### **ALTERNATIVE #2 Lesser Scope- Modernize and Replace fewer than 42 beds:**

In evaluating this alternative, the converse was presumed from alternative #1, that if it would cost \$306.49 per gross square foot of new construction then that amount could be saved with a smaller project. Therefore, theoretically, this alternative could render itself as a lesser cost project. However, that is not always the case. As the RS Means report indicates, smaller multi-floor projects could cost more on a square footage basis. Additionally, there are some efficiencies not only in construction costs that are realized at certain sizes but in operations of the facility as well.

Anytime the number of beds is limited, such as reducing more than 7 beds from the existing facility license, patient access is diminished. Over the last two years (December 2017 thru November 2019) the KBH nursing unit produced 29,077 patient days. This equates to an average daily census of 40 (39.8) residents or a utilization rate of 94.8% based upon the reduction of nursing beds down to 42 licensed beds. Based on the State's optimal use rate of 90% this project could justify 44 nursing beds (44.2). Thus, any further reduction of beds over the 7 affects actual utilization and not merely effective utilization. This translates into reduced patient access. Finally, this alternative does not contemplate that the nursing unit serves an entire campus. The realignment of the campus beds considered the needs of the whole campus after project completion. A reduced bed compliment under 42 nursing beds limits that accessibility to the campus residents as well.

KBH provides the highest level of quality possible in the physical environment that it offers. It is always seeking ways to improve its quality and can do so in a new modern environment. Modernizing and replacing fewer than 42 nursing care beds would only address quality for the residents that were not displaced.

There appears to be a financial benefit in terms of capital cost, but it is at the peril of the facility's overall operational costs.

### **ALTERNATIVE #3 Pursuing a Joint Venture or Utilizing Other Health Care Resources:**

This project is not a free-standing start-up project. This project is proposing the utilization or the better utilization of an existing health care resource. To close one existing health care resource in lieu of another does not address the issue of cost, patient access, quality and financial benefit to the Applicant, nor the existing residents they serve.

**ATTACHMENT-11**

<sup>3</sup><https://www2.illinois.gov/sites/hfsrb/InventoriesData/MonthlyHCFInventory/Documents/New%20LTC%20Update%20Spreadsheet%20March%202%202020.pdf>



## SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES – INFORMATION REQUIREMENTS *Continued vii*

KBH is located on a campus that provides a full continuum of care. That means that a resident can age-in-place within the campus. The nursing beds, while not limited by the continuum of care variance, give preference to the residents of the campus whose medical needs outweigh their programmatic needs and need skilled nursing care. To outsource this existing service could undermine the entire campus. The residents living at KBH and its campus have become accustomed to a quality of care that is uniform throughout the campus. A joint venture, or utilizing nursing beds outside of the campus, limits the control KBH has on quality of care, quality of physical plant and resulting quality of life of the existing campus residents.

As this project better utilizes existing health care resources, further exploration of this alternative was not evaluated.

### **ALTERNATIVE #4 Project As Proposed:**

The proposed project checks all of the boxes in health planning. It proposes better utilization of existing health care resources. It proposes the right sizing of not only KBH, but of its entire campus. This project controls the ongoing cost of maintaining and operating the existing KBH facility while giving its residents and staff a more modern and comfortable environment. This project maintains quality of care and improves quality of life for residents, their families and the staff who care for them. This project allows the overall campus to realign with current and future need for beds and services, which will benefit the end user as well as the provider.

There is no doubt that the modernization/partial replacement is needed. There is no doubt that the campus realignment is needed. In addition to these two items, the project size and scope are comparatively small and, therefore, there is not a lot of room to alter these two variables outside of what is being proposed. KBH's governance, through proposing this project, is being a good steward of resources that brought King Bruwaert House into existence. For these reasons, this alternative was selected as the most viable.

**Alternative Summary Matrix**

<b>Alternatives</b>	<b>Cost</b>	<b>Patient Access</b>	<b>Quality</b>	<b>Financial Benefit</b>
<b>Greater Scope</b>	More than Proposed Project	Greater than	Equal/Improved	Not worth the additional cost and not consistent with the identified need for nursing beds.
<b>Lesser Scope</b>	Less than Proposed Project	Less than	Equal/improved	No benefit realized when effecting economies-of-scale and displacement of existing residents.
<b>Joint Venture/Utilize Existing Health Care Resources</b>	Not evaluated	Less Than	Could not be guaranteed	Not evaluated as the concept of transferring campus residents in need of nursing care off-site would completely undermine the concept of ageing-in-place within a continuum-of-care campus. No benefits to KBH or campus residents.
<b>Proposed Project</b>	\$16,202,076	Maintained	Maintained	Right sizing of the nursing unit and the overall campus provides benefits for residents, extended family, staff and overall campus.

**ATTACHMENT-11**



**SECTION II – PURPOSE OF THE PROJECT, AND ALTERNATIVES –  
INFORMATION REQUIREMENTS** *Continued viii*

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

The issue as presented here is not about quality. The Applicant states and continues to offer its commitment to the highest quality in care and in a modern and nurturing physical plant environment; therefore, this issue is not germane.

**ATTACHMENT-11**



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** *Continued I***GENERAL LONG-TERM CARE****Criterion 1125.520 – Background of the Applicant**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-12****Criterion 1125.530 - Planning Area Need**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-13****Criterion 1125.540 - Service Demand – Establishment of General Long Term Care**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-14****Criterion 1125.550 - Service Demand – Expansion of General Long-Term Care**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-15****Criterion 1125.560 - Variances to Computed Bed Need**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-16**



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued II**Criterion 1125.570 - Service Accessibility**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-17****Criterion 1125.580 - Unnecessary Duplication/Maldistribution**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT-18****Criterion 1125.590 - Staffing Availability**

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.

**ATTACHMENT- 19**



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued III**Criterion 1125.600 Bed Capacity**

The maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

This project is for the modernization of an existing facility and reduction of nursing care beds. Upon project completion the licensed bed capacity will be 42 nursing beds. Therefore, the proposed project is compliant with this criterion.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued iv**Criterion 1125.610 - Community Related Functions**

The applicant shall document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

Appended as **ATTACHMENT-21A** are eight (8) letters of support for the proposed King-Bruwaert House. These letters are from:

- Rahmawati Sih, MD, Medical Director, King-Bruwaert House.
- Bonnie O’Guinn, System Director, Amita Health Hospice and Palliative Care.
- Mayor Gary Grasso, Village of Burr Ridge.
- Arthur Peters, Bureau of Fire Prevention, Pleasantview Fire Protection District.
- Brad Kmetz, President, Willowbrook-Burr Ridge Chamber of Commerce, Owner, Kmetz Financial Group.
- Dan Janowick, Executive Director, The Community House.
- Bill Sutton, Resident Council President, The Woods of King-Bruwaert.
- Lillian LaPalio, Resident Council President, King-Bruwaert House.

**ATTACHMENT- 21**





November 21, 2019

To Whom It May Concern:

The purpose of this letter is to provide validation of the need for a construction and remodeling project being proposed by King-Bruwaert House. There are various levels of care being provided by this 85+ year-old community. Amita Health Hospice has had many opportunities to provide care to their residents in their final days through our St. Thomas Hospice. Inasmuch as the building is beautiful and well cared for, it is evident in the Health Care Unit that updating and improvements would be desirable for further enriching the lives of their residents.

My understanding of this project is that KB's skilled nursing and memory care units will be reconfigured into three smaller units to provide a more home-like setting with private rooms and bathrooms. I understand that there will also be infrastructure updates that are targeted to provide a more comfortable environment for their residents. Since comfort is something that's very important to elderly residents—and to my staff whose primary purpose is to provide comfort for residents and their families—I couldn't be more pleased about these planned changes.

I'm excited to see this project come to fruition. Meeting the needs and surpassing the expectations of the elderly population in the Burr Ridge/Hinsdale is why KB has enjoyed these many years of success. I'm happy to add my name to the list of those supporting this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Bonnie O'Guinn".

Bonnie O'Guinn  
System Director  
Amita Health Hospice and Palliative Care

ATTACHMENT-21A



## DuPage Medical Group

WE CARE FOR YOU

November 20, 2019

To Whom It May Concern,

King-Bruwaert House is a long-term care community, providing excellent care to Burr Ridge area seniors for over 86 years. In my capacity as Medical Director, I have had the opportunity to observe the community from the standpoint of an interdisciplinary team member providing medical care for residents, as well as being an office occupant of the building--the offices of DuPage Medical Group Geriatrics are located within the building.

King-Bruwaert House currently provides several levels of care. There are residents in Independent Care both on and off campus; and residents in Sheltered Care, Memory Care, and Skilled Nursing within the building. Over the 15 years that I have been affiliated with King-Bruwaert House, there have been many changes to improve the residents' experiences and to address the needs of the surrounding community.

King-Bruwaert House is proud of its history and of its responses to reflect the changing needs and expectations of the communities it serves. The senior living industry, once satisfied with shared bedrooms and bathrooms in a clinical setting, now seeks privacy within a more home-like atmosphere. King-Bruwaert's leadership has responded to that need by making plans to remodel the existing Health Care Center. Plans would provide private bedrooms and bathrooms, and a two-story addition which would include Skilled Nursing on one floor and Skilled Memory Care on the other. These three units will provide care for 14 residents each—decreasing the numbers of residents per unit and enhancing the home-like atmosphere.

This commitment to seniors in the Burr Ridge area is a key reason why I enthusiastically support the development plans for King-Bruwaert House. It is evident that resident-centered care is behind this ambitious project, and their residents—my patients—will benefit from these forward-thinking changes.

Sincerely yours,



Rahmawati Sih, MD  
Medical Director, King-Bruwaert House





VILLAGE OF  
**BURR RIDGE**  
A VERY SPECIAL PLACE

7660 County Line Rd. • Burr Ridge, IL 60527  
(630) 654-8181 • Fax (630) 654-8269 • [www.burr-ridge.gov](http://www.burr-ridge.gov)

Gary Grasso  
Mayor

Karen J. Thomas  
Village Clerk

J. Douglas Pollock  
Village Administrator

November 25, 2019

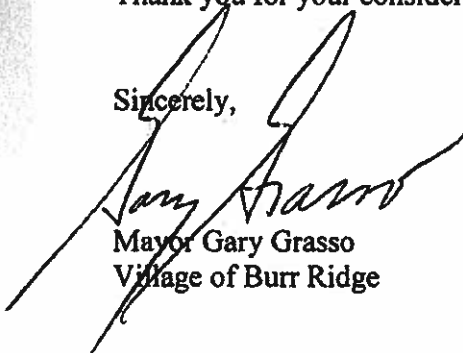
Ms. Karen Miller  
King-Bruwaert House  
6101 County Line Road  
Burr Ridge, Illinois 60527

To whom it may concern:

As Mayor of the Village of Burr Ridge, I am honored to endorse the Certificate of Need application for King-Bruwaert House as part of their planned expansion. King-Bruwaert House is a retirement community that has been present in what is now Burr Ridge for over 85 years. King-Bruwaert House currently offers various levels of care on their 35-acre campus: Independent Living, Sheltered Care, Memory Care, and Skilled Nursing. The purpose for undertaking this project is to accommodate the needs of current and future residents in the skilled nursing market. King-Bruwaert House plans to build and remodel a significant amount of their existing structure, which will reduce their census population but promote a more home-like setting for their current and future residents. Most of the bedrooms and bathrooms are currently shared, but will be private after the construction, which is what more and more residents are seeking in the current market. King-Bruwaert House's goals and values of providing person-centered care in a safe, home-like environment are part of what make the Village of Burr Ridge "A Very Special Place".

Thank you for your consideration of their application as they begin this endeavor.

Sincerely,



Mayor Gary Grasso  
Village of Burr Ridge

ATTACHMENT-21A





**PLEASANTVIEW**  
**FIRE PROTECTION DISTRICT**  
 1970 PLAINFIELD ROAD  
 LAGRANGE HIGHLANDS, IL 60525  
 PHONE (708) 352-9229 FAX (708) 579-2058  
 FAX (708) 784-0386 (ADMIN)  
[www.plvw.org](http://www.plvw.org)

**CHIEF**  
 STEVE NORVILAS  
**DEPUTY CHIEF**  
 KARL ARGAST

**TRUSTEES**  
 JAMES F. GAY, PRESIDENT  
 BROOKS FULLER, JR, SECRETARY  
 JUAN MANUEL GIRON,  
 TREASURER  
 VERNON MILLSAP, TRUSTEE  
 EDWARD SANTEN, TRUSTEE

December 10, 2019

To Whom It May Concern:

This letter is to confirm the need for a construction and remodeling project being proposed by King-Bruwaert House. In an 85-year-old building, it is understandable—and even desirable—that upgrades and replacement of certain areas might be necessary. Pleasantview Fire protection District has had the honor of working with staff for years to make sure that vital fire protection systems are inspected and in good working order. This project will ensure that updating of critical systems for fire protection and infrastructure will continue.

I understand that this project will allow KB's skilled nursing and memory care units to be reconfigured into three smaller units. Their goal is to provide a more home-like setting that will include private rooms and bathrooms, which are more attractive choices for seniors. We understand that there will also be infrastructure updates that are targeted to provide a more comfortable and safe environment for their residents. Updates to the fire protection systems in this type of community will ensure that residents are well protected well into the future.

King-Bruwaert House's commitment to seniors in the Burr Ridge/LaGrange/Willowbrook area is evident and one of the reasons we are happy to support these development plans for King-Bruwaert House. Residents will benefit from these innovative plans and the upgrades that come with it.

Sincerely,

**Arthur Peters**  
Bureau of Fire Prevention  
(708) 352-3021 Ext 2244  
[apeters@plvw.org](mailto:apeters@plvw.org)

Serving the Communities of Burr Ridge,  
 Countryside, Hodgkins, Indian Head Park,  
 LaGrange Highlands. Unincorporated  
 Cook County and Willowbrook  
 For Over 70 Years

ATTACHMENT-21A



**2019 OFFICERS  
AND BOARD  
OF DIRECTORS****PRESIDENT**

Brad Kmetz  
Kmetz Financial Group

**VICE PRESIDENT**

Mike Quinn  
Republic Bank

**SECRETARY**

Kyle Wetzel  
Farmers Insurance

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Mia Verc  
Monarch Accounting  
Group, Inc

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Dave Ricordati  
County Line  
Properties

Mike Schultz  
Turtle Wax, Inc.

Michael Simmons  
Bullseye Cleaning  
Service, Inc.

Cathie Stuart  
Events by Cathie

Debbie Jackson  
Sterling Engineering



**WILLOWBROOK/BURR RIDGE  
CHAMBER OF COMMERCE AND INDUSTRY**  
15W256 N Frontage Rd, Burr Ridge, Illinois 60527  
Tel 630.654.0909  
[www.wbbrchamber.org](http://www.wbbrchamber.org)

On behalf of the Willowbrook-Burr Ridge Chamber of Commerce, I would like to offer support and endorsement of the Certificate of Need application submitted by King-Bruwaert House in Burr Ridge. King-Bruwaert House, with its longstanding reputation for quality care and services, plans to renovate and reconfigure its Skilled Nursing and Memory Care units to better serve our growing population of senior adults.

With the proposed changes, King-Bruwaert House will offer an accommodating, comfortable and professional health care setting featuring private rooms and bathrooms and unit upgrades that will better serve older adults. As an active Chamber of Commerce, we place great value on local member businesses that seek to advance initiatives that benefit our local residents. We believe the changes planned by King-Bruwaert House will bring great benefit to our area with improvements that will meet and exceed the changing needs of our population.

As a Chamber, we recognize King-Bruwaert House for celebrating 86 successful years of providing outstanding and compassionate care. Built in 1933, King-Bruwaert House is recognized as one of the oldest, most established businesses in our community - with a dedicated staff of experienced, tenured professionals. Over the years, the community has made every effort to make ongoing changes to keep pace with the evolving needs identified by local seniors. We are proud of their commitment to bring quality care and updated services and improvements to our area.

Sincerely,

Brad Kmetz  
President, Willowbrook-Burr Ridge Chamber of Commerce  
Owner, Kmetz Financial Group





January 27, 2020

To Whom It May Concern,

With great enthusiasm in representing the staff and members of The Community House in Hinsdale, I would like to offer praise and endorsement for the Certificate of Need application qualifying support for the Skilled Nursing and Memory Care construction project proposed by King-Bruwaert House in Burr Ridge. As a neighboring, non-profit organization that opened its doors in 1941, The Community House has had the honor of collaborating on a variety of projects and events with King-Bruwaert House over the span of many years. Most of our shared activities have focused on specific programs that inform, educate, enlighten and assist local seniors and their families who benefit from our combined and shared knowledge, efforts and resources.

Both of our historic organizations have continued a commitment of providing an abundance of community services for senior adults. While hosting our senior-related programs, we regularly interact with older adults who share their interests, desired services and needs. We believe the Skilled Nursing and Memory Care project planned by King-Bruwaert House will provide a comforting and professional health care environment for those who require services in a skilled setting. Throughout its long journey since 1933, King-Bruwaert House has earned an excellent reputation for providing quality care, making steady improvements and investing in dedicated, experienced and well-trained staff. King-Bruwaert House is well respected as a continuous care community - and we earnestly support their interest in making the necessary improvements that will focus on the well-being of our senior adult population.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Janowick". The signature is stylized with a large, looped "D" and a trailing flourish.

Dan Janowick  
Executive Director



February 1, 2020

To Whom It May Concern,

I appreciate this opportunity to write a letter supporting the improvements that are being planned for our community's skilled nursing units. As a resident of one of King-Bruwaert's independent homes—and as President of our Resident Council—I've given a lot of thought about the possibility that I or my cohorts may someday require assistance and placement in those units. As much as King-Bruwaert House has an excellent reputation for nursing care and service, the environment has become somewhat outdated and, considering its age, infrastructure improvements are undoubtedly warranted.

Speaking for our group of independent residents, I appreciate that King-Bruwaert has put thought and energy into what our residents—and the neighboring communities' residents, I imagine—would like if we find ourselves in a position where we need extra care. Private rooms and bathrooms; a smaller, more intimate sized unit; and a comfortable, homey setting sounds like a place I might like to reside, if that time should come. We also appreciate that King-Bruwaert's forethought is likely to ensure the King-Bruwaert community's solvency into the future.

Thank you for this opportunity share my thoughts, and for considering the needs of our community.

Sincerely,



Bill Sutton

Resident Council President  
The Woods of King-Bruwaert



January 28, 2020

To Whom it May Concern:

This letter is to show support for the work that King-Bruwaert House is planning for improving our skilled nursing unit, known as Health Care. King-Bruwaert has long been known as a retirement community for gracious living, but it is an old building and some of it clearly needs some updating. I know that plans include infrastructure updates, but there will also be updates that will appeal to future residents, such as smaller units that appear to be less like a hospital with a more home-like atmosphere. Residents these days do not like to have to share their bedrooms or bathrooms, so this is a change that will also appeal to new people coming to King-Bruwaert.

As the President of King-Bruwaert's Resident Council, it is my job to look out for the best interests of all our in-house residents. There are many residents, like myself, who will probably eventually be needing the skilled nursing care that our Health Care unit provides, and there's no question that the planned updates will be done with our comfort, safety, and happiness in mind. I appreciate King-Bruwaert's consideration of our needs and am happy to support this project on behalf of the in-house residents at King-Bruwaert House.

Sincerely,



Lillian LaPalio  
Resident Council President  
King-Bruwaert House.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued v**Criterion 1125.620 - Project Size**

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards as stated in Appendix A of 77 Ill. Adm. Code 1125 (LTC rules), unless the additional GSF can be justified by documenting one of the following:

1. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
2. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix A;
3. The project involves the conversion of existing bed space that results in excess square footage.

Upon project completion, King-Bruwaert House will comprise 17,828 gross square feet of clinical space for 42 nursing care beds. This equates to 425 gsf per bed upon project completion. The proposed project complies with this criterion as the full bed compliment does not exceed the range limit of 435-713 gross square feet per bed.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued vi**Criterion 1125.630 - Zoning**

The applicant shall document one of the following:

1. The property to be utilized has been zoned for the type of facility to be developed;
2. Zoning approval has been received; or
3. A variance in zoning for the project is to be sought.

Appended as **ATTACHMENT-23A**, is a letter from providing documentation that the Subject facility is operating in compliance.

**ATTACHMENT- 23**





June 25, 2021

Alex Wilkosz  
SAS Architects  
630 Dundee Road, Suite 110  
Northbrook, IL 60062

**Re: Z-01-2020: King-Bruwaert House (Minor PUD Amendment)**

Dear Mr. Wilkosz:

Upon receipt of your revised site plan for King-Bruwaert House's expansion dated April 30, 2021, staff has determined that due to the reduction of square footage on the site compared to a previous Village approval to expand the real property at the subject location, this revision to the site plans is approved on an administrative basis. No further zoning approvals are required to proceed with the proposed design. Please continue to obtain any necessary permits outside of the zoning process.

Sincerely,

*EVAN B WALTER*

Evan Walter  
Interim Village Administrator  
Village of Burr Ridge



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued vii**Criterion 1125.640 – Assurances**

1. The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.
2. For beds that have been approved based upon representations for continuum of care (Section 1125.560(a)) or defined population (Section 1125.560(b)), the facility shall provide assurance that it will maintain admissions limitations as specified in those Sections for the life of the facility. To eliminate or modify the admissions limitations, prior approval of HFSRB will be required.

According to the Applicable Review Criteria – Guide, this item is not applicable to modernization of existing service projects.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 1**Criterion 1125.650 - Modernization**

1. If the project involves modernization of a category of LTC bed service, the applicant shall document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, due to such factors as, but not limited to:

As described, the construction of King-Bruwaert House's healthcare unit was completed in 1984. This 36-year old structure is tired and quickly becoming functionally obsolete with fifty percent of the rooms as double occupancy units and all rooms utilizing a Jack-and-Jill bathroom layout. This only provides the bare minimum number of single bathrooms to meet IDPH licensure standards. The room allocation and the overall square footage of the KBH is not marketable today. Seniors and their families are demanding private rooms, bathrooms and amenity space for themselves and their loved ones. Additionally, therapy space was not integral to the nursing program when the building was originally built. Finally, the existing building was nearing the end of its useful life and has several deficiencies. Such as, but not limited to:

- The underground sanitary sewer is no longer pitched, and the solids accumulate in the pipes requiring the sewer to be rodded almost on a monthly basis.
- The attic dry sprinkling system is corroding and develops leaks creating false alarms.
- The dry valve is also obsolete and needs replacement as well as all the attic piping.
- The attic fire wall has been compromised and needs replacing, fluorescent lighting in the ceilings are open to the attic space above creating a possible hazard.
- There are 8 different Heating and Cooling systems that range in age from 12-40 years old.
- Three of the systems from 1983 can only heat or cool at one time making it hard to control temperatures on mild days.
- The existing steel piping is corroding and is subject to leaks.
- The conditioning of outside make up air is hard to maintain during extreme weather due to the poor selection and condition of older equipment.
- All the systems are inefficient and not practical with the current prices of energy today.
- The older systems must be continually adjusted and repaired
- All rooms have Jack and Jill bathrooms and only one has a private bathroom.
- More than one-half of the rooms are two-person while most residents request private rooms. We often have a waitlist for private rooms.
- The configuration of the unit does not lend to small gathering spaces nor is it a 'home like setting'.
- Residents are either in their rooms or in a large dining/multipurpose room and would like to have more choices in where time is spent.

The above issues are all in addition to the functional obsolescence of the physical plant that is near the end of its useful life. This is especially true for the systems as listed above. Much of the MEP equipment requires partial to full replacement. The systems as they currently operate are increasing the utility usage of water, gas, electric and sewer. These ageing systems lead to higher operating costs from non-efficient utility use and increase maintenance. It should be noted KBH has gone through great lengths to maintain all systems and that all systems meet codes and regulation that the existing building is reviewed against.

Appended as **ATTACHMENT-10B**, is a physical plant study prepared by SAS Architects and Planners and Cotter Consulting, the lead planning collaborators for the project. This study identifies Architectural life safety and building system issues that necessitate the need

**ATTACHMENT-25**



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 2

for a modernization project. This study expands on some of the items above to include those that meet the current building code (it is reviewed against the code in place in 1984 when the building was constructed), but do not meet current quality standards or ADA compliance. The elevator to the nursing unit is located outside of the unit thus causing logistical issues getting residents to access the clinic, physical therapy or activities.

The study finds that the roof/attic fire separation system cannot meet current life safety codes without displacing residents from their rooms. This issue cannot be remedied while the resident rooms are occupied. It was also found that there are non-compliant “penetrations” through rated walls and smoke barriers and exiting stairways. All these issues will be brought up to current life safety code requirements. It should be known that while the current building meets the standards for which it is reviewed against right now, once one wall is touched or moved in renovations, the entire building must be brought up to current ADA and Life Safety Code requirements.

Finally, the study finds that the current building systems are nearing the end of their useful lives and in some cases have deteriorated to the point of needing near constant maintenance. Such items include corroding dry sprinkler systems, intermingled mechanical systems that only provide cooling or heating (but not both), corroding plumbing, and broken sanitary sewer lines that continually need rodding out. There is also the issue of ensuring that the electrical Life Safety systems are separate from the general electrical panels. Upgrading these is imperative to meet all codes and is essential for the next generation life cycle of the facility.

The full IDPH physical plant licensing requirements for a nursing unit illustrating the need for clean and soiled utilities, an exam room, and a unit tub/shower room are found in the 77 Illinois Administrative Code, Section 300, Subpart O & N – Design and construction standards for new intermediate care and skilled nursing facilities and Design and construction standards for existing intermediate care and skilled nursing facilities, respectively.

2. Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).

KBH is currently licensed for 49 nursing beds and is proposing to decrease the nursing bed compliment to 42 nursing care beds. Over the last two years (December 2017 thru November 2019) the nursing unit produced 29,077 patient days. This equates to an average daily census of 40 residents or a utilization rate of 94.8% based upon the resultant 42 licensed beds. Therefore, it would appear that the Applicant exceeds the occupancy standard of 90% and is in compliance with this item.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 3

**Criterion 1125.720 - Specialized Long-Term Care – Review Criteria**

As this project is for an existing general long-term care facility, this item is not applicable to modernization of existing service projects.



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 4**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:

- a. Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:

The audited financial statements included as **ATTACHMENT-27A** (2020-2018), document the Applicant's ability to fund the equity portion of the project through existing cash and securities.

- 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:

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.;

A letter from Northern Trust attesting to the expectation of making the loan is included as **ATTACHMENT-27B**.



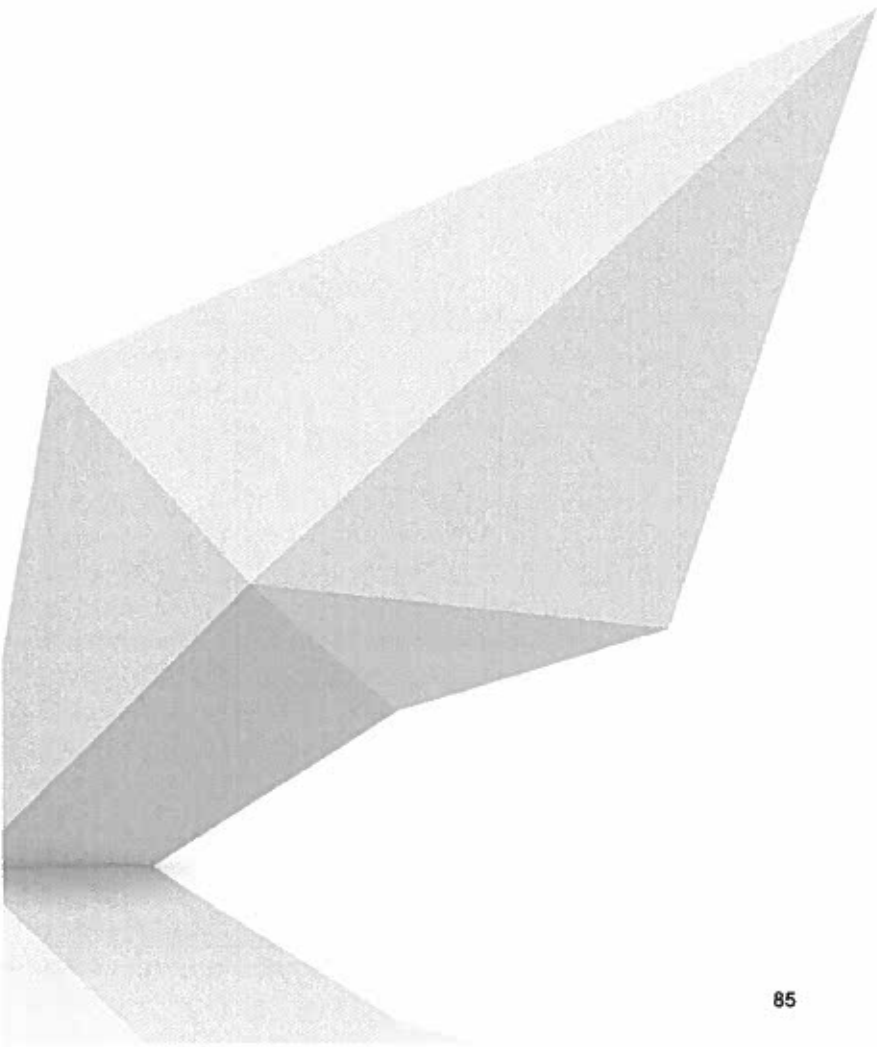
# King-Bruwaert House

Financial Statements

Years Ended June 30, 2020 and 2019



**KING-BRUWAERT  
HOUSE**



**WIPFLI**

ATTACHMENT-27A





## Independent Auditor's Report

Board of Directors  
King-Bruwaert House  
Burr Ridge, Illinois

We have audited the accompanying financial statements of King-Bruwaert House, which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King-Bruwaert House as of June 30, 2020 and 2019, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

September 29, 2020



**King-Bruwaert House****Balance Sheets**

June 30, 2020 and 2019

<b>ASSETS</b>		<b>2020</b>	<b>2019</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$	296,107	\$ 162,711
Accounts receivable:			
Residents - Net		819,836	779,107
Other		497,780	144,928
Prepaid expenses		150,689	182,929
<b>Total current assets</b>		<b>1,764,412</b>	<b>1,269,675</b>
Investments		39,108,094	39,786,581
Investment in unconsolidated affiliates		20,502	51,884
Property and equipment - Net		21,645,235	18,926,807
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>62,538,243</b>	<b>\$ 60,034,947</b>



**King-Bruwaert House****Balance Sheets (Continued)**

June 30, 2020 and 2019

<b>LIABILITIES AND NET ASSETS</b>			<b>2020</b>	<b>2019</b>
<b>Current liabilities:</b>				
Accounts payable		\$	517,462	\$ 157,807
Accrued expenses:				
Salary and benefits			647,942	457,781
Real estate taxes			509,100	474,700
Other			197,002	188,494
Refundable deposits			-	5,000
Current maturities of long-term debt			1,166,667	583,333
<b>Total current liabilities</b>			<b>3,038,173</b>	<b>1,867,115</b>
<b>Long-term liabilities:</b>				
Long-term debt			1,708,722	738,986
Obligation under interest rate swap agreement			67,599	-
Deferred revenue from advance residency fees			19,233,348	18,246,807
Obligation to provide future services			641,985	1,295,650
<b>Total long-term liabilities</b>			<b>21,651,654</b>	<b>20,281,443</b>
<b>Total liabilities</b>			<b>24,689,827</b>	<b>22,148,558</b>
<b>Net assets:</b>				
Without donor restrictions			37,401,394	37,476,950
With donor restrictions			447,022	409,439
<b>Total net assets</b>			<b>37,848,416</b>	<b>37,886,389</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$</b>	<b>62,538,243</b>	<b>\$ 60,034,947</b>

See accompanying notes to financial statements.



**King-Bruwaert House****Statements of Operations**

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Revenue:</b>		
Resident fees and assessments	\$ 10,159,276	\$ 10,089,118
Other	1,630,095	234,723
<b>Total revenue</b>	<b>11,789,371</b>	<b>10,323,841</b>
<b>Expenses:</b>		
Healthcare	3,021,207	3,121,908
Dietary	1,072,945	1,071,167
Housekeeping and laundry	469,494	467,423
Resident activities	317,923	296,160
Lifecare services	81,451	83,673
Woods resident expenses	431,850	362,105
Godair Park expenses	200,189	216,525
Maintenance	1,164,702	1,243,556
General and administrative	4,557,706	3,725,272
Depreciation	1,576,075	1,623,446
Change in estimated obligation to provide future services	(653,665)	(62,602)
Provision for bad debts	77,000	12,053
<b>Total expenses</b>	<b>12,316,877</b>	<b>12,160,686</b>
<b>Loss from operations</b>	<b>(527,506)</b>	<b>(1,836,845)</b>
<b>Other income (loss):</b>		
Net investment income	332,624	2,208,978
Loss on unconsolidated affiliates	(31,382)	(31,104)
Contributions	216,307	188,548
Change in fair value of interest rate swap agreement	(67,599)	-
Gain (loss) on disposal of property and equipment	2,000	(2,032)
<b>Total other income - Net</b>	<b>451,950</b>	<b>2,364,390</b>
<b>Revenue in excess (deficiency) of expenses</b>	<b>(75,556)</b>	<b>527,545</b>
<b>Other changes in net assets without donor restrictions - Change in net unrealized gains and losses on investments other than trading securities</b>	<b>-</b>	<b>443,817</b>
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>\$ (75,556)</b>	<b>\$ 971,362</b>

See accompanying notes to financial statements.



**King-Bruwaert House**  
**Statements of Changes in Net Assets**  
Years Ended June 30, 2020 and 2019

	2020	2019
Net assets without donor restriction:		
Revenue in excess (deficiency) of expenses	\$ (75,556)	\$ 527,545
Other changes in net assets without donor restriction - Change in net unrealized gains and losses on investments other than trading securities	-	443,817
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>(75,556)</b>	<b>971,362</b>
Net assets with donor restrictions:		
Contributions	52,161	64,780
Investment income	27,734	24,294
Net assets released from restrictions	(42,312)	(5,010)
<b>Increase in net assets with donor restrictions</b>	<b>37,583</b>	<b>84,064</b>
<b>Increase (decrease) in net assets</b>	<b>(37,973)</b>	<b>1,055,426</b>
<b>Net assets at beginning</b>	<b>37,886,389</b>	<b>36,830,963</b>
<b>Net assets at end</b>	<b>\$ 37,848,416</b>	<b>\$ 37,886,389</b>

See accompanying notes to financial statements.



**King-Bruwaert House****Statements of Cash Flows**

Years Ended June 30, 2020 and 2019

	2020	2019
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (37,973)	\$ 1,055,426
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,576,075	1,623,446
Provision for bad debts	77,000	12,053
Gain (loss) on disposal of property and equipment	(2,000)	2,032
Amortization of deferred revenue from advance residency fees	(1,378,022)	(1,256,402)
Change in estimated obligation to provide future services	(653,665)	(62,602)
Net proceeds from advance residency fees	2,364,563	702,718
Change in net realized and unrealized gains and losses on investments	254,941	(2,036,142)
Amortization of bond issuance costs	8,256	-
Loss on unconsolidated affiliates	31,382	31,104
Change in valuation of interest rate swap agreement	67,599	-
Restricted contributions	(11,161)	(62,280)
Changes in operating assets and liabilities:		
Residents accounts receivable	(117,729)	69,032
Other accounts receivable	(352,852)	(63,772)
Prepaid expenses	(31,280)	(83,757)
Accounts payable	147,970	7,430
Accrued expenses	233,069	26,098
Refundable deposits	(5,000)	(15,000)
Net cash provided by (used in) operating activities	2,171,173	(50,616)
Cash flows from investing activities:		
Purchases of property and equipment	(4,019,298)	(2,625,495)
Proceeds from sale of property and equipment	2,000	3,400
Proceeds from sale of property held for sale	-	157,546
Net change in investments	423,546	724,481
Net cash used in investing activities	(3,593,752)	(1,740,068)



**King-Bruwaert House**  
**Statements of Cash Flows (Continued)**  
Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from financing activities:</b>		
Restricted contributions	\$ 11,161	\$ 62,280
Proceeds from issuance of long-term debt	2,128,147	1,371,853
Payments on long-term debt	(583,333)	-
Payment for bond issuance costs	-	(49,534)
<b>Net cash provided by financing activities</b>	<b>1,555,975</b>	<b>1,384,599</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>133,396</b>	<b>(406,085)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>162,711</b>	<b>568,796</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 296,107</b>	<b>\$ 162,711</b>
<b>Noncash investing activities:</b>		
Purchase of property and equipment in accounts payable	\$ 337,874	\$ 62,669

See accompanying notes to financial statements.



# King-Bruwaert House

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **The Entity**

King-Bruwaert House (the "House") is a not-for-profit organization incorporated in the state of Illinois. The principal operation of the House is to provide housing and healthcare services to adults aged 60 and over. The House provides sheltered care, assisted living, Alzheimer's and dementia care, and healthcare to its residents, as well as maintains 58 independent living cottages, the Woods of King-Bruwaert (the "Woods"), and 31 duplex apartments in Godair Park.

The House has lifecare contracts with certain residents to provide housing, healthcare, and other services. In exchange for these services, the House receives these residents' assets and future income.

#### **Financial Statement Preparation**

The House follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) for nongovernmental entities.

#### **Use of Estimates in Preparation of Financial Statements**

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

#### **Cash Equivalents**

The House considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the House's investment portfolio.

#### **Resident Receivables and Credit Policy**

Resident accounts receivable are uncollateralized resident obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of the House. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

The House does not have a policy to charge interest on past due accounts.

The carrying amounts of resident accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. The allowance for bad debts was \$60,293 and \$20,001 at June 30, 2020 and 2019, respectively.



## **King-Bruwaert House**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Investments and Investment Income**

Investments are measured at fair value in the accompanying balance sheets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenue in excess (deficiency) of expenses unless the income or loss is restricted by donor or law. In 2019 and prior, unrealized gains and losses on investments were excluded from revenue in excess (deficiency) of expenses. With the adoption of FASB Accounting Standards Update (ASU) 2016-01, unrealized gains and losses on equity investments are included in excess of revenue over expenses. In adopting this ASU, management chose to consider the investment portfolio a trading portfolio, thus all unrealized gains and losses in 2020 and forward will be included in investment income. Realized gains and losses are determined by specific identification.

Investments of the various restricted funds are commingled for investment purposes and are available as needed to support the approved program expenditures of the respective funds. For restricted funds with a current-year average balance greater than \$50,000, the House allocates investment income to provide a 7.9% return on that average balance. Investment income after the allocations is classified as without donor restrictions.

##### **Fair Value Measurements**

GAAP specifies a three-tier fair value hierarchy, which prioritizes the inputs used in estimating fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.



## King-Bruwaert House

### Notes to Financial Statements

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#### Note 1: Summary of Significant Accounting Policies (Continued)

##### Investment in Unconsolidated Affiliates

The House has the following investments:

##### **KB Nursing at Home, LLC**

On May 27, 2016, the House entered into an operating agreement with Allegiance Nursing, LLC to form KB Nursing at Home, LLC ("Nursing at Home"). Nursing at Home provides on-site licensed nursing services to residents of the Woods and Godair Park, along with community residents who need nursing care in their homes. The House owned 50% of the membership interest in Nursing at Home and made an initial capital contribution of \$50,000 in 2016. The House purchased the remaining 50% interest on November 21, 2017 for \$10,000. As of June 30, 2020 and 2019, Nursing at Home's assets, which primarily consisted of cash and leasehold improvements, was \$25,434 and \$28,842, respectively, and its liabilities, which primarily consisted of related party payables, was \$83,827 and \$55,853, respectively. The revenue was \$735 and \$5,723 in 2020 and 2019, respectively, and the net loss was \$31,383 and \$31,104, respectively. Although Nursing at Home is a wholly-owned subsidiary of the House, it is reflected in the accompanying balance sheets as an investment in unconsolidated affiliate and has not been consolidated in these financial statements because it was deemed not to be significant to the financial statements as a whole as of June 30, 2020 and 2019. The investment is recorded under the equity method and was \$(58,393) and \$(27,011) at June 30, 2020 and 2019, respectively.

##### **Caring Communities**

In December 2016, the House entered into an operating agreement with Caring Communities, a Reciprocal Risk Retention Group. Caring Communities provides the House with risk management practices that increase resident safety by preventing incidents that could lead to injury. In December 2016, the House made an initial capital contribution of \$15,779, with an additional amount of \$63,116 contributed in 2018. This investment is recorded at \$78,895 at June 30, 2020 and 2019.

##### Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 10 to 40 years for land improvements and buildings and building improvements and from 5 to 15 years for furniture and equipment.

##### Impairment of Long-Lived Assets

The House reviews its property and equipment periodically to determine potential impairment by comparing the carrying value of the assets with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the House would recognize an impairment loss at that time. No impairment loss was recorded in 2020 or 2019.



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Advance Residency Fees**

Advance payments made by residents of the House upon entering into a lifecare contract are nonrefundable and are recorded as deferred revenue and amortized to revenue over the estimated future life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each individual. Upon a resident's death, the resident's unamortized entrance fee is recorded as revenue.

Advance fees paid by residents of the Woods are refundable to the extent of the lesser of the advance fee paid by the resident or the amount of the new advance fee received upon reoccupancy of the resident's unit. These advance fees are recorded as deferred revenue and are amortized to revenue over the estimated life of the cottages.

##### **Obligation to Provide Future Services**

The House calculates annually the present value of the net cost of future services and use of facilities to be provided to current lifecare residents and compares that amount with the balance of deferred revenue from advance residency fees for those residents. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding adjustment to operating expense. An interest rate of 5% was used to discount the liability to provide future services at June 30, 2020 and 2019. At June 30, 2020 and 2019, the present value of the net cost of future services exceeded the unamortized deferred revenue from advance residency fees; accordingly, a liability of \$641,985 and \$1,295,650, respectively, was recorded.

##### **Interest Rate Swap Agreement**

Interest rate swap agreements are measured at fair value in the accompanying combined balance sheets. The Organization uses interest rate swap agreements to manage interest rate risk and to stabilize cash flow variability on its variable-rate debt. The House has adopted the fair value option of accounting for its interest rate swap agreements. Under the fair value option, changes in fair value are recorded as other income (loss) in the accompanying statements of operations.

##### **Net Assets**

Net assets of the Home and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Net Assets (Continued)**

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2020 and 2019, net assets with donor restrictions consisted primarily of amounts donated for nursing scholarships (see Note 12).

##### **Resident Fees and Assessments**

Resident fees and assessments includes monthly occupancy and service fees from residents, which is recognized as earned, as well as amortization of deferred revenue from advance residency fees.

##### **Donor-Restricted Gifts**

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the House are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either with or without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations as other revenue, unless the contribution was for property and equipment.

##### **Charity Care**

The House provides care to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The House maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the House does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

##### **Revenue in Excess (Deficiency) of Expenses**

The statements of operations and changes in net assets include the classification revenue in excess (deficiency) of expenses, which is considered the operating indicator. Changes in net assets without donor restrictions, which are excluded from the operating indicator, include unrealized gains and losses on investments other than trading securities (in 2019) and contributions of long-lived assets including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets.



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits which are allocated on the basis of estimates of time and effort, and utilities and depreciation, which are allocated on the basis of square footage.

##### **Advertising Costs**

Advertising costs are expensed as incurred.

##### **Income Taxes**

The House is a nonprofit organization exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The House is also exempt from state income taxes on related income.

##### **Accounting Pronouncements Adopted**

In 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall*. ASU 2016-1 requires equity investments (except those using equity method accounting) be measured at fair value with changes in fair value recognized within the operating indicator. The House adopted this guidance prospectively in 2020.

In 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*. The amendments in ASU No. 2016-18 require that the statements of cash flows explain the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. The implementation of this standard had no significant impact to the financial statements of the House.

In 2018, the FASB issued ASU No. 2018-08, *Contributions Received and Contributions Made*. This ASU provides a principle for determining whether a transfer of assets is an exchange transaction or a contribution. This ASU also clarifies whether a contribution is conditional on the basis of whether an agreement contains a barrier that must be overcome and either a right of return of the assets transferred or a right of release of a promisor's obligation to transfer the asset in order to record contribution revenue. The implementation of this standard had no significant impact to the financial statements of the House.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### New Accounting Pronouncements

In 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. This ASU requires that refundable entrance fees will no longer be amortized into income, but must be shown as liabilities until refunded. The effect of implementing this ASU will be a reduction to revenue, an increase to liabilities, and a cumulative effect adjustment to net assets without donor restrictions. ASU No. 2014-09 is effective for the House in 2021.

In 2016, the FASB issued ASU No. 2016-02, *Leases*. The objective of this ASU is to assist organizations in recognizing the right to use of an asset and its related liability or obligation when there is a contract in place, which includes the right to control or direct the use of an identifiable asset. This ASU is effective for the House in 2022, with early adoption permitted.

The House is currently evaluating the impact these ASUs will have on the financial statements and disclosures.

##### Subsequent Events

The House has evaluated subsequent events through September 29, 2020, which is the date the financial statements were available to be issued.

#### Note 2: Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the balance sheet date, comprise the following as of June 30:

	2020	2019
Cash and cash equivalents	\$ 296,107	\$ 162,711
Investments	39,108,094	39,786,581
Resident receivables - Net	819,836	799,107
Other accounts receivable	497,780	144,928
Less: Restricted contributions included in investments	(447,022)	(409,439)
<b>Total financial assets for general expenditure</b>	<b>\$ 40,274,795</b>	<b>\$ 40,483,888</b>

The House does not have a formal liquidity policy, but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately one month of operating expenses.



# King-Bruwaert House

## Notes to Financial Statements

### Note 3: Investments

Investments consisted of the following at June 30:

	2020	2019
Money market funds	\$ 1,612,331	\$ 921,625
Mutual funds	886,776	1,163,274
Exchange-traded funds	2,655,069	4,994,843
Common/collective trusts	6,381,436	6,675,876
Fixed income securities	17,425,033	11,758,952
Equity securities	8,024,208	10,158,807
Alternative investments	2,123,241	4,113,204
<b>Total investments</b>	<b>\$ 39,108,094</b>	<b>\$ 39,786,581</b>

### Investment Return

Investment return, included in net assets without donor restrictions, including gains and losses on cash equivalents and investments consisted of the following for the years ended June 30:

	2020	2019
Interest and dividends	\$ 758,709	\$ 766,593
Realized gains from sales of investments	1,622,211	1,592,325
Change in net unrealized gains (losses) on investments other than trading securities	(1,877,152)	443,817
Investment fees	(171,144)	(149,940)
<b>Net investment income</b>	<b>\$ 332,624</b>	<b>\$ 2,652,795</b>

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



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 3: Investments (Continued)**

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in an impairment. For mutual and exchange-traded funds, common/collective trusts, and alternative investments, the House considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For fixed income securities, if the House has made a decision to sell the security, or if it's more likely than not the House will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the House has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other than temporary impairment is considered to have occurred.

Because the House has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2020 and 2019, are not other than temporarily impaired. No impairment losses were recognized by the House in 2020 and 2019. Unrealized losses are not significant at June 30, 2020 and 2019.

#### **Note 4: Fair Value Measurements**

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

**Money market funds:** Valued using \$1 as the net asset value (NAV).

**Mutual funds:** Valued at the daily closing price as reported by the fund. These funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price and are deemed to be actively traded.

**Common collective trusts (CCT) and hedge funds:** Valued at the NAV of shares held at year-end. The CCT and hedge fund's NAV share price is quoted on a private market that is not active; however, the unit price is based on underlying investments, which are traded on an active market.

**Equity securities and exchange-traded funds:** Valued at quoted market prices from active markets.

**Corporate bonds and U.S. government and agency obligations:** Valued using quotes from pricing vendors based on recent trading activity and other observable market data.

**Private equity funds:** Valued using the NAV as reported by the investment manager, taking into consideration prices of recent purchases or sales of the same issuer and value of the underlying investments held by the fund.



# King-Bruwaert House

## Notes to Financial Statements

### Note 4: Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the House believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level assets measured at fair value on a recurring basis as of June 30:

	2020			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 1,612,331	\$ -	\$ 1,612,331
Mutual funds:				
Real estate	886,776	-	-	886,776
Exchange-traded funds:				
U.S. equities	1,799,189	-	-	1,799,189
Fixed income	855,880	-	-	855,880
Equity securities	8,024,208	-	-	8,024,208
Fixed income securities:				
Corporate bonds	-	14,909,456	-	14,909,456
U.S. government and agency securities	-	2,515,577	-	2,515,577
<b>Total assets in the fair value hierarchy</b>	<b>11,566,053</b>	<b>19,037,364</b>	<b>-</b>	<b>30,603,417</b>
Assets measured at NAV:				
Common/collective trusts - International equities				6,381,436
Alternative investments:				
Hedge fund				74,142
Private equity funds				2,049,099
<b>Total assets measured at NAV (a)</b>				<b>8,504,677</b>
<b>Total assets at fair value</b>				<b>\$ 39,108,094</b>



# King-Bruwaert House

## Notes to Financial Statements

### Note 4: Fair Value Measurements (Continued)

	2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 921,625	\$ -	\$ 921,625
Mutual funds:				
Real estate	1,163,274	-	-	1,163,274
Exchange-traded funds:				
U.S. equities	3,811,032	-	-	3,811,032
Fixed income	1,183,811	-	-	1,183,811
Equity securities	10,158,807	-	-	10,158,807
Fixed income securities:				
Corporate bonds	-	5,765,284	-	5,765,284
U.S. government and agency securities	-	5,993,668	-	5,993,668
<b>Total assets in the fair value hierarchy</b>	<b>16,316,924</b>	<b>12,680,577</b>	<b>-</b>	<b>28,997,501</b>
Assets measured at NAV:				
Common/collective trusts - International equities				6,675,876
Alternative investments:				
Hedge fund				2,137,838
Private equity funds				1,975,366
<b>Total assets measured at NAV (a)</b>				<b>10,789,080</b>
<b>Total assets at fair value</b>				<b>\$ 39,786,581</b>

(a) In accordance with GAAP, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the balance sheets.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 4: Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the House's investments whose fair value is estimated at net asset value per share as of June 30:

	Fair Value 2020	Fair Value 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund (a)	\$ 74,142	\$ 2,137,838	\$ -	Quarterly	60-Days
Private equity funds (b)	2,049,099	1,975,366	1,066,412	N/A	N/A
Common Trust funds (c)	6,381,436	6,675,876	-	Daily	3-Days

(a) Invests in offshore partnerships to generate risk-adjusted returns with significant capital preservation, low correlation to traditional markets, and muted volatility.

(b) Invests in various private equity funds that offer the potential to generate top-quartile performance and produce returns in excess of the public equity markets.

(c) Invests in various non-US equity publicly traded index funds or fund of funds, with the primary focus being total return, achieved through investment in developing countries.

#### Note 5: Property and Equipment

Property and equipment consisted of the following at June 30:

	2020	2019
Land and land improvements	\$ 3,399,250	\$ 3,399,250
Buildings and building improvements	54,131,330	50,086,830
Furniture and equipment	3,778,246	3,652,500
Total property and equipment	61,308,826	57,138,580
Less - Accumulated depreciation	41,767,072	40,212,566
Net depreciated value	19,541,754	16,926,014
Construction in progress	2,103,481	2,000,793
Property and equipment - Net	\$ 21,645,235	\$ 18,926,807



## King-Bruwaert House

### Notes to Financial Statements

#### Note 5: Property and Equipment (Continued)

Amounts in construction in progress at June 30, 2020, relates to the Independent Living Unit (ILU) and Health Center (HC) expansion project. The ILU and HC expansion project is comprised of architectural and market study fees, is estimated to cost \$56,300,000 and is expected to be completed in March 2023. At June 30, 2020, the House has no unpaid commitments related to this project. Amounts in construction in progress at June 30, 2019, relate to the Carrington Hall project and the ILU and HC expansion project. The Carrington Hall project is comprised of renovations to the sheltered and assisted living units and was completed in September 2019.

#### Note 6: Line of Credit

At June 30, 2020, the House has a line of credit of \$1,000,000 with a bank. The line of credit bears interest at the greater of 2.50% or the sum of the overnight LIBOR rate plus 2.50%. The line of credit is unsecured and is due on demand. There were no borrowings under the line of credit at June 30, 2020 and 2019. The line of credit matured on July 1, 2020, and was not renewed.

#### Note 7: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2020	2019
Revenue Bonds, Series 2018, dated December 1, 2018, interest rate of 2.42% at June 30, 2020, principal maturing in varying annual amounts through December 2022.	\$ 2,916,667	\$ 1,371,853
Less:		
Bond issuance costs	41,278	49,534
Current maturities	1,166,667	583,333
<b>Total</b>	<b>\$ 1,708,722</b>	<b>\$ 738,986</b>

In December 2018, the House issued \$3,500,000 of Village of Burr Ridge, Dupage and Cook Counties, Illinois Revenue Bonds, Series 2018. The Series 2018 Revenue Bonds were purchased by a bank in a private placement transaction. The proceeds were used and are to be used to pay for the Carrington Hall project and ILU and HC expansion project. At June 30, 2020, the bank is holding the remaining \$344,072 of unspent bond proceeds, and the House is drawing on these bonds to pay for continued ILU and HC expansion project invoices as they come in. The Series 2018 Revenue Bonds bear interest through December 21, 2019 at the Overnight LIBOR Rate, and thereafter, until paid, at Monthly LIBOR Index Rate. The financing agreement requires the House to maintain certain financial and other covenants. The Revenue Bonds are collateralized by all revenue of the House.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 7: Long-Term Debt (Continued)

Scheduled payments of principal on long-term debt, assuming the House borrows the entire \$3,500,000 available, at June 30, 2020, including current maturities, are summarized as follows:

2021	\$ 1,166,667
2022	1,166,667
2023	583,333
<hr/>	
Total	\$ 2,916,667

#### Note 8: Interest Rate Swap Agreement

In 2020, the House entered into an interest rate swap agreement, which effectively converts the variable interest rate on the Series 2018 Revenue Bonds to a fixed rate during the term of the swap agreement. The notional amount of the swap agreement at June 30, 2020, was \$2,916,667 and amortizes with the Series 2018 Revenue Bonds. The House pays a fixed rate of 4.0% and receives 75% of one-month LIBOR plus 225 basis points. The interest rate swap agreement terminates December 21, 2022. The interest rate swap agreement is stated at fair value and is recorded as a liability of \$67,599 as of June 30, 2020.

#### Note 9: Paycheck Protection Program Loan

In March 2020, the CARES Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small business cover their near-term operating expenses and to provide an incentive to retain their employees during the COVID-19 crisis. The House applied for and was approved for a loan of \$1,408,042 that may be partially or fully forgiven based on the level of employee retention and if utilized for payroll costs, mortgage obligations, rent, or utilities within a specified covered period and in accordance with the terms and conditions of the PPP loan. The portion of the loan that is not forgiven, if any, will have a maturity no longer than two years and will bear interest at 1%. Management believes the House has met all the requirements at June 30, 2020, to have the PPP loan forgiven and, therefore, the loan was fully recognized in 2020 as grant revenue included in other operating revenue in the accompanying statements of operations.

#### Note 10: Retirement Plan

The House has a participant-directed defined contribution plan. Eligible employees contribute a portion of their compensation to the plan and the House matches 100% of the first one percent and 50% of the next five percent of eligible participant compensation contributed by the employee. Additional profit-sharing contributions are also allowed at the discretion of management. No additional profit-sharing contributions were made by the House in 2020 or 2019. The House's retirement plan expense totaled \$256,718 in 2020 and \$220,515 in 2019.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 11: Malpractice Insurance

The House has professional liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year, which covers professional liability claims reported during a policy year ("claims made" coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2021.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the House. Based on the House's historical claims experience and exposure to date, no reserve for potential claims from services provided to residents through June 30, 2020, which have not yet been asserted, has been recorded.

#### Note 12: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2020	2019
Subject to expenditure for specific purpose:		
Scholarships	\$ 68,275	\$ 42,468
Capital expenditures	4,554	5,330
Other	10,374	8,983
Maintained in perpetuity, income from which is expendable for scholarships and other various purposes	363,819	352,658
<b>Total</b>	<b>\$ 447,022</b>	<b>\$ 409,439</b>

#### Note 13: Concentration of Credit Risk

Financial instruments that potentially subject the House to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments.

Accounts receivable consist of amounts due from residents for health care services or monthly fees. The majority of the House's residents are from Burr Ridge, Illinois, and the surrounding area.

The House maintains a depository relationship with an area financial institution. Operating cash requirements frequently require that amounts on deposit exceed Federal Depository Insurance Corporation (FDIC) limits. Amounts deposited in excess of federally insured limits totaled approximately \$84,000 in 2020. In addition, other investments held by financial institutions are uninsured.



# King-Bruwaert House

## Notes to Financial Statements

### Note 14: Functional Expenses

Expenses presented by nature and function for the years ended June 30, 2020 and 2019, were:

	2020			
	Program Expenses	Management and General	Fundraising	Total
Healthcare	\$ 3,021,207	\$ -	\$ -	\$ 3,021,207
Dietary	1,072,945	-	-	1,072,945
Housekeeping and laundry	469,494	-	-	469,494
Resident activities	317,923	-	-	317,923
Lifecare services	81,451	-	-	81,451
Woods resident expenses	431,850	-	-	431,850
Godair park expenses	200,189	-	-	200,189
Maintenance	1,138,440	26,262	-	1,164,702
General and administrative	2,949,229	1,525,612	82,865	4,557,706
Depreciation	1,390,910	185,165	-	1,576,075
Change in estimate obligation to provide future services	(653,665)	-	-	(653,665)
Provision for bad debts	77,000	-	-	77,000
<b>Total</b>	<b>\$ 10,496,973</b>	<b>\$ 1,737,039</b>	<b>\$ 82,865</b>	<b>\$ 12,316,877</b>

	2019			
	Program Expenses	Management and General	Fundraising	Total
Healthcare	\$ 3,121,908	\$ -	\$ -	\$ 3,121,908
Dietary	1,071,167	-	-	1,071,167
Housekeeping and laundry	467,423	-	-	467,423
Resident activities	296,160	-	-	296,160
Lifecare services	83,673	-	-	83,673
Woods resident expenses	362,105	-	-	362,105
Godair park expenses	216,525	-	-	216,525
Maintenance	1,221,849	21,707	-	1,243,556
General and administrative	2,973,076	728,890	23,306	3,725,272
Depreciation	1,569,287	54,159	-	1,623,446
Change in estimate obligation to provide future services	(62,602)	-	-	(62,602)
Provision for bad debts	12,053	-	-	12,053
<b>Total</b>	<b>\$ 11,332,624</b>	<b>\$ 804,756</b>	<b>\$ 23,306</b>	<b>\$ 12,160,686</b>



# King-Bruwaert House

Burr Ridge, Illinois

Financial Statements

Years ended June 30, 2019 and 2018

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants





## **Independent Auditor's Report**

Board of Directors  
King-Bruwaert House  
Burr Ridge, Illinois

We have audited the accompanying financial statements of King-Bruwaert House, which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King-Bruwaert House as of June 30, 2019 and 2018, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



**Emphasis of Matter**

As discussed in Note 1 to the financial statements, King-Bruwaert House adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

October 11, 2019



**King-Bruwaert House****Balance Sheets**

June 30, 2019 and 2018

<b>ASSETS</b>		<b>2019</b>	<b>2018</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$	162,711	\$ 568,796
Accounts receivable:			
Residents - Net		779,107	860,192
Other		144,928	81,156
Prepaid expenses		182,929	99,172
<b>Total current assets</b>		<b>1,269,675</b>	<b>1,609,316</b>
<b>Investments</b>		<b>39,786,581</b>	<b>38,474,920</b>
<b>Investment in unconsolidated affiliates</b>		<b>51,884</b>	<b>82,988</b>
<b>Property and equipment - Net</b>		<b>18,926,807</b>	<b>17,888,729</b>
<b>Property held for sale</b>		<b>-</b>	<b>157,546</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>60,034,947</b>	<b>\$ 58,213,499</b>



**King-Bruwaert House****Balance Sheets (Continued)**

June 30, 2019 and 2018

<b>LIABILITIES AND NET ASSETS</b>		<b>2019</b>	<b>2018</b>
<b>Current liabilities:</b>			
Accounts payable	\$	157,807	\$ 108,916
Accrued expenses:			
Salary and benefits		457,781	344,424
Real estate taxes		474,700	433,939
Other		188,494	316,514
Refundable deposits		5,000	20,000
Current maturities of long-term debt		583,333	-
<b>Total current liabilities</b>		<b>1,867,115</b>	<b>1,223,793</b>
<b>Long-term liabilities:</b>			
Long-term debt		738,986	-
Deferred revenue from advance residency fees		18,246,807	18,800,491
Obligation to provide future services		1,295,650	1,358,252
<b>Total long-term liabilities</b>		<b>20,281,443</b>	<b>20,158,743</b>
<b>Total liabilities</b>		<b>22,148,558</b>	<b>21,382,536</b>
<b>Net assets:</b>			
Without donor restrictions		37,476,950	36,505,588
With donor restrictions		409,439	325,375
<b>Total net assets</b>		<b>37,886,389</b>	<b>36,830,963</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>60,034,947</b>	<b>\$ 58,213,499</b>

See accompanying notes to financial statements.



**King-Bruwaert House**  
**Statements of Operations**  
Years Ended June 30, 2019 and 2018

	2019	2018
<b>Revenue:</b>		
Resident fees and assessments	\$ 10,089,118	\$ 10,358,763
Other	234,723	178,215
<b>Total revenue</b>	<b>10,323,841</b>	<b>10,536,978</b>
<b>Expenses:</b>		
Healthcare	3,121,908	3,161,348
Dietary	1,071,167	1,120,080
Housekeeping and laundry	467,423	463,908
Resident activities	296,160	323,942
Lifecare services	83,673	78,230
Woods resident expenses	362,105	320,363
Godair Park expenses	216,525	266,866
Maintenance	1,243,556	1,103,633
General and administrative	3,725,272	4,069,458
Depreciation	1,623,446	1,687,903
Change in estimated obligation to provide future services	(62,602)	142,638
Provision for bad debts	12,053	29,082
<b>Total expenses</b>	<b>12,160,686</b>	<b>12,767,451</b>
<b>Loss from operations</b>	<b>(1,836,845)</b>	<b>(2,230,473)</b>
<b>Other income (loss):</b>		
Net investment income	2,208,978	1,584,017
Loss on unconsolidated affiliates	(31,104)	(55,907)
Contributions	188,548	217,657
Loss on disposal of property and equipment	(2,032)	(36,554)
<b>Total other income - Net</b>	<b>2,364,390</b>	<b>1,709,213</b>
<b>Revenue in excess (deficiency) of expenses</b>	<b>527,545</b>	<b>(521,260)</b>
<b>Other changes in net assets without donor restrictions - Change in net unrealized gains and losses on investments other than trading securities</b>	<b>443,817</b>	<b>1,287,321</b>
<b>Increase in net assets without donor restrictions</b>	<b>\$ 971,362</b>	<b>\$ 766,061</b>

See accompanying notes to financial statements.



**King-Bruwaert House**  
**Statements of Changes in Net Assets**  
Years Ended June 30, 2019 and 2018

	2019	2018
Net assets without donor restriction:		
Revenue in excess (deficiency) of expenses	\$ 527,545	\$ (521,260)
Other changes in net assets without donor restriction - Change in net unrealized gains and losses on investments other than trading securities	443,817	1,287,321
<b>Increase in net assets without donor restrictions</b>	<b>971,362</b>	<b>766,061</b>
Net assets with donor restrictions:		
Contributions	64,780	93,790
Investment income	24,294	19,547
Net assets released from restrictions	(5,010)	(5,600)
<b>Increase in net assets with donor restrictions</b>	<b>84,064</b>	<b>107,737</b>
<b>Increase in net assets</b>	<b>1,055,426</b>	<b>873,798</b>
<b>Net assets at beginning</b>	<b>36,830,963</b>	<b>35,957,165</b>
<b>Net assets at end</b>	<b>\$ 37,886,389</b>	<b>\$ 36,830,963</b>

See accompanying notes to financial statements.



**King-Bruwaert House****Statements of Cash Flows**

Years Ended June 30, 2019 and 2018

	2019	2018
<b>Increase (decrease) in cash and cash equivalents:</b>		
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,055,426	\$ 873,798
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,623,446	1,687,903
Provision for bad debts	12,053	29,082
Loss on disposal of property and equipment	2,032	36,554
Amortization of deferred revenue from advance residency fees	(1,256,402)	(1,220,427)
Change in estimated obligation to provide future services	(62,602)	142,638
Net proceeds from advance residency fees	702,718	395,184
Change in net realized and unrealized gains and losses on investments	(2,036,142)	(2,363,293)
Loss on unconsolidated affiliates	31,104	55,907
Restricted contributions	(62,280)	(85,890)
Receipt of property held for sale	-	(195,000)
Changes in operating assets and liabilities:		
Residents accounts receivable	69,032	(16,545)
Other accounts receivable	(63,772)	(46,001)
Prepaid expenses	(83,757)	(22,286)
Accounts payable	7,430	(59,129)
Accrued expenses	26,098	43,472
Refundable deposits	(15,000)	-
<b>Net cash used in operating activities</b>	<b>(50,616)</b>	<b>(744,033)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,625,495)	(649,207)
Proceeds from sale of property and equipment	3,400	-
Proceeds from sale of property held for sale	157,546	-
Net change in investments	724,481	1,505,644
Payment for investment in unconsolidated affiliates	-	(73,116)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,740,068)</b>	<b>783,321</b>



**King-Bruwaert House**  
**Statements of Cash Flows (Continued)**  
Years Ended June 30, 2019 and 2018

	2019	2018
<b>Cash flows from financing activities:</b>		
Restricted contributions	\$ 62,280	\$ 85,890
Proceeds from issuance of long-term debt	1,371,853	-
Payment for bond issuance costs	(49,534)	-
<b>Net cash provided by financing activities</b>	<b>1,384,599</b>	<b>85,890</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(406,085)</b>	<b>125,178</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>568,796</b>	<b>443,618</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 162,711</b>	<b>\$ 568,796</b>
<b>Noncash investing activities:</b>		
Purchase of property and equipment in accounts payable	\$ 62,669	\$ 21,208

See accompanying notes to financial statements.



# King-Bruwaert House

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **The Entity**

King-Bruwaert House (the "House") is a not-for-profit organization incorporated in the state of Illinois. The principal operation of the House is to provide housing and healthcare services to adults aged 60 and over. The House provides sheltered care, assisted living, Alzheimer's and dementia care, and healthcare to its residents, as well as maintains 58 independent living cottages, the Woods of King-Bruwaert (the "Woods"), and 31 duplex apartments in Godair Park.

The House has lifecare contracts with certain residents to provide housing, healthcare, and other services. In exchange for these services, the House receives these residents' assets and future income.

#### **Financial Statement Preparation**

The House follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) for nongovernmental entities.

#### **Use of Estimates in Preparation of Financial Statements**

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

#### **Cash Equivalents**

The House considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the House's investment portfolio.

#### **Resident Receivables and Credit Policy**

Resident accounts receivable are uncollateralized resident obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of the House. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

The House does not have a policy to charge interest on past due accounts.

The carrying amounts of resident accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. The allowance for bad debts was \$20,001 and \$24,250 at June 30, 2019 and 2018, respectively.



## **King-Bruwaert House**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Investments and Investment Income**

Investments are measured at fair value in the accompanying balance sheets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenue in excess (deficiency) of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenue in excess (deficiency) of expenses unless the investments are trading securities.

The House monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other than temporary results in an impairment, and the House reduces the investment's carrying value to fair value. A new cost basis is established for the investment, and any impairment loss is recorded as a realized loss in investment income.

Investments of the various restricted funds are commingled for investment purposes and are available as needed to support the approved program expenditures of the respective funds. For restricted funds with a current-year average balance greater than \$50,000, the House allocates investment income to provide a 7.9% return on that average balance. Investment income after the allocations is classified as without donor restrictions.

##### **Fair Value Measurements**

GAAP specifies a three-tier fair value hierarchy, which prioritizes the inputs used in estimating fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.



## King-Bruwaert House

### Notes to Financial Statements

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#### Note 1: Summary of Significant Accounting Policies (Continued)

##### Investment in Unconsolidated Affiliates

The House has the following investments:

##### **KB Nursing at Home, LLC**

On May 27, 2016, the House entered into an operating agreement with Allegiance Nursing, LLC to form KB Nursing at Home, LLC ("Nursing at Home"). Nursing at Home provides on-site licensed nursing services to residents of the Woods and Godair Park, along with community residents who need nursing care in their homes. The House owned 50% of the membership interest in Nursing at Home and made an initial capital contribution of \$50,000 in 2016. The House purchased the remaining 50% interest on November 21, 2017 for \$10,000. As of June 30, 2019 and 2018, Nursing at Home's assets, which primarily consisted of cash and leasehold improvements, was \$28,842 and \$24,772, respectively, and its liabilities, which primarily consisted of related party payables, was \$55,853 and \$20,678, respectively. The revenue was \$5,723 and \$1,000 in 2019 and 2018, respectively, and the net loss was \$31,104 and \$55,907, respectively. Although Nursing at Home is a wholly-owned subsidiary of the House, it is reflected in the accompanying balance sheets as an investment in unconsolidated affiliate and has not been consolidated in these financial statements because it was deemed not to be significant to the financial statements as a whole as of June 30, 2019 and 2018. The investment is recorded under the equity method and was \$(27,011) and \$4,093 at June 30, 2019 and 2018, respectively.

##### **Caring Communities**

In December 2016, the House entered into an operating agreement with Caring Communities, a Reciprocal Risk Retention Group. Caring Communities provides the House with risk management practices that increase resident safety by preventing incidents that could lead to injury. In December 2016, the House made an initial capital contribution of \$15,779, with an additional amount of \$63,116 contributed in 2018. This investment is recorded at \$78,895 at June 30, 2019 and 2018.

##### Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 10 to 40 years for land improvements and buildings and building improvements and from 5 to 15 years for furniture and equipment.

##### Impairment of Long-Lived Assets

The House reviews its property and equipment periodically to determine potential impairment by comparing the carrying value of the assets with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the House would recognize an impairment loss at that time. No impairment loss was recorded in 2019 or 2018.



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Advance Residency Fees**

Advance payments made by residents of the House upon entering into a lifecare contract are nonrefundable and are recorded as deferred revenue and amortized to revenue over the estimated future life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined remaining life expectancy of each individual. Upon a resident's death, the resident's unamortized entrance fee is recorded as revenue.

Advance fees paid by residents of the Woods are refundable to the extent of the lesser of the advance fee paid by the resident or the amount of the new advance fee received upon reoccupancy of the resident's unit. These advance fees are recorded as deferred revenue and are amortized to revenue over the estimated life of the cottages.

##### **Obligation to Provide Future Services**

The House calculates annually the present value of the net cost of future services and use of facilities to be provided to current lifecare residents and compares that amount with the balance of deferred revenue from advance residency fees for those residents. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding adjustment to operating expense. An interest rate of 5% was used to discount the liability to provide future services at June 30, 2019 and 2018. At June 30, 2019 and 2018, the present value of the net cost of future services exceeded the unamortized deferred revenue from advance residency fees; accordingly, a liability of \$1,295,650 and \$1,358,252, respectively, was recorded.

##### **Net Assets**

Net assets of the Home and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2019 and 2018, net assets with donor restrictions consisted primarily of amounts donated for nursing scholarships (see Note 10).



## **King-Bruwaert House**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Resident Fees and Assessments**

Resident fees and assessments includes monthly occupancy and service fees from residents, which is recognized as earned, as well as amortization of deferred revenue from advance residency fees.

##### **Donor-Restricted Gifts**

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the House are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either with or without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations as other revenue, unless the contribution was for property and equipment.

##### **Charity Care**

The House provides care to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The House maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the House does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

##### **Revenue In Excess (Deficiency) of Expenses**

The statements of operations and changes in net assets include the classification revenue in excess (deficiency) of expenses, which is considered the operating indicator. Changes in net assets without donor restrictions, which are excluded from the operating indicator, include unrealized gains and losses on investments other than trading securities and contributions of long-lived assets including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets.

##### **Advertising Costs**

Advertising costs are expensed as incurred.



## King-Bruwaert House

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Income Taxes**

The House is a nonprofit organization exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The House is also exempt from state income taxes on related income.

##### **Change in Accounting Policy**

In 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. This guidance was adopted effective July 1, 2018, and was applied retrospectively with the exception of certain omissions permitted by the ASU.

##### **New Accounting Pronouncements**

In 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. This ASU requires that refundable entrance fees will no longer be amortized into income, but must be shown as liabilities until refunded. The effect of implementing this ASU will be a reduction to revenue, an increase to liabilities, and a cumulative effect adjustment to net assets without donor restrictions. ASU No. 2014-09 is effective for the House in 2020.

In 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. ASU 2018-08 is effective for the House in 2020. Early application of the amendments in this update is permitted.

The House is currently evaluating the impact these ASUs will have on the financial statements and disclosures.

##### **Subsequent Events**

The House has evaluated subsequent events through October 11, 2019, which is the date the financial statements were available to be issued.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 2: Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the balance sheet date, comprise the following as of June 30, 2019:

Cash and cash equivalents	\$ 162,711
Investments	39,786,581
Resident receivables - Net	799,107
Other accounts receivable	144,928
Less: Restricted contributions included in investments	(409,439)
<b>Total financial assets for general expenditure</b>	<b>\$ 40,483,888</b>

The House does not have a formal liquidity policy, but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately one month of operating expenses. In the event of unanticipated liquidity need, The House could draw up to \$1,000,000 on its available line of credit.

#### Note 3: Investments

Investments consisted of the following at June 30:

	2019	2018
Money market funds	\$ 921,625	\$ 529,190
Mutual funds	1,163,274	1,366,165
Exchange-traded funds	4,994,843	5,196,584
Common/collective trusts	6,675,876	5,914,601
Fixed income securities	11,758,952	8,291,927
Equity securities	10,158,807	9,184,872
Alternative investments	4,113,204	7,991,581
<b>Total investments</b>	<b>\$ 39,786,581</b>	<b>\$ 38,474,920</b>



## King-Bruwaert House

### Notes to Financial Statements

#### Note 3: Investments (Continued)

##### Investment Return

Investment return including gains and losses on cash equivalents and investments consisted of the following for the years ended June 30:

	2019	2018
Interest and dividends	\$ 766,593	\$ 641,783
Realized gains from sales of investments	1,592,325	1,075,972
Change in net unrealized gains on investments other than trading securities	443,817	1,287,321
Investment fees	(149,940)	(133,738)
<b>Net investment income</b>	<b>\$ 2,652,795</b>	<b>\$ 2,871,338</b>

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

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in an impairment. For mutual and exchange-traded funds, common/collective trusts, and alternative investments, the House considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For fixed income securities, if the House has made a decision to sell the security, or if it's more likely than not the House will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the House has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other than temporary impairment is considered to have occurred.

Because the House has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2019 and 2018, are not other than temporarily impaired. No impairment losses were recognized by the House in 2019 and 2018. Unrealized losses are not significant at June 30, 2019 and 2018.



## **King-Bruwaert House**

### **Notes to Financial Statements**

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#### **Note 4: Fair Value Measurements**

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

**Money market funds:** Valued using \$1 as the net asset value (NAV).

**Mutual funds:** Valued at the daily closing price as reported by the fund. These funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price and are deemed to be actively traded.

**Common collective trusts (CCT) and hedge funds:** Valued at the NAV of shares held at year-end. The CCT and hedge fund's NAV share price is quoted on a private market that is not active; however, the unit price is based on underlying investments, which are traded on an active market.

**Equity securities and exchange-traded funds:** Valued at quoted market prices from active markets.

**Corporate bonds and U.S. government and agency obligations:** Valued using quotes from pricing vendors based on recent trading activity and other observable market data.

**Private equity funds:** Valued using the NAV as reported by the investment manager, taking into consideration prices of recent purchases or sales of the same issuer and value of the underlying investments held by the fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the House believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



# King-Bruwaert House

## Notes to Financial Statements

### Note 4: Fair Value Measurements (Continued)

The following table sets forth by level assets measured at fair value on a recurring basis as of June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 921,625	\$ -	\$ 921,625
Mutual funds:				
Real estate	1,163,274	-	-	1,163,274
Exchange-traded funds:				
U.S. equities	3,811,032	-	-	3,811,032
Fixed Income	1,183,811	-	-	1,183,811
Equity securities	10,158,807	-	-	10,158,807
Fixed income securities:				
Corporate bonds	-	5,765,284	-	5,765,284
U.S. government and agency securities	-	5,993,668	-	5,993,668
<b>Total assets in the fair value hierarchy</b>	<b>16,316,924</b>	<b>12,680,577</b>	<b>-</b>	<b>28,997,501</b>
<b>Assets measured at NAV:</b>				
Common/collective trusts - International equities				6,675,876
Alternative investments:				
Hedge fund				2,137,838
Private equity funds				1,975,366
<b>Total assets measured at NAV (a)</b>				<b>10,789,080</b>
<b>Total assets at fair value</b>				<b>\$ 39,786,581</b>



# King-Bruwaert House

## Notes to Financial Statements

**Note 4: Fair Value Measurements (Continued)**

	2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 529,190	\$ -	\$ 529,190
Mutual funds:				
Real estate	1,366,165	-	-	1,366,165
Exchange-traded funds:				
U.S. equities	3,659,244	-	-	3,659,244
Fixed income	1,537,340	-	-	1,537,340
Equity securities	9,184,872	-	-	9,184,872
Fixed income securities:				
Corporate bonds	-	5,921,571	-	5,921,571
U.S. government and agency securities	-	2,370,356	-	2,370,356
<b>Total assets in the fair value hierarchy</b>	<b>15,747,621</b>	<b>8,821,117</b>	<b>-</b>	<b>24,568,738</b>
Assets measured at NAV:				
Common/collective trusts - International equities				5,914,601
Alternative investments:				
Hedge fund				6,151,664
Private equity funds				1,839,917
<b>Total assets measured at NAV (a)</b>				<b>13,906,182</b>
<b>Total assets at fair value</b>				<b>\$ 38,474,920</b>

(a) In accordance with GAAP, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the balance sheets.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 4: Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the House's investments whose fair value is estimated at net asset value per share as of June 30:

	Fair Value 2019	Fair Value 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund (a)	\$ 2,137,838	\$ 6,151,664	\$ -	Quarterly	60-Days
Private equity funds (b)	1,975,366	1,839,917	907,962	N/A	N/A
Common Trust funds (c)	6,675,876	5,914,601	-	Daily	3-Days

(a) Invests in offshore partnerships to generate risk-adjusted returns with significant capital preservation, low correlation to traditional markets, and muted volatility.

(b) Invests in various private equity funds that offer the potential to generate top-quartile performance and produce returns in excess of the public equity markets.

(c) Invests in various non-US equity publicly traded index funds or fund of funds, with the primary focus being total return, achieved through investment in developing countries.

#### Note 5: Property and Equipment

Property and equipment consisted of the following at June 30:

	2019	2018
Land and land improvements	\$ 3,399,250	\$ 3,183,203
Buildings and building improvements	50,086,830	49,896,580
Furniture and equipment	3,652,500	3,426,170
Total property and equipment	57,138,580	56,505,953
Less - Accumulated depreciation	40,212,566	38,617,224
Net depreciated value	16,926,014	17,888,729
Construction in progress	2,000,793	-
Property and equipment - Net	\$ 18,926,807	\$ 17,888,729



## King-Bruwaert House

### Notes to Financial Statements

#### Note 5: Property and Equipment (Continued)

Amounts in construction in progress at June 30, 2019, relate to the Carrington Hall project and the Independent Living Unit (ILU) and Health Center (HC) expansion project. The Carrington Hall project is comprised of renovations to the sheltered and assisted living units, is estimated to cost a total of \$3,500,000 and is expected to be completed in September 2019. At June 30, 2019, the House has unpaid commitments of \$1,128,131 related to this project. As of June 30, 2019, the ILU and HC expansion project is comprised of architectural and market study fees, is estimated to cost \$53,500,000 and is expected to be completed in August 2022.

#### Note 6: Line of Credit

At June 30, 2019 and 2018, the House had a line of credit of \$1,000,000 with a bank. The line of credit bears interest at the greater of 2.50% or the sum of the overnight LIBOR rate plus 2.50%. The line of credit is unsecured and is due on demand. There were no borrowings under the line of credit at June 30, 2019 and 2018.

#### Note 7: Long-Term Debt

Long-term debt consisted of the following at June 30, 2019:

	2019
Revenue Bonds, Series 2018, dated December 1, 2018, interest rate of 2.36% at June 30, 2019, principal maturing in varying annual amounts through December 2022.	\$ 1,371,853
Less:	
Bond issuance costs	49,534
Current maturities	583,333
<b>Total</b>	<b>\$ 738,986</b>

In December 2018, the House issued \$3,500,000 of Village of Burr Ridge, Dupage and Cook Counties, Illinois Revenue Bonds, Series 2018. The Series 2018 Revenue Bonds were purchased by a bank in a private placement transaction. The proceeds were used and are to be used to pay for the Carrington Hall project. The bank is holding the remaining \$2,128,147 of unspent bond proceeds, and the House is drawing on these bonds to pay for continued Carrington Hall project invoices as they come in. The Series 2018 Revenue Bonds bear interest until December 21, 2019 at the Overnight LIBOR Rate, and thereafter, until paid, at Monthly LIBOR Index Rate. The financing agreement requires the House to maintain certain financial and other covenants. The Revenue Bonds are collateralized by all revenue of the House.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 7: Long-Term Debt (Continued)

Scheduled payments of principal on long-term debt, assuming the House borrows the entire \$3,500,000 available, at June 30, 2019, including current maturities, are summarized as follows:

2020	\$ 583,333
2021	1,166,667
2022	1,166,667
2023	583,333
<hr/>	
Total	\$ 3,500,000

#### Note 8: Retirement Plan

The House has a participant-directed defined contribution plan. Eligible employees contribute a portion of their compensation to the plan and the House matches 100% of the first one percent and 50% of the next five percent of eligible participant compensation contributed by the employee. Additional profit sharing contributions are also allowed at the discretion of management. No additional profit sharing contributions were made by the House in 2019 or 2018. The House's retirement plan expense totaled \$220,515 in 2019 and \$216,181 in 2018.

#### Note 9: Malpractice Insurance

The House has professional liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year, which covers professional liability claims reported during a policy year ("claims made" coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2020.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the House. Based on the House's historical claims experience and exposure to date, no reserve for potential claims from services provided to residents through June 30, 2019, which have not yet been asserted, has been recorded.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 10: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2019	2018
Subject to expenditure for specific purpose:		
Scholarships	\$ 42,468	\$ 25,261
Capital expenditures	5,330	4,326
Other	8,983	5,410
Maintained in perpetuity, income from which is expendable for scholarships and other various purposes	352,658	290,378
<b>Total</b>	<b>\$ 409,439</b>	<b>\$ 325,375</b>

#### Note 11: Concentration of Credit Risk

Financial instruments that potentially subject the House to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments.

Accounts receivable consist of amounts due from residents for health care services or monthly fees. The majority of the House's residents are from Burr Ridge, Illinois, and the surrounding area.

The House maintains a depository relationship with an area financial institution. Operating cash requirements frequently require that amounts on deposit exceed Federal Depository Insurance Corporation (FDIC) limits. Amounts deposited in excess of federally insured limits totaled \$90,284 in 2019. In addition, other investments held by financial institutions are uninsured.



## King-Bruwaert House

### Notes to Financial Statements

#### Note 12: Functional Expenses

Expenses presented by nature and function for the year ended June 30, 2019, are as follows:

	Program Expenses	Management and General	Fundraising	Total
Healthcare	\$ 3,121,908	\$ -	\$ -	\$ 3,121,908
Dietary	1,071,167	-	-	1,071,167
Housekeeping and laundry	467,423	-	-	467,423
Resident activities	296,160	-	-	296,160
Lifecare services	83,673	-	-	83,673
Woods resident expenses	362,105	-	-	362,105
Godair park expenses	216,525	-	-	216,525
Maintenance	1,221,849	21,707	-	1,243,556
General and administrative	2,973,076	728,890	23,306	3,725,272
Depreciation	1,569,287	54,159	-	1,623,446
Change in estimated obligation to provide future services	(62,602)	-	-	(62,602)
Provision for bad debts	12,053	-	-	12,053
<b>Total</b>	<b>\$ 11,332,624</b>	<b>\$ 804,756</b>	<b>\$ 23,306</b>	<b>\$ 12,160,686</b>

#### Note 13: Affiliation

In March 2016, the House entered into an affiliation agreement with Mather LifeWays (MLW), an Illinois not-for-profit corporation. MLW provides a continuum of living and care services related to wellness and workforce programs. MLW helps the House identify opportunities to fulfill and expand its mission and to develop new community outreach programs. Under the affiliation agreement, the House paid MLW a quarterly fee equal to 3% of gross operating revenues. In addition, the House reimbursed MLW for costs incurred by MLW on behalf of the House. In 2017, the House signed an additional agreement with MLW for information technology (IT) services. Effective May 23, 2018, the House terminated the affiliation agreement with MLW. The IT agreement was also terminated in 2018.

The House incurred approximately \$33,207 and \$339,000 of fees related to the affiliation agreement in 2019 and 2018, respectively. For the year ended June 30, 2018, the House paid MLW \$30,150 for IT related services.

#### Note 14: Reclassification

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 classifications.





October 15, 2021

Terri Bowen  
Chief Executive Officer  
King-Bruwaert House  
6101 S. County Line Road  
Burr Ridge, IL 60527

Dear Terri:

Pursuant to our discussions, The Northern Trust Company (Bank) is pleased to provide you with this updated proposal to support the renovation and expansion of the "Health Care" facility at King-Bruwaert House. The following terms and conditions have been previously reviewed and well received by our Credit Committee. Due to the delay caused by the pandemic and the slight modification in the plans and budget, we are working diligently to obtain final credit approval for the "Health Care" phase of the project. Please note that this letter is not a commitment on the part of the Bank to provide financing as it remains subject to final credit approval by the Bank.

**CONSTRUCTION & TERM LOAN:**

Borrower:	King-Bruwaert House
Amount:	Up to \$16.0 Million
Purpose:	Redevelopment of the "Health Care" facility within the King-Bruwaert main campus.
Collateral:	Negative pledge on all King-Bruwaert property and possible limited pledge of the Endowment accounts held at Northern Trust.
Term:	Variable to Fixed Multimodal facility up to 8 years. Construction Period: Up to 36 months to draw down the funds. Interest will begin to accrue as draws are made. Term Period: 5 years after conversion to fixed. Borrower may elect to fix the rate on all, or a portion of the remaining construction balance.
Repayment:	Monthly interest only. Principal reductions may be made at any time during the floating rate construction period. Remaining principal due at maturity of Term facility.

The Northern Trust Company  
One Tower Lane, 24<sup>th</sup> Floor  
Oakbrook Terrace, Illinois 60181

ATTACHMENT - 27B





Borrower may elect to pay monthly interest via an Interest Reserve built into the commitment amount.

For the term period; monthly principal and interest based on a 20-year amortization schedule

Rate: CONSTRUCTION:  
Floating, Secured Overnight Financing Rate (SOFR) + 2.05%\*  
**Current Rate: .050% + 2.05% = 2.10% \***

TERM PERIOD:  
This rate shall not be locked until completion of construction period.

\* All rates quoted in this term sheet are based on current market conditions and are subject to change on a daily basis prior to closing.

Prepayment: Prepayments of any fixed portion of the loan during the Term Period could result in a prepayment penalty

Commitment Fee: \$50,000

### **GENERAL TERMS AND CONDITIONS**

1. Borrower will continue to provide the Bank with audited financial statements on an annual basis and internally prepared interim financial statements each quarter.
2. All draws will be completed through a construction escrow by a title company acceptable to the Lender. Draws will be subject to pre-inspections by an independent architect approved by the Lender.
3. No additional indebtedness without the approval of Northern Trust.
4. The Credit Agreement will contain customary covenants for a transaction of this type, including:
  - a. Minimum Ratio of Unrestricted Liquid Assets to Funded Debt of 0.80X, measured quarterly during the construction period.

During the Term Facility, the Minimum ratio of Unrestricted Liquid Assets to Funded Debt is required to be greater or equal to 1.00X and measured quarterly.

- b. **TERM LOAN ONLY:** Borrower shall maintain a ratio of Annual Recurring Cash Flows to Annual Debt Service and CapEx Needs of not less than 1.00 to 1.00, tested





annually based on the year-end audited financial statements. “Annual Recurring Cash Flows” shall mean Income (Loss) from Operations plus Depreciation, plus Interest Expense, plus 6% of Investment Assets at year-end (“Endowment Draw”).

- c. TERM LOAN ONLY: “Annual Debt Service and CapEx Needs” shall mean all required principal and interest payments on the proposed loan for the year, plus the “Purchase of Property and Equipment” (CapEx) during the year. CapEx shall exclude major capital improvement projects as agreed upon by the Borrower and Bank, but shall include routine and deferred maintenance items. This covenant will be first measured on the first FYE after construction is complete, annually thereafter.
- d. Minimum Liquidity of \$25MM to be tested quarterly.
- 5. Funding of the proposed loans could be subject to the receipt of an Appraisal Report and Environmental Report, the results of which are acceptable to the Bank. If deemed necessary, The Bank will retain the appraisal firm. If deemed necessary, The Environmental Report can be ordered by the Borrower, but must be performed by a firm acceptable to the Bank and must be reviewed by the Bank.
- 6. All closing costs pertaining to the due diligence and documentation of this loan, whether or not the transaction closes, will be paid by the Borrowers. These costs may include, but are not limited to, fees for the Appraisal and Environment reports, title fees, architect inspection fees, bond counsel fees and other legal, search and recording fees. The Bank is willing to work closely with the Borrower to monitor and negotiate a cap on any such expenses.

We hope this proposal letter addresses your financing need related to the “Health Care” facility. If you have any questions regarding the terms outlined above, please don’t hesitate to call me. Thank you for your interest in working with Northern Trust.

Best regards,

*Brian Giegerich*

Brian Giegerich  
Vice President  
630-932-6902

*Curt Bambule*

Curt Bambule  
Senior Vice President  
630-691-0706

cc: Adrian Goetz  
Jeremy Leone  
John Grube



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 5**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.**

The financial viability worksheets for the ratios provided in the application form are provided as **ATTACHMENT-28A**. Additionally, the projected financials (revenue, expenses and income statements are appended as **ATTACHMENT-28B**.

**ATTACHMENT-28**



King-Bruwaert House  
CON Checklist Financials Ratios  
October 2021

Worksheet

Ratios	Formula	2018				2019				2020				2026			
		2018				2019				2020				2026			
Current Ratio	Current Assets including Investments/Current Liabilities																
Net Margin Percentage	Net Inc/Net Op Rev X 100																
Percent Debit to Total Capitalization	LT Debt/(LT Debt + NA) X100																
Projected Debt Service Coverage*	(Net Inc+Depr+Int Exp)/Principle Payments+ Int Exp)																
Days Cash on Hand	(Cash+Inv)/(Op Exp - Depr ) * 365																
Cushio Ratio*	(Cash+Inv)/(Principle Payment+Int Exp)																
*Of Maximum Debt Service After Project Completion																	
Inputs																	
Current Assets		1,850,000	1,764,412	1,269,675	1,609,316												
Current Liabilities		2,430,000	3,038,173	1,867,115	1,223,793												
Net Income (Increase in net Assets)		1,281,324	(37,973)	1,055,426	873,798												
Net Operating Revenues (Total Revenue)		16,207,829	11,789,371	10,323,841	10,536,978												
Long-Term Debt		11,100,000	1,708,722	738,986	-												
Net Assets		18,350,000	37,848,416	37,886,389	36,830,963												
Operating Expense		14,926,506	12,316,877	12,160,686	12,767,451												
Depreciation		1,235,000	1,576,075	1,623,446	1,687,903												
Interest Expense		310,000	-	-	-												
Amortization		-	-	-	-												
Principal Payments		450,000	-	-	-												
Cash		500,000	296,107	162,711	568,796												
Investments		37,760,000	39,108,094	39,786,581	38,474,920												
Board Designated Funds		-	-	-	-												
Amortization of Deferred Revenue																	
			1,378,022	1,256,402	1,220,427												



**King Bruwaert House****Revenue Projection**

(proposed rate increase)				4.75%			4.75%			4.75%			4.75%		
	FY22	res ctn	result	FY23	res ctn	result	FY24	res ctn	result	FY25	res ctn	result	FY26	res ctn	result
Assisted Living															
Bridge															
1	\$	303	0.5	\$	55,298	\$	317	1	\$	115,848	\$	332	1	\$	121,351
2		303	0.5		55,298		317	1		115,848		332	1		121,351
3		327	0.5		59,678		343	1		125,024		359	1		130,963
4		321	0.5		58,583		336	1		122,730		352	1		128,560
Carrington Hall															
A		215	9		706,275		225	9		739,823		236	9		774,965
B		247	1		90,155		259	1		94,437		271	1		98,923
C		280	3		306,600		293	3		321,164		307	3		336,419
D		311	1		113,515		326	1		118,907		341	1		124,555
2nd person		75													
House															
studio		181	6		396,390		190	6		415,219		199	6		434,941
2 room suite		248	6		543,120		260	6		568,918		272	6		595,942
3 room suite		327	1		119,355		343	1		125,024		359	1		130,963
Memory Care															
studio		222	6		486,180		233	6		509,274		244	6		533,464
suite		266	1		97,090		279	1		101,702		292	2		213,065
Skilled															
Rose wing		407	13		1,931,215		426	13		2,022,948		447	13		2,119,038
Healthcare															
semi		355	4		518,300		372	4		542,919		390	0		-
private		400	7		1,022,000		419	7		1,070,545		439	0		-
new HC												450	18		2,956,500
		60			6,559,050		62			7,110,330		70			8,821,000

**notes**

- 1) occupying 24 of 28 new HC rooms
- 2) occupying 57 of 58 Woods unit
- 3) occupying 30 of 31 Godair units



## King Bruwaert House

Expense Projection		(proposed rate increase)			3.5%			3.5%			3.5%			3.5%		
	FY22	res.ctn	result	FY22	res.ctn	result	FY24	res.ctn	result	FY25	res.ctn	result	FY26	res.ctn	result	
Assisted Living																
(Bridge, Carrington & House)																
Administration	\$ 1,170,540			\$ 1,211,509			\$ 1,253,912			\$ 1,297,799			\$ 1,343,222			
Culinary	295,520			305,863			316,568			327,648			339,116			
Housekeeping	118,350			122,492			126,779			131,217			135,809			
Laundry	39,300			40,676			42,099			43,573			45,098			
Nursing	667,292			690,647			714,820			739,839			765,733			
Life Enrichment	120,015			124,216			128,563			133,063			137,720			
Maintenance	383,250			396,664			410,547			424,916			439,788			
Life Care	18,480			19,127			19,796			20,489			21,206			
Depreciation	215,000			250,000			250,000			250,000			250,000			
sub-total	3,027,747			3,133,718			3,243,398			3,356,917			3,474,409			
Memory Care																
Administration	406,230			420,448			435,164			450,394			466,158			
Culinary	110,820			114,699			118,713			122,868			127,168			
Housekeeping	55,230			57,163			59,164			61,234			63,378			
Laundry	18,340			18,982			19,646			20,334			21,046			
Nursing	533,833			552,517			571,855			591,870			612,586			
Life Enrichment	102,850			106,450			110,175			114,032			118,023			
Maintenance	102,200			105,777			109,479			113,311			117,277			
Life Care	-			-			-			-			-			
Depreciation	144,000			145,000			145,000			145,000			145,000			
sub-total	1,473,503			1,525,076			1,578,453			1,633,699			1,690,879			
Skilled																
Administration	1,983,000			2,052,405			2,124,239			2,198,588			2,275,538			
Culinary	517,160			535,261			553,995			573,385			593,453			
Housekeeping	216,975			224,569			232,429			240,564			248,984			
Laundry	73,360			75,928			78,585			81,336			84,182			
Nursing	2,001,875			2,071,941			2,116,941			2,116,941			2,116,941			
Life Enrichment	203,160			210,271			217,630			225,247			233,131			
Maintenance	319,720			330,910			342,492			354,479			366,886			
Life Care	37,520			38,833			40,192			41,599			43,055			
Depreciation	387,000			390,000			840,000			840,000			840,000			
sub-total	5,352,770			5,540,117			5,734,021			5,934,712			6,142,427			
	0	-		0	-		0	-		-	-		-	-		
Woods																
Administration	436,300			451,571			467,375			483,734			500,664			
Culinary	-			-			-			-			-			
Housekeeping	3,945			4,083			4,226			4,374			4,527			
Laundry	-			-			-			-			-			
Nursing	-			-			-			-			-			
Life Enrichment	7,450			7,711			7,981			8,260			8,549			
Maintenance	713,100			738,059			763,891			790,627			818,299			
Life Care	-			-			-			-			-			
Depreciation	596,000			606,000			616,000			626,000			632,000			
sub-total	1,756,795			1,818,283			1,881,923			1,947,790			2,015,963			
Godair																
(proposed rate increase)																
Administration	436,300			451,571			467,375			483,734			500,664			
Culinary	-			-			-			-			-			
Housekeeping	-			-			-			-			-			
Laundry	-			-			-			-			-			
Nursing	-			-			-			-			-			
Life Enrichment	7,450			7,711			7,981			8,260			8,549			
Maintenance	536,730			555,516			574,959			595,082			615,910			
Life Care	-			-			-			-			-			
Depreciation	252,000			255,000			258,000			261,000			264,000			
sub-total	980,480			1,014,797			1,050,315			1,087,076			1,125,123			
Interest expense	51,000			0			330,000			320,000			310,000			



# King Bruwaert House

## Income Projection based on budget year FY2022

	Budget		Projected		Projected		Projected		Projected	
	FY22 res ctn	result	FY23 res ctn	result	FY24 res ctn	result	FY25 res ctn	result	FY26 res ctn	result
Revenue										
Bridge	2	228,855	4	479,451	4	502,225	4	526,081	4	551,070
Carrington Hall	14	1,216,545	14	1,274,331	14	1,334,862	14	1,398,268	14	1,464,685
House	13	1,058,865	13	1,109,161	13	1,161,846	13	1,217,034	13	1,274,843
Memory Care	7	583,270	7	610,975	8	746,529	8	781,989	8	819,134
Skilled	24	3,471,515	24	3,636,412	31	5,075,538	38	6,520,989	39	7,010,960
total Main House	60	6,559,050	62	7,110,330	70	8,821,000	77	10,444,361	78	11,120,692
Independent Living										
Woods	57	930,240	57	1,004,659	57	1,085,032	57	1,171,834	57	1,265,581
Godair	31	1,264,500	30	1,272,648	30	1,323,554	30	1,376,496	30	1,431,556
total Independent Living	88	2,194,740	87	2,277,307	87	2,408,586	87	2,548,331	87	2,697,137
total other income		2,210,000		2,240,000		2,330,000		2,360,000		2,390,000
total revenue	148	10,963,790	149	11,627,638	157	13,559,586	164	15,352,691	165	16,207,829
Expense										
Assisted Living		3,027,747		3,133,718		3,243,398		3,356,917		3,474,409
Memory Care		1,473,503		1,525,076		1,578,453		1,633,699		1,690,879
Skilled		5,352,770		5,540,117		5,734,021		5,934,712		6,142,427
total Main House		9,854,020		10,198,911		10,555,873		10,925,328		11,307,715
Independent Living										
Woods		1,756,795		1,818,283		1,881,923		1,947,790		2,015,963
Godair		980,480		1,014,797		1,050,315		1,087,076		1,125,123
total Independent Living		2,737,275		2,833,080		2,932,237		3,034,866		3,141,086
Bistro & other		167,705		167,705		167,705		167,705		167,705
Interest expense		51,000		-		330,000		320,000		310,000
total expense		12,810,000		13,199,695		13,985,815		14,447,899		14,926,506
net		(1,846,210)		(1,572,058)		(426,229)		904,792		1,281,324

note

1) new Health Care addition completed at the beginning of FY24



**SECTION IV – SERVICE SPECIFIC REVIEW CRITERIA** Continued 6**Economic Feasibility****A. Reasonableness of Financing Arrangements**

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

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

Appended as ATTACHMENT-30A, is a letter from the owner addressing reasonableness of financing arrangements.

**B. Conditions of Debt Financing**

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

Appended as ATTACHMENT-30B, is a letter from the owner addressing conditions of debt financing.

**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.

Salaries, Benefits & Supplies	\$5,962,170	
Total		\$5,962,170
Patient Days @ 90%	13,797	
Total/Operating Cost/PT Day		\$432.14

**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.

Depreciation	\$840,000	
Interest Expense	\$310,000	
Total		\$1,150,000
PT Days @ 90%	13,797	
Total/Operating Cost/PT Day		\$83.35

**ATTACHMENT - 30**



6101 SOUTH COUNTY LINE ROAD  
BURR RIDGE, ILLINOIS 60527



TELEPHONE: 630 323-2250  
FAX: 630 655-8179

April 23, 2020

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

RE: Certificate of Need Application for King-Bruwaert House; reasonableness of financing arrangements

Dear Ms. Avery:

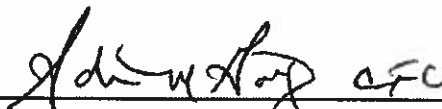
**A. Reasonableness of Financing Arrangements**

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

1. That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
2. That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A. A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 1.5 times for LTC facilities; or
  - B. Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

Respectfully,

  
Board Member or Officer

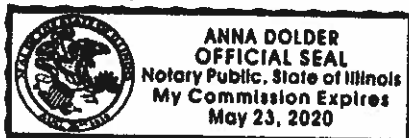
  
Board Member or Officer

Notarization:

Subscribed and sworn to before me  
this 23<sup>rd</sup> day of April 2020

  
Signature of Notary

Seal



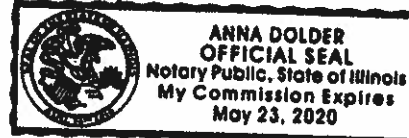
WOODS OF KING-BRUWAERT

Notarization:

Subscribed and sworn to before me  
this 23<sup>rd</sup> day of April 2020

  
Signature of Notary

Seal



KING-BRUWAERT HOUSE

GODAIR PARK



6101 SOUTH COUNTY LINE ROAD  
BURR RIDGE, ILLINOIS 60527



TELEPHONE: 630 323-2250  
FAX: 630 655-8179

April 23, 2020

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

RE: Certificate of Need Application for King-Bruwaert House; conditions of debt financing


Dear Ms. Avery:

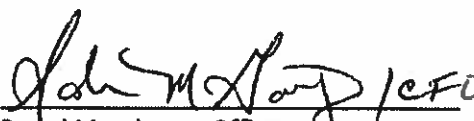
**B. Conditions of Debt Financing**

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

1. That the selected form of debt financing for the project will be at the lowest net cost available;
2. That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
3. That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

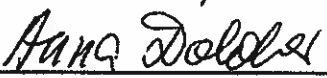
Respectfully,

  
Board Member or Officer

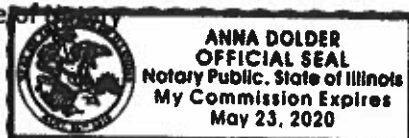
  
Board Member or Officer

Notarization:

Subscribed and sworn to before me  
this 23rd day of April 2020

  
Signature of Notary


Seal



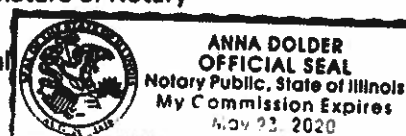
WOODS OF KING-BRUWAERT

Notarization:

Subscribed and sworn to before me  
this 23 day of April 2020

  
Signature of Notary

Seal



KING-BRUWAERT HOUSE

GODAIR PARK