LONG-TERM CARE
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

DESCRIPTION OF PROJECT

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.

Hoosier Care, Inc. d/b/a Exceptional Care & Training Center, New Sterling Facility Company, LLC, and Hoosier Care Properties, Inc. (the "Applicants") currently operate an 85-bed skilled nursing facility for medically complex individuals with developmental disabilities ("MC/DD") located at 2601 Woodlawn Road, Sterling, Illinois 61081 (the "Existing Facility"). The existing building is over 40 years old and is inadequate for current operations. Accordingly, the Applicants seek authority from the Illinois Health Facilities and Services Review Board (the "State Board") to establish an 85-bed MC/DD facility to be located on West 23rd Street between Avenue F and Avenue J in Sterling, Illinois (the "Replacement Facility"). The Replacement Facility will be 6 minutes from the Existing Facility, on the north side of Sterling and away from the high traffic and growing retail center where the Existing Facility is located. The new location is in a predominantly residential area and closer to CGH Medical Center. The relocated Exceptional Care & Training Center ("ECTC") will consist of 49,600 GSF. The cost of the project is $27,100,000.

This project is classified as a substantive project as it proposes the establishment of a new health care facility.

Facility/Project Identification

Facility Name: Exceptional Care & Training Center		
Street Address: West 23rd Street between Avenue F and Avenue J in Sterling, Illinois		
City and Zip Code: Sterling, Illinois 61081		
County: Whiteside	Health Service Area: 001	Health Planning Area: 195

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Hoosier Care, Inc.
Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Name of Registered Agent: National Registered Agents Inc.
Name of Chief Executive Officer: Douglass B. Smith
CEO Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Telephone Number:

Type of Ownership (Applicant/Co-Applicants)

☒ Non-profit Corporation
☐ For-profit Corporation
☐ Limited Liability Company
☐ Partnership
☐ Governmental
☐ Sole Proprietorship
☐ Other

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

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

Primary Contact
[Person to receive ALL correspondence or inquiries)

Name: Andrea Barach
Title: Vice President and General Counsel
Company Name: Hoosier Care, Inc.
Address: P.O. Box 58908, Nashville, Tennessee 37205
Telephone Number: 615-647-9004
E-mail Address: abarach@hustsonwood.org
Fax Number:

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

Name: Melissa Francque
Title: Executive Director
Company Name: Hoosier Care, Inc.
Address: 2601 Woodland Road, Sterling, Illinois 61801
Telephone Number: 815-626-5820
E-mail Address: melissa@ectc1.com
Fax Number:

Facility/Project Identification

Facility Name: Exceptional Care & Training Center		
Street Address: West 23rd Street between Avenue F and Avenue J in Sterling, Illinois		
City and Zip Code: Sterling, Illinois 61081		
County: Whiteside	Health Service Area: 001	Health Planning Area: 195

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: New Sterling Facility Company, LLC
Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Name of Registered Agent: National Registered Agents Inc.
Name of Chief Executive Officer: Douglass B. Smith
CEO Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Telephone Number:

Type of Ownership (Applicant/Co-Applicants)

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☒ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

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Telephone Number: 615-647-9004
E-mail Address: abarach@hustsonwood.org
Fax Number:

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

Name: Melissa Francque
Title: Executive Director
Company Name: Hoosier Care, Inc.
Address: 2601 Woodland Road, Sterling, Illinois 61801
Telephone Number: 815-626-5820
E-mail Address: melissa@ectc1.com
Fax Number:

Facility/Project Identification

Facility Name: Exceptional Care & Training Center		
Street Address: West 23rd Street between Avenue F and Avenue J in Sterling, Illinois		
City and Zip Code: Sterling, Illinois 61081		
County: Whiteside	Health Service Area: 001	Health Planning Area: 195

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Hoosier Care Properties, Inc.
Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Name of Registered Agent: National Registered Agents Inc.
Name of Chief Executive Officer: Stephen F. Wood, Sr.
CEO Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Telephone Number:

Type of Ownership (Applicant/Co-Applicants)

☒	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
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[Person to receive ALL correspondence or inquiries)

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Title: Vice President and General Counsel
Company Name: Hoosier Care, Inc.
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Telephone Number: 615-647-9004
E-mail Address: abarach@hustsonwood.org
Fax Number:

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

Name: Melissa Francque
Title: Executive Director
Company Name: Hoosier Care, Inc.
Address: 2601 Woodland Road, Sterling, Illinois 61801
Telephone Number: 815-626-5820
E-mail Address: melissa@ectc1.com
Fax Number:

Post Permit Contact

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

Name: Melissa Francque
Title: Executive Director
Company Name: Hoosier Care, Inc.
Address: 2601 Woodland Road, Sterling, Illinois 61801
Telephone Number: 815-626-5820
E-mail Address: melissa@ectc1.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Hoosier Care Properties, Inc.
Address of Site Owner: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205
Street Address or Legal Description of Site: West 23rd Street between Avenue F and Avenue J in Sterling, Illinois (Whiteside County Tax Parcels 11-16-301-008, 11-16-301-003, 11-16-301-006)
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 ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Hoosier Care, Inc. d/b/a Exceptional Care & Training Center
Address: 6200 Highway 100, Suite 300, Nashville, Tennessee 37205

☒ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #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** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #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 **NOT APPLICABLE**

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

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Hoosier Care, Inc.* 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

Douglass B. Smith
PRINTED NAME

President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 27th day of July 2022

Signature of Notary

M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

Seal

My Commission Expires: 1-11-26

SIGNATURE

Andrea Barach
PRINTED NAME

Vice President & Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 27th day of July 2022

Signature of Notary

Seal

M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

My Commission Expires: 1-11-24

*Insert EXACT legal name of the applicant

84401285.1

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of New Sterling Facility Company, LLC* 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	SIGNATURE
Douglass B. Smith	James M. Ridenour
PRINTED NAME	PRINTED NAME
Manager	Manager
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 7th day of February 2023	Notarization: Subscribed and sworn to before me this 7th day of February 2023
Signature of Notary	Signature of Notary
Seal M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY	Seal M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

*Insert EXACT legal name of the applicant

87871477.1

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CERTIFICATION

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

- in the case of a corporation, any two of its officers or members of its Board of Directors;
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- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Hoosier Care Properties, Inc.* **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

Douglass B. Smith
PRINTED NAME

President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 27th day of July 2022

Signature of Notary

Seal

M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

my commission Expires: 1-11-26

SIGNATURE

Andrea Barach
PRINTED NAME

Vice President & Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 27th day of July 2022

Signature of Notary

Seal

M CARLENE GRUBB STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY

my commission Expires: 1-11-26

*Insert EXACT legal name of the applicant

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 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 <u>ATTACHMENT-11,</u> 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
☐ General Long-Term Care		
☒ Specialized Long-Term Care	85	85
☐		

***Existing number of beds as authorized by IDPH and posted in the "LTC Bed Inventory" on the HFSRB website (www.hrfsb.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
☐ General Long Term Care			
☒ Specialized Long-Term Care	2021	11	28,079

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
	Section	**Subject**
Establishment of LTC Developmentally Disabled - Children	.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

SPECIALIZED LONG-TERM

Criterion 1125.720 - Specialized Long-Term Care – Review Criteria

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.

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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 a 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 <u>ATTACHMENT-26,</u> 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:**

$2,100,000	a.	Cash and Securities − statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
________	b.	Pledges − for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
________	c.	Gifts and Bequests − verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$25,000,000	d.	Debt − a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1. For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2. For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3. For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4. For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5. For any option to lease, a copy of the option, including all terms and conditions.

________	e.	Governmental Appropriations − a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
________	f.	Grants − a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
________	g.	All Other Funds and Sources − verification of the amount and type of any other funds that will be used for the project.
$27,100,000	**TOTAL FUNDS AVAILABLE**	

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

Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

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

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

1. The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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 <u>ATTACHMENT 29,</u> 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)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

Section I, Identification, General Information, and Certification
Applicants

The certificates of good standing for Hoosier Care, Inc. d/b/a Exceptional Care & Training Center, New Sterling Facility Company, Inc. and Hoosier Care Properties, Inc. are attached at Attachment – 1.

Hoosier Care, Inc. is the current operator/licensee of Exceptional Care & Training Center. Exceptional Care & Training Center is a trade name of Hoosier Care, Inc. and is not separately organized.

New Sterling Facility Company, Inc. owns the site where the Relocated Facility will be located.

Hoosier Care Properties, Inc. is the sole member of New Sterling Facility Company, Inc..

File Number 5557-687-4

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

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

HOOSIER CARE, INC., INCORPORATED IN INDIANA AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 29, 1989, 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 A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS 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* 14TH *day of* JULY *A.D.* 2022 .

SEAL OF THE STATE OF ILLINOIS
AUG. 26TH 1818

Authentication #: 2219503530 verifiable until 07/14/2023
Authenticate at: http://www.ilsos.gov

Jesse White
SECRETARY OF STATE

File Number 1191123-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, **Alexi Giannoulias***, 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*

NEW STERLING FACILITY COMPANY, LLC, AN INDIANA LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 29, 2022, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS 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* 27TH *day of* JANUARY *A.D.* 2023 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 2302702014 verifiable until 01/27/2024

Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

State of Indiana
Office of the Secretary of State

CERTIFICATE OF EXISTENCE

To Whom These Presents Come, Greeting:

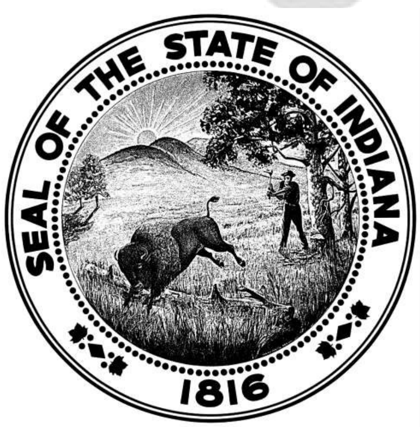
I, HOLLI SULLIVAN, Secretary of State of Indiana, do hereby certify that I am, by virtue of the laws of the State of Indiana, the custodian of the corporate records and the proper official to execute this certificate.

I further certify that records of this office disclose that

HOOSIER CARE PROPERTIES, INC.

duly filed the requisite documents to commence business activities under the laws of the State of Indiana on November 05, 2003, and was in existence or authorized to transact business in the State of Indiana on July 21, 2022.

I further certify this Domestic Nonprofit Corporation has filed its most recent report required by Indiana law with the Secretary of State, or is not yet required to file such report, and that no notice of withdrawal, dissolution, or expiration has been filed or taken place. All fees, taxes, interest, and penalties owed to Indiana by the domestic or foreign entity and collected by the Secretary of State have been paid.



In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, July 21, 2022

Holli Sullivan

HOLLI SULLIVAN
SECRETARY OF STATE

2003110600172 / 20222686708
All certificates should be validated here: https://bsd.sos.in.gov/ValidateCertificate
Expires on August 20, 2022.

Section I, Identification, General Information, and Certification
<u>Site Ownership</u>

The filed warranty deed conveying the site of the Relocated Facility from Mark A. Joachim to Hoosier Care Properties, Inc. is attached at Attachment – 2.

After Recording Please Return To:
Fidelity National Title Insurance Company
4111 Executive Parkway, Suite 304
Westerville, Ohio 43081
File Number:
GLW2102395

2022-03487
06/08/2022 02:09 PM
PAGES: 3
DAWN M. YOUNG
RECORDER
WHITESIDE COUNTY IL
RECORDING FEE: 43.00
COUNTY STAMP FEE: 237.50
STATE STAMP FEE: 475.00

Dawn M. Young
THIS DOCUMENT WAS ERECORDED

WARRANTY DEED

Prepared By:
William R. Shirk
Attorney at Law
301 East Main Street
Morrison, IL 61270-0389
Tele: (815) 772-7231

The Grantor(s), **MARK A. JOACHIM,** of the City of Dixon, County of Lee and State of Illinois, not married and not a party to a civil union under the Illinois Religious Freedom Protection and Civil Union Act or any relationship legally entered into that is substantially similar to a civil union in Illinois for the consideration of TEN AND NO/100THS DOLLARS ($10.00), in hand paid and other good and valuable consideration,

CONVEY(S) AND WARRANT(S) TO: **HOOSIER CARE PROPERTIES, INC., an Indiana nonprofit corporation,** of 6200 Hwy 100, Suite 300, Nashville, Tennessee 37205, all interest in the following described Real Estate, to-wit:

Part of Lots 20, 21, 28 and 29 in the Northwest Quarter of the Southwest Quarter of Section 16, Township 21 North,Range 7 East of the 4th P.M., Whiteside County, Illinois, bounded and described as follows: Commencing at the Northwest corner of the Southwest Quarter of said Section 16; thence South 00 degrees 52 minutes 25 seconds West, along the West line of the Northwest Quarter of said Southwest Quarter, a distance of 460.00 feet to the point of beginning of the hereinafter described tract of land; thence continuing South 00 degrees 52 minutes 25 seconds West, along the West line of the Northwest Quarter of said Southwest Quarter, a distance of 865.27 feet to the Southwest corner of the Northwest Quarter of said Southwest Quarter; thence North 89 degrees 43 minutes 47 seconds East, along the South line of the Northwest Quarter of said Southwest Quarter, a distance of 1285.95 feet to the Westerly right-of-way line of a public road designated Avenue "F"; thence North 1 degree 02 minutes 34 seconds East, along said Westerly right-of-way line, a distance of 1260.50 feet to the Southerly right-of-way line of a public road designated West 23rd Street; thence South 89 degrees 56 minutes 42 seconds West, along said Southerly right-of-way line, a distance of 954.58 feet; thence South 00 degrees 52 minutes 25 seconds West, parallelwith the West line of the Northwest Quarter of said Southwest Quarter, a distance of 400.00 feet; thence South 89 degrees 56 minutes 42 seconds West, a distance of 335.00 feet to the point of beginning, excepting therefrom the following described tract: Part of Lots 20, 21, 28, and 29 of the Northwest Quarter of the Southwest Quarter of Section 16, Township 21 North, Range 7 East of the 4th P.M., Whiteside County, Illinois, bounded and described as follows: Commencing at the Northwest corner of the Southwest Quarter of said Section 16; thence South 00 Degrees

FIDELITY NATIONAL TITLE FCHI2101231LI
1 of 1

Attachment - 2

52 Minutes 25 Seconds West along the West line of the Northwest Quarter of said Southwest Quarter, a distance of 60.00 feet to the Southerly right-of-way line, a distance of 962.58 feet to the point of beginning of the hereinafter described tract of land; thence continuing North 89 Degrees 56 Minutes 42 Seconds East, along said Southerly right-of-way line, a distance of 327.00 feet to the Westerly right-of-way line of a public Road designatedAvenue F; thence South 01 Degree 02 Minutes 34 Seconds West, along said Westerly right-of-way line, a distance of 1,260.50 feet to the South line of the Northwest Quarter of said Southwest Quarter; thence South 89 Degrees 43Minutes 47 Seconds West, along said South line, a distance of 327.03 feet; thence North 01 Degree 02 Minutes 34Seconds East, parallel with the Westerly right-of-way line of said Avenue F, a distance of 1,261.37 feet to the pointof beginning.

PIN: 11-16-301-008
11-16-301-003
11-16-301-006

Vacant land at West 23rd Street
Common Address: ~~25 Acres +/- West 23rd Street~~
Sterling, Illinois 61081

The real estate sold herein is not homestead property of Grantor.

Subject to taxes for the year 2022 and subsequent years, which grantee assumes and agrees to pay, to any and all existing right of ways for public highways, utilities and drainage and other easements, covenants, restrictions and reservations of record;
hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State.

Dated this 31 day of May, A.D. 2022.

Mark A. Joachim
Mark A. Joachim

(State of Illinois)
)
(Whiteside County)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that **Mark A. Joachim, a single person,** personally known to me to be the same person/s whose name/s is/are subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he/she/they signed, and delivered the said instrument as his/her/their free and voluntary act for the uses and purposes therein set forth.

Given under my hand and Notarial seal this 31st day of May, A.D. 2022

Sara Frickenstein
Notary Public

Tax Billing Address & Return To:
Hoosier Care Properties, Inc.
6200 Hwy 100
Suite 300
Nashville, TN 37205

SARA FRICKENSTEIN
OFFICIAL SEAL
NOTARY PUBLIC STATE OF ILLINOIS
Notary Public - State of Illinois
My Commission Expires
March 16, 2024

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

The Illinois Certificate of Good Standing for Hoosier Care, Inc. is attached at Attachment – 3.

File Number 5557-687-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

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

HOOSIER CARE, INC., INCORPORATED IN INDIANA AND LICENSED TO CONDUCT AFFAIRS IN THIS STATE ON JUNE 29, 1989, 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 A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO CONDUCT AFFAIRS 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* 14TH *day of* JULY *A.D.* 2022 .

Authentication #: 2219503530 verifiable until 07/14/2023

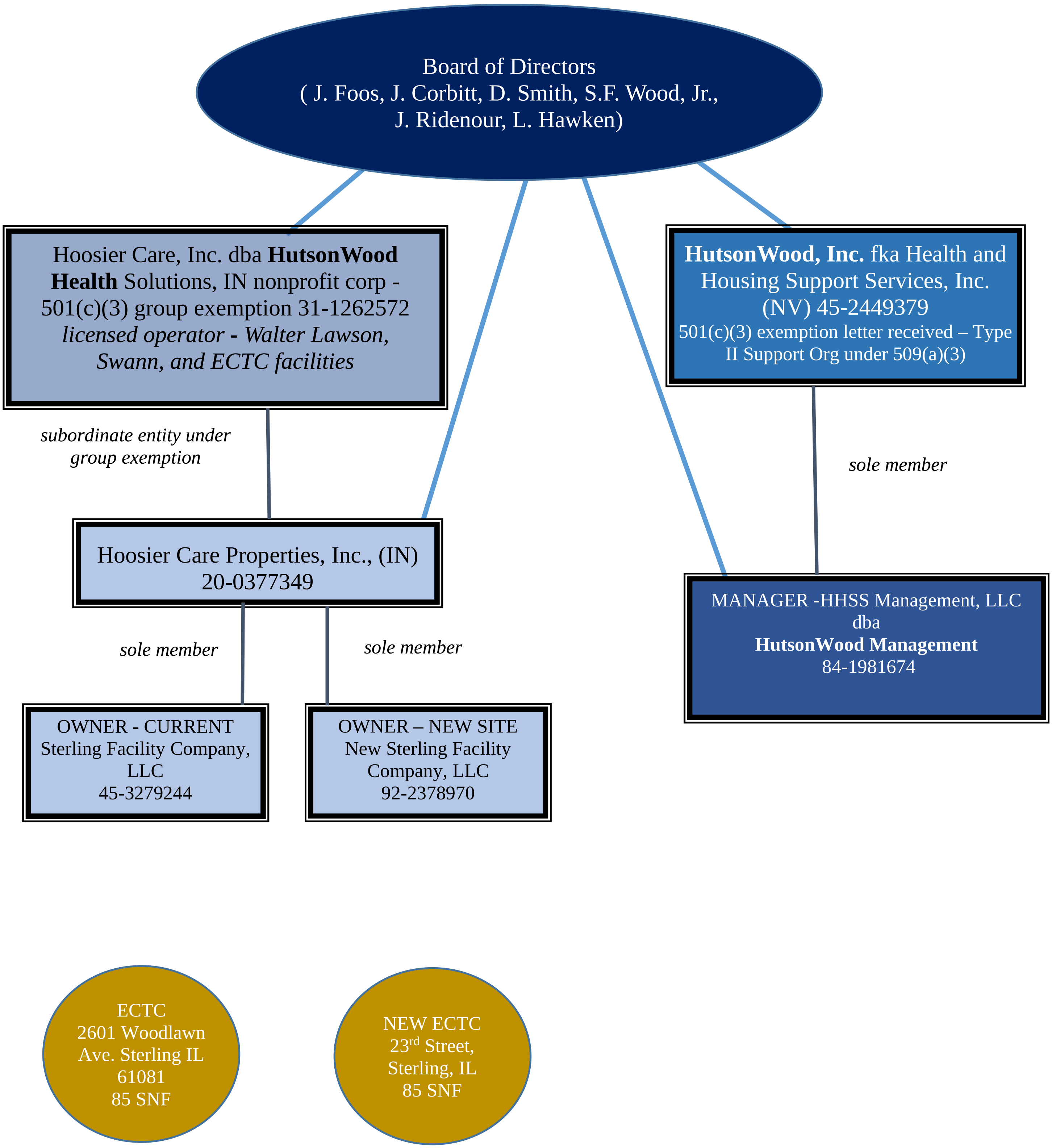
Authenticate at: http://www.ilsos.gov

Jesse White

SECRETARY OF STATE

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

The organizational chart for Hoosier Care, Inc. is attached at Attachment – 4.


Board of Directors
(J. Foos, J. Corbitt, D. Smith, S.F. Wood, Jr.,
J. Ridenour, L. Hawken)
Hoosier Care, Inc. dba **HutsonWood Health** Solutions, IN nonprofit corp - 501(c)(3) group exemption 31-1262572
licensed operator - Walter Lawson, Swann, and ECTC facilities
HutsonWood, Inc. fka Health and Housing Support Services, Inc. (NV) 45-2449379
501(c)(3) exemption letter received – Type II Support Org under 509(a)(3)
subordinate entity under group exemption
sole member
Hoosier Care Properties, Inc., (IN)
20-0377349
MANAGER -HHSS Management, LLC
dba
HutsonWood Management
84-1981674
sole member
sole member
OWNER - CURRENT
Sterling Facility Company, LLC
45-3279244
OWNER – NEW SITE
New Sterling Facility Company, LLC
92-2378970
ECTC
2601 Woodlawn Ave. Sterling IL 61081
85 SNF
NEW ECTC
23rd Street, Sterling, IL
85 SNF

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

The site of the proposed Replacement Facility complies with the requirements of Illinois Executive Order #2006-5. The Replacement Facility will be located on West 23rd Street between Avenue F and Avenue J in Sterling, Illinois. As shown in the documentation from the FEMA Flood Map Service Center attached at Attachment – 5. The interactive map for Panel 17195C0237E reveals that this area is located in an area of minimal flood hazard.

National Flood Hazard Layer FIRMette

FEMA

89°42'32"W 41°48'45"N

89°41'54"W 41°48'18"N

Feet
0 250 500 1,000 1,500 2,000

1:6,000

Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Legend

#23-014

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, A99*
		With BFE or Depth *Zone AE, AO, AH, VE, AR*
		Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD		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 Levee. See Notes. *Zone X*
		Area with Flood Risk due to Levee *Zone D*
OTHER AREAS	NO SCREEN	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	B 20.2 17.5	Cross Sections with 1% Annual Chance Water Surface Elevation
	8	Coastal Transect
	513	Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
		Coastal Transect Baseline
		Profile Baseline
		Hydrographic Feature
MAP PANELS		Digital Data Available
		No Digital Data Available
		Unmapped

N

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 5/6/2022 at 11:03 AM 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 unmodernized areas cannot be used for regulatory purposes.

Attachment - 5

Section I, Identification, General Information, and Certification
<u>Historic Resources Preservation Act Requirements</u>

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

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois Department of
Natural Resources

JB Pritzker, Governor
Colleen Callahan, Director

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Whiteside County PLEASE REFER TO: SHPO LOG #016050622
Sterling
West 23rd Street between Avenue F & Avenue J
IHFSRB
*New construction, skilled nursing facility - Exceptional Care & Training Center

June 6, 2022

Anne Cooper
Polsinelli
150 N. Riverside Plaza, Suite 3000
Chicago, IL 60606-1599

Dear Ms. Cooper:

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state undertakings for their effect on cultural resources. Pursuant to this requirement, we have received information regarding the above referenced project for our comment.

According to the information provided concerning the proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

Our files do not identify any known historic properties within this proposed project area, nor is the project area within the high probability area for archaeological resources as defined in the state Act. Accordingly, this project is EXEMPT pursuant to the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/6). An archaeological survey for your above referenced project is not required under STATE law.

If further assistance is needed please contact Jeff Kruchten, Chief Archaeologist at 217/785-1279 or Jeffery.kruchten@illinois.gov.

Sincerely,

Carey L. Mayer

Carey L. Mayer , AIA
Deputy State Historic
Preservation Officer

Section III, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1125.320 – Purpose of the Project

Purpose of Project

1. This project is for the relocation of ECTC to a location approximately 2.6 miles from its current location at 2601 Woodlawn Road, Sterling, Illinois 61081. The Existing Building is over 58 years old and constructed when then current care practices resulted in care being provided in an institutionalized setting. At the time it was built, there was little commercial activity in the surrounding area. The town has since grown and the neighborhood now consists of retail, fast food restaurants and business offices. The building now sits just off a 4-lane highway and a busy intersection. The building was originally built for a geriatric community, not necessarily for ECTC's population and needs. Upon entry, the impression is institutional and cramped, despite the staff's best efforts to brighten resident rooms with color and décor. The resident rooms are predominantly triples with communal bathing/toileting rooms in the hall. This creates issues with cohorting patients by gender and diagnosis, creates less individual privacy, especially for bathing, and impedes infection control measures, due to the inevitable close contact with roommates. Should one resident become ill, facilities are very limited for providing appropriate personal distance to prevent the spread of infection. Further, the physical plant is inadequate for operations: (1) the resident rooms are inadequate to accommodate the necessary equipment to treat residents, e.g., larger, customized wheelchairs and other adaptive devices, oxygen therapy equipment, gastrostomy feeding poles, positioning equipment, bed safety mats on floor, alternative seating instead of their wheelchair, (2) the kitchen is in the basement, no elevator, and the dumb waiter lacks sufficient capacity to transport food, so staff must travel up and down a rather narrow staircase to deliver and clear residents' meals; (3) there is insufficient storage areas for wheelchairs and other adaptive equipment, which hinders operational efficiency for the clinical staff; (4) hallways are fairly narrow, with low ceilings, which causes physical space challenges as well as creating an atmosphere which seems crowded and stifling, and (4) limited space exists for day training and education. Finally, the existing campus is landlocked, which limits the amount of outdoor recreation space, and thus the building and outdoor recreation areas cannot be expanded.

   The Replacement Facility will be a single-story modern facility and more spacious. It will promote staff efficiency by minimizing the distance of necessary travel between frequently used spaces and allow easy visualization of residents by staff. Further, the new design will provide a positive aesthetic environment for residents with a more residential character. There will be additional areas to accommodate visitors, training and consultants. The resident care units will focus on the individual. Triples will be replaced with semi-private rooms, and communal bathing and toileting rooms will be replaced with separate bathing/toileting rooms between every two rooms which will include carefully designed sight lines to ensure resident dignity and privacy. The Day Training and Educational areas will be centrally located in the building to minimize unnecessary traffic in the resident living areas. The classrooms will be larger rooms to allow for safe motor exercises and activities such as assisted walking, Meywalker programs, and independent wheelchair mobility. It will also allow space for a resident to simply move away from others if they need time away but still require in-room supervision.

   The Replacement building will allow more space in residential, educational and outdoor areas to facilitate a multi-sensory approach to resident active treatment. For ECTC residents, this means giving them the opportunity to explore and learn about the environment around them, to enable them to interact with it, and most of all, to be given respect. Sensory Spaces throughout the building will provide enjoyable sounds, music, fascinating light displays, appealing aromas and contrasting textures, all designed to stimulate the primary senses and induce feelings of peace and relaxation. Benefits of multi-sensory programming include enhanced self-esteem, reduced tension & encouraging relaxation. Multi-sensory programming also improves task concentration & self-awareness, improves interaction and communication, encourages exploration and stimulation of the senses, promotes a closer connection between client and caregiver and helps to decrease maladaptive and self-injurious behaviors.

The Replacement Facility will be located on 25 acres along West 23rd Street between Avenue F and Avenue J and will include age-appropriate playgrounds and outdoor sensory areas with inclusive equipment, paved walking paths, and wheelchair accessible seating area to accommodate residents and their visitors. Finally, the new site is located on the north side of Sterling, in a predominantly residential area, away from the high traffic area and growing retail center. It is also closer to CGH Medical Center, which is the local hospital.

2. A map of the market area of ECTC is attached at Attachment – 10. The market area encompasses an approximate 21-mile radius around the skilled nursing facility. The boundaries of the market area are as follows:

   - North approximately 21 miles to Shannon
   - Northwest approximately 21 miles to Salem
   - West approximately 21 miles to Albany
   - Southwest approximately to Erie
   - South approximately 21 miles to New Bedford
   - Southeast approximately 21 miles to Marion
   - East approximately 21 miles to Bradford
   - Northwest approximately 21 miles to Taylor

3. Issues that need to be addressed stem from the age and design of the Existing Facility, which is over 58 years old and constructed when then current care practices resulted in care being provided in an institutionalized setting. At the time it was built, there was little commercial activity in the surrounding area. The town has since grown and the neighborhood now consists of retail, fast food restaurants and business offices. The building now sits just off a 4-lane highway and a busy intersection. The building was originally built for a geriatric community, not necessarily for ECTC's population and needs. Upon entry, the impression is institutional and cramped, despite the staff's best efforts to brighten resident rooms with color and décor. The resident rooms are predominantly triples with communal bathing/toileting rooms in the hall. This creates issues with cohorting patients by gender and diagnosis, creates less individual privacy, especially for bathing, and impedes infection control measures, due to the inevitable close contact with roommates. Should one resident become ill, facilities are very limited for providing appropriate personal distance to prevent the spread of infection. Further, the physical plant is inadequate for operations: (1) the resident rooms are inadequate to accommodate the necessary equipment to treat residents, e.g., larger, customized wheelchairs and other adaptive devices, oxygen therapy equipment, gastrostomy feeding poles, positioning equipment, bed safety mats on floor, alternative seating instead of their wheelchair, (2) the kitchen is in the basement, no elevator, and the dumb waiter lacks sufficient capacity to transport food, so staff must travel up and down a

rather narrow staircase to deliver and clear residents' meals; (3) there is insufficient storage areas for wheelchairs and other adaptive equipment, which hinders operational efficiency for the clinical staff; (4) hallways are fairly narrow, with low ceilings, which causes physical space challenges as well as creating an atmosphere which seems crowded and stifling, and (4) limited space exists for day training and education. Finally, the existing campus is landlocked, which limits the amount of outdoor recreation space, and thus the building and outdoor recreation areas cannot be expanded.

4. The planned relocation of ECTC will enable treatment of residents in a spacious and modern facility. It will promote staff efficiency by minimizing the distance of necessary travel between frequently used spaces and allow easy visualization of residents by staff. Further, the new design will provide a positive aesthetic environment for residents with a more residential character. There will be additional areas to accommodate visitors, training and consultants. The resident care units will focus on the individual. Triples will be replaced with semi-private rooms, and communal bathing and toileting rooms will be replaced with separate bathing/toileting rooms between every two rooms which will include carefully designed sight lines to ensure resident dignity and privacy. The Day Training and Educational areas will be centrally located in the building to minimize unnecessary traffic in the resident living areas. The classrooms will be larger rooms to allow for safe motor exercises and activities such as assisted walking, Meywalker programs, and independent wheelchair mobility. It will also allow space for a resident to simply move away from others if they need time away but still require in-room supervision.

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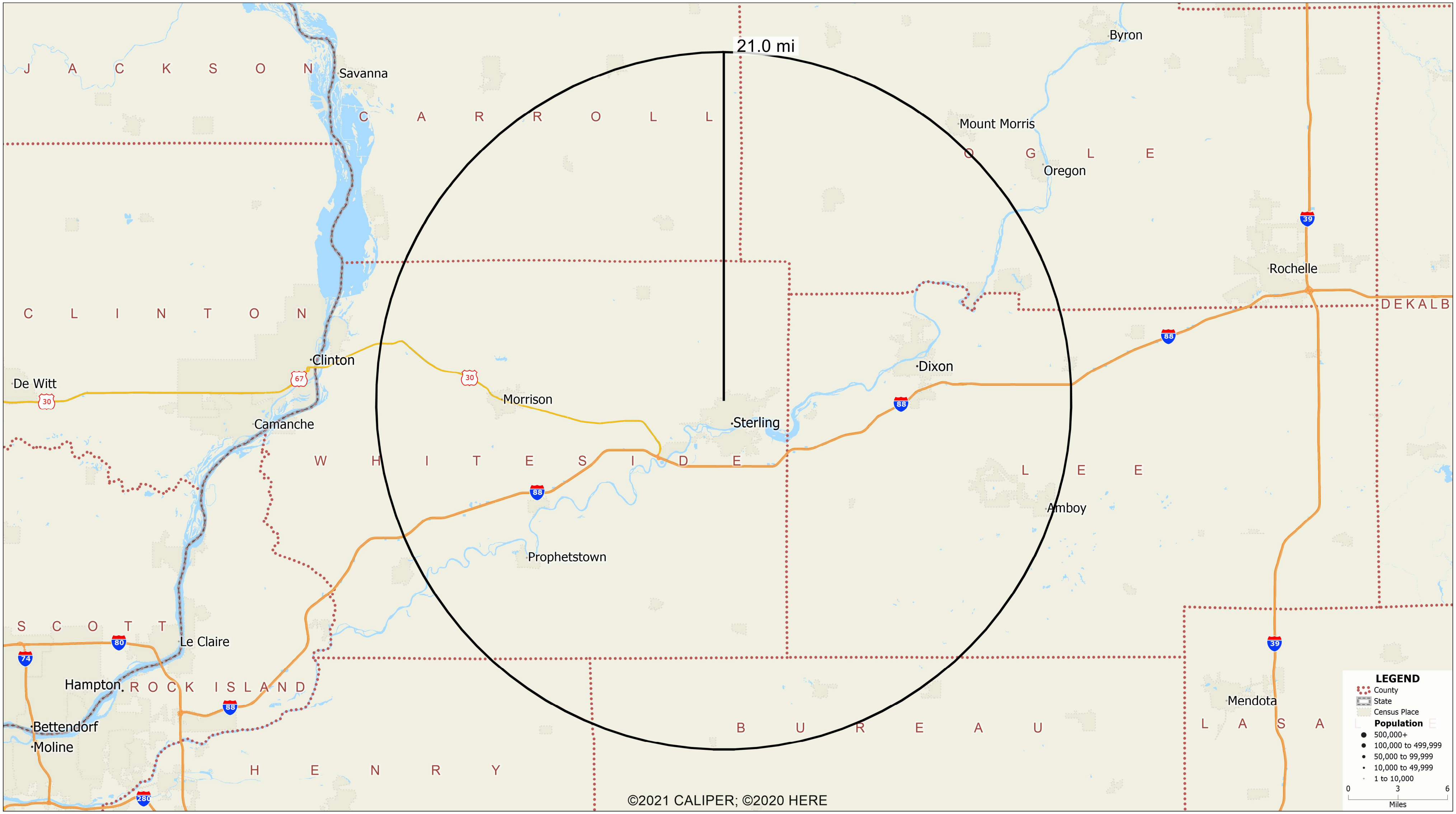
   The Replacement Facility will be located on 25 acres along West 23rd Street between Avenue F and Avenue J and will include age-appropriate playgrounds and outdoor sensory areas with inclusive equipment, paved walking paths, and wheelchair accessible seating area to accommodate residents and their visitors. Finally, the new site is located on the north side of Sterling, in a predominantly residential area, away from the high traffic area and growing retail center. It is also closer to CGH Medical Center, which is the local hospital.



Attachment - 10

Section III, Purpose of the Project and Alternatives – Information Requirements
Criterion 1125.330 – Alternatives

Alternatives

The Applicants considered three options prior to determining to relocate ECTC. The options considered are as follows:

1. Maintain the Status Quo/Do Nothing

2. Expand the Existing Facility

3. Utilize Existing Skilled Nursing Facilities.

4. Establish the Replacement Facility.

After exploring these options, which are discussed in more detail below, the Applicants determined to establish the Replacement Facility. A review of each of the options considered and the reasons they were rejected along with the justification for the relocation decision is included below.

Maintain the Status Quo/Do Nothing

The Applicants considered and rejected the option of retaining the Existing Facility but rejected this option as the physical plant is inadequate for current operations. The Existing Building is over 58 years old and constructed when then current care practices resulted in care being provided in an institutionalized setting. At the time it was built, there was little commercial activity in the surrounding area. The town has since grown and the neighborhood now consists of retail, fast food restaurants and business offices. The building now sits just off a 4-lane highway and a busy intersection. The building was originally built for a geriatric community, not necessarily for ECTC's population and needs. Upon entry, the impression is institutional and cramped, despite the staff's best efforts to brighten resident rooms with color and décor. The resident rooms are predominantly triples with communal bathing/toileting rooms in the hall. This creates issues with cohorting patients by gender and diagnosis, creates less individual privacy, especially for bathing, and impedes infection control measures, due to the inevitable close contact with roommates. Should one resident become ill, facilities are very limited for providing appropriate personal distance to prevent the spread of infection. Further, the physical plant is inadequate for operations: (1) the resident rooms are inadequate to accommodate the necessary equipment to treat residents, e.g., larger, customized wheelchairs and other adaptive devices, oxygen therapy equipment, gastrostomy feeding poles, positioning equipment, bed safety mats on floor, alternative seating instead of their wheelchair, (2) the kitchen is in the basement, no elevator, and the dumb waiter lacks sufficient capacity to transport food, so staff must travel up and down a rather narrow staircase to deliver and clear residents' meals; (3) there is insufficient storage areas for wheelchairs and other adaptive equipment, which hinders operational efficiency for the clinical staff; (4) hallways are fairly narrow, with low ceilings, which causes physical space challenges as well as creating an atmosphere which seems crowded and stifling, and (4) limited space exists for day training and education. Finally, the existing campus is landlocked, which limits the amount of outdoor recreation space, and thus the building and outdoor recreation areas cannot be expanded.

Maintaining the status quo will not address the physical plant issues. Accordingly, the Applicants rejected this alternative.

There is no cost for this alterative.

Expand the Existing Facility

The Applicants considered expanding the Existing Facility to address physical plant issues. The existing campus is landlocked, and thus the building and outdoor recreation areas cannot be expanded. Accordingly, the Applicants rejected this alterative.

Utilize Existing Skilled Nursing Facilities

ECTC is one of 10 MC/DD facilities in the State, and the only MC/DD facility in the 21-mile geographic service that provides skilled nursing care to residents under 22 years of age. It provides specialized care focusing on habilitation, restorative, and long-term needs of residents who suffer from genetic disorders, birth trauma, accidents, physical abuse and/or debilitating or life-threatening disease.

The level of care provided by ECTC exists at no other skilled nursing facility in the geographic service area. Accordingly, the Applicants rejected this alternative.

There is no cost for this alternative.

Establish a Replacement Facility

The Existing Facility is over 40 years old and cannot be expanded beyond the current footprint. The kitchen is in the basement, and the dumb waiter lacks sufficient capacity to transport food, so staff must go up and down a rather narrow staircase to bring and clear residents' meals. Every room is a triple, with central bathroom facilities, which is very difficult to assure appropriate resident privacy. There are insufficient storage areas for wheelchairs and other adaptive equipment, which hinders operational efficiency for the clinical staff, and limited space for day training and education. Further, the existing site is landlocked, which limits the amount of outdoor recreation space, and cannot expand beyond its current campus

The planned relocation of ECTC will enable treatment of residents in a modern facility. The 85-bed replacement facility will be located on 25 acres along West 23rd Street between Avenue F and Avenue J, in Sterling, Illinois, 6 minutes from the existing building. The new site is located on the north side of Sterling, in a predominantly residential area, away from the high traffic area and growing retail center, and closer to CGH Medical Center. Importantly, the relocation of the Existing Facility will address the physical plant issues.

The cost of this alternative is $27,100,000.

Section IV, Service Specific Review Requirements
Criterion 1125.520, Background of the Applicant

1. Hoosier Care, Inc. is the owner/operator/licensee of ECTC. A list of health care facilities owned or operated by Hoosier Care, Inc. in Illinois, including licensing information is provided below:

Name	Address	License No.	NPI
Exceptional Care & Training Center	2601 Woodlawn Road Sterling, Illinois 61081	0035477	1316975212
Walter Lawson Children's Home	1820 Walter Lawson Drive Loves Park, Illinois 61111	0035469	1578676391
Swann Special Care Center	109 Kenwood Road Champaign, Illinois 61821	0035485	1306859731

2. No officers or directors of Hoosier Care, Inc. or Hoosier Care Properties, Inc. operate own or operate health care facilities in the State of Illinois.

3. An authorization permitting HFSRB and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 12.

The Applicant has not previously submitted an application for permit during this calendar year. Accordingly, this criterion is not applicable.

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

Re: Adverse Action and Access to Documents

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any health care facility owned or operated by Hoosier Care, Inc. or Hoosier Care Properties, Inc. in the State of Illinois during the three-year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.110(a)(2)(J), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Douglass B. Smith
President
Hoosier Care, Inc.
Hoosier Care Properties, Inc.

Subscribed and sworn to me
This 7th day of July, 2022

M. Carlene Grubb
Notary Public

M CARLENE GRUBB
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Exp: 1-11-24

84401285.1

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

Re: Adverse Action and Access to Documents

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any health care facility owned or operated by New Sterling Facility Company, LLC in the State of Illinois during the three-year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.110(a)(2)(J), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Douglass B. Smith
Manager
New Sterling Facility Company, LLC

M CARLENE GRUBB
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Subscribed and sworn to me
This 7th day of February, 2023

M. Carlene Grubb
Notary Public

Section IV, Service Specific Review Requirements
Criterion 1125.530(a), Bed Need Determination

This project is for the relocation ECTC approximately 2.6 miles from its current location at 2601 Woodlawn Road, Sterling, Illinois 61081. Importantly, this project will not add skilled nursing beds to the planning area, which currently has an excess of 200 skilled nursing beds. The Existing Facility has historically operated at 95% utilization, and all existing residents are expected to transfer to the Replacement Facility.

Section IV, Service Specific Review Requirements
Criterion 1125.530(b), Service to Planning Area Residents

This project is for the relocation ECTC approximately 2.6 miles from its current location at 2601 Woodlawn Road, Sterling, Illinois 61081. The Existing Facility has historically operated at 95% utilization, and all existing residents are expected to transfer to the Replacement Facility. ECTC is one of four MC/DD facilities outside the Chicago metropolitan area. Accordingly, ECTC services residents throughout Illinois. The table below provides the zip code of residence for current ECTC residents.

Table 1125.530(b) Residents by Zip Code		
Zip Code	**City**	**Residents**
30064	Marietta, GA	1
32163	The Villages, FL	1
34293	Venice, FL	1
37110	McMinnville, TN	1
37179	Thompsons Station, TN	1
47802	Terre Haute, IN	1
49327	Grant, MI	1
52804	Davenport, IA	1
53511	Beloit, WI	1
53946	Markesan, WI	1
60002	Antioch, IL	1
60103	Bartlett, IL	1
60115	DeKalb, IL	2
60187	Wheaton, IL	1
60423	Frankfort, IL	1
60450	Morris, IL	1
60452	Oak Forest, IL	1
60510	Batavia, IL	1
60548	Sandwich, IL	1
60614	Chicago, IL	1
60641	Chicago, IL	1
60803	Alsip, IL	1
60827	Riverdale, IL	1
61008	Belvidere, IL	2
61021	Dixon, IL	1
61032	Freeport, IL	4
61036	Galena, IL	1
61042	Harmon, IL	1
61046	Lanark, IL	2
61071	Rock Falls, IL	3
61075	Scales Mount, IL	1
61078	Shannon, IL	1
61081	Sterling, IL	1
61088	Winnebago, IL	1

Table 1125.530(b) Residents by Zip Code		
Zip Code	**City**	**Residents**
61103	Rockford, IL	22
61107	Rockford, IL	1
61111	Loves Park, IL	2
61201	Rock Island, IL	1
61252	Fulton, IL	1
61254	Geneseo, IL	1
61261	Lyndon, IL	1
61285	Thomson, IL	1
61314	Buda, IL	1
61324	Eldena, IL	1
61341	Marselles, IL	1
61350	Ottawa, IL	1
61443	Kewanee, IL	1
61486	Viola, IL	1
72466	Smithville, AR	1
78045	Laredo, TX	1
85117	Apache Junction, AZ	1
85388	Surprise, AZ	1
Total		**82**

Section IV, Service Specific Review Requirements
Criterion 1125.540, Service Demand

This project is for the relocation of Exceptional Care & Training Center. Historically, the facility has operated above 90% occupancy, and all residents are expected to transfer to the Replacement Facility. Attached at Attachment – 14 is a letter from Melissa Francque, Administrator, ECTC attesting that all residents will be afforded the opportunity to transfer to the Replacement Facility.

EXCEPTIONAL
CARE & TRAINING CENTER

January 25, 2023

Ms. Debra Savage
Chair
Illinois Health Facilities and Services
Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Exceptional Care & Training Center

Dear Ms. Savage:

I am the administrator of Exceptional Care & Training Center ("ECTC"). I am writing in support of the proposed relocation of ECTC. The existing building is over 40 years old, and the physical plant is inadequate for operations. The kitchen is in the basement, and the dumb waiter lacks sufficient capacity to transport food, so staff must go up and down a rather narrow staircase to bring and clear residents' meals. Every room is a triple, with central bathroom facilities, which is very difficult to assure appropriate resident privacy. There are insufficient storage areas for wheelchairs and other adaptive equipment, which hinders operational efficiency for the clinical staff, and limited space for day training and education. The existing site is landlocked, which limits the amount of outdoor recreation space, and cannot expand beyond its current campus.

Hoosier Care Inc.'s ("Hoosier Care") planned relocation of ECTC will enable treatment of residents in modern facility. The 85-bed replacement facility will be located on 25 acres along West 23rd Street between Avenue F and Avenue J, in Sterling, Illinois, 6 minutes from the existing building. The new site is located on the north side of Sterling, in a predominantly residential area, away from the high traffic area and growing retail center, and closer to CGH Medical Center.

Over the past three years, utilization at ECTC exceeded the Health Facilities and Services Review Board ("State Board") 90% utilization standard. Currently, ECTC is treating 76 residents, and all residents are expected to transfer to the replacement facility. Accordingly, ECTC will meet the State Board's utilization standard within two years of project completion.

Ms. Debra Savage
January 25, 2023
Page 2

I attest to the best of my knowledge and belief that all of the information in this letter is true and correct and that no prospective resident referrals have been used to support another pending or approved Certificate of Need application.

I support the proposed relocation of Exceptional Care & Training Center.

Sincerely,

Melissa Francque

Melissa Francque
Administrator
Exceptional Care & Training Center

Subscribed and sworn to me
This 25 day of January,
2023

Debra Arellano

Notary Public

"OFFICIAL SEAL"
DEBRA ARELLANO
Notary Public, State of Illinois
My Commission Expires 04/29/2026

Section IV, Service Specific Review Requirements
Criterion 1125.570, Service Accessibility

There are no MC/DD facilities within the ECTC geographic service area. Importantly, only ECTC provides specialized care focusing on habilitation, restorative, and long-term needs of residents who suffer from genetic disorders, birth trauma, accidents, physical abuse and/or debilitating or life-threatening disease. Accordingly, the level of care provided by ECTC exists at no other skilled nursing facility in the geographic service area.

Section IV, Service Specific Review Requirements
Criterion 1125.580, Unnecessary Duplication/Maldistribution

1. Unnecessary Duplication of Services

   a. The Replacement Facility will be located on West 23rd Street between Avenue F and Avenue J in Sterling, Illinois 61081. A map of the Replacement Facility's market area is attached at Attachment – 18. A list of all zip codes located, in total or in part, within 21 miles of the Replacement Facility as well as the 2020 population estimates for each zip code is provided in Table 1125.580.

Table 1125.580(a)(2)
Population of Zip Codes within
21 miles of the Replacement Facility

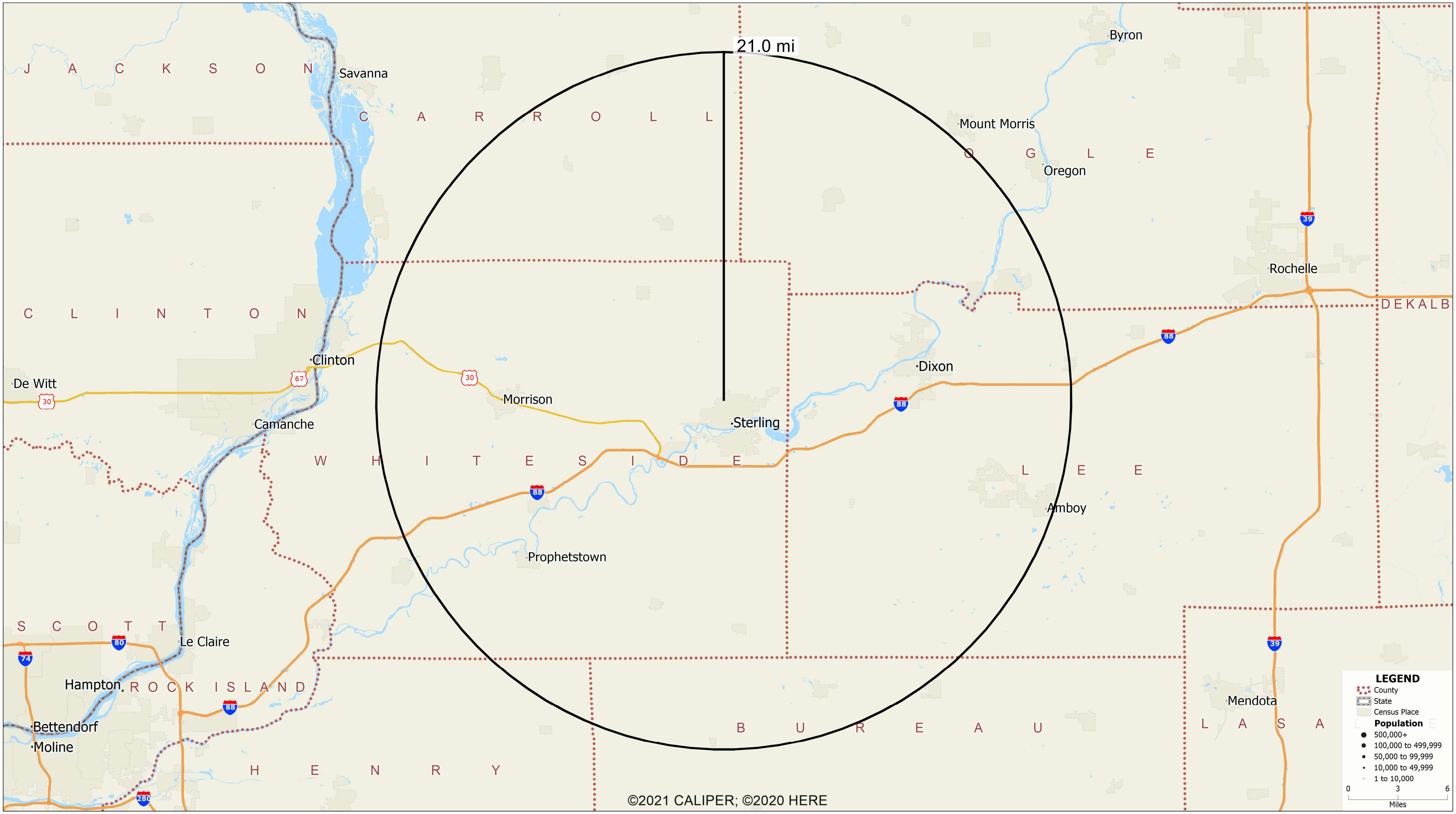
Zip Code	City	Population
61014	Chadwick	1,145
61021	Dixon	22,379
61037	Galt	97
61042	Harmon	659
61051	Milledgeville	1,493
61054	Mount Morris	3,660
61057	Nachusa	84
61061	Oregon	6,555
61064	Polo	3,988
61071	Rock Falls	14,006
61081	Sterling	20,910
61091	Woosung	67
61243	Deer Grove	209
61251	Fenton	402
61261	Lyndon	750
61270	Morrison	6,739
61277	Prophetstown	3,247
61283	Tampico	1,671
61310	Amboy	3,764
61324	Eldena	101
Total		**91,926**

Source: U.S. Census Bureau, Census 2020, 2020 American Community Survey: 5-Year Estimates Data Profile *available at* https://data.census.gov/cedsci/table?q=United%20States&g=0100000US&tid=ACSDP1Y2018.DP05 (last visited May 11, 2022).

b. There are no MC/DD facilities within the ECTC geographic service area. Importantly, only ECTC provides specialized care focusing on habilitation, restorative, and long-term needs of residents who suffer from genetic disorders, birth trauma, accidents, physical abuse and/or debilitating or life-threatening disease. Accordingly, the level of care provided by ECTC exists at no other skilled nursing facility in the geographic service area.

2. This project is for the relocation of ECTC approximately 2.6 miles from its current location at 2601 Woodlawn Road, Sterling, Illinois 61081 West 23rd Street between Avenue F and Avenue J in Sterling, Illinois. Average utilization of the Existing Facility has exceeded 90 percent over the past four years. All current residents of the Existing Facility are anticipated to transfer to the Replacement Facility once it opens. Accordingly, this project will not result in a maldistribution of services.

3. The project will not lower the utilization of other area providers below the 90 percent occupancy standard or further lower the utilization of other area facilities that are currently (during the latest 12 months) operating below the 90 percent occupancy standard. As stated throughout this application, ECTC is the only MC/DD facility within the geographic service area. The Existing Facility's average utilization has exceeded 90 percent over the past four years. All current residents of the Existing Facility are anticipated to transfer to the Replacement Facility once it opens. Accordingly, the project will not adversely affect area facilities.



Attachment - 18

Section IV, Service Specific Review Requirements
Criterion 1125.590, Staffing Availability

This project is for the relocation ECTC approximately 2.6 miles from its current location at 2601 Woodlawn Road, Sterling, Illinois 61081 West 23rd Street between Avenue F and Avenue J in Sterling, Illinois. ECTC is staffed in accordance with Illinois Department of Public Health requirements. All clinical and professional staff are anticipated to transfer to the Replacement Facility.

Section III, Specialized Long-Term Care
Criterion 1125.720(a), Facility Size

The maximum bed capacity of a specialized long-term care facility is 100 beds. The Replacement Facility will consist of 85 beds. Accordingly, this criterion is met.

Section III, Specialized Long-Term Care
Criterion 1125.720(b), Community Related Functions

Attached at Attachment – 26B are letters of support for the relocation of ECTC from organizations in the community.

GREATER STERLING
Development Corporation

1741 Industrial Dr
Sterling IL 61081
p: 815.625.5255 | f: 815.625.5094
www.sterlingdevelopment.org

April 25, 2022

Debra Savage
Chair
Illinois health Facilities and Services Review Board
525 W Jefferson Street, 2nd Floor
Springfield, IL 62761

RE: Exceptional Care and Training Center Relocation – Sterling, IL

Dear Ms. Savage,

The Greater Sterling Development Corporation is the NFP Economic Development organization in the City of Sterling. I am writing today to support the potential relocation and expansion of the Exceptional Care and Training Center (ECTC).

The ECTC has been in our community since 1980, and provides a very needed service as the primary residential and day training provider for people with medically complex and developmental disabilities. As you are aware, they are very unique and less than a dozen of similar facilities with that licensure are located in Illinois. They serve a specific need in Sterling, not provided by any other facility in our area.

Their current building has outlasted its need and is no longer useful, is landlocked, and is in a high retail area not conducive to the traffic of the facility. The proposed location will match their facility needs with potential location growth and room to grow. Additionally, the new facility will be modern allowing the staff to continue offering high quality services, but in a new state-of-the-art building.

From an economic development perspective, the facility currently employs 150 full and part-time individuals in our community. With the new expansion, not only will their footprint grow, but they will maintain and grow their employment base thus providing more job opportunities in our community.

Thank you for your time.

Sincerely,

Heather A. Sotelo
Executive Director
hsotelo@sterlingdevelopment.org

Social Services

𝔇𝔦𝔬𝔠𝔢𝔰𝔢 𝔬𝔣 ℜ𝔬𝔠𝔨𝔣𝔬𝔯𝔡
Catholic Charities Long Term Care Ombudsman
431 South Phelps Avenue, Suite 607
Rockford, Illinois 61108

779-210-8700
Fax: 815-316-0042
Toll Free: 800-369-0895

April 26, 2022

Ms. Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Savage,

Please accept this letter of support from the Long-Term Care Ombudsman Program for the Exceptional Care & Training Center's request for a Certificate of Need. The Long Term Care Ombudsman Program provides advocacy for adult residents of long-term care facilities, which include those individuals living at the Exceptional Care & Training Center in Sterling. Exceptional Care fills a specific need, providing residential, community day services and case management to a fragile population, i.e., persons with medically complex developmental disabilities.

As advocates for residents, ombudsmen understand that residents and their families have a right to expect and receive the highest quality of care and services to meet their needs. Replacing the current building with a state-of-the-art facility has the potential to be of great benefit to the residents.

I respectfully request that you grant this request for a Certificate of Need for the Exceptional Care and Training Center in Sterling.

Sincerely,

J Schuppner

Julie Schuppner
Regional Ombudsman/Program Director
Catholic Charities Long Term Care Ombudsman Program

United Way
United Way Agency

#23-014

April 27, 2022

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

Ms. Savage,

On behalf of the Sauk Valley Area Chamber of Commerce Board of Directors, please allow this letter to serve as a letter of support for Exceptional Care and Training Center in their commitment to a new building to continue to provide quality care and services.

Exceptional Care and Training Center has been in the community for over 30 years; providing services for persons with medically complex and developmental disabilities. They provide a unique service in our community, being only one of ten facilities in the sate of Illinois with the MC/DD license. Their desire to build a new facility to better serve their residents is a testament of their commitment to the residents and the families.

It is critical that families in the Sauk Valley Area have access to the quality care and services that facilities like Exceptional Care and Training Center provide. We commend them on their desire to improve their facility; thus, improving the quality of care to the residents. The SVACC fully supports this project.

If you need additional information, please contact me at knoble@saukvalleyareachamber.com or contact me at 815-625-2400.

Thank you

Kris Noble

Kris Noble
Executive Director SVACC

Sauk Valley Area
chamber of commerce

211 Locust Street
Sterling, IL 61081
P: (815) 625-2400
F: (815) 625-9361

April 27, 2022

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson St., 2nd Floor
Springfield, IL 62761

Hello,

I want to give my wholehearted support to the issuance of a Certificate of Need from IHFS for the Replacement Building project Exceptional Care and Training Center is seeking. Exceptional Care and Training Center (ECTC) is one of the few providers in Illinois that provides a crucial set of services to vulnerable adults with Intellectual Developmental Disabilities with complex medical needs as well.

I have said for years that this agency is rightly named, having Exceptional Care in their name. Having worked with ECTC as a State of Illinois Guardianship Representative for over 25 wards at their facility, and as a Guardianship Regional Administrator for about 30 years, I attest to their high standards of care for each person they serve. I have chosen this agency for many of the adult wards of the state as I knew they would have each area of their lives addressed well, with follow through, with creative and thorough means of delivering that exceptional care. I am so proud to have been an ancillary part of the ECTC family.

Having ongoing evidence that your child or ward is receiving exceptional care is not only fiscally sound, but socially just. Placement, medical, therapy, end of life, social, community, skill building, personal friendships -in every area of care and service, I have personally experienced how each person is given special treatment from the staff in all roles. There are people who work to get paid, and there are people who live to serve others well. I found ECTC staff know the needs and wants of the persons they serve, and they serve them exceptionally well, with the love and dignity I want to be treated with.

As I write this letter of support, memories are flooding my heart and mind. I am moved to tears as I remember. I watched staff painstakingly give care to folks when the necessary care was both routine and difficult. While giving feeding boluses or flushing out tubes the nurses would pleasantly chat with the person whether they responded or not. Whether staff gave PROM, ROM, or swabbing flavored oral swabs to each person's dry tongue, they talked to them about a current event or what they were doing, about the flavor on the tongue. The staff knew which flavors each person liked and didn't like! I watched massages to the lower legs that did not function, but circulation kept these extremities oxygenated. Questions were asked of each person about what they thought even with persons who were nonverbal. I saw each person's direct response of trust and safety with these intimate care actions and their peers saw also which promoted safety and trust for them as well. I watched staff wheel a person to look out the window with a personalized sensory item secured on the wheelchair so the person could relax, have the pleasure of the alone time they were craving, with sometime beautiful to watch and with items to interact with. I know my wards were pleased with this well thought out time apart. How can I express the magnitude of these quietly powerful manners of delivering care to make a person feel valued and loved? I think our wards have thrived because they live at ECTC.

As I compare and contrast the care, services and love given at ECTC with those given by other agencies throughout the State of Illinois, few providers can match ECTC's genuine care and services. I have not given examples about how they work through medical changes, behavioral needs, emotional needs, end of life decisions and care, family and guardian interactions – both easy and complicated, or the host of other services such as making each part of the room a personal place of enjoyment and refuge so emotionally each person is "at home", as there are just too many to elaborate on. I have only seen this consistent, faithful application of the "Laws" that govern a Provider in Illinois from a few other Illinois Providers. ECTC is indeed a rare gem that Illinois can be proud of.

I reiterate that I give my wholehearted support to the issuance of the Certificate of Need from IHFS for the Replacement Building project Exceptional Care and Training Center is seeking. It makes me both humble and proud of to have known and worked with an agency filled with people who are all about giving "Life" to the laws, rules and regulations governing agencies who provide services to vulnerable adults with Intellectual Developmental Disabilities with complex medical needs. There is much good being breathed into the lives of the people who enter the doors of this agency. It is worth your affirmative support.

Thank you for your time and support in this critical matter.

Sincerely,

Jane Browning

Jane Browning
Former Office of State Guardian Guardianship Representative
Former Guardianship Regional Administrator
Guardianship and Advocacy Commission

Dear Board Members,

I am a resident of Northwestern Illinois, and a parent of a woman with profound disabilities. Her name is Lanie Tucker. She resides at Exceptional Care and Training Center in Sterling Illinois. It is a wonderful, but outdated facility. Updating options are very limited, and the space is crowded.
I've learned that in order to replace the existing building, ECTC needs approval from you. I would like to convey my strong support for a new facility. While the staff does a terrific job of making do with the current facility, the residents are no longer fully served by the limitations of the existing structure. A new, modern building is truely needed to provide the residents with the environment they need to recieve the care they deserve. One that will allow them to thrive.

I and my family will greatly appreciate your approval of ECTC's request for a new, modern building. Thank you!

Sincerely,

John C Tucker

John Tucker Fulton Illinois

Van & Leigh Ann Houzenga
15550 Argo Fay Rte
Thomson, Illinois 61285

April 28, 2022

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

Dear Ms. Savage,

We believe Exceptional Care and Training Center in Sterling, Illinois would greatly benefit from a new building for their residents and wholeheartedly support their efforts in replacing the current building.

Our daughter has been a resident at the Center for almost 20 years. We have seen several improvements made to the existing building but there are many things that cannot be fixed or repaired. The building is too small and the residents are crowded in their bedrooms and classrooms. There is no room in their current location for expansion. A new home would improve the quality of life for all the residents and make the staff's work easier by eliminating the overcrowding that currently exists.

Please consider the request for replacing the building. It would be a great benefit for the residents, their families and the staff at ECTC. Thank you for your consideration.

Sincerely yours,

Van Houzenga
Leigh Ann Houzenga

Van & Leigh Ann Houzenga

Donna M. Champion
20291 Tesoro Dr.
Venice, Florida 34293
Ph: 352-323-3590
Fax: 352-323-3590
email: dmwc0215fla@gmail.com

April 25, 2022

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

Re: Exceptional Care & Training Center's Need for a Certificate of Need

Dear Ms. Savage:

I have just learned that Exceptional Care & Training Center (ECTC) must furnish a Certificate of Need in order to build a new building so that they can adequately care for all the residents who so desperately need all their services.

My daughter has been a resident at ECTC since July 14, 1980, and I can't emphasize enough my gratitude for this facility. I kept her at home until she was about six years old when she started choking on ice cream and Jello. If I had continued with home care, I truly feel she would not be alive today.

This ECTC facility has truly outgrown their seams and a new and larger facility would be awesome and would allow them to provide their very high-quality services to their very needy residents.

I truly hope this will help you to realize how great this need is and I thank you very much for your consideration!

Very truly yours,

Donna M. Champion

Section III, Specialized Long-Term Care
Criterion 1125.720(d), Recommendations from State Departments

Attached at Attachment – 26D are copies of letters to the Illinois Department of Human Services and Illinois Department of Public Health requesting a determination that the proposed relocation of ECTC is consistent with the Departments' long-range goals and objectives.

POLSINELLI

150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

January 23, 2023

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Fax
acooper@polsinelli.com

Via Certified Mail

Director Theresa Eagleson
Illinois Department of Healthcare and Family
Services
401 South Clinton Street
Chicago, Illinois 60607

Re: Exceptional Care & Training Center Relocation Certificate of Need Application

Dear Director Eagleson:

I am writing on behalf of my client Hoosier Care, Inc. d/b/a Exceptional Care & Training Center ("ECTC") to notify the Illinois Department of Healthcare and Family Services (the "Department") of ECTC's intent to file a certificate of need application with the Illinois Health Facilities and Services Review Board to relocate its 85-bed Medically Complex/Skilled Nursing (MC/DD) facility located at 2601 Woodlawn Road, Sterling, Illinois to West 23rd Street between Avenue F and Avenue J in Sterling, Illinois (the "Project"). ECTC requests: (1) a determination that the proposed relocation is consistent with the Department's long-range goals and objectives and (2) the Department identify individuals in need of MC/DD services.

ECTC provides specialized care focusing on habilitation, restorative, and long-term needs of residents who suffer from genetic disorders, birth trauma, accidents, physical abuse and/or debilitating or life-threatening disease. Many ECTC residents are non-ambulatory and have severe cognitive disabilities due to genetic disorders, complications during pregnancy and delivery, or other issues. Others acquired disabilities during infancy or childhood through tragic accidents. Many have complex medical problems that require 24-hour skilled nursing care and regular therapy interventions.

The replacement facility will be a single-story modern facility and more spacious than the existing facility. It will promote staff efficiency by minimizing the distance of necessary travel between frequently used spaces and allow easy visualization of residents by staff. Further, the new design will provide a positive aesthetic environment for residents with a more residential character. There will be additional areas to accommodate visitors, training and consultants. The

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resident care units will focus on the individual. Triples will be replaced with semi-private rooms, and communal bathing and toileting rooms will be replaced with separate bathing/toileting rooms between every two rooms which will include carefully designed sight lines to ensure resident dignity and privacy. The Day Training and Educational areas will be centrally located in the building to minimize unnecessary traffic in the resident living areas. The classrooms will be larger rooms to allow for safe motor exercises and activities such as assisted walking, Meywalker programs, and independent wheelchair mobility. It will also allow space for a resident to simply move away from others if they need time away but still require in-room supervision.

The replacement building will allow more space in residential, educational and outdoor areas to facilitate a multi-sensory approach to resident active treatment. For ECTC residents, this means giving them the opportunity to explore and learn about the environment around them, to enable them to interact with it, and most of all, to be given respect. Sensory Spaces throughout the building will provide enjoyable sounds, music, fascinating light displays, appealing aromas and contrasting textures, all designed to stimulate the primary senses and induce feelings of peace and relaxation. Benefits of multi-sensory programming include enhanced self-esteem, reduced tension & encouraging relaxation. Multi-sensory programming also improves task concentration & self-awareness, improves interaction and communication, encourages exploration and stimulation of the senses, promotes a closer connection between client and caregiver and helps to decrease maladaptive and self-injurious behaviors.

Finally, the outdoor space will include age-appropriate playgrounds and outdoor sensory areas with inclusive equipment, paved walking paths, and wheelchair accessible seating area to accommodate residents and their visitors.

Thank you for your time and consideration of ECTC's request for determination that its Project is consistent with the Department's long-range objectives. If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

Anne M. Cooper

Anne M. Cooper

#23-014

POLSINELLI

150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Fax
acooper@polsinelli.com

January 23, 2023

Via Certified Mail

Grace B. Hou
Secretary
Illinois Department of Human Services
401 South Clinton Street, Floor 007
Chicago, Illinois 60607

Re: Exceptional Care & Training Center Relocation Certificate of Need Application

Dear Secretary Hou:

I am writing on behalf of my client Hoosier Care, Inc. d/b/a Exceptional Care & Training Center ("ECTC") to notify the Illinois Department of Human Services (the "Department") of ECTC's intent to file a certificate of need application with the Illinois Health Facilities and Services Review Board to relocate its 85-bed Medically Complex/Skilled Nursing (MC/DD) facility located at 2601 Woodlawn Road, Sterling, Illinois to West 23rd Street between Avenue F and Avenue J in Sterling, Illinois (the "Project"). ECTC requests: (1) a determination that the proposed relocation is consistent with the Department's long-range goals and objectives and (2) the Department identify individuals in need of MC/DD services.

ECTC provides specialized care focusing on habilitation, restorative, and long-term needs of residents who suffer from genetic disorders, birth trauma, accidents, physical abuse and/or debilitating or life-threatening disease. Many ECTC residents are non-ambulatory and have severe cognitive disabilities due to genetic disorders, complications during pregnancy and delivery, or other issues. Others acquired disabilities during infancy or childhood through tragic accidents. Many have complex medical problems that require 24-hour skilled nursing care and regular therapy interventions.

The replacement facility will be a single-story modern facility and more spacious than the existing facility. It will promote staff efficiency by minimizing the distance of necessary travel between frequently used spaces and allow easy visualization of residents by staff. Further, the new design will provide a positive aesthetic environment for residents with a more residential character. There will be additional areas to accommodate visitors, training and consultants. The

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The replacement building will allow more space in residential, educational and outdoor areas to facilitate a multi-sensory approach to resident active treatment. For ECTC residents, this means giving them the opportunity to explore and learn about the environment around them, to enable them to interact with it, and most of all, to be given respect. Sensory Spaces throughout the building will provide enjoyable sounds, music, fascinating light displays, appealing aromas and contrasting textures, all designed to stimulate the primary senses and induce feelings of peace and relaxation. Benefits of multi-sensory programming include enhanced self-esteem, reduced tension & encouraging relaxation. Multi-sensory programming also improves task concentration & self-awareness, improves interaction and communication, encourages exploration and stimulation of the senses, promotes a closer connection between client and caregiver and helps to decrease maladaptive and self-injurious behaviors.

Finally, the outdoor space will include age-appropriate playgrounds and outdoor sensory areas with inclusive equipment, paved walking paths, and wheelchair accessible seating area to accommodate residents and their visitors.

Thank you for your time and consideration of ECTC's request for determination that its Project is consistent with the Department's long-range objectives. If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

A. M. Cooper

Anne M. Cooper

U.S. Postal Service®
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Domestic Mail Only

USPS® ARTICLE NUMBER

9414 7266 9904 2209 3931 86

Certified Mail Fee	$	$0.00
Return Receipt (Hardcopy)	$	$0.00
Return Receipt (Electronic)	$	$0.00
Certified Mail Restricted Delivery	$	$0.00
Postage	$	
Total Postage and Fees	$	

Postmark Here

60661-9998 CHICAGO, IL STATION E FINANCE 27 JAN

Sent to:
Director Theresa Eagleson
Illinois Department of Healthcare
and Family Services
401 South Clinton Street
Chicago IL 60607

116885-725460 Reference Information

PS Form 3800, Facsimile, July 2015

Return Receipt (Form 3811) Barcode

9590 9266 9904 2209 3931 89

1. Article Addressed to:

Director Theresa Eagleson
Illinois Department of Healthcare
and Family Services
401 South Clinton Street
Chicago IL 60607

2. Certified Mail (Form 3800) Article Number

9414 7266 9904 2209 3931 86

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
X ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

pe:
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Reference Information

PS Form 3811, Facsimile, July 2015

Domestic Return Receipt

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Certified Mail Fee	$	$0.00
Return Receipt (Hardcopy)	$	$0.00
Return Receipt (Electronic)	$	$0.00
Certified Mail Restricted Delivery	$	$0.00
Postage	$	
Total Postage and Fees	$	

CHICAGO, IL FINANCE STATION

Postmark Here

Sent to:
Grace B. Hou
Secretary
Illinois Department of Human Services
401 South Clinton Street, Floor 007
Chicago IL 60607

116885-725466 Reference Information

PS Form 3800, Facsimile, July 2015

Return Receipt (Form 3811) Barcode

9590 9266 9904 2209 3931 72

1. Article Addressed to:

Grace B. Hou
Secretary
Illinois Department of Human Services
401 South Clinton Street, Floor 007
Chicago IL 60607

2. Certified Mail (Form 3800) Article Number

9414 7266 9904 2209 3931 79

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent
X ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

/pe:
/ail

Reference Information

PS Form 3811, Facsimile, July 2015 Domestic Return Receipt

Section III, Specialized Long-Term Care
Criterion 1125.720(e), Long-Term Medical Care for Children Category of Service

1. A map of the market area of ECTC is attached at Attachment – 26E. The market area encompasses an approximate 21-mile radius around the skilled nursing facility. The boundaries of the market area are as follows:

   - North approximately 21 miles to Shannon
   - Northwest approximately 21 miles to Salem
   - West approximately 21 miles to Albany
   - Southwest approximately to Erie
   - South approximately 21 miles to New Bedford
   - Southeast approximately 21 miles to Marion
   - East approximately 21 miles to Bradford
   - Northwest approximately 21 miles to Taylor

2. The planned project will enable treatment of residents in a spacious and modern facility. It will promote staff efficiency by minimizing the distance of necessary travel between frequently used spaces and allow easy visualization of residents by staff. Further, the new design will provide a positive aesthetic environment for residents with a more residential character. As discussed throughout this application ECTC is one of the State's ten MC/DD facilities. ECTC is one of four MC/DD facilities located outside of the Chicago metropolitan area. Accordingly, ECTC serves residents throughout Illinois.

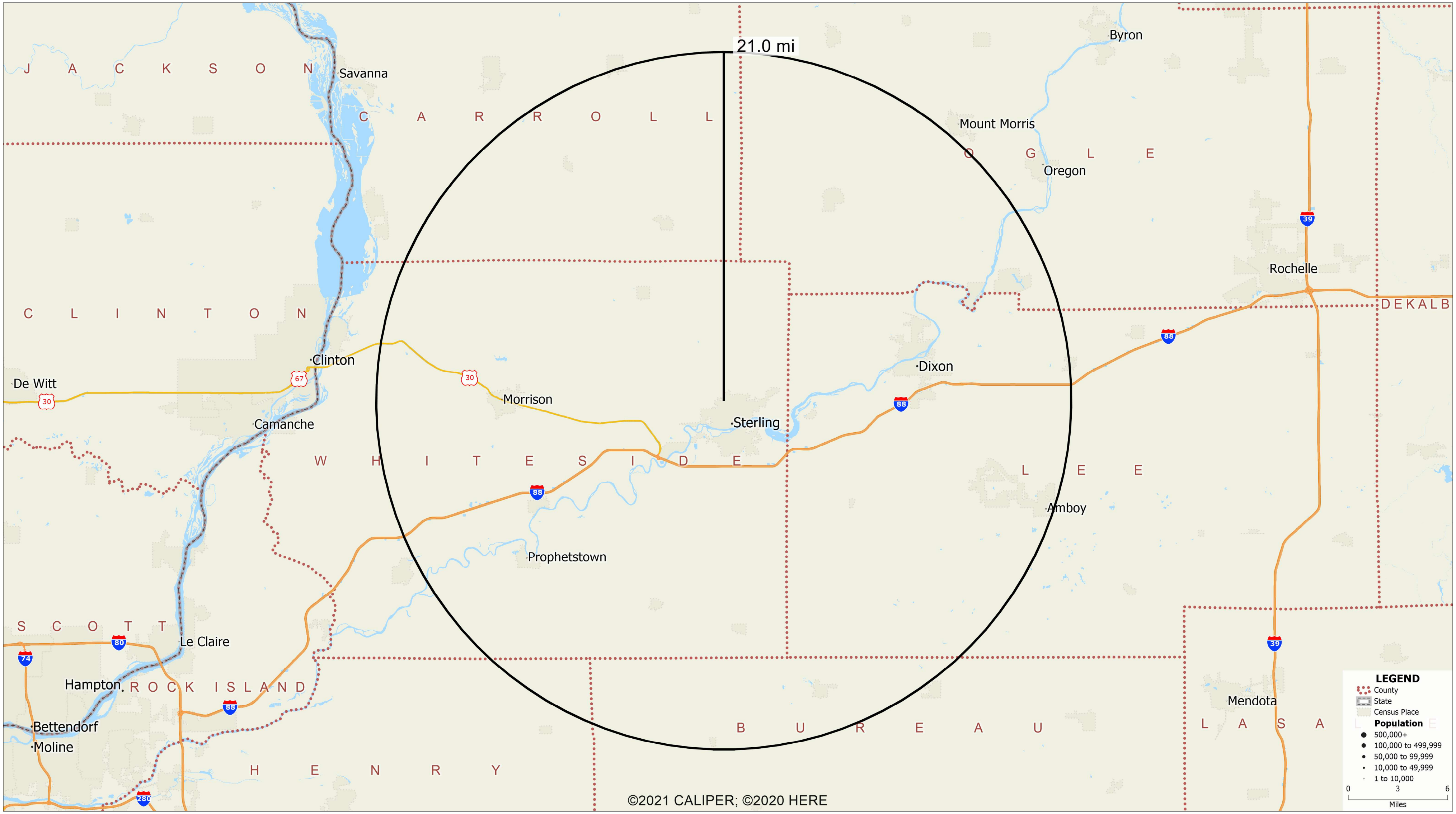
3. ECTC is an existing MC/DD facility serving residents with profound developmental disabilities (physical & cognitive) with 24-hour nursing care, and a full range of therapeutic and educational programs.

4. ECTC is one of only eight MC/DD facilities in the State of Illinois specializing in treating children and young adults with developmental disabilities. Importantly, it is the only such facility within its 21-mile geographic service area.

5. ECTC consistently operates near full capacity. All residents of the Existing Facility are expected to transfer to the Replacement Facility. Accordingly, ECTC will achieve 90% occupancy within the first full year after project completion.

Table 1125.720(e)(5)
Exceptional Care & Training Center
2017 - 2021

	2018	2019	2020	2021	Average
Beds	85	85	85	85	85
Admissions	8	5	7	11	8
Discharges	6	5	7	9	7
Days	30,000	29,811	28,432	28,079	29,081
Utilization	97%	96%	91%	91%	94%



Attachment - 26E

Section III, Specialized Long-Term Care
<u>Criterion 1125.720(f), Zoning</u>

Minutes from July 25, 2022 Sterling City Council meeting amending the zoning map to reclassify the site for the Replacement Facility from Single Family Residential (SR-4) to Multi-Family (MR-6) with special use is attached at Attachment – 26F.

Mayor Lee called the Sterling City Council to order at 6:30 pm on Tuesday July 5, 2022. Roll call. Present: Mayor Lee, Aldermen Retha Elston, Josh Johnson, Joe Martin, Christine Wilen, Kaitlyn Ekquist and Jim Wise. Absent: None.

Also attending were City Attorney Mathew Keegan, City Manager Scott Shumard, Finance Director Cindy Von Holten, Superintendent of Building and Zoning Amanda Schmidt, Superintendent of Public Works Brad Schrader (Zoom), Police Chief Alex Chavira, Fire Chief Michael Dettman, Superintendent of Wastewater Cory Bradshaw, and City Clerk Teri Sathoff.

The Pledge of allegiance was recited.

Alderman Elston made a motion to approve the following items on the Consent Agenda:

A. Approval of Minutes

B. Approval of Bills and Payroll

C. Resolution R2022-07-10 To Close Streets for Fiesta Parade on Saturday, September 17, 2022

D. Pay Request to Strand Associates Inc. for Griswold Avenue Drainage Improvements in the amount of $28,528.45

E. Petition to Close Miller Road for the Sterling High Schools Boosters Back to School Jamboree

Motion seconded by Alderman Wilen. Alderman Martin asked about the road closure on Miller Road for the Sterling High School Boosters, Martin was concerned that if the entire block was not closed that traffic would have problems in the area. Chief Chavira and Superintendent of Public Works, Brad Schrader stated that there will be signage, the road will have to remain open for a private residence. Voting: Ayes – Aldermen Elston, Martin, Johnson, Ekquist, Wilen and Wise. Nays – None. Motion carried.

Alderman Elston made a motion to approve Ordinance No 2022-07-21 Amending Chapter 18 Article III to Provide for updating Provisions Related to Testing of Applicants of Electrical Contractors; Seconded by Alderman Martin. Superintendent of Building and Zoning Amanda Schmidt stated that this allows the Cities of Sterling, Rock Falls and Dixon to utilize a proctor to administer the test. Currently, the three cities take turns administering the test one day a year. The candidates will submit their fees directly to the testing company. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Alderman Ekquist made a motion to approve Agreement with CLEC Enterprises of Rolling Meadows to Distribute, Monitor, and Grade Electrical Contractors Licenses for Electrical Contractors doing business in the Tri-City; Seconded by Alderman Wise. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Alderman Martin made a motion to approve waiving the bid process and accepting a quote from Karl Chevrolet in the amount of $59,201.99 for a 2023 Police Package Chevrolet Tahoe for the Sterling Fire Department; Seconded by Alderman Johnson. Chief Dettman explained that he had contacted several local agencies and none of them have been able to fulfill the request for this vehicle. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Alderman Elston made a motion to approve Ordinance 2022-07-20 amending the Zoning Map to reclassify property owned by Mark Joachim, along with contract purchaser Hoosier Care Properties from Single Family Residential (SR-4) to Multi Family (MR-6) with special use; Seconded by Alderman Wilen. Architect John Heimbach was in attendance to answer any questions the City Council may have. Mr. Heimbach advised the current facility does not meet the State of Illinois requirements, the new facility will be approximately 50,000 square feet and house the training facility. Construction should start next spring, as there are several regulatory hurdles with the State of Illinois. Mr. Heimbach stated they are not expecting any problems with the State. Alderman wise asked if the Council will see the final plans prior to construction, Superintendent of Building and Zoning Amanda Schmidt advised Alderman Wise that the building department will approve all plans, she stated she would forward the plans to the Council when her department receives them. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Alderman Ekquist made a motion to approve waiving the bid process and accepting the proposal from John Martin for complete kitchen remodel at main station in the amount of $22,150.00; Seconded by Alderman Martin. Chief Dettman advised the Council that the kitchen has not been remodeled since it was built in 1969. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Alderman Wise made a motion to approve the budget for the master plan under the Master Developer Agreement; Seconded by Alderman Martin. Ron Clewer from Gorman and Associates was present in the Council Chambers, Clewer stated they are making progress, the budget is the next step. A request for an earmark for preparing the site for future development has been sent to Senator Durbin, should the earmark go through the money budgeted for those items would be removed from the budget. Clewer stated they have requested to designate the City of Sterling as a River Edge community. The River Edge Redevelopment Zone Program (RERZ) helps revive and redevelop environmentally challenged properties adjacent to rivers in Illinois. The River Edge Redevelopment Zone Act authorizes the Illinois Department of Commerce to designate zones in five cities: Aurora, East St. Louis, Elgin, Peoria, and Rockford. Voting: Ayes – Aldermen Elston, Martin, Wilen, Johnson, Ekquist and Wise. Nays – None. Motion carried.

Superintendent of Building and Zoning Amanda Schmidt informed the Council that a demolition permit has been requested for the portion of the Western Apartments that was damaged by fire. The demolition should begin in a few weeks.

City Manager Shumard, there will be a meeting of the Riverfront Commission on Friday, a preconstruction meeting with Com-Ed for Wallace Street is scheduled.

Alderman Wise stated that he has received several complaints about the illegal fireworks that have been set off in neighborhoods. Chief Chavira stated that between the dates of June 30, 2022, and July 4, 2022, the Police Department received ten complaints and all of those complied when confronted.

Alderman Elston said the Municipal band on Wednesday was excellent, she reminded everyone of the next Municipal band as well as the Pop-Up Market on July 14th.

Alderman Johnson thanked the Jaycees; he said the fireworks display was excellent.

Mayor Lee brought attention to the fact that the Council and several staff members were wearing shirts in support of Alderman Ekquist husband Bow, Mayor Lees told Alderman Ekquist that Bow's fight is our fight. Mayor Lee stated the fireworks were excellent, he watched them from the Sterling Market Place. Mayor Lee expressed his condolences to those who were injured in the Highland Park shooting, he asked that everyone be aware of your surroundings and to report any unusual incidents.

The meeting adjourned at 7:08pm.

Teri Sathoff

City Clerk

Section III, Specialized Long-Term Care
Criterion 1125.720(j), State Board Consideration of Public Hearing Testimony

ECTC is one of two long-term care facilities for the developmentally disabled (children) in Health Service Area 001. Both ECTC and Walter Lawson Children's Home consistently operate at or near capacity. Accordingly, there are no facilities in the health service area with available beds.

Section VI, Financial Feasibility
Criterion 1120.120 Availability of Funds

The Project will be funded through debt and cash and cash on hand. A letter from Ziegler indicating commercial banking interest in providing financing for ECTC is attached at Attachment – 27A.

Ziegler
CAPITAL :: INVESTMENTS :: ADVICE

RICHARD J. SCANLON
SENIOR MANAGING DIRECTOR
SENIOR LIVING FINANCE

1992 Carolina Circle., NE
St. Petersburg, FL 33703

Phone: 312-596-1572
Mobile: 727-560-3655
rscanlon@ziegler.com
www.ziegler.com

VIA EMAIL

February 15, 2023

Doug Smith
President & CEO
HutsonWood
Nashville, TN

RE: Exceptional Care and Training Center ("ECTC") Facility Replacement

Dear Doug:

Ziegler has reviewed your financing request for the construction and equipping of a replacement health care/training center currently operated by HutsonWood in Sterling, Illinois. Based upon Ziegler's experience with the financing of various types of health care projects, nationally and in the State of Illinois, we feel that this is a project that a commercial bank would be very interested in pursuing with you. This letter does not set forth all the terms and conditions of a future credit facility but rather is only an outline, in summary format, of the major points of understanding which will begin to form the basis of a credit facility. The detailed elements of the financing will be established through a request for proposal sent to commercial banks who have an understanding of this type of project and/or a presence in the Sterling, IL local market area.

The terms set forth in the balance of this letter below are consistent with those that Ziegler has received for previous transactions similar to that contemplated by HutsonWood. Those items set forth in [ ] would be established based upon the request for proposal.

Borrower:	Exceptional Care and Training Center ("Borrower").
Loan Purpose:	The Loan shall be for the purpose of constructing a replacement Exceptional Care & Training Center ('ECTC") in Sterling, Illinois on a previously acquired 25-acre site (the "Project").
Loan Amount:	The amount of the Loan shall be [$28,000,000] ("Loan Amount") limited to no greater than 80% of the appraised value of the Project.
Term of Loan:	[60] months
Amortization Period:	No greater than [25] years

Structure:	24 month draw down facility, taxable or tax-exempt, fixed rate or floating rate facility. 24-month interest only period. Interest due monthly. Principal amortization due monthly to begin after [24] months.
Interest Rate:	Fixed rate facility TBD based upon the then current spreads above the 30-year Municipal Market Data index. Floating rate facility – 79% of SOFR + 225 bps, adjusting monthly.
Commitment Fee:	[1%] of the total loan amount.
Guaranty:	None anticipated.
Late Charge:	If any payment on the Loan is not made when due, a late charge equal to [%] percent of such payment shall be charged. The late charge only applies to the monthly payments due.
Prepayment Premium:	None.
Required Equity Funds:	[20%]
Collateral:	Security interest in all personal property owned or hereafter acquired for the Project, a security interest in all gross revenues of the Project, and a lien on the mortgaged property.
Appraisal:	Project shall be appraised by an appraiser approved by Lender and such appraisal must accepted by Lender (appraisal fees to be paid by Borrower). In the event the Project appraises for less than $35,000,000 Lender shall lower the Loan Amount such that the Loan Amount not exceed [80%] of the appraised value.

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No Other Encumbrances:	Borrower will not, without the prior written consent of Lender, create, place or permit to be created or placed, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, security interest, encumbrance or charge against or covering the Project, or any part thereof, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in Lender's deed of trust or mortgage. Borrower will cause any of such encumbrances that arise outside of the ordinary course of business and without the prior written consent of Lender to be promptly discharged and released.
Zoning:	Borrower will provide to the Lender acceptable evidence that the Project is zoned for the intended use.
Certificate of Need State Requirements:	A Certificate of Need is required by the state of Illinois. The Borrower will provide acceptable evidence that all required document/permits have been obtained to operate the Project upon construction completion.
Title Insurance:	Lender requires an ALTA lender's extended coverage title insurance commitment from a company acceptable to Lender ("Title Company") insuring Lender for the Loan Amount, evidencing Borrower's title to the Collateral and showing Lender's lien on the Project is or will be upon recordation of a valid first lien.
Plans/Specs:	Borrower will provide to Lender a complete set of final working plans, including drawings, specifications, details and manuals, for the Project ("Plans"). Borrower represents and warrants that the Plans shall be in full accordance with all applicable statutes, laws, ordinances, regulations and requirements of all governmental agencies having jurisdiction over the Project, including without limitation the Americans With Disabilities Act and any other statutes, laws, ordinances, regulations and requirements dealing with access to real estate properties by persons with disabilities. All specialized drawings shall be signed by licensed engineers of the respective disciplines normally responsible for such drawings.
Contractors:	Borrower shall provide to Lender a list of all contractors, subcontractors, and materialmen to be employed in connection with the Project. Said list shall provide a name and telephone number, a general description of the nature of the work to be performed, and an approximate dollar value of the services or material to be provided. Lender is hereby authorized to confirm this information.
Permits:	Borrower shall provide to Lender copies of all permits required for each phase of the construction of the Project.

Organizational Documents:	Borrower shall provide financial statements, tax returns and lists of contingent liabilities for Borrower, and Guarantors, if any, which shall be acceptable to Lender. In addition, Borrower shall provide complete and current copies of Borrower's organizational documents, including, as applicable, Articles of Incorporation, bylaws, Articles of Organization, operating agreements, partnership agreements, incumbency certificates, certificates of good standing and such other documents as Lender may require.
Budget:	A detailed budget showing a schedule of the estimated construction costs and the estimated timing of disbursements. Lender is hereby authorized to confirm this information.
Insurance:	During the construction period, evidence the Project is covered by an all-risks course of construction policy (builder's risk policy) in an amount satisfactory to Lender and showing Lender as Loss Payee. Borrower shall also provide evidence that the general contractor is covered by general liability and workmen's compensation insurance policies. Written confirmation from the suppliers of water, storm and sanitary sewer, gas, electric and telephone utilities for the Project.
Survey:	An ALTA survey (at Borrower's expense) showing that the Project, if constructed in accordance with the plans and specifications provided, shall lie wholly within the boundaries of the property described on Lender's deed of trust or mortgage without encroachment or violation of any zoning ordinances, building codes or regulations, or setback requirements.
Operating Accounts:	Borrower shall maintain all operating accounts for the Project with Lender throughout the term of the Loan.
Financial and Other Information:	Periodically during the term of the Loan, as provided in the Loan Documents, Borrower shall provide Lender with financial statements and tax returns for each Borrower and Guarantor, if any.

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Financial Covenants:	After stabilization, Borrower shall at all times comply with the following financial covenants and ratios: (a) Debt Service Coverage Ratio — Maintain a Debt Service Coverage Ratio of [1.35] to 1.00. (b) [Others to follow]
Additional Requirements:	Borrower shall provide all due diligence items reasonably requested by Lender, and all due diligence shall be subject to the approval of Lender in Lender's sole discretion. Approval of all due diligence, all Loan Documents, and all documentation associated with any other source of funding for the Project, shall be approved by Lender. [Borrower agrees not to disclose, directly or indirectly, this Letter or the contents of the foregoing to any person without the prior approval of Lender except that you may disclose this Letter and the contents hereof (a) to your officers, employees, attorneys, accountants and advisors directly involved in the consideration of this matter on a confidential basis and (b) as required by applicable law or compulsory legal process (in which case you agree (to the extent that you may lawfully do so) to inform us promptly thereof). This Letter is tendered only to Borrower and is not available to any other party.] [Lender hereby notifies you that, pursuant to the requirements of the U.S.A. PATRIOT ACT (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the "Patriot Act"), Lender may be required to obtain, verify and record information that identifies you and each of your respective subsidiaries, which information may include your name and address, the name and address of each of your respective subsidiaries, and other information that will allow Lender to identify you and each of your respective subsidiaries in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for Lender.]
Closing Costs:	Borrower will pay all of Lender's costs associated with the Loan including but not limited to fees and expenses for disbursements, inspections, attorney fees, and filing and recording fees. Borrower will further agree to pay all out-of-pocket costs associated with any commitment issued by Lender and the preparation of loan documents.

The terms and conditions discussed herein are non-binding and subject to change upon full underwriting of the loan request. Any future commitment to lend on this project will first be subject to receipt of the required certificate of need, full underwriting and due diligence by Lender; therefore, the terms and conditions should not be construed as a binding obligation.

Oral agreements or commitments to loan money, extend credit or to forebear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect you (Borrower(s)) and us (Lender) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

To confirm, the terms and conditions set forth above are not a commitment by Ziegler to underwrite bonds or make any capital commitment. The final terms and conditions of the Loan will be determined through a request for proposal process followed by further negotiations with the prospective Lender.

If you have any questions regarding the above, please do not hesitate to call.

Sincerely,

B.C. ZIEGLER AND COMPANY
By:

Richard J. Scanlon
Senior Managing Director

cc: Terry Herndon
Jason Choi

Section V, Financial and Economic Feasibility Review
Criterion 1120.130(a), Financial Viability Waiver

1. Audited financial statements for the most recent three years are attached at Attachment – 29A.

2. Pro forma financial statements for the first two years after project completion are provided at Attachment – 29B.

3. Financial viability ratios for the most recent three years and for the second year after project completion are provided in the table below.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	**2020**	**2021**	**2022**	
Current Ratio	2.59	3.55	5.70	4.93
Net Margin Percentage	24%	32%	31%	28%
Percent Debt to Total Capitalization	118%	117%	86%	70%
Projected Debt Service Coverage	1.07	1.42	1.43	1.72
Days Cash on Hand	91.60	86.82	169.20	240.85
Cushion Ratio	0.85	0.75	1.47	3.25

HOOSIER CARE WEST
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2020 and 2019

HOOSIER CARE WEST
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2020 and 2019

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hoosier Care West
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying combined financial statements of Hoosier Care West, the operating and real estate divisions of entities managed by HHSS Management, LLC (Group), which comprise the combined balance sheets as of June 30, 2020 and 2019, and the related combined statements of operations and 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the combined 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 Group'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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Care West as of June 30, 2020 and 2019, and the results of its changes in net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1, the accompanying combined financial statements were prepared to present the financial position, changes in net assets (deficit), and cash flows of the operating and real estate divisions of entities managed by HHSS Management, LLC, and are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc. and Hoosier Care Properties, Inc. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining balance sheets, statements of operations and changes in net assets (deficit), statements of cash flows, balance sheets - Hoosier Care West and IGT Participating Hospitals, and statements of operations and changes in net assets (deficit) - Hoosier Care West and IGT Participating Hospitals are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets (deficit), and cash flows of the individual entities, and are not a required part of the combined financial statements.

The accompanying combining balance sheets, statements of operations and changes in net assets (deficit), and statements of cash flows are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The combining balance sheets - Hoosier Care West and IGT Participating Hospitals and combining statements of operations and changes in net assets (deficit) - Hoosier Care West and IGT Participating Hospitals have not been subjected to the auditing procedures applied in the audit of the basic combined financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
November 19, 2020

HOOSIER CARE WEST
COMBINED BALANCE SHEETS
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,436,398	$ 6,706,680
Resident accounts receivable, net	3,696,406	3,622,175
Due from Hospital entities	3,011,983	3,184,978
Prepaid expenses and other	683,535	204,099
Total current assets	18,828,322	13,717,932
Escrow deposits and replacement reserve	2,013,441	1,308,219
Property and equipment		
Land and improvements	6,286,329	6,153,576
Buildings and improvements	40,332,688	40,119,169
Building and maintenance equipment	7,927,582	7,587,940
Furniture and fixtures	2,716,218	2,664,380
Transportation equipment	1,006,737	941,377
Construction in progress	2,962,057	445,591
	61,231,611	57,912,033
Accumulated depreciation	33,901,600	31,737,685
Net property and equipment	27,330,011	26,174,348
Other assets		
Goodwill	2,476,939	2,476,939
	$ 50,648,713	$ 43,677,438
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	$ 1,226,046	$ 1,191,260
Accounts payable	2,558,955	1,060,446
Accrued payroll and related benefits	2,102,697	2,267,548
Accrued interest payable	171,699	111,932
Total current liabilities	6,059,397	4,631,186
Long-term liabilities		
Long-term debt, net of current portion	38,736,006	38,042,120
Total liabilities	44,795,403	42,673,306
Net assets without donor restrictions	5,853,310	1,004,132
	$ 50,648,713	$ 43,677,438

See accompanying notes to combined financial statements.

HOOSIER CARE WEST
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years ended June 30, 2020 and 2019

	2020	2019
Revenue, gains, and other support without donor restrictions		
Net resident service revenue	$ 41,871,904	$ 31,349,701
Contributions	439,141	587,877
Hospital entities revenue	3,787,622	4,785,187
Contract labor revenue	13,483,601	11,950,268
Other revenue	87,586	189,549
Total revenue, gains, and other support without donor restrictions	59,669,854	48,862,582
Expenses		
Salaries, wages, and employee benefits	31,647,320	29,482,427
Contract labor	900,466	812,401
Supplies and other	3,339,224	3,105,304
Interest and fees	1,226,798	1,437,632
Management fees	3,179,290	3,218,391
Revenue assessment fees	1,402,312	1,191,076
Depreciation and amortization	2,222,873	2,305,619
Professional fees	1,414,369	1,157,419
Rent	191,064	222,881
Total expenses	45,523,716	42,933,150
Change in net assets from operations	14,146,138	5,929,432
Other changes in net assets		
Interest income	3,040	1,843
Change in net assets before distributions to affiliate	14,149,178	5,931,275
Distributions to affiliate	(9,300,000)	(3,800,000)
Change in net assets	4,849,178	2,131,275
Net assets (deficit) without donor restrictions, beginning of year	1,004,132	(1,127,143)
Net assets without donor restrictions, end of year	$ 5,853,310	$ 1,004,132

See accompanying notes to combined financial statements.

HOOSIER CARE WEST
COMBINED STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

		2020		2019
Cash flows from operating activities				
Change in net assets	$	4,849,178	$	2,131,275
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation and amortization		2,222,873		2,305,619
Distributions to affiliate		9,300,000		3,800,000
Changes in assets and liabilities				
Resident accounts receivable		(74,231)		(926,669)
Due from Hospital entities		172,995		(168,246)
Prepaid expenses and other		(479,436)		41,287
Accounts payable		913,803		172,633
Accrued payroll and related benefits		(164,851)		173,289
Accrued interest payable		59,767		(2,770)
Net cash from operating activities		16,800,098		7,526,418
Cash flows from investing activities				
Capital expenditures		(2,734,872)		(772,805)
Net cash used in investing activities		(2,734,872)		(772,805)
Cash flows from financing activities				
Principal payments on long-term debt		(1,191,260)		(1,157,566)
Proceeds from issuance of long-term debt		1,860,974		-
Distributions to affiliate		(9,300,000)		(3,800,000)
Net cash used in financing activities		(8,630,286)		(4,957,566)
Net change in cash, cash equivalents, restricted deposits and funded reserves		5,434,940		1,796,047
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year		8,014,899		6,218,852
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$	13,449,839	$	8,014,899
Supplemental cash flow information				
Cash paid during the year for interest	$	1,229,340	$	1,263,040
Noncash investing and financing activities				
Capital expenditures included in accounts payable	$	584,706	$	9,714

See accompanying notes to combined financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The accompanying combined financial statements of the Hoosier Care West (the Group) comprise the operating and real estate divisions managed by HHSS Management, LLC. These combined financial statements include the accounts of the following entities' divisions:

- Hoosier Care, Inc.
  - Walter Lawson Children's Home
  - Exceptional Care and Training Center
  - Swann Special Care Center

- Hoosier Care II, Inc.
  - Randolph Nursing Home

- Hoosier Care Properties, Inc.
  - Richland Bean Blossom (RBB), LLC
  - Vernon Manor Children's Home, LLC
  - ELC of Brazil, LLC
  - Loves Park Facility Company, LLC
  - Sterling Facility Company, LLC
  - Champaign Facility Company, LLC
  - Wabash Facility Company, LLC
  - Brazil Facility Company, LLC
  - Winchester Facility Company, LLC
  - RBB Facilities Company, LLC

These combined financial statements are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc. and Hoosier Care Properties, Inc.

The group consists of long-term health care facilities comprising 745 beds/units in the states of Indiana and Illinois. The long-term health care environment historically has undergone substantial change with regard to third-party payment, regulatory compliance and related patient liability issues and competition among other health care providers. The Group continually monitors these industry developments, as well as other factors that affect its business. It is expected that significant changes will continue to evolve in the long-term health care environment and such changes could have a material impact on the financial condition of the Group.

Accounts and transactions between the Group entities are eliminated in combination.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hoosier Care, Inc. and its affiliates (Hoosier) provide long-term care and treatment for the aged and disabled and affordable housing options to elderly and low income families through their skilled nursing facilities and elderly and low income housing projects in various states. Hoosier has the following affiliates:

- Health and Housing Support Services, Inc.
- HHSS Management, LLC
- Hoosier Care Investments, LLC
- Hoosier Care II, Inc.
- Hoosier Care Properties, Inc.
- Hoosier West Leasing Company, LLC
- Brazil Facility Company, LLC
- Champaign Facility Company, LLC
- Loves Park Facility Company, LLC
- RBB Facilities Company, LLC
- Sterling Facility Company, LLC
- Wabash Facility Company, LLC
- Winchester Facility Company, LLC
- ELC of Brazil, LLC
- Richland Bean Blossom, LLC
- Vernon Manor Children's Home, LLC
- Spring Hill Facility Company, LLC
- Emerald Spring Hill, Inc.
- Emerald Upper Midwest Healthcare Holding Corporation
- Colby Facility Company, LLC
- Colonial Center, LLC
- Eau Claire Facility Company, LLC
- Clearwater Care Center, LLC
- Hoosier Housing Group, Inc.
- Hoosier Housing Investments, LLC
- Birchwood Senior Housing Corporation
- Cleveland Senior Housing Corporation
- Cleveland Summit GP, LLC
- Laurelwood Senior Housing Corporation
- Flenniken Square Housing, LLC
- South Ridge Housing, LLC
- Gate Manor Housing GP, LLC
- Knoxville Housing Portfolio GP, LLC
- Emerald Heartland GP, LLC
- EH Creekwood GP, LLC
- EH Kensington Associates GP, LLC
- EH Kensington Addition GP, LLC
- Emerald Heartland Developers, LLC
- Kensington Townhomes, LLC
- Holiday House Portfolio GP, LLC
- Jackson Portfolio GP, LLC
- Lebanon Road Senior Living GP, LLC

Through its affiliates at June 30, 2020, Hoosier operates 9 skilled nursing facilities and 13 elderly and low income housing projects in Indiana, Illinois, Colorado, Tennessee, and Wisconsin, with 453 skilled nursing beds, 413 pediatric beds, 72 assisted living units, 557 independent living senior affordable housing units, and 426 multi-family affordable housing units.

Each of the affiliates are either not-for-profit corporations or single member LLCs and operate as separate and distinct business units. Hoosier companies are managed and administered by its Board of Directors, which are comprised of the same persons as the Board of Directors of the affiliated entities. Hoosier has retained professional management companies to manage the operations of the various affiliates.

Effective May 1, 2015, Vernon Manor Children's Home, LLC entered into multiple agreements with Putnam County Hospital (PCH or Putnam County) to lease the nursing home of Vernon Manor Children's Home and substantially all of the tangible personal property in exchange for a monthly rental fee, a monthly royalty fee, monthly management fees, and annual incentive fees. Monthly management fees include a base management fee and a subordinate management fee. Annual incentive fees include an incentive management fee and a quality incentive fee.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective June 1, 2015, Hoosier Care II, Inc. entered into multiple agreements with Decatur County Memorial Hospital (DCMH or Decatur County) to lease the nursing home of Randolph Nursing Home and substantially all of the tangible personal property in exchange for a monthly rental fee, a monthly royalty fee, monthly management fees, and annual incentive fees. Monthly management fees include a base management fee and a subordinate management fee. Annual incentive fees include an incentive management fee and a quality incentive fee.

Effective June 1, 2015, Richland Bean Blossom (RBB), LLC entered into multiple agreements with Putnam County Hospital (PCH or Putnam County) to lease the nursing home of Richland Bean Blossom Health Care Center and substantially all of the tangible personal property in exchange for a monthly rental fee, a monthly royalty fee, monthly management fees, and annual incentive fees. Monthly management fees include a base management fee and a subordinate management fee. Annual incentive fees include an incentive management fee and a quality incentive fee.

Effective June 1, 2015, ELC of Brazil, LLC entered into multiple agreements with Putnam County Hospital (PCH or Putnam County) to lease the nursing home of Exceptional Living Center of Brazil and substantially all of the tangible personal property in exchange for a monthly rental fee, a monthly royalty fee, monthly management fees, and annual incentive fees. Monthly management fees include a base management fee and a subordinate management fee. Annual incentive fees include an incentive management fee and a quality incentive fee.

The leases referenced above are effective for a two-year period. Each lease contains an automatic renewal option for successive two (2) year terms unless termination notification is provided by either party in writing 60 days before the expiration of the term. Each lease is cancelable by either party when written notice is provided and will expire on the sixtieth (60th) day after receipt of such notice.

The Group owns the building and tangible personal property of these leased nursing homes (the IGT Facilities). The IGT Facilities and tangible personal property are leased to DCMH and PCH as described in Note 9. Upon termination of the agreements, ownership of the IGT Facilities and tangible personal property obtained during the lease term revert back to the Group.

The Group acts as an independent contractor to supervise, manage, operate, control, and direct the performance of the IGT Facilities for the benefit of DCMH and PCH. The Group is the manager of the IGT Facilities, and DCMH and PCH are the operators.

As described in Notes 9 - 11, the agreements governing the lease transaction entered into by the Group and DCMH and PCH are coterminous – a cancellation of any agreement triggers the termination of all agreements.

Basis of Accounting: The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates: The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation: The combined financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions and are detailed as follows:

> Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Group.
>
> Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by the passage of time or actions of the Group. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. At June 30, 2020 and 2019, there were no net assets with donor restrictions.

Cash, Cash Equivalents, Restricted Deposits and Funded Reserves: Cash, cash equivalents, restricted deposits and funded reserves consist of bank deposits in accounts that are federally insured up to $250,000. At times these amounts may exceed federally insured limits. Additionally, for purposes of the combined statements of cash flows, the Group considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

Resident Accounts Receivable: The Group accounts for receivables based on the amounts billed to residents and third-party payors. Contractual adjustments, discounts, and implicit price concessions are recorded to report receivables for services at net realizable value. Past due receivables are determined based upon contractual terms. The Group does not accrue interest on any of its accounts receivable.

At June 30, 2020 and 2019, approximately 77% and 81%, respectively, of its accounts receivable were due from the Medicare and Medicaid programs. During the years ended June 30, 2020 and 2019, approximately 80% and 74%, respectively, of its revenues were from the Medicare and Medicaid programs.

Property and Equipment: Property and equipment are recorded at cost and include both non-depreciable land and various other assets. Depreciation is computed using the straight-line method over the estimated useful lives. Expenditures for major renewals and improvements over $500 that extend the useful lives of property and equipment are capitalized.

Constuction in progress at June 30, 2020 primarily relates to construction and renovations at Swann Special Care Center. The total cost of this project is expected to be $7,600,000 with a projected completion date of summer 2021.

Depreciation expense for the years ended June 30, 2020 and 2019 was $2,163,915 and $2,227,133, respectively.

Impairment of Long-Lived Assets: On an ongoing basis, the Group reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Group recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2020 and 2019, management believes that no impairments existed.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill: Goodwill represents the excess of the purchase price over the fair value of net assets of prior acquisitions. Goodwill acquired in a business combination is determined to have an indefinite useful life and is not amortized, but annually tested for impairment. For the years ended June 30, 2020 and 2019, management has determined that the goodwill balance was not impaired. There were no increases to recorded goodwill during the years ended June 30, 2020 and 2019.

Net Resident Service Revenue: Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered.

The Group determines the transaction price based on standard charges for goods and services provided and/or concessions provided to residents. The Group determines its variable consideration based on its historical collection experience. The Group considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a resident's ability to pay are recorded as adjustments for collectability.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. The Group believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Resident service revenue consists of fees for basis housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care and skilled nursing services. Basic housing and certain support services revenue is recorded when services are rendered and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue from certain ancillary services is recognized as services are provided and are generally billed monthly in arrears.

The Group receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third-party payors. The sources and amounts of the Group's revenues are determined by a number of factors, including licensed bed capacity, occupancy, the mix of patients, and the rates of reimbursement among payors. Changes in the case mix of patients as well as payor mix among Medicare, Medicaid, and private pay can significantly affect the Group's profitability.

It is not possible to fully quantify the effect of recent legislation, the interpretation or administration of such legislation, or any other government initiatives on the Group's business. Accordingly, there can be no assurance that any future healthcare legislation or regulation will not adversely affect the Group's business. There can be no assurance that payments under government and private third-party payor programs will be timely, will remain at levels similar to present levels, or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Group's financial condition and results of operations may be affected by the reimbursement process, which in the Group's industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Net Assets Before Distributions to Affiliate: The combined statements of operations and changes in net assets present the Group's performance indicator as the change in net assets before distributions to affiliate, which includes changes in net assets from operations and other changes in net assets before distributions to affiliate.

Recently Adopted Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contract with Customers: Topic 606. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g. insurance contracts of lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applied the amendments in this ASU for the fiscal year ended June 30, 2020.

The Group implemented ASU 2014-09 using a full retrospective method of application to all contracts. The adoption of ASU 2014-09 resulted in changes to the presentation for and disclosure of revenue primarily related to residents.

The Group has determined adoption of ASU 2014-09 did not result in any adjustment to beginning net assets and did not result in significant changes to the amount and/or timing of revenue reported within the Group's financial statements; however ASU 2014-09 requires enhanced disclosures related to the nature, amount, timing and uncertainty of revenue arrangements. Additionally, our contracts, with residents are generally short term in nature and revenue is recognized when services are provided; as such, ASU 2014-09 provides an entity need not disclose information related to performance obligations when the performance obligation is part of a contract that has an original expected duration of one year or less.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The standard requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities are also required to reconcile the total to amounts on the balance sheet and disclose the nature of the restrictions. The Group has implemented this ASU using a full retrospective method of application for the years ended June 30, 2020 and 2019.

Reclassifications: Certain reclassifications have been made to present last year's combined financial statements on a basis comparable to the current year's combined financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Income Taxes: Hoosier Care, Inc., Hoosier Care II, Inc., and Hoosier Care Properties, Inc. are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and corresponding state tax provisions. The Facility Companies are single member limited liability companies, and all income is included in the income of the individual members. Accordingly, no provision has been made for federal or state income taxes.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Forms 990 of Hoosier Care, Inc., Hoosier Care II, Inc., and Hoosier Care Properties have not been subject to examination by the Internal Revenue Service or the states of Indiana or Illinois for the last three years, and they do not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. They recognize interest and/or penalties related to income tax matters in income tax expense. They did not have any amounts accrued for interest and penalties at June 30, 2020 and 2019.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the combined financial statements for the year ended June 30, 2020. Management has performed their analysis through November 19, 2020, which is the date the combined financial statements were available to be issued. Effective July 1, 2020 Hoosier Care II, Inc. entered into multiple agreements to change the Randolph Nursing Home facility lease agreement, intangible property lease, and IGT agreement from Decatur County Memorial Hospital to Putnam County Hospital.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash	$ 11,436,398	$ 6,706,680
Resident accounts receivable, net	3,696,406	3,622,175
	$ 15,132,804	$ 10,328,855

As part of the Group’s liquidity management plan, management invests cash in excess of daily requirements in money market funds. The Group has a goal to maintain financial assets, which consist of cash, on hand to meet 45 days of normal operating expenses. The Group has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Group typically collects patient accounts receivable within one year of the date of service. Collections by payor type may vary based on payor source liquidity and timeliness of claims processing. The due from Hospital entities receivable is collected throughout the year as cash is made available through the collection of accounts receivable on the Hospital entities. The Group also could draw upon the available line of credit (as further discussed in Note 4) should unanticipated liquidity needs arise.

(Continued)

NOTE 3 - RESIDENT ACCOUNTS RECEIVABLE

Receivables from residents and third-party payors for the years ended June 30 are as follows:

	2020	2019
Medicaid	$ 2,845,807	$ 3,064,779
Private	35,351	31,731
Commercial and other	815,248	525,665
	$ 3,696,406	$ 3,622,175

NOTE 4 - LINE OF CREDIT

The Group maintains a line of credit of $1,500,000 from an affiliated organization. Advances under the line of credit bear interest at a rate equal to the rate based on a floating rate equal to 3% per annum above the prime rate of interest which as of June 30, 2020 and 2019 was 6.25% and 8.50%, respectively. As of June 30, 2020 and 2019, there were no outstanding advances under the line of credit.

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt payable at June 30 is as follows:

	2020	2019
HUD-Insured Mortgage Notes:		
RBB Facilities Company, LLC	$ 2,467,161	$ 2,547,452
Wabash Facility Company, LLC	2,999,774	3,097,398
Brazil Facility Company, LLC	4,530,270	4,677,703
Loves Park Facility Company, LLC	5,950,572	6,144,227
Sterling Facility Company, LLC	5,448,569	5,625,886
Champaign Facility Company, LLC	6,838,260	7,060,803
Winchester Facility Company, LLC	3,642,582	3,761,126
HUD-Insured Construction Loan:		
Brazil Facility Company, LLC	5,376,632	5,508,522
Other Notes Payable - Hoosier Care Investments:		
ELC of Brazil, LLC	917,232	939,195
Richland Bean Blossom, LLC	950,000	950,000
Swann Special Care Center	1,860,974	-
	40,982,026	40,312,312
Less unamortized deferred financing costs	(1,019,974)	(1,078,932)
Less current maturities	(1,226,046)	(1,191,260)
	$ 38,736,006	$ 38,042,120

(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

HUD-Insured Mortgage Notes

The HUD-insured Section 223(f) mortgage notes are payable in monthly installments of principal and interest of $155,117 at 2.54% through December 2042. Substantially all of the property and equipment is pledged as collateral on the mortgage. The members are not liable on the mortgage note.

Under agreements with the mortgage lender and FHA, the Facility Companies are required to make monthly escrow deposits for taxes, insurance, and replacement of project assets, and are subject to restrictions relating to residual receipts. The liability of the Facility Companies under the mortgage notes are limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

HUD-Insured Construction Loan:

Brazil Facility Company, LLC's HUD-insured Section 241(a) construction loan is payable in monthly installments of $32,240, including interest at 4.68% through December 2042. Substantially all of the property and equipment is pledged as collateral on the loan. The member is not liable on the loan.

Under agreements with the lender and FHA, Brazil Facility Company, LLC is required to make monthly escrow deposits for taxes, insurance, and replacement of project assets, and is subject to restrictions relating to residual receipts. The liability of Brazil Facility Company, LLC under the construction loan is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Notes Payable - Hoosier Care Investments

An unsecured note payable to Hoosier Care Investments, LLC was executed in May 2015 with ELC of Brazil, LLC in connection with the construction of the assisted living facility for ELC of Brazil, LLC. The loan has a maximum principal balance of $2,500,000 and an interest rate of 8%. Interest only payments were payable monthly through June 2018 with additional payments made from available cash flow; thereafter, monthly installments of principal and interest are payable through June 2038. As of June 30, 2020 and 2019, the outstanding principal balance on the note payable is $917,232 and $939,195, respectively.

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2015 with Richland Bean Blossom, LLC in connection with the acquisition of land adjacent to that facility for potential future expansion of the facility. The loan has a maximum principal balance of $1,000,000 and an interest rate of 8%. Interest only payments are payable monthly through July 31, 2022, at which time the note is due in full. As of June 30, 2020 and 2019, the outstanding principal balance on the note payable is $950,000.

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2019 with Swan Special Care Center in connection with the construction of the school and day training facility. The loan has a maximum principal balance of $7,000,000 and an interest rate of 8%. Interest only payments are payable monthly through July 31, 2021. Thereafter, monthly installments of principal and interest are payable through June 2041. As of June 30, 2020, the outstanding principal balance on the note payable is $1,860,974.

(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

Deferred financing costs of $1,535,260 relating to the HUD-insured mortgages, HUD-insured construction loan, and line of credit have been capitalized and are being amortized over the terms of the loans using the effective interest method. Accumulated amortization was $515,286 and $456,328 as of June 30, 2020 and 2019, respectively. Amortization expense for the years ended June 30, 2020 and 2019 was $58,958.

Principal payments for the next five years and thereafter are due as follows:

2021	$ 1,226,046
2022	2,297,625
2023	1,392,522
2024	1,430,860
2025	1,470,476
Thereafter	33,164,497
	$ 40,982,026

NOTE 6 - RELATED PARTY TRANSACTIONS

The Group pays a base monthly home office fee to Hoosier Care Investments, LLC, based on the number of beds at the Group. As of June 30, 2020 and 2019, the monthly fee was $54,999. For the years ended June 30, 2020 and 2019, $659,988 of home office expense was included in the combined statements of operations and changes in net assets (deficit) within professional fees. During the years ended June 30, 2020 and 2019, the Group made distributions of $9,300,000 and $3,800,000, respectively, to its affiliate.

NOTE 7 - MANAGEMENT AGREEMENT

The Group is managed by Medical Rehabilitation Centers, LLC d/b/a Exceptional Living Centers (the Manager). Hoosier Care Investments, LLC, a related entity to Hoosier, had a 37.5% ownership interest in the Manager at June 30, 2019. During the year ended June 30, 2020, Hoosier Care Investments, LLC sold its ownership interest in Medical Rehabilitation Centers, LLC with an effective date of July 1, 2019. Medical Rehabilitation Centers, LLC remained the Manger until March 31, 2020. Management services include supervision of facility operations, administrative services, management information system services, accounting, arbitrage compliance, and IRS and state tax compliance. Management fee expense related to this agreement totaled $2,346,064 and $3,218,391 for the years ended June 30, 2020 and 2019, respectively.

Effective April 1, 2020 the Group is managed HHSS Management, LLC (the Manager), an affiliate of Hoosier. Management services include supervision of facility operations, administrative services, management information system services, accounting, arbitrage compliance, and IRS and state tax compliance. The management fee is equal to 5% of gross revenues. Management fee expense related to this agreement totaled $833,226 for the year ended June 30, 2020.

(Continued)

NOTE 8 - FUNCTIONAL EXPENSES

The Group provides long-term care primarily to residents within its geographic area. The operating expenses of the Group presented by their natural classification within the combined statements of operations and changes in net assets (deficit) are summarized by function as follows:

	For the year ended June 30, 2020		
	Program	General and Administrative	Total
Salaries, wages, and employee benefits	$ 30,819,508	$ 827,812	$ 31,647,320
Contract labor	900,466	-	900,466
Supplies and other	3,070,727	268,497	3,339,224
Interest and fees	-	1,226,798	1,226,798
Management fees	-	3,179,290	3,179,290
Revenue assessment fees	1,402,312	-	1,402,312
Depreciation and amortization	2,034,078	188,795	2,222,873
Professional fees	230,827	1,183,542	1,414,369
Rent	191,064	-	191,064
	$ 38,648,982	$ 6,874,734	$ 45,523,716

	For the year ended June 30, 2019		
	Program	General and Administrative	Total
Salaries, wages, and employee benefits	$ 28,473,133	$ 1,009,294	$ 29,482,427
Contract labor	812,401	-	812,401
Supplies and other	2,726,397	378,907	3,105,304
Interest and fees	-	1,437,632	1,437,632
Management fees	-	3,218,391	3,218,391
Revenue assessment fees	1,191,076	-	1,191,076
Depreciation and amortization	2,093,505	212,114	2,305,619
Professional fees	139,045	1,018,374	1,157,419
Rent	222,881	-	222,881
	$ 35,658,438	$ 7,274,712	$ 42,933,150

The combined 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 general and administrative salaries and benefits and workers' compensation insurance, which are allocated on the basis of estimates of time and effort.

NOTE 9 - FACILITY LEASE AGREEMENTS

The Group owns the IGT Facilities and tangible personal property located in Indiana as described in Note 1. The Group leases the IGT Facilities and substantially all of the associated tangible personal property used to operate the IGT Facilities to DCMH and PCH. All property purchased by DCMH and PCH during the lease terms will be transferred to the Group upon termination of the agreements.

(Continued)

NOTE 9 - FACILITY LEASE AGREEMENTS (Continued)

Monthly base rental payments are due on the first day of each month in the sum of $322,033. Rental income from these leases was $3,211,688 and $3,587,951 for the years ended June 30, 2020 and 2019, respectively, and is included in Hospital entities revenue on the combined statements of operations and changes in net assets.

The leases are effective for a two-year period with an automatic renewal option and are cancelable by either party when written notice is provided. The leases will expire on the sixtieth (60th) day after receipt of such notice.

Future scheduled facility rent payments to be received from DCMH and PCH are as follows:

2021	$ 3,864,401
2022	3,864,401
2023	3,864,401
2024	3,864,401
2025	3,864,401
	$ 19,322,005

Property and equipment which the Organization leases to DCMH and PCH and the related accumulated depreciation at June 30 are as follows:

	2020	2019
Land and land improvements	$ 2,151,682	$ 2,059,313
Buildings and improvements	24,348,364	24,170,757
Building and maintenance equipment	4,547,948	4,382,426
Furniture and fixtures	1,958,795	1,936,042
Transportation equipment	456,502	394,550
	33,463,291	32,943,088
Less accumulated depreciation	(17,820,599)	(16,436,475)
	$ 15,642,692	$ 16,506,613

NOTE 10 - INTANGIBLE PROPERTY LEASE

The Group owns the intangible property rights including but not limited to all government permits and approvals, patents, trademarks, trade names, copyrights, and all similar items that derive value not from their physical attributes but from their intellectual content or other intangible properties.

Monthly royalty fees per the lease agreements total $72,000 contingent upon available revenues. For the years ended June 30, 2020 and 2019, royalty income totaled $264,000 and $431,517, respectively, and is included in Hospital entities revenue on the combined statements of operations and changes in net assets.

NOTE 11 - IGT AGREEMENTS

As described in Note 1, the Group entered into management agreements with DCMH and PCH whereby the Group is the Manager of the IGT Facilities and DCMH and PCH are the Operators.

(Continued)

NOTE 11 - IGT AGREEMENTS (Continued)

The Group acts as an independent contractor to supervise, manage, operate, control, and direct the performance of the IGT Facilities, for the benefit of DCMH and PCH. The Group will deposit net patient revenue and other revenue into deposit accounts designated by DCMH and PCH. The Group charges DCMH and PCH for salaries, wages, and employee benefits as they are incurred. For the years ended June 30, 2020 and 2019, contract labor revenue totaled $13,483,601 and $11,950,268 , respectively.

In consideration for the services performed by the Group, DCMH and PCH will provide (1) a monthly base management fee, (2) a monthly subordinated management fee, (3) an annual quality incentive fee, and (4) an annual incentive management fee.

The monthly base management fee and monthly subordinated management fee are each 4.75% of net patient revenue, excluding funds obtained through the Medicaid Upper Payment Limit Program. The base management fee and the subordinated management fee are included in Hospital entities revenue on the combined statements of operations and changes in net assets. The quarterly quality incentive fee ranges from $5,000 to $6,250 per quarter and is earned through a report card score that is lower than the state average for the prior calendar year or that decreases by ten percent or more compared to the prior 12 months. The annual incentive management fee is payable solely from annual net earnings as defined in the IGT agreements, if any, after all expenses and fees have been paid.

Hospital entities revenue for the year ended June 30 consists of the following:

	2020	2019
Facility rent	$ 3,211,688	$ 3,587,951
Royalty fees	264,000	431,517
Base management fees	311,934	576,741
Subordinated management fees	-	168,978
Quality incentive fees	-	20,000
	$ 3,787,622	$ 4,785,187

NOTE 12 - RISKS AND UNCERTAINTIES

A novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Group could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) may impact business activity or investment results will depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

SUPPLEMENTARY INFORMATION

HOOSIER CARE WEST
COMBINING BALANCE SHEET
June 30, 2020

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Eliminations	Total
ASSETS										
Current assets										
Cash and cash equivalents	$ 191,122	$ 83,683	$ 36,939	$ 2,691,400	$ 3,108,817	$ 2,337,631	$ 183,828	$ 2,802,978	$ -	$ 11,436,398
Resident accounts receivable, net	-	-	3,552	1,338,267	811,151	1,495,844	-	47,592	-	3,696,406
Due from Hospital entities	920,074	958,252	954,092	-	-	-	179,565	-	-	3,011,983
Accounts receivable, related party	5,676,073	-	2,564,201	15,283,827	19,532,897	11,010,885	2,668,711	-	(56,736,594)	-
Prepaid expenses and other	9,239	7,781	16,629	205,796	144,775	283,736	11,488	4,091	-	683,535
Total current assets	6,796,508	1,049,716	3,575,413	19,519,290	23,597,640	15,128,096	3,043,592	2,854,661	(56,736,594)	18,828,322
Escrow deposits and replacement reserve	174,354	277,617	343,178	506,704	183,318	318,204	210,066	-	-	2,013,441
Property and equipment										
Land and improvements	1,185,578	1,173,263	365,432	1,208,582	993,401	981,802	378,271	-	-	6,286,329
Buildings and improvements	3,201,280	6,561,118	10,612,475	7,546,493	4,265,084	4,219,166	3,927,072	-	-	40,332,688
Building and maintenance equipment	696,544	1,590,690	1,232,854	1,036,693	1,246,633	1,118,510	1,005,658	-	-	7,927,582
Furniture and fixtures	439,432	638,291	360,037	158,477	360,669	238,277	521,035	-	-	2,716,218
Transportation equipment	69,598	248,224	78,820	94,882	299,034	156,319	59,860	-	-	1,006,737
Construction in progress	66,755	-	-	-	-	2,879,632	15,670	-	-	2,962,057
	5,659,187	10,211,586	12,649,618	10,045,127	7,164,821	9,593,706	5,907,566	-	-	61,231,611
Accumulated depreciation	2,506,016	6,871,131	4,084,541	5,578,569	5,416,487	5,085,945	4,358,911	-	-	33,901,600
Net property and equipment	3,153,171	3,340,455	8,565,077	4,466,558	1,748,334	4,507,761	1,548,655	-	-	27,330,011
Other assets										
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	2,476,939
	$ 10,124,033	$ 5,956,251	$ 12,483,668	$ 24,753,683	$ 25,925,446	$ 20,485,252	$ 4,802,313	$ 2,854,661	$(56,736,594)	$ 50,648,713
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities										
Current maturities of long-term debt	$ 82,354	$ 100,133	$ 313,202	$ 198,631	$ 181,874	$ 228,262	$ 121,590	$ -	$ -	$ 1,226,046
Accounts payable	12,468	12,468	716,173	435,930	376,082	991,949	12,468	1,417	-	2,558,955
Accounts payable, related party	960,945	7,981,917	1,066,927	129,476	873,837	408,355	755,811	44,559,326	(56,736,594)	-
Accrued payroll and related benefits	146,754	317,798	144,336	483,503	299,283	517,450	193,573	-	-	2,102,697
Accrued interest payable	5,222	6,350	51,151	12,595	11,533	77,138	7,710	-	-	171,699
Total current liabilities	1,207,743	8,418,666	2,291,789	1,260,135	1,742,609	2,223,154	1,091,152	44,560,743	(56,736,594)	6,059,397
Long-term liabilities										
Long-term debt, net of current portion	3,243,397	2,796,799	10,254,833	5,602,240	5,122,266	8,305,709	3,410,762	-	-	38,736,006
Total liabilities	4,451,140	11,215,465	12,546,622	6,862,375	6,864,875	10,528,863	4,501,914	44,560,743	(56,736,594)	44,795,403
Net assets (deficit) without donor restrictions	5,672,893	(5,259,214)	(62,954)	17,891,308	19,060,571	9,956,389	300,399	(41,706,082)	-	5,853,310
	$ 10,124,033	$ 5,956,251	$ 12,483,668	$ 24,753,683	$ 25,925,446	$ 20,485,252	$ 4,802,313	$ 2,854,661	$(56,736,594)	$ 50,648,713

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING BALANCE SHEET
June 30, 2019

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Eliminations	Total
ASSETS										
Current assets										
Cash and cash equivalents	$ 169,391	$ 185,291	$ 243,230	$ 1,000	$ 1,000	$ 1,000	$ 173,624	$ 5,932,144	$ -	$ 6,706,680
Resident accounts receivable, net	-	-	2,095	1,212,267	1,031,596	1,364,217	-	12,000	-	3,622,175
Due from Hospital entities	912,755	1,003,281	1,089,965	-	-	-	178,977	-	-	3,184,978
Accounts receivable, related party	5,529,812	-	2,536,112	11,205,369	19,951,297	8,469,482	2,688,207	-	(50,380,279)	-
Prepaid expenses and other	9,041	12,939	26,006	43,034	38,605	61,655	12,819	-	-	204,099
Total current assets	6,620,999	1,201,511	3,897,408	12,461,670	21,022,498	9,896,354	3,053,627	5,944,144	(50,380,279)	13,717,932
Escrow deposits and replacement reserve	111,454	194,368	244,320	199,915	125,084	294,340	138,738	-	-	1,308,219
Property and equipment										
Land and improvements	1,185,578	1,163,388	295,395	1,157,269	990,526	981,802	379,618	-	-	6,153,576
Buildings and improvements	3,142,752	6,559,215	10,552,230	7,535,396	4,215,131	4,217,379	3,897,066	-	-	40,119,169
Building and maintenance equipment	661,553	1,542,619	1,195,106	959,242	1,177,456	1,068,816	983,148	-	-	7,587,940
Furniture and fixtures	426,962	630,875	360,037	143,400	358,093	226,845	518,168	-	-	2,664,380
Transportation equipment	7,646	248,224	78,820	94,882	299,034	152,911	59,860	-	-	941,377
Construction in progress	-	-	19,494	-	12,054	414,043	-	-	-	445,591
	5,424,491	10,144,321	12,501,082	9,890,189	7,052,294	7,061,796	5,837,860	-	-	57,912,033
Accumulated depreciation	2,283,734	6,487,723	3,549,581	5,304,086	5,106,078	4,891,046	4,115,437	-	-	31,737,685
Net property and equipment	3,140,757	3,656,598	8,951,501	4,586,103	1,946,216	2,170,750	1,722,423	-	-	26,174,348
Other assets										
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	2,476,939
	$ 9,873,210	$ 6,340,940	$ 13,093,229	$ 17,508,819	$ 23,489,952	$ 12,892,635	$ 4,914,788	$ 5,944,144	$(50,380,279)	$ 43,677,438
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities										
Current maturities of long-term debt	$ 80,291	$ 97,624	$ 301,285	$ 193,655	$ 177,318	$ 222,543	$ 118,544	$ -	$ -	$ 1,191,260
Accounts payable	9,725	7,865	330,580	247,596	178,046	269,493	12,864	4,277	-	1,060,446
Accounts payable, related party	753,916	7,894,804	934,441	-	790,553	418,022	728,753	38,859,790	(50,380,279)	-
Accrued payroll and related benefits	139,774	291,691	216,614	526,451	312,269	593,645	187,104	-	-	2,267,548
Accrued interest payable	5,392	6,556	52,165	13,005	11,908	14,945	7,961	-	-	111,932
Total current liabilities	989,098	8,298,540	1,835,085	980,707	1,470,094	1,518,648	1,055,226	38,864,067	(50,380,279)	4,631,186
Long-term liabilities										
Long-term debt, net of current portion	3,321,661	2,892,331	10,556,933	5,794,174	5,297,678	6,665,764	3,527,420	(13,841)	-	38,042,120
Total liabilities	4,310,759	11,190,871	12,392,018	6,774,881	6,767,772	8,184,412	4,582,646	38,850,226	(50,380,279)	42,673,306
Net assets (deficit) without donor restrictions	5,562,451	(4,849,931)	701,211	10,733,938	16,722,180	4,708,223	332,142	(32,906,082)	-	1,004,132
	$ 9,873,210	$ 6,340,940	$ 13,093,229	$ 17,508,819	$ 23,489,952	$ 12,892,635	$ 4,914,788	$ 5,944,144	$(50,380,279)	$ 43,677,438

See accompanying independent auditor's report.

#23-014

HOOSIER CARE WEST
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2020

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Eliminations	Total
Revenue, gains, and other support without donor restrictions										
Net resident service revenue	$ -	$ -	$ 978,966	$ 15,952,042	$ 9,163,103	$ 15,777,793	$ -	$ -	$ -	$ 41,871,904
Contributions	-	-	986	361,527	64,701	11,927	-	-	-	439,141
Hospital entities revenue	933,135	564,792	990,015	-	-	-	1,299,680	-	-	3,787,622
Contract labor revenue	3,112,861	3,693,929	3,178,812	-	-	-	3,497,999	-	-	13,483,601
Other revenue	-	-	500	16,648	59,813	10,625	-	-	-	87,586
Total revenue, gains, and other support without donor restrictions	4,045,996	4,258,721	5,149,279	16,330,217	9,287,617	15,800,345	4,797,679	-	-	59,669,854
Expenses										
Salaries, wages, and employee benefits	3,112,861	3,693,929	3,898,275	6,287,693	4,560,681	6,595,882	3,497,999	-	-	31,647,320
Contract labor	-	-	82,051	125,079	103,384	589,952	-	-	-	900,466
Supplies and other	21,514	45,141	274,428	979,471	734,771	1,231,929	51,970	-	-	3,339,224
Interest and fees	139,668	77,336	445,442	153,431	140,601	176,412	93,908	-	-	1,226,798
Management fees	348,764	339,693	474,309	600,673	431,445	648,960	335,446	-	-	3,179,290
Revenue assessment fees	-	-	-	511,616	353,544	537,152	-	-	-	1,402,312
Depreciation and amortization	226,372	388,009	546,063	285,794	321,484	206,745	248,406	-	-	2,222,873
Professional fees	86,638	124,344	193,363	229,832	303,580	374,612	102,000	-	-	1,414,369
Rent	-	-	-	-	-	191,064	-	-	-	191,064
Total expenses	3,935,817	4,668,452	5,913,931	9,173,589	6,949,490	10,552,708	4,329,729	-	-	45,523,716
Change in net assets (deficit) from operations	110,179	(409,731)	(764,652)	7,156,628	2,338,127	5,247,637	467,950	-	-	14,146,138
Other changes in net assets (deficit)										
Interest income	263	448	487	742	264	529	307	-	-	3,040
Change in net assets (deficit) before distributions to affiliate	110,442	(409,283)	(764,165)	7,157,370	2,338,391	5,248,166	468,257	-	-	14,149,178
Distributions to affiliate	-	-	-	-	-	-	(500,000)	(8,800,000)	-	(9,300,000)
Change in net assets (deficit)	110,442	(409,283)	(764,165)	7,157,370	2,338,391	5,248,166	(31,743)	(8,800,000)	-	4,849,178
Net assets (deficit) without donor restrictions, beginning of year	5,562,451	(4,849,931)	701,211	10,733,938	16,722,180	4,708,223	332,142	(32,906,082)	-	1,004,132
Net assets (deficit) without donor restrictions, end of year	$ 5,672,893	$ (5,259,214)	$ (62,954)	$ 17,891,308	$ 19,060,571	$ 9,956,389	$ 300,399	$ (41,706,082)	$ -	$ 5,853,310

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2019

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Eliminations	Total
Revenue, gains, and other support without donor restrictions										
Net resident service revenue	$ -	$ -	$ 942,475	$ 10,912,416	$ 7,600,485	$ 11,894,325	$ -	$ -	$ -	$ 31,349,701
Contributions	-	-	400	219,439	46,384	321,654	-	-	-	587,877
Hospital entities revenue	1,169,546	896,295	1,202,292	-	-	-	1,517,054	-	-	4,785,187
Contract labor revenue	2,653,424	3,472,829	2,674,119	-	-	-	3,149,896	-	-	11,950,268
Other revenue	-	-	5,000	85,805	62,792	35,952	-	-	-	189,549
Total revenue, gains, and other support without donor restrictions	3,822,970	4,369,124	4,824,286	11,217,660	7,709,661	12,251,931	4,666,950	-	-	48,862,582
Expenses										
Salaries, wages, and employee benefits	2,653,424	3,472,829	3,214,315	6,189,085	4,433,254	6,369,624	3,149,896	-	-	29,482,427
Contract labor	-	-	28,242	117,448	66,719	599,992	-	-	-	812,401
Supplies and other	22,138	39,577	326,380	881,044	693,981	1,088,984	53,200	-	-	3,105,304
Interest and fees	141,621	79,787	464,481	214,165	200,430	240,264	96,884	-	-	1,437,632
Management fees	390,163	410,067	550,787	522,132	404,880	587,148	353,214	-	-	3,218,391
Revenue assessment fees	-	-	-	417,660	318,468	454,948	-	-	-	1,191,076
Depreciation and amortization	225,257	437,074	547,867	277,751	343,323	212,379	261,968	-	-	2,305,619
Professional fees	86,272	123,820	153,688	201,290	197,277	294,724	100,348	-	-	1,157,419
Rent	-	-	-	-	7,583	215,298	-	-	-	222,881
Total expenses	3,518,875	4,563,154	5,285,760	8,820,575	6,665,915	10,063,361	4,015,510	-	-	42,933,150
Change in net assets (deficit) from operations	304,095	(194,030)	(461,474)	2,397,085	1,043,746	2,188,570	651,440	-	-	5,929,432
Other changes in net assets (deficit)										
Interest income	158	278	277	381	167	401	181	-	-	1,843
Change in net assets (deficit) before distributions to affiliate	304,253	(193,752)	(461,197)	2,397,466	1,043,913	2,188,971	651,621	-	-	5,931,275
Distributions to affiliate	-	(150,000)	(450,000)	-	-	-	(850,000)	(2,350,000)	-	(3,800,000)
Change in net assets (deficit)	304,253	(343,752)	(911,197)	2,397,466	1,043,913	2,188,971	(198,379)	(2,350,000)	-	2,131,275
Net assets (deficit) without donor restrictions, beginning of year	5,258,198	(4,506,179)	1,612,408	8,336,472	15,678,267	2,519,252	530,521	(30,556,082)	-	(1,127,143)
Net assets (deficit) without donor restrictions, end of year	$ 5,562,451	$ (4,849,931)	$ 701,211	$ 10,733,938	$ 16,722,180	$ 4,708,223	$ 332,142	$ (32,906,082)	$ -	$ 1,004,132

See accompanying independent auditor's report.

#23-014

Attachment - 29A

#23-014

HOOSIER CARE WEST
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2020

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Total
Cash flows from operating activities									
Change in net assets (deficit)	$ 110,442	$ (409,283)	$ (764,165)	$ 7,157,370	$ 2,338,391	$ 5,248,166	$ (31,743)	$ (8,800,000)	$ 4,849,178
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities									
Depreciation and amortization	226,372	388,009	546,063	285,794	321,484	206,745	248,406	-	2,222,873
Distributions to affiliate	-	-	-	-	-	-	500,000	8,800,000	9,300,000
Change in assets and liabilities									
Resident accounts receivable	-	-	(1,457)	(126,000)	220,445	(131,627)	-	(35,592)	(74,231)
Due from Hospital entities	(7,319)	45,029	135,873	-	-	-	(588)	-	172,995
Accounts receivable/payable, related party, net	60,768	87,113	104,397	(3,953,596)	497,070	(2,555,683)	46,554	5,713,377	-
Prepaid expenses and other	(198)	5,158	9,377	(162,762)	(106,170)	(222,081)	1,331	(4,091)	(479,436)
Accounts payable	2,743	4,603	385,593	188,334	198,036	137,750	(396)	(2,860)	913,803
Accrued payroll and related benefits	6,980	26,107	(72,278)	(42,948)	(12,986)	(76,195)	6,469	-	(164,851)
Accrued interest payable	(170)	(206)	(1,014)	(410)	(375)	62,193	(251)	-	59,767
Net cash from operating activities	399,618	146,530	342,389	3,345,782	3,455,895	2,669,268	769,782	5,670,834	16,800,098
Cash flows from investing activities									
Capital expenditures	(234,696)	(67,265)	(148,536)	(154,938)	(112,527)	(1,947,204)	(69,706)	-	(2,734,872)
Net cash from investing activities	(234,696)	(67,265)	(148,536)	(154,938)	(112,527)	(1,947,204)	(69,706)	-	(2,734,872)
Cash flows from financing activities									
Principal payments on long-term debt	(80,291)	(97,624)	(301,286)	(193,655)	(177,317)	(222,543)	(118,544)	-	(1,191,260)
Proceeds from issuance of long-term debt	-	-	-	-	-	1,860,974	-	-	1,860,974
Distributions to affiliate	-	-	-	-	-	-	(500,000)	(8,800,000)	(9,300,000)
Net cash from financing activities	(80,291)	(97,624)	(301,286)	(193,655)	(177,317)	1,638,431	(618,544)	(8,800,000)	(8,630,286)
Net change in cash, cash equivalents, restricted deposits and funded reserves	84,631	(18,359)	(107,433)	2,997,189	3,166,051	2,360,495	81,532	(3,129,166)	5,434,940
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	280,845	379,659	487,550	200,915	126,084	295,340	312,362	5,932,144	8,014,899
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 365,476	$ 361,300	$ 380,117	$ 3,198,104	$ 3,292,135	$ 2,655,835	$ 393,894	$ 2,802,978	$ 13,449,839
Supplemental cash flow information									
Cash paid during the year for interest	$ 139,775	$ 77,542	$ 446,456	$ 153,819	$ 140,842	$ 176,765	$ 94,159	$ -	$ 1,229,358
Noncash investing and financing activities									
Capital expenditures included in accounts payable	$ -	$ -	$ -	$ -	$ -	$ 584,706	$ -	$ -	$ 584,706

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2019

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Group Overhead	Total
Cash flows from operating activities									
Change in net assets (deficit)	$ 304,253	$ (343,752)	$ (911,197)	$ 2,397,466	$ 1,043,913	$ 2,188,971	$ (198,379)	$ (2,350,000)	$ 2,131,275
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities									
Depreciation and amortization	225,257	437,074	547,867	277,751	343,323	212,379	261,968	-	2,305,619
Distributions to affiliate	-	150,000	450,000	-	-	-	850,000	2,350,000	3,800,000
Change in assets and liabilities									
Resident accounts receivable	-	-	844	(282,667)	(279,006)	(369,341)	-	3,501	(926,669)
Due from Hospital entities	(356,388)	(141,134)	256,527	-	-	-	72,749	-	(168,246)
Accounts receivable/payable, related party, net	74,172	111,718	98,570	(2,327,249)	(845,824)	(1,786,316)	88,248	4,586,681	-
Prepaid expenses and other	997	3,043	5,807	3,080	6,952	2,008	1,510	17,890	41,287
Accounts payable	(24,249)	(59,398)	230,093	4,616	13,042	12,556	(8,304)	4,277	172,633
Accrued payroll and related benefits	29,646	56,201	(9,616)	32,106	12,647	32,489	19,816	-	173,289
Accrued interest payable	(166)	(202)	(931)	(400)	(366)	(460)	(245)	-	(2,770)
Net cash from operating activities	253,522	213,550	667,964	104,703	294,681	292,286	1,087,363	4,612,349	7,526,418
Cash flows from investing activities									
Capital expenditures	(106,781)	(84,179)	(108,207)	(128,834)	(134,254)	(77,153)	(133,397)	-	(772,805)
Net cash used in investing activities	(106,781)	(84,179)	(108,207)	(128,834)	(134,254)	(77,153)	(133,397)	-	(772,805)
Cash flows from financing activities									
Principal payments on long-term debt	(78,279)	(95,178)	(289,888)	(188,803)	(172,875)	(216,969)	(115,574)	-	(1,157,566)
Distributions to affiliate	-	(150,000)	(450,000)	-	-	-	(850,000)	(2,350,000)	(3,800,000)
Net cash used in financing activities	(78,279)	(245,178)	(739,888)	(188,803)	(172,875)	(216,969)	(965,574)	(2,350,000)	(4,957,566)
Net change in cash, cash equivalents, restricted deposits and funded reserves	68,462	(115,807)	(180,131)	(212,934)	(12,448)	(1,836)	(11,608)	2,262,349	1,796,047
Cash a, cash equivalents, restricted deposits and funded reserves at beginning of year	212,383	495,466	667,681	413,849	138,532	297,176	323,970	3,669,795	6,218,852
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 280,845	$ 379,659	$ 487,550	$ 200,915	$ 126,084	$ 295,340	$ 312,362	$ 5,932,144	$ 8,014,899
Supplemental cash flow information									
Cash paid during the year for interest	$ 141,787	$ 79,989	$ 457,837	$ 158,671	$ 145,285	$ 182,342	$ 97,129	$ -	$ 1,263,040
Noncash investing and financing activities									
Capital expenditures included in accounts payable	$ -	$ -	$ -	$ 5,306	$ 4,408	$ -	$ -	$ -	$ 9,714

#23-014

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING BALANCE SHEETS - HOOSIER CARE WEST AND IGT PARTICIPATING HOSPITALS (UNAUDITED)
June 30, 2020

	Combined RBB	Combined Wabash	Combined Brazil	Loves Park	Sterling	Champaign	Combined Winchester	Group Overhead	Eliminations	Total
ASSETS										
Current assets										
Cash and cash equivalents	$ 1,481,762	$ 1,682,432	$ 1,148,013	$ 2,691,400	$ 3,108,817	$ 2,337,631	$ 1,882,817	$ 2,802,978	$ -	$ 17,135,850
Residents accounts receivable, net	374,284	275,413	354,350	1,338,267	811,151	1,495,844	607,422	47,592	-	5,304,323
Other receivables	242,289	494,346	955,836	-	-	-	364,011	-	-	2,056,482
Accounts receivable, related party	5,676,073	-	2,564,201	15,318,165	19,532,897	11,010,885	2,668,711	-	(56,736,594)	34,338
Prepaid expenses and other	42,572	273,284	119,789	171,458	144,775	283,736	18,642	4,091	-	1,058,347
Total current assets	7,816,980	2,725,475	5,142,189	19,519,290	23,597,640	15,128,096	5,541,603	2,854,661	(56,736,594)	25,589,340
Escrow deposits and replacement reserve	174,354	277,617	343,178	506,704	183,318	318,204	210,066	-	-	2,013,441
Property and equipment										
Land and improvements	1,185,578	1,173,263	365,432	1,208,582	993,401	981,802	378,271	-	-	6,286,329
Buildings and improvements	3,201,280	6,561,118	10,612,475	7,546,493	4,265,084	4,219,166	3,927,072	-	-	40,332,688
Building and maintenance equipment	696,544	1,590,690	1,232,854	1,036,693	1,246,633	1,118,510	1,005,658	-	-	7,927,582
Furniture and fixtures	439,432	638,291	360,037	158,477	360,669	238,277	521,035	-	-	2,716,218
Transportation equipment	69,598	248,224	78,820	94,882	299,034	156,319	59,860	-	-	1,006,737
Construction in progress	66,755	-	-	-	-	2,879,632	15,670	-	-	2,962,057
	5,659,187	10,211,586	12,649,618	10,045,127	7,164,821	9,593,706	5,907,566	-	-	61,231,611
Accumulated depreciation	2,506,016	6,871,131	4,084,541	5,578,569	5,416,487	5,085,945	4,358,911	-	-	33,901,600
Net property and equipment	3,153,171	3,340,455	8,565,077	4,466,558	1,748,334	4,507,761	1,548,655	-	-	27,330,011
Other assets										
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	2,476,939
	$ 11,144,505	$ 7,632,010	$ 14,050,444	$ 24,753,683	$ 25,925,446	$ 20,485,252	$ 7,300,324	$ 2,854,661	$ (56,736,594)	$ 57,409,731
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities										
Current maturities of long-term debt	$ 82,354	$ 100,133	$ 313,202	$ 198,631	$ 181,874	$ 228,262	$ 121,590	$ -	$ -	$ 1,226,046
Accounts payable	274,252	239,970	957,491	435,930	376,082	991,949	249,683	1,417	-	3,526,774
Accounts payable, related party	960,945	7,981,917	1,066,927	129,476	873,837	408,355	755,811	44,559,326	(56,736,594)	-
Accrued payroll and related benefits	146,754	317,798	217,297	483,503	299,283	517,450	193,573	-	-	2,175,658
Accrued interest payable	5,222	6,350	51,151	12,595	11,533	77,138	7,710	-	-	171,699
Total current liabilities	1,469,527	8,646,168	2,606,068	1,260,135	1,742,609	2,223,154	1,328,367	44,560,743	(56,736,594)	7,100,177
Long-term liabilities										
Long-term debt, net of current portion	3,243,397	2,796,799	10,254,833	5,602,240	5,122,266	8,305,709	3,410,762	-	-	38,736,006
Total liabilities	4,712,924	11,442,967	12,860,901	6,862,375	6,864,875	10,528,863	4,739,129	44,560,743	(56,736,594)	45,836,183
Net assets (deficit) without donor restrictions	5,672,893	(5,259,214)	(62,954)	17,891,308	19,060,571	9,956,389	300,399	(41,706,082)	-	5,853,310
Noncontrolling interest - IGT Hospital entity	758,688	1,448,257	1,252,497	-	-	-	2,260,796	-	-	5,720,238
Total net assets (deficit) without donor rest	6,431,581	(3,810,957)	1,189,543	17,891,308	19,060,571	9,956,389	2,561,195	(41,706,082)	-	11,573,548
	$ 11,144,505	$ 7,632,010	$ 14,050,444	$ 24,753,683	$ 25,925,446	$ 20,485,252	$ 7,300,324	$ 2,854,661	$ (56,736,594)	$ 57,409,731

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING BALANCE SHEETS - HOOSIER CARE WEST AND IGT PARTICIPATING HOSPITALS (UNAUDITED)
June 30, 2019

	Combined RBB	Combined Wabash	Combined Brazil	Loves Park	Sterling	Champaign	Combined Winchester	Group Overhead	Eliminations	Total
ASSETS										
Current assets										
Cash and cash equivalents	$ 765,422	$ 1,238,850	$ 1,185,565	$ 1,000	$ 1,000	$ 1,000	$ 1,691,944	$ 5,932,144	$ -	$ 10,816,925
Residents accounts receivable, net	415,209	381,727	351,329	1,212,267	1,031,596	1,364,217	448,845	12,000	-	5,217,190
Other receivables	387,112	736,638	517,894	-	-	-	243,511	-	-	1,885,155
Accounts receivable, related party	5,529,812	-	2,536,112	11,205,369	19,951,297	8,469,482	2,688,207	-	(50,380,279)	-
Prepaid expenses and other	15,714	13,447	31,184	43,034	38,605	61,655	22,701	-	-	226,340
Total current assets	7,113,269	2,370,662	4,622,084	12,461,670	21,022,498	9,896,354	5,095,208	5,944,144	(50,380,279)	18,145,610
Escrow deposits and replacement reserve	111,454	194,368	244,320	199,915	125,084	294,340	138,738	-	-	1,308,219
Property and equipment										
Land and improvements	1,185,578	1,163,388	295,395	1,157,269	990,526	981,802	379,618	-	-	6,153,576
Buildings and improvements	3,142,752	6,559,215	10,552,230	7,535,396	4,215,131	4,217,379	3,897,066	-	-	40,119,169
Building and maintenance equipment	661,553	1,542,619	1,195,106	959,242	1,177,456	1,068,816	983,148	-	-	7,587,940
Furniture and fixtures	426,962	630,875	360,037	143,400	358,093	226,845	518,168	-	-	2,664,380
Transportation equipment	7,646	248,224	78,820	94,882	299,034	152,911	59,860	-	-	941,377
Construction in progress	-	-	19,494	-	12,054	414,043	-	-	-	445,591
	5,424,491	10,144,321	12,501,082	9,890,189	7,052,294	7,061,796	5,837,860	-	-	57,912,033
Accumulated depreciation	2,283,734	6,487,723	3,549,581	5,304,086	5,106,078	4,891,046	4,115,437	-	-	31,737,685
Net property and equipment	3,140,757	3,656,598	8,951,501	4,586,103	1,946,216	2,170,750	1,722,423	-	-	26,174,348
Other assets										
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	2,476,939
	$ 10,365,480	$ 7,510,091	$ 13,817,905	$ 17,508,819	$ 23,489,952	$ 12,892,635	$ 6,956,369	$ 5,944,144	$ (50,380,279)	$ 48,105,116
LIABILITIES AND NET ASSETS (DEFICIT)										
Current liabilities										
Current maturities of long-term debt	$ 80,291	$ 97,624	$ 301,285	$ 193,655	$ 177,318	$ 222,543	$ 118,544	$ -	$ -	$ 1,191,260
Accounts payable	181,138	250,965	330,580	247,596	178,046	269,493	218,685	4,277	-	1,680,780
Accounts payable, related party	753,916	7,894,804	934,441	-	790,553	418,022	728,753	38,859,790	(50,380,279)	-
Accrued payroll and related benefits	139,774	296,624	216,614	526,451	312,269	593,645	187,104	-	-	2,272,481
Accrued interest payable	5,392	6,556	52,165	13,005	11,908	14,945	7,961	-	-	111,932
Total current liabilities	1,160,511	8,546,573	1,835,085	980,707	1,470,094	1,518,648	1,261,047	38,864,067	(50,380,279)	5,256,453
Long-term liabilities										
Long-term debt, net of current portion	3,321,661	2,892,331	10,556,933	5,794,174	5,297,678	6,665,764	3,527,420	(13,841)	-	38,042,120
Total liabilities	4,482,172	11,438,904	12,392,018	6,774,881	6,767,772	8,184,412	4,788,467	38,850,226	(50,380,279)	43,298,573
Net assets (deficit) without donor restrictions	5,562,451	(4,849,931)	701,211	10,733,938	16,722,180	4,708,223	332,142	(32,906,082)	-	1,004,132
Noncontrolling interest - IGT Hospital entity	320,857	921,118	724,676	-	-	-	1,835,760	-	-	3,802,411
Total net assets (deficit) without donor restrictions	5,883,308	(3,928,813)	1,425,887	10,733,938	16,722,180	4,708,223	2,167,902	(32,906,082)	-	4,806,543
	$ 10,365,480	$ 7,510,091	$ 13,817,905	$ 17,508,819	$ 23,489,952	$ 12,892,635	$ 6,956,369	$ 5,944,144	$ (50,380,279)	$ 48,105,116

See accompanying independent auditor's report.

HOOSIER CARE WEST
COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) - HOOSIER CARE WEST AND IGT PARTICIPATING HOSPITALS (UNAUDITED)
Year ended June 30, 2020

	Combined RBB	Combined Wabash	Combined Brazil	Loves Park	Sterling	Champaign	Combined Winchester	Group Overhead	Total
Revenue, gains, and other support without donor restrictions									
Net resident service revenue	$ 5,388,227	$ 5,673,179	$ 6,178,511	$ 15,952,042	$ 9,163,103	$ 15,777,793	$ 6,337,310	$ -	$ 64,470,165
Other revenue - UPL	1,300,167	2,342,513	1,359,415	-	-	-	1,432,004	-	6,434,099
Contributions	-	-	986	361,527	64,701	11,927	-	-	439,141
Other revenue	353,699	492,130	447,891	16,648	59,813	10,625	136,735	-	1,517,541
Total revenue, gains, and other support without donor restrictions	7,042,093	8,507,822	7,986,803	16,330,217	9,287,617	15,800,345	7,906,049	-	72,860,946
Expenses									
Salaries, wages, and employee benefits	3,112,861	3,693,929	3,898,275	6,287,693	4,560,681	6,595,882	3,497,999	-	31,647,320
Contract labor	939,789	744,813	759,770	125,079	103,384	589,952	1,044,344	-	4,307,131
Supplies and other	825,135	1,025,863	1,092,776	979,471	734,771	1,231,929	769,604	-	6,659,549
Interest and fees	139,668	77,336	445,442	153,431	140,601	176,412	93,908	-	1,226,798
Management fees	348,764	339,693	474,309	600,673	431,445	648,960	335,446	-	3,179,290
Revenue assessment fees	323,733	433,150	379,882	511,616	353,544	537,152	417,255	-	2,956,332
Depreciation and amortization	226,372	388,009	546,063	285,794	321,484	206,745	248,406	-	2,222,873
Professional fees	153,275	926,986	239,467	229,832	303,580	374,612	181,602	-	2,409,354
Rent	-	-	-	-	-	191,064	-	-	191,064
Total expenses	6,069,597	7,629,779	7,835,984	9,173,589	6,949,490	10,552,708	6,588,564	-	54,799,711
Change in net assets (deficit) from operations	972,496	878,043	150,819	7,156,628	2,338,127	5,247,637	1,317,485	-	18,061,235
Other changes in net assets (deficit)									
Interest income	263	448	487	742	264	529	307	-	3,040
Total other changes in net assets (deficit)	263	448	487	742	264	529	307	-	3,040
Change in net assets (deficit) before distributions to affiliate and net asset transfer to hospitals	972,759	878,491	151,306	7,157,370	2,338,391	5,248,166	1,317,792	-	18,064,275
Net asset transfers to hospitals	(424,486)	(760,635)	(387,650)	-	-	-	(424,499)	-	(1,997,270)
Change in net assets (deficit) before distributions to affiliate	548,273	117,856	(236,344)	7,157,370	2,338,391	5,248,166	893,293	-	16,067,005
Distributions to affiliate	-	-	-	-	-	-	(500,000)	(8,800,000)	(9,300,000)
Change in net assets (deficit)	548,273	117,856	(236,344)	7,157,370	2,338,391	5,248,166	393,293	(8,800,000)	6,767,005
Net assets (deficit) without donor restrictions, beginning of year	5,883,308	(3,928,813)	1,425,887	10,733,938	16,722,180	4,708,223	2,167,902	(32,906,082)	4,806,543
Net assets (deficit) without donor restrictions, end of year	$ 6,431,581	$ (3,810,957)	$ 1,189,543	$ 17,891,308	$ 19,060,571	$ 9,956,389	$ 2,561,195	$ (41,706,082)	$ 11,573,548

See accompanying independent auditor's report.

HOOSIER CARE WEST

COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) - HOOSIER CARE WEST AND IGT PARTICIPATING HOSPITALS (UNAUDITED)

Year ended June 30, 2019

	Combined RBB	Combined Wabash	Combined Brazil	Loves Park	Sterling	Champaign	Combined Winchester	Group Overhead	Total
Revenue, gains, and other support without donor restrictions									
Net resident service revenue	$ 5,220,024	$ 5,637,483	$ 6,418,818	$ 10,849,175	$ 7,598,761	$ 11,868,978	$ 6,941,908	$ -	$ 54,535,147
Other revenue - UPL	1,348,761	2,319,960	1,373,360	-	-	-	1,002,492	-	6,044,573
Contributions	-	-	400	219,439	46,384	321,654	-	-	587,877
Other revenue	-	-	5,000	85,805	62,792	35,952	-	-	189,549
Total revenue, gains, and other support without donor restrictions	6,568,785	7,957,443	7,797,578	11,154,419	7,707,937	12,226,584	7,944,400	-	61,357,146
Expenses									
Salaries, wages, and employee benefits	2,653,424	3,472,829	3,214,315	6,189,085	4,433,254	6,369,624	3,149,896	-	29,482,427
Contract labor	1,109,474	1,310,196	1,073,157	117,448	66,719	599,992	1,052,172	-	5,329,158
Supplies and other	717,703	835,852	1,118,600	881,044	693,981	1,088,984	1,012,930	-	6,349,094
Interest and fees	141,621	79,787	464,481	214,165	200,430	240,264	96,884	-	1,437,632
Management fees	390,163	410,067	550,787	522,132	404,880	587,148	353,214	-	3,218,391
Revenue assessment fees	330,313	457,296	411,118	417,660	318,468	454,948	392,174	-	2,781,977
Depreciation and amortization	225,257	437,074	547,867	277,751	343,323	212,379	261,968	-	2,305,619
Professional fees	209,860	308,767	281,467	201,290	197,277	294,724	214,557	-	1,707,942
Provision for doubtful accounts	(13,053)	39,634	123,696	(63,241)	(1,724)	(25,347)	28,738	-	88,703
Rent	-	-	-	-	7,583	215,298	-	-	222,881
Total expenses	5,764,762	7,351,502	7,785,488	8,757,334	6,664,191	10,038,014	6,562,533	-	52,923,824
Change in net assets (deficit) from operations	804,023	605,941	12,090	2,397,085	1,043,746	2,188,570	1,381,867	-	8,433,322
Other changes in net assets (deficit)									
Interest income	162	278	277	381	167	401	181	-	1,847
Total other changes in net assets (deficit)	162	278	277	381	167	401	181	-	1,847
Change in net assets (deficit) before distributions to affiliate and net asset transfer to hospitals	804,185	606,219	12,367	2,397,466	1,043,913	2,188,971	1,382,048	-	8,435,169
Net asset transfers to hospitals	(441,083)	(776,256)	(536,959)	-	-	-	(341,420)	-	(2,095,718)
Change in net assets (deficit) before distributions to affiliate	363,102	(170,037)	(524,592)	2,397,466	1,043,913	2,188,971	1,040,628	-	6,339,451
Distributions to affiliate	-	(150,000)	(450,000)	-	-	-	(850,000)	(2,350,000)	(3,800,000)
Change in net assets (deficit)	363,102	(320,037)	(974,592)	2,397,466	1,043,913	2,188,971	190,628	(2,350,000)	2,539,451
Net assets (deficit) without donor restrictions, beginning of year	5,520,206	(3,608,776)	2,400,479	8,336,472	15,678,267	2,519,252	1,977,274	(30,556,082)	2,267,092
Net assets (deficit) without donor restrictions, end of year	$ 5,883,308	$ (3,928,813)	$ 1,425,887	$ 10,733,938	$ 16,722,180	$ 4,708,223	$ 2,167,902	$ (32,906,082)	$ 4,806,543

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2021

HUTSONWOOD HEALTHCARE
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2021

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
HutsonWood Healthcare
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying combined financial statements of HutsonWood Healthcare, the operating and real estate divisions of entities managed by HHSS Management, LLC (the Group) which comprise the combined balance sheet as of June 30, 2021, and the related combined statements of operations and changes in net assets and cash flows for the year 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the combined 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 Group’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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of HutsonWood Healthcare as of June 30, 2021, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1, the accompanying combined financial statements were prepared to present the financial position, changes in net assets, and cash flows of the operating and real estate divisions of entities managed by HHSS Management, LLC, and are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and Health and Housing Support Services, Inc. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining balance sheet, statement of operations and changes in net assets (deficit) and statement of cash flows are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets (deficit), and cash flows of the individual entities, and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
November 15, 2021

HUTSONWOOD HEALTHCARE
COMBINED BALANCE SHEET
June 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 10,298,347
Resident accounts receivable, net	7,222,187
Other receivables	3,657,613
Accounts receivable, related party	251,167
Prepaid expenses and other	1,069,811
Total current assets	22,499,125
Escrow deposits and replacement reserve	2,245,622
Property and equipment	
Land and improvements	9,616,605
Buildings and improvements	59,911,929
Building and maintenance equipment	8,729,449
Furniture and fixtures	2,807,360
Transportation equipment	1,006,737
Construction in progress	8,050,251
	90,122,331
Accumulated depreciation	37,978,780
Net property and equipment	52,143,551
Other assets	
Certificate of need	708,614
Goodwill	2,476,939
Total other assets	3,185,553
	$ 80,073,851
LIABILITIES AND NET ASSETS	
Current liabilities	
Current maturities of long-term debt	$ 1,268,099
Accounts payable	4,006,339
Accrued payroll and related benefits	2,423,872
Accrued interest payable	4,133,307
Deferred revenue	47,648
Total current liabilities	11,879,265
Long-term liabilities	
Long-term debt, net of current portion	70,081,489
Total liabilities	81,960,754
Net assets without donor restrictions	(1,886,903)
	$ 80,073,851

See accompanying notes to combined financial statements.

HUTSONWOOD HEALTHCARE
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended June 30, 2021

Revenue, gains, and other support without donor restrictions	
Net resident service revenue	$ 72,386,135
Federal grants	2,997,280
Contributions	374,562
Management fee revenue	112,911
Total revenue, gains, and other support without donor restrictions	75,870,888
Expenses	
Salaries, wages, and employee benefits	35,648,020
Contract labor	3,349,583
Supplies and other	10,728,872
Interest and fees	2,934,190
Management and home office fees	672,702
Revenue assessment fees	3,487,160
Depreciation and amortization	2,720,014
Professional fees	549,826
Other contract services	4,735,249
Rent	191,064
Total expenses	65,016,680
Change in net assets from operations	10,854,208
Other changes in net assets	
Interest income	1,962
Miscellaneous revenue	144,817
Total other changes in net assets	146,779
Change in net assets before distributions to affiliate	11,000,987
Distributions to affiliate	(13,300,000)
Change in net assets	(2,299,013)
Net assets without donor restrictions, beginning of year	412,110
Net assets without donor restrictions, end of year	$ (1,886,903)

See accompanying notes to combined financial statements.

HUTSONWOOD HEALTHCARE
COMBINED STATEMENT OF CASH FLOWS
Year ended June 30, 2021

Cash flows from operating activities	
Change in net assets	$ (2,299,013)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	2,720,014
Distributions to affiliate	13,300,000
Changes in assets and liabilities	
Resident accounts receivable	(629,695)
Other receivables	565,768
Accounts receivable/payable, related party, net	(761,698)
Prepaid expenses and other	127,697
Accounts payable	1,199,387
Accrued payroll and related benefits	1,139
Accrued interest payable	1,460,696
Deferred revenue	(1,505,169)
Net cash from operating activities	14,179,126
Cash flows from investing activities	
Capital expenditures	(6,227,748)
Net cash used in investing activities	(6,227,748)
Cash flows from financing activities	
Payment to terminate interest rate swap agreement	(662,700)
Proceeds from long-term debt	22,151,368
Principal payments on long-term debt	(17,325,940)
Distributions to affiliate	(13,300,000)
Net cash used in financing activities	(9,137,272)
Net change in cash, cash equivalents, restricted deposits and funded reserves	(1,185,894)
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	13,729,863
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 12,543,969
Supplemental cash flow information	
Cash paid during the year for interest	$ 1,340,257

See accompanying notes to combined financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The accompanying combined financial statements of the HutsonWood HealthCare (the Group) comprise the operating and real estate divisions managed by HHSS Management, LLC. These combined financial statements include the accounts of the following entities' divisions:

- Hoosier Care, Inc.
  - Walter Lawson Children's Home
  - Exceptional Care and Training Center
  - Swann Special Care Center
  - Emerald Spring HIll, Inc. d/b/a The Reserve at Spring Hill

- Hoosier Care II, Inc.
  - Randolph Nursing Home

- Hoosier Care Properties, Inc.
  - Richland Bean Blossom (RBB), LLC
  - Vernon Manor Children's Home, LLC
  - ELC of Brazil, LLC
  - Loves Park Facility Company, LLC
  - Sterling Facility Company, LLC
  - Champaign Facility Company, LLC
  - Wabash Facility Company, LLC
  - Brazil Facility Company, LLC
  - Winchester Facility Company, LLC
  - RBB Facilities Company, LLC
  - Spring Hill Facility Company, LLC

- Health and Housing Support Services, Inc.
  - HHSS Management, LLC

These combined financial statements are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc. and Health and Housing Support Services, Inc.

The group consists of long-term health care facilities comprising 843 beds/units in the states of Indiana, Illinois, and Tennessee. The long-term health care environment historically has undergone substantial change with regard to third-party payment, regulatory compliance and related patient liability issues and competition among other health care providers. The Group continually monitors these industry developments, as well as other factors that affect its business. It is expected that significant changes will continue to evolve in the long-term health care environment and such changes could have a material impact on the financial condition of the Group.

Accounts and transactions between the Group entities are eliminated in combination.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hoosier Care, Inc. and its affiliates (Hoosier) provide long-term care and treatment for the aged and disabled and affordable housing options to elderly and low income families through their skilled nursing facilities and elderly and low income housing projects in various states. Hoosier has the following affiliates:

- Health and Housing Support Services, Inc.
- HHSS Management, LLC
- Hoosier Care Investments, LLC
- Hoosier Care II, Inc.
- Hoosier Care Properties, Inc.
- Hoosier West Leasing Company, LLC
- Brazil Facility Company, LLC
- Champaign Facility Company, LLC
- Loves Park Facility Company, LLC
- RBB Facilities Company, LLC
- Sterling Facility Company, LLC
- Wabash Facility Company, LLC
- Winchester Facility Company, LLC
- ELC of Brazil, LLC
- Richland Bean Blossom, LLC
- Vernon Manor Children's Home, LLC
- Spring Hill Facility Company, LLC
- Emerald Spring Hill, Inc.
- Colby Facility Company, LLC
- Colonial Center, LLC
- Eau Claire Facility Company, LLC
- Clearwater Care Center, LLC
- Hoosier Housing Group, Inc.
- Hoosier Housing Investments, LLC
- Birchwood Senior Housing Corporation
- Cleveland Senior Housing Corporation
- Cleveland Summit GP, LLC
- Laurelwood Senior Housing Corporation
- Flenniken Square Housing, LLC
- South Ridge Housing, LLC
- Gate Manor Housing GP, LLC
- Knoxville Housing Portfolio GP, LLC
- Emerald Heartland GP, LLC
- EH Creekwood GP, LLC
- EH Kensington Associates GP, LLC
- EH Kensington Addition GP, LLC
- Emerald Heartland Developers, LLC
- Kensington Townhomes, LLC
- Jackson Portfolio GP, LLC
- Lebanon Road Senior Living GP, LLC
- Emerald Madison Place GP, LLC
- EHP Whitehall GP, LLC

Through its affiliates at June 30, 2021, Hoosier operates 9 skilled nursing facilities and 13 elderly and low income housing projects in Indiana, Illinois, Colorado, Tennessee, and Wisconsin, with 428 skilled nursing beds, 413 pediatric beds, 72 assisted living units, 557 independent living senior affordable housing units, and 426 multi-family affordable housing units.

Each of the affiliates are either not-for-profit corporations or single member LLCs and operate as separate and distinct business units. Hoosier companies are managed and administered by its Board of Directors, which are comprised of the same persons as the Board of Directors of the affiliated entities. Hoosier has retained professional management companies to manage the operations of the various affiliates.

Basis of Accounting: The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates: The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation: The combined financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions and are detailed as follows:

> Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Group.

> Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by the passage of time or actions of the Group. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. At June 30, 2021, there were no net assets with donor restrictions.

Cash, Cash Equivalents, Restricted Deposits and Funded Reserves: Cash, cash equivalents, restricted deposits and funded reserves consist of bank deposits in accounts that are federally insured up to $250,000. At times these amounts may exceed federally insured limits. Additionally, for purposes of the combined statements of cash flows, the Group considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

Resident Accounts Receivable: The Group records resident accounts receivable and revenue as performance obligations are satisfied. The resident accounts receivable balance represents the unpaid amounts billed to residents and third-party payors. Past due receivables are determined based on contractual terms. The Group does not accrue interest on any of its accounts receivables.

During the year ended June 30, 2021, approximately 79% of its net resident service revenues were from the Medicare and Medicaid programs.

Resident accounts receivable includes receivables from the Medicaid Upper Payment Limit program of $1,439,635, as of June 30, 2021.

Other Receivables: Other receivables include certain bank accounts maintained by Putnam County Hospital on HutsonWood Healthcare's behalf net of amounts due back to the hospital for the MUPLP program, which amounted to $3,657,613 as of June 30, 2021.

Property and Equipment: Property and equipment are recorded at cost and include both non-depreciable land and various other assets. Depreciation is computed using the straight-line method over the estimated useful lives. Expenditures for major renewals and improvements over $500 that extend the useful lives of property and equipment are capitalized.

Construction in progress at June 30, 2021 primarily relates to construction and renovations at Swann Special Care Center. The total cost of this project is expected to be $8,000,000 with a projected completion date of December 2021. Capitalized interest at June 30, 2021 was $312,405.

Depreciation expense for the year ended June 30, 2021 was $2,674,903.

Impairment of Long-Lived Assets: On an ongoing basis, the Group reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Group recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2021, management believes that no impairments existed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill: Goodwill represents the excess of the purchase price over the fair value of net assets of prior acquisitions. Goodwill acquired in a business combination is determined to have an indefinite useful life and is not amortized, but annually tested for impairment. For the year ended June 30, 2021, management has determined that the goodwill balance was not impaired. There were no increases to recorded goodwill during the year ended June 30, 2021.

Net Resident Service Revenue: Net service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. The Group is certified to participate in both the Medicare and Medicaid programs.

The Group determines the transaction price based on standard charges for goods and services provided and/or concessions provided to residents. The Group determines its variable consideration based on its historical collection experience. The Group considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a resident's ability to pay are recorded as adjustments for collectibility.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. The Group believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Resident service revenue consists of fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care and skilled nursing services. Basic housing and certain support services revenue is recorded when services are rendered and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue from certain ancillary services is recognized as services are provided and are generally billed monthly in arrears.

The Group receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third-party payors. The sources and amounts of the Group's revenues are determined by a number of factors, including licensed bed capacity, occupancy, the mix of patients, and the rates of reimbursement among payors. Changes in the case mix of patients as well as payor mix among Medicare, Medicaid, and private pay can significantly affect the Group's profitability.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is not possible to fully quantify the effect of recent legislation, the interpretation or administration of such legislation, or any other government initiatives on the Group's business. Accordingly, there can be no assurance that any future healthcare legislation or regulation will not adversely affect the Group's business. There can be no assurance that payments under government and private third-party payor programs will be timely, will remain at levels similar to present levels, or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Group's financial condition and results of operations may be affected by the reimbursement process, which in the Group's industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

Richland Bean Blossom, LLC, Vernon Manor Children’s Home, LLC, ELC of Brazil, LLC, and Hoosier Care II, LLC entered into separate agreements with Putnam County Hospital (PCH) to jointly participate in the Federal/State Medicaid Upper Payment Limit Program (“MUPLP”). Revenue recognized by participating in the MUPLP program, for the year ended June 30, 2021 was $4,356,620 and is reported within net resident service revenue on the combined statement of operations.

Change in Net Assets Before Distributions to Affiliate: The combined statements of operations and changes in net assets present the Group's performance indicator as the change in net assets before distributions to affiliate, which includes changes in net assets from operations and other changes in net assets before distributions to affiliate.

Recently Adopted Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contract with Customers: Topic 606.* This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g. insurance contracts of lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applied the amendments in this ASU for the fiscal year ended June 30, 2021.

The Group implemented ASU 2014-09 using a prospective method of application to all contracts. The adoption of ASU 2014-09 resulted in changes to the presentation for and disclosure of revenue primarily related to residents.

The Group has determined adoption of ASU 2014-09 did not result in any adjustment to beginning net assets and did not result in significant changes to the amount and/or timing of revenue reported within the Group's financial statements; however ASU 2014-09 requires enhanced disclosures related to the nature, amount, timing and uncertainty of revenue arrangements. Additionally, our contracts, with residents are generally short term in nature and revenue is recognized when services are provided; as such, ASU 2014-09 provides an entity need not disclose information related to performance obligations when the performance obligation is part of a contract that has an original expected duration of one year or less.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and Health and Housing Support Services, Inc. are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and corresponding state tax provisions. The Facility Companies and HHSS Management, LLC are single member limited liability companies, and all income is included in the income of the individual members. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Forms 990 of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and Health and Housing Support Services, Inc. have not been subject to examination by the Internal Revenue Service or the states of Indiana, Illinois, or Tennessee for the last three years, and they do not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. They recognize interest and/or penalties related to income tax matters in income tax expense. They did not have any amounts accrued for interest and penalties at June 30, 2021.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures within the combined financial statements for the year ended June 30, 2021. Management has performed their analysis through November 15, 2021, which is the date the combined financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	$ 10,298,347
Resident accounts receivable, net	7,222,187
Other receivables	3,657,613
Accounts receivable, related party	251,167
	$ 21,429,314

As part of the Group’s liquidity management plan, management invests cash in excess of daily requirements in money market funds. The Group has a goal to maintain financial assets, which consist of cash, on hand to meet 45 days of normal operating expenses. The Group has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Group typically collects patient accounts receivable within one year of the date of service. Collections by payor type may vary based on payor source liquidity and timeliness of claims processing. The Group also could draw upon the available line of credit (as further discussed in Note 4) should unanticipated liquidity needs arise.

NOTE 3 - RESIDENT ACCOUNTS RECEIVABLE

Receivables from residents and third-party payors for the years ended June 30 are as follows:

	2021
Medicare	$ 605,118
Medicaid	3,428,824
Hospice	61,115
Private	699,327
Commercial and other	1,343,150
Medicaid Upper Payment Limit	1,439,635
Less implicit price concessions	(354,982)
	$ 7,222,187

NOTE 4 - LINE OF CREDIT

The Group maintains a line of credit of $1,500,000 from an affiliated organization. Advances under the line of credit bear interest at a rate equal to the rate based on a floating rate equal to 3% per annum above the prime rate of interest which as of June 30, 2021 was 6.25%. As of June 30, 2021 there were no outstanding advances under the line of credit.

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt at June 30, 2021 is as follows:

	2021
HUD-Insured Loans:	
RBB Facilities Company, LLC	$ 2,384,808
Wabash Facility Company, LLC	2,899,426
Brazil Facility Company, LLC	4,379,049
Loves Park Facility Company, LLC	5,751,941
Sterling Facility Company, LLC	5,266,695
Champaign Facility Company, LLC	6,609,998
Winchester Facility Company, LLC	3,520,992
Brazil Facility Company, LLC	5,238,437
Other Notes Payable - Hoosier Care Investments:	
Richland Bean Blossom, LLC	950,000
ELC of Brazil, LLC	899,571
Emerald Spring Hill, Inc. and Spring Hill Facility Company, LLC	28,002,211
Swann Special Care Center	6,421,323
	72,324,451
Less unamortized deferred financing costs	(974,863)
Less current maturities	(1,268,099)
	$ 70,081,489

(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

HUD-Insured Loans

The HUD-insured Section 223(f) mortgage notes are payable in monthly installments of principal and interest of $155,117 at 2.54% through December 2042. Substantially all of the property and equipment is pledged as collateral on the mortgage. The members are not liable on the mortgage note.

Brazil Facility Company, LLC's HUD-insured Section 241(a) construction loan is payable in monthly installments of $32,240, including interest at 4.68% through December 2042. Substantially all of the property and equipment is pledged as collateral on the loan. The member is not liable on the loan.

Under agreements with the lender and FHA, the Facility Companies are required to make monthly escrow deposits for taxes, insurance, and replacement of project assets, and are subject to restrictions relating to residual receipts. The liability of the Facility Companies under the notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Notes Payable - Hoosier Care Investments

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2015 with Richland Bean Blossom, LLC in connection with the acquisition of land adjacent to that facility for potential future expansion of the facility. The loan has a maximum principal balance of $1,000,000 and an interest rate of 8.00%. Interest only payments are payable monthly through July 30, 2022, at which time the note is due in full. As of June 30, 2021, the outstanding principal balance on the note payable is $950,000.

An unsecured note payable to Hoosier Care Investments, LLC was executed in May 2015 with ELC of Brazil, LLC in connection with the construction of the assisted living facility for ELC of Brazil, LLC. The loan has a maximum principal balance of $2,500,000 and an interest rate of 8.00%. Interest only payments were payable monthly through June 2018 with additional payments made from available cash flow; thereafter, monthly installments of principal and interest are payable through June 2038. As of June 30, 2021, the outstanding principal balance on the note payable is $899,571.

Notes payable to Hoosier Care Investments, LLC with Emerald Spring Hill, Inc. and Spring Hill Facility Company, LLC in connection with acquisition of land, rights to develop certain skilled nursing beds, and payoff of other notes payable, unsecured with initial interest at 4.25% to 8% per annum. Subsequent to June 30, 2021, the interest rates were amended to be the mid-term applicable federal rate. Monthly installments of interest are payable until July 1, 2024 through August 2030, at which time notes are due in full. As of June 30, 2021, the outstanding balance was $28,002,211.

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2019 with Swann Special Care Center in connection with the construction of the school and day training facility. The loan has a maximum principal balance of $8,000,000 and an interest rate of 8.00%. Interest only payments are payable monthly through June 30, 2022. Thereafter, monthly installments of principal and interest are payable through June 2042. As of June 30, 2021, the outstanding principal balance on the note payable is $6,421,323.

(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

Deferred financing costs of $1,358,100 relating to the HUD-insured loans have been capitalized and are being amortized over the terms of the loans using the effective interest method. Accumulated amortization was $383,237 as of June 30, 2021. Amortization expense for the years ended June 30, 2021 was $45,111.

Principal payments for the next five years and thereafter are due as follows:

2022	$ 1,268,099
2023	2,384,809
2024	2,193,026
2025	12,067,126
2026	1,590,384
Thereafter	52,821,007
	$ 72,324,451

NOTE 6 - RELATED PARTY TRANSACTIONS

The Group pays a base monthly home office fee to Hoosier Care Investments, LLC, based on the number of beds at the Group. As of June 30, 2021, the monthly fee was $55,374. For the year ended June 30, 2021, $672,702 of home office expense was included in the combined statement of operations and changes in net assets within management and home office fees. During the year ended June 30, 2021, the Group made distributions of $13,300,000 of excess cash to Hoosier Care Investments, LLC for redeployment to other affiliates.

NOTE 7 - FUNCTIONAL EXPENSES

The Group provides long-term care primarily to residents within its geographic area. The operating expenses of the Group presented by their natural classification within the combined statements of operations and changes in net assets are summarized by function as follows:

	Program	General and Administrative	Total
Salaries, wages, and employee benefits	$ 32,098,778	$ 3,549,242	$ 35,648,020
Contract labor	3,349,583	-	3,349,583
Supplies and other	7,693,651	3,035,221	10,728,872
Interest and fees	-	2,934,190	2,934,190
Management and home office fees	-	672,702	672,702
Revenue assessment fees	3,487,160	-	3,487,160
Depreciation and amortization	2,448,015	271,999	2,720,014
Professional fees	-	549,826	549,826
Other contract services	2,009,736	2,725,513	4,735,249
Rent	191,064	-	191,064
	$ 51,277,987	$ 13,738,693	$ 65,016,680

(Continued)

NOTE 7 - FUNCTIONAL EXPENSES (Continued)

The combined 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 general and administrative salaries and benefits and workers' compensation insurance, which are allocated on the basis of estimates of time and effort.

NOTE 8 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (“COVID-19”) outbreak, which has led to a global health emergency. The extent to which the COVID-19 pandemic may impact the financial condition or results of the Group’s operations is uncertain and cannot be predicted fully at this time. The nature and extent of the final impact may depend on a number of factors, including: the duration and extent of the pandemic; the nature and duration of the pandemic’s impact on Group’s services and the nature and duration of the pandemic’s impact on the Group’s business partners and vendors, all of which are uncertain and cannot be predicted fully. The Group continues to evaluate the impact of the COVID-19 pandemic on its business and to monitor pandemic-related developments.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law on March 27, 2020. This Federal response to the market volatility and instability resulting from the coronavirus pandemic includes provisions to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The CARES Act authorized $175 billion in payments to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Funds or PRF). Payments from the PRF are not loans; however, PRF funds are required to be paid back if not fully utilized by June 30, 2021. The Group received payments of $2,856,118 through the year ended June 30, 2021.

The Group has elected to account for the PRF proceeds received as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PRF proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Group has substantially met all terms and conditions of the grant. The Group's assessment of whether the terms and conditions for amounts received have been substantially met considers, among other things, the terms of the CARES Act and the Consolidation Appropriation Act of 2021 (CAA), and all other interpretive guidance issued by the U.S. Department of Human and Health Services. Such guidance sets forth the allowable methods for quantifying eligible healthcare related expenses and lost revenues. Only healthcare related expenses attributable to coronavirus that another source has not reimbursed and is not obligated to reimburse are eligible to be claimed. Based on the Group’s assessment, the Group has recognized $2,529,952 of grant revenue for the year ended June 30, 2021, included in the federal grant income on the combining statement of operation and changes in net assets.

The Illinois Department of Healthcare and Family Services (HFS) was appropriated funds from the State Coronavirus Urgent Remediation Emergency Fund pursuant to Public Act 101-0637, Article 30 (the Act). These funds are intended to support health care providers that are providing care to recipients under the Medical Assistance Program and responding to COVID-19 by providing an infusion of funds for health care expenses related to the COVID-19 pandemic and expenditures made despite losses of revenue due to the COVID-19 pandemic. The State CARES Pandemic Related Stability Payments Program for Funds Made Available Through the CARES Act, operated by HFS provides for the expeditious and targeted distribution of these funds to Medicaid healthcare providers enrolled with HFS that have been economically injured by COVID-19. The Group received payments and recognized revenue of $467,328 during the year ended June 30, 2021, included in federal grant income on the combining statement of operation and changes in net assets.

SUPPLEMENTARY INFORMATION

#23-014

HUTSONWOOD HEALTHCARE
COMBINING BALANCE SHEET
June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management, LLC	Group Overhead	Eliminations	Total
ASSETS												
Current assets												
Cash and cash equivalents	$ 86,216	$ 230,191	$ 103,879	$ 1,813,449	$ 1,811,128	$ 2,038,400	$ 194,871	$ 3,069	$ 817,035	$ 3,200,109	$ -	$ 10,298,347
Resident accounts receivable, net	792,781	944,703	821,721	1,192,533	817,574	1,269,344	853,555	529,976	-	-	-	7,222,187
Other receivables	474,345	1,075,872	544,512	-	-	-	1,525,384	-	37,500	-	-	3,657,613
Accounts receivable, related party	-	1,657	6,127	74,800	-	12,922	-	-	845,237	885,247	(1,574,823)	251,167
Prepaid expenses and other	69,680	326,585	76,184	(58,976)	168,186	292,104	52,169	113,690	30,189	-	-	1,069,811
Total current assets	1,423,022	2,579,008	1,552,423	3,021,806	2,796,888	3,612,770	2,625,979	646,735	1,729,961	4,085,356	(1,574,823)	22,499,125
Escrow deposits and replacement reserve	214,146	350,326	275,368	558,890	225,537	365,787	255,568	-	-	-	-	2,245,622
Property and equipment												
Land and improvements	1,185,578	1,186,963	335,396	1,208,582	993,401	981,802	392,075	3,332,808	-	-	-	9,616,605
Buildings and improvements	3,245,833	6,749,412	10,772,456	7,559,251	4,271,141	4,220,759	3,935,974	19,157,103	-	-	-	59,911,929
Building and maintenance equipment	747,719	1,640,084	1,313,011	1,106,377	1,612,231	1,145,134	1,051,134	109,790	3,969	-	-	8,729,449
Furniture and fixtures	439,432	648,199	360,037	166,090	360,669	238,277	523,273	71,383	-	-	-	2,807,360
Transportation equipment	69,598	248,224	78,820	94,882	299,034	156,319	59,860	-	-	-	-	1,006,737
Construction in progress	-	1,106	53,827	-	-	7,772,714	222,604	-	-	-	-	8,050,251
	5,688,160	10,473,988	12,913,547	10,135,182	7,536,476	14,515,005	6,184,920	22,671,084	3,969	-	-	90,122,331
Accumulated depreciation	2,726,700	7,246,375	4,545,499	5,843,149	5,715,883	5,264,385	4,622,236	2,012,808	1,745	-	-	37,978,780
Net property and equipment	2,961,460	3,227,613	8,368,048	4,292,033	1,820,593	9,250,620	1,562,684	20,658,276	2,224	-	-	52,143,551
Other assets												
Certificate of need	-	-	-	-	-	-	-	708,614	-	-	-	708,614
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	-	-	2,476,939
Total other assets	-	1,288,463	-	261,131	396,154	531,191	-	708,614	-	-	-	3,185,553
	$ 4,598,628	$ 7,445,410	$ 10,195,839	$ 8,133,860	$ 5,239,172	$ 13,760,368	$ 4,444,231	$ 22,013,625	$ 1,732,185	$ 4,085,356	$(1,574,823)	$ 80,073,851
LIABILITIES AND NET ASSETS (DEFICIT)												
Current liabilities												
Current maturities of long-term debt	$ 84,471	$ 102,706	$ 331,796	$ 203,735	$ 186,548	$ 234,128	$ 124,715	$ -	$ -	$ -	$ -	$ 1,268,099
Accounts payable	261,051	398,046	379,681	403,122	487,444	1,193,870	212,252	316,062	349,358	5,453	-	4,006,339
Accounts payable, related party	29,306	35,529	1,155,994	71,586	57,031	74,434	31,605	31,616	-	87,722	(1,574,823)	-
Accrued payroll and related benefits	124,034	169,310	206,015	549,765	336,310	675,024	152,885	110,580	99,949	-	-	2,423,872
Accrued interest payable	5,048	6,138	66,703	12,175	11,148	91,356	7,453	3,933,286	-	-	-	4,133,307
Deferred revenue	-	-	47,648	-	-	-	-	-	-	-	-	47,648
Total current liabilities	503,910	711,729	2,187,837	1,240,383	1,078,481	2,268,812	528,910	4,391,544	449,307	93,175	(1,574,823)	11,879,265
Long-term liabilities												
Long-term debt, net of current portion	3,163,016	2,698,479	9,940,266	5,405,202	4,942,179	12,639,316	3,290,820	28,002,211	-	-	-	70,081,489
Total liabilities	3,666,926	3,410,208	12,128,103	6,645,585	6,020,660	14,908,128	3,819,730	32,393,755	449,307	93,175	(1,574,823)	81,960,754
Net assets (deficit) without donor restrictions	931,702	4,035,202	(1,932,264)	1,488,275	(781,488)	(1,147,760)	624,501	(10,380,130)	1,282,878	3,992,181	-	(1,886,903)
	$ 4,598,628	$ 7,445,410	$ 10,195,839	$ 8,133,860	$ 5,239,172	$ 13,760,368	$ 4,444,231	$ 22,013,625	$ 1,732,185	$ 4,085,356	$(1,574,823)	$ 80,073,851

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management, LLC	Group Overhead	Eliminations	Total
Revenue, gains, and other support without donor restrictions												
Net resident service revenue	$ 5,132,659	$ 7,480,917	$ 6,892,338	$ 15,416,647	$ 9,322,121	$ 15,586,066	$ 7,140,790	$ 5,414,597	$ -	$ -	$ -	$ 72,386,135
Federal grants	503,947	761,886	696,491	155,776	155,776	155,776	56,536	511,092	-	-	-	2,997,280
Contributions	5,853	4,792	-	43,887	63,843	3,350	-	-	-	252,837	-	374,562
Management fee revenue	-	-	-	-	-	-	-	-	3,497,732	-	(3,384,821)	112,911
Total revenue, gains, and other support without donor restrictions	5,642,459	8,247,595	7,588,829	15,616,310	9,541,740	15,745,192	7,197,326	5,925,689	3,497,732	252,837	(3,384,821)	75,870,888
Expenses												
Salaries, wages, and employee benefits	2,995,367	3,225,986	3,947,434	6,654,955	4,578,059	6,940,184	3,249,455	3,262,412	794,168	-	-	35,648,020
Contract labor	689,638	757,091	442,933	14,863	2,674	152,129	735,165	555,090	-	-	-	3,349,583
Supplies and other	831,547	1,550,201	1,658,827	1,538,340	1,109,818	1,844,290	910,634	1,126,990	146,262	11,963	-	10,728,872
Interest and fees	138,112	75,011	433,967	148,527	136,568	168,901	91,186	1,741,918	-	-	-	2,934,190
Management and home office fees	277,223	414,320	407,053	865,741	547,155	899,896	384,987	261,148	-	-	(3,384,821)	672,702
Revenue assessment fees	302,635	393,804	300,851	800,224	444,880	768,768	419,092	56,906	-	-	-	3,487,160
Depreciation and amortization	224,773	379,845	472,062	271,277	305,857	185,826	268,098	610,531	1,745	-	-	2,720,014
Professional fees	46,701	65,821	70,095	44,525	97,888	63,292	65,400	60,122	35,982	-	-	549,826
Other contract services	354,823	461,638	638,358	244,579	299,975	492,460	337,662	484,872	1,420,882	-	-	4,735,249
Rent	-	-	-	-	-	191,064	-	-	-	-	-	191,064
Total expenses	5,860,819	7,323,717	8,371,580	10,583,031	7,522,874	11,706,810	6,461,679	8,159,989	2,399,039	11,963	(3,384,821)	65,016,680
Change in net assets (deficit) from operations	(218,360)	923,878	(782,751)	5,033,279	2,018,866	4,038,382	735,647	(2,234,300)	1,098,693	240,874	-	10,854,208
Other changes in net assets (deficit)												
Interest income	175	290	305	501	177	313	201	-	-	-	-	1,962
Miscellaneous revenue (expense)	(1,215)	23,932	7,103	53,747	39,507	50,982	(18,116)	(15,635)	-	4,512	-	144,817
Gain (loss) on forgiveness of related party payables	(4,720,266)	7,978,595	(1,529,306)	(16,490,560)	(17,500,609)	(11,293,826)	(1,896,905)	-	-	45,452,877	-	-
Total other changes in net assets (deficit)	(4,721,306)	8,002,817	(1,521,898)	(16,436,312)	(17,460,925)	(11,242,531)	(1,914,820)	(15,635)	-	45,457,389	-	146,779
Change in net assets (deficit) before distributions to affiliate	(4,939,666)	8,926,695	(2,304,649)	(11,403,033)	(15,442,059)	(7,204,149)	(1,179,173)	(2,249,935)	1,098,693	45,698,263	-	11,000,987
Distributions to affiliate	-	-	-	(5,000,000)	(4,400,000)	(3,900,000)	-	-	-	-	-	(13,300,000)
Change in net assets (deficit)	(4,939,666)	8,926,695	(2,304,649)	(16,403,033)	(19,842,059)	(11,104,149)	(1,179,173)	(2,249,935)	1,098,693	45,698,263	-	(2,299,013)
Net assets (deficit) without donor restrictions, beginning of year	5,871,368	(4,891,493)	372,385	17,891,308	19,060,571	9,956,389	1,803,674	(8,130,195)	184,185	(41,706,082)	-	412,110
Net assets (deficit) without donor restrictions, end of year	$ 931,702	$ 4,035,202	$ (1,932,264)	$ 1,488,275	$ (781,488)	$ (1,147,760)	$ 624,501	$(10,380,130)	$ 1,282,878	$ 3,992,181	$ -	$ (1,886,903)

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See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management, LLC	Group Overhead	Total
Cash flows from operating activities											
Change in net assets (deficit)	$ (4,939,666)	$ 8,926,695	$ (2,304,649)	$(16,403,033)	$(19,842,059)	$(11,104,149)	$ (1,179,173)	$ (2,249,935)	$ 1,098,693	$ 45,698,263	$ (2,299,013)
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities											
Depreciation and amortization	224,773	379,845	472,062	271,277	305,857	185,826	268,098	610,531	1,745	-	2,720,014
(Gain) Loss on forgiveness of related party payable	4,720,266	(7,978,595)	1,529,306	16,490,560	17,500,609	11,293,826	1,896,905	-	-	(45,452,877)	-
Distributions to affiliate	-	-	-	5,000,000	4,400,000	3,900,000	-	-	-	-	13,300,000
Change in assets and liabilities											
Resident accounts receivable	(119,589)	(119,967)	(130,900)	145,734	(6,423)	226,500	(463,479)	(209,163)	-	47,592	(629,695)
Other receivables	459,467	(133,529)	165,456	-	-	-	36,874	-	37,500	-	565,768
Accounts receivable/payable, related party, net	(6,419)	1,498	1,074,439	(1,421,548)	1,160,047	(704,790)	12,543	(32,046)	(941,448)	96,026	(761,698)
Prepaid expenses and other	(27,108)	(53,301)	43,605	264,772	(23,411)	(8,368)	(21,667)	(20,727)	(30,189)	4,091	127,697
Accounts payable	17,386	187,388	120,584	49,317	166,797	276,927	(2,116)	42,945	336,123	4,036	1,199,387
Accrued payroll and related benefits	(22,720)	(148,488)	(11,281)	66,262	37,027	157,574	(40,688)	(113,164)	76,617	-	1,139
Accrued interest payable	(174)	(212)	15,552	(420)	(385)	14,218	(257)	1,432,374	-	-	1,460,696
Deferred revenue	(262,417)	(481,217)	(409,538)	-	-	-	(56,536)	(295,461)	-	-	(1,505,169)
Net cash from operating activities	43,799	580,117	564,636	4,462,921	3,698,059	4,237,564	450,504	(834,646)	579,041	397,131	14,179,126
Cash flows from investing activities											
Capital expenditures	(28,973)	(262,402)	(263,929)	(90,055)	(371,655)	(4,921,299)	(277,354)	(11,219)	(862)	-	(6,227,748)
Net cash from investing activities	(28,973)	(262,402)	(263,929)	(90,055)	(371,655)	(4,921,299)	(277,354)	(11,219)	(862)	-	(6,227,748)
Cash flows from financing activities											
Payment to terminate interest rate swap agreement	-	-	-	-	-	-	-	(662,700)	-	-	(662,700)
Proceeds from long-term debt	-	-	-	-	-	4,560,349	-	17,591,019	-	-	22,151,368
Principal payments on long-term debt	(82,353)	(100,348)	(307,077)	(198,631)	(181,874)	(228,262)	(121,590)	(16,105,805)	-	-	(17,325,940)
Distributions to affiliate	-	-	-	(5,000,000)	(4,400,000)	(3,900,000)	-	-	-	-	(13,300,000)
Net cash from financing activities	(82,353)	(100,348)	(307,077)	(5,198,631)	(4,581,874)	432,087	(121,590)	822,514	-	-	(9,137,272)
Net change in cash, cash equivalents, restricted deposits and funded reserves	(67,527)	217,367	(6,370)	(825,765)	(1,255,470)	(251,648)	51,560	(23,351)	578,179	397,131	(1,185,894)
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	367,889	363,150	385,617	3,198,104	3,292,135	2,655,835	398,879	26,420	238,856	2,802,978	13,729,863
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 300,362	$ 580,517	$ 379,247	$ 2,372,339	$ 2,036,665	$ 2,404,187	$ 450,439	$ 3,069	$ 817,035	$ 3,200,109	$ 12,543,969
Supplemental cash flow information											
Cash paid during the year for interest	$ 137,711	$ 74,820	$ 418,415	$ 148,842	$ 136,286	$ 156,345	$ 91,112	$ 176,726	$ -	$ -	$ 1,340,257

#23-014

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2022 and 2021

HUTSONWOOD HEALTHCARE
Nashville, Tennessee

COMBINED FINANCIAL STATEMENTS
June 30, 2022 and 2021

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Directors
HutsonWood Healthcare
Nashville, Tennessee

Opinion

We have audited the combined financial statements of HutsonWood Healthcare, the operating and real estate divisions of entities managed by HHSS Management, LLC, which comprise the combined balance sheets of June 30, 2022 and 2021, and the related combined statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of HutsonWood Healthcare as of June 20, 2022 and 2021, and the changes in net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HutsonWood Healthcare and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As described in Note 1, the accompanying combined financial statements were prepared to present the financial position, changes in net assets, and cash flows of the operating and real estate divisions of entities managed by HHSS Management, LLC, and are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and HutsonWood, Inc. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HutsonWood Healthcare’s ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HutsonWood Healthcare's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HutsonWood Healthcare's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining balance sheets, combining statements of operations and changes in net assets (deficit), and combining statements of cash flows are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 28, 2022

HUTSONWOOD HEALTHCARE
COMBINED BALANCE SHEETS
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,923,544	$ 10,298,347
Resident accounts receivable, net	6,246,766	7,222,187
Other receivables	3,538,490	3,657,613
Accounts receivable, related party	-	251,167
Prepaid expenses and other	1,803,707	1,069,811
Total current assets	21,512,507	22,499,125
Escrow deposits and replacement reserve	2,446,708	2,245,622
Property and equipment		
Land and improvements	10,194,687	9,616,605
Buildings and improvements	72,061,479	59,911,929
Building and maintenance equipment	9,300,232	8,729,449
Furniture and fixtures	2,889,661	2,807,360
Transportation equipment	1,006,737	1,006,737
Construction in progress	-	8,050,251
	95,452,796	90,122,331
Accumulated depreciation	40,771,659	37,978,780
Net property and equipment	54,681,137	52,143,551
Other assets		
Certificate of need	708,614	708,614
Goodwill	2,476,939	2,476,939
Total other assets	3,185,553	3,185,553
	$ 81,825,905	$ 80,073,851
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Current maturities of long-term debt	$ 1,477,842	$ 1,268,099
Accounts payable	2,344,528	4,006,339
Accounts payable, related party	475,488	-
Accrued payroll and related benefits	2,060,272	2,423,872
Accrued interest payable	4,373,482	4,133,307
Deferred revenue	-	47,648
Total current liabilities	10,731,612	11,879,265
Long-term liabilities		
Long-term debt, net of current portion	71,850,841	70,081,489
Total liabilities	82,582,453	81,960,754
Net assets (deficit)		
Net assets (deficit) without donor restrictions	(893,573)	(1,886,903)
Net assets (deficit) with donor restrictions	137,025	-
Total net assets (deficit)	(756,548)	(1,886,903)
	$ 81,825,905	$ 80,073,851

See accompanying notes to combined financial statements.

HUTSONWOOD HEALTHCARE
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Years ended June 30, 2022 and 2021

	2022	2021
Revenue, gains, and other support without donor restrictions		
Net resident service revenue	$ 73,607,490	$ 72,386,135
Federal grants	1,072,006	2,997,280
Contributions	336,338	374,562
Management fee revenue	18,161	112,911
Total revenue, gains, and other support without donor restrictions	75,033,995	75,870,888
Expenses		
Salaries, wages and employee benefits	35,108,348	35,648,020
Contract labor	4,699,339	3,349,583
Supplies and other	9,845,217	10,728,872
Interest and fees	1,407,631	2,934,190
Management and home office fees	664,488	672,702
Revenue assessment fees	3,269,999	3,487,160
Depreciation and amortization	2,837,992	2,720,014
Professional fees	409,742	549,826
Other contract services	3,880,790	4,735,249
Rent	169,676	191,064
Total expenses	62,293,222	65,016,680
Change in net assets (deficit) from operations	12,740,773	10,854,208
Other changes in net assets (deficit)		
Interest income	1,924	1,962
Miscellaneous revenue	300,633	144,817
Total other changes in net assets (deficit)	302,557	146,779
Change in net assets (deficit) before distributions to affiliate	13,043,330	11,000,987
Distributions to affiliate	(12,050,000)	(13,300,000)
Change in net assets (deficit) without donor restrictions	993,330	(2,299,013)
Change in net assets (deficit) with donor restrictions		
Contributions	137,025	-
Change in net assets (deficit)	1,130,355	(2,299,013)
Net assets (deficit), beginning of year	(1,886,903)	412,110
Net assets (deficit), end of year	$ (756,548)	$ (1,886,903)

See accompanying notes to combined financial statements.

HUTSONWOOD HEALTHCARE
COMBINED STATEMENTS OF CASH FLOWS
Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets (deficit)	$ 1,130,355	$ (2,299,013)
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities		
Depreciation and amortization	2,837,992	2,720,014
Distributions to affiliate	12,050,000	13,300,000
Changes in assets and liabilities		
Resident accounts receivable	975,421	(629,695)
Other receivables	119,123	565,768
Accounts receivable/payable, related party, net	251,249	(761,698)
Prepaid expenses and other	(733,896)	127,697
Accounts payable	(1,954,309)	1,149,147
Accrued payroll and related benefits	(363,600)	1,139
Accrued interest payable	240,175	1,460,696
Deferred revenue	(47,648)	(1,505,169)
Net cash from operating activities	14,504,862	14,128,886
Cash flows from investing activities		
Capital expenditures	(1,206,727)	(1,617,159)
Net cash used in investing activities	(1,206,727)	(1,617,159)
Cash flows from financing activities		
Payment to terminate interest rate swap agreement	-	(662,700)
Proceeds from long-term debt	16,192	17,591,019
Principal payments on long-term debt	(1,438,044)	(17,325,940)
Distributions to affiliate	(12,050,000)	(13,300,000)
Net cash used in financing activities	(13,471,852)	(13,697,621)
Net change in cash, cash equivalents, restricted deposits and funded reserves	(173,717)	(1,185,894)
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	12,543,969	13,729,863
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 12,370,252	$ 12,543,969
Supplemental cash flow information		
Cash paid during the year for interest	$ 1,165,663	$ 1,340,257
Non-cash investing and financing activities		
Capital expenditures in accounts payable	$ 342,738	$ 50,240
Capital expenditures in accounts payable, related party	475,406	-
Capital expenditures funded through notes payable, related party	3,355,834	4,560,349

See accompanying notes to combined financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The accompanying combined financial statements of the HutsonWood HealthCare (the Group) comprise the operating and real estate divisions managed by HHSS Management, LLC. These combined financial statements include the accounts of the following entities' divisions:

- Hoosier Care, Inc.
  - Walter Lawson Children's Home
  - Exceptional Care and Training Center
  - Swann Special Care Center
  - Emerald Spring Hill, Inc. d/b/a The Reserve at Spring Hill

- Hoosier Care II, Inc.
  - Randolph Nursing Home

- Hoosier Care Properties, Inc.
  - Richland Bean Blossom (RBB), LLC
  - Vernon Manor Children's Home, LLC
  - ELC of Brazil, LLC
  - Loves Park Facility Company, LLC
  - Sterling Facility Company, LLC
  - Champaign Facility Company, LLC
  - Wabash Facility Company, LLC
  - Brazil Facility Company, LLC
  - Winchester Facility Company, LLC
  - RBB Facilities Company, LLC
  - Spring Hill Facility Company, LLC

- HutsonWood, Inc.
  - HHSS Management, LLC

These combined financial statements are not intended to be a complete presentation of the assets, liabilities, revenues, and expenses of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc. and HutsonWood, Inc.

The Group consists of long-term health care facilities comprising 843 beds/units in the states of Indiana, Illinois, and Tennessee. The long-term health care environment historically has undergone substantial change with regard to third-party payment, regulatory compliance and related patient liability issues and competition among other health care providers. The Group continually monitors these industry developments, as well as other factors that affect its business. It is expected that significant changes will continue to evolve in the long-term health care environment and such changes could have a material impact on the financial condition of the Group.

Accounts and transactions between the Group entities are eliminated in combination.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hoosier Care, Inc. and its affiliates (Hoosier) provide long-term care and treatment for the aged and disabled and affordable housing options to elderly and low income families through their skilled nursing facilities and elderly and low income housing projects in various states. Hoosier has the following affiliates:

- HutsonWood, Inc.
- HHSS Management, LLC
- Hoosier Care Investments, LLC
- Hoosier Care II, Inc.
- Hoosier Care Properties, Inc.
- Hoosier West Leasing Company, LLC
- Brazil Facility Company, LLC
- Champaign Facility Company, LLC
- Loves Park Facility Company, LLC
- RBB Facilities Company, LLC
- Sterling Facility Company, LLC
- Wabash Facility Company, LLC
- Winchester Facility Company, LLC
- ELC of Brazil, LLC
- Richland Bean Blossom, LLC
- Vernon Manor Children's Home, LLC
- Spring Hill Facility Company, LLC
- Emerald Spring Hill, Inc.
- Eau Claire Facility Company, LLC
- Clearwater Care Center, LLC
- Hoosier Housing Group, Inc.
- Hoosier Housing Investments, LLC
- Birchwood Senior Housing Corporation
- Cleveland Senior Housing Corporation
- Cleveland Summit GP, LLC
- Laurelwood Senior Housing Corporation
- Flenniken Square Housing, LLC
- South Ridge Housing, LLC
- Gate Manor Housing GP, LLC
- Knoxville Housing Portfolio GP, LLC
- Emerald Heartland GP, LLC
- EH Creekwood GP, LLC
- EH Kensington Associates GP, LLC
- EH Kensington Addition GP, LLC
- Emerald Heartland Developers, LLC
- Kensington Townhomes, LLC
- Jackson Portfolio GP, LLC
- Lebanon Road Senior Living GP, LLC
- Emerald Madison Place GP, LLC
- EHP Whitehall GP, LLC
- Dublin GP, LLC
- Caspian Hills Community Housing GP, LLC

Through its affiliates at June 30, 2022, Hoosier operates 8 skilled nursing facilities and 15 elderly and low income housing projects in Indiana, Illinois, Colorado, Georgia and Tennessee, with 358 skilled nursing beds, 413 pediatric beds, 72 independent and assisted living units, 557 independent living senior affordable housing units, and 584 multi-family affordable housing units.

Each of the affiliates are either not-for-profit corporations or single member LLCs and operate as separate and distinct business units. Hoosier companies are managed and administered by its Board of Directors, which are comprised of the same persons as the Board of Directors of the affiliated entities. Hoosier has retained professional management companies to manage the operations of the various affiliates.

Basis of Accounting: The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates: The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation: The combined financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions and are detailed as follows:

> Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Group.
>
> Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by the passage of time or actions of the Group. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. At June 30, 2022 and 2021, there were $137,025 and $0, respectively, of net assets with donor restrictions related to the purchase of certain property and equipment.

Cash, Cash Equivalents, Restricted Deposits and Funded Reserves: Cash, cash equivalents, restricted deposits and funded reserves consist of bank deposits in accounts that are federally insured up to $250,000. At times these amounts may exceed federally insured limits. Additionally, for purposes of the combined statements of cash flows, the Group considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

Resident Accounts Receivable: The Group records resident accounts receivable and revenue as performance obligations are satisfied. The resident accounts receivable balance represents the unpaid amounts billed to residents and third-party payors. Past due receivables are determined based on contractual terms. The Group does not accrue interest on any of its accounts receivables.

Other Receivables: Other receivables include certain bank accounts maintained by Putnam County Hospital on HutsonWood Healthcare's behalf net of amounts due back to the hospital for the Medicaid Upper Payment Limit Program (MUPLP), which amounted to $3,538,490 and $3,657,613, as of June 30, 2022 and 2021, respectively.

Property and Equipment: Property and equipment are recorded at cost and include both non-depreciable land and various other assets. Depreciation is computed using the straight-line method over the estimated useful lives. Expenditures for major renewals and improvements over $5,000 that extend the useful lives of property and equipment are capitalized.

Construction in progress at June 30, 2021, primarily relates to construction and renovations at Swann Special Care Center. The project was completed in June 2022 at a total cost of $9,444,426, including cumulative capitalized interest of $988,357.

Depreciation expense for the years ended June 30, 2022 and 2021, was $2,792,879 and $2,674,903, respectively.

Impairment of Long-Lived Assets: On an ongoing basis, the Group reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Group recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2022 and 2021, management believes that no impairments existed.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill: Goodwill represents the excess of the purchase price over the fair value of net assets of prior acquisitions. Goodwill acquired in a business combination is determined to have an indefinite useful life and is not amortized, but annually tested for impairment. For the years ended June 30, 2022 and 2021, management determined that the goodwill balance was not impaired. There were no increases to recorded goodwill during the years ended June 30, 2022 and 2021.

Net Resident Service Revenue: Net service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. The Group is certified to participate in both the Medicare and Medicaid programs. During the years ended June 30, 2022 and 2021, approximately 79% and 81%, respectively, of its net resident service revenues were from the Medicare and Medicaid programs.

The Group determines the transaction price based on standard charges for goods and services provided and/or concessions provided to residents. The Group determines its variable consideration based on its historical collection experience. The Group considers the resident's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a resident's ability to pay are recorded as adjustments for collectability.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. The Group believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Resident service revenue consists of fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care and skilled nursing services. Basic housing and certain support services revenue is recorded when services are rendered and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, unless state law provides otherwise, with resident fees billed monthly in advance. Revenue from certain ancillary services is recognized as services are provided and are generally billed monthly in arrears.

The Group receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third-party payors. The sources and amounts of the Group's revenues are determined by a number of factors, including licensed bed capacity, occupancy, the mix of patients, and the rates of reimbursement among payors. Changes in the case mix of patients as well as payor mix among Medicare, Medicaid, and private pay can significantly affect the Group's profitability.

It is not possible to fully quantify the effect of recent legislation, the interpretation or administration of such legislation, or any other government initiatives on the Group's business. Accordingly, there can be no assurance that any future healthcare legislation or regulation will not adversely affect the Group's business. There can be no assurance that payments under government and private third-party payor programs will be timely, will remain at levels similar to present levels, or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Group's financial condition and results of operations may be affected by the reimbursement process, which in the Group's industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Richland Bean Blossom, LLC, Vernon Manor Children's Home, LLC, ELC of Brazil, LLC, and Hoosier Care II, LLC entered into separate agreements with Putnam County Hospital (PCH) to jointly participate in the Federal/State Medicaid Upper Payment Limit Program (MUPLP). Revenue recognized by participating in the MUPLP program, for the years ended June 30, 2022 and 2021, was $3,489,441 and $4,356,620, respectively, and is reported within net resident service revenue on the combined statement of operations.

Change in Net Assets Before Distributions to Affiliate: The combined statements of operations and changes in net assets present the Group's performance indicator as the change in net assets before distributions to affiliate, which includes changes in net assets from operations and other changes in net assets before distributions to affiliate.

Income Taxes: Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and HutsonWood, Inc. are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and corresponding state tax provisions. The Facility Companies and HHSS Management, LLC are single member limited liability companies, and all income is included in the income of the individual members. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Forms 990 of Hoosier Care, Inc., Hoosier Care II, Inc., Hoosier Care Properties, Inc., and HutsonWood, Inc. have not been subject to examination by the Internal Revenue Service or the states of Indiana, Illinois, or Tennessee for the last three years. The Group does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Group recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Group had no amounts accrued for interest or penalties at June 30, 2022 and 2021.

Reclassifications: Certain reclassifications have been made to prior periods to conform with current reporting.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures within the combined financial statements for the year ended June 30, 2022. Management has performed its analysis through September 28, 2022, which is the date the combined financial statements were available to be issued.

(Continued)

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash (less net assets with donor restrictions)	$ 9,786,519	$ 10,298,347
Resident accounts receivable, net	6,246,766	7,222,187
Other receivables	3,538,490	3,657,613
Accounts receivable, related party	-	251,167
	$ 19,571,775	$ 21,429,314

As part of the Group's liquidity management plan, management invests cash in excess of daily requirements in money market funds. The Group has a goal to maintain financial assets, which consist of cash, on hand to meet 45 days of normal operating expenses. The Group has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Group typically collects patient accounts receivable within one year of the date of service. Collections by payor type may vary based on payor source liquidity and timeliness of claims processing. The Group also could draw upon the available line of credit (as further discussed in Note 4) should unanticipated liquidity needs arise.

NOTE 3 – RESIDENT ACCOUNTS RECEIVABLE

Receivables from residents and third-party payors for the years ended June 30 are as follows:

	2022	2021
Medicare	$ 732,890	$ 831,878
Medicaid	3,030,189	3,428,824
Hospice	165,466	61,115
Private	939,986	699,327
Commercial and other	714,812	1,115,389
Medicaid Upper Payment Limit	1,005,445	1,439,635
	6,588,788	7,576,168
Less implicit price concessions	(342,022)	(353,981)
	$ 6,246,766	$ 7,222,187

NOTE 4 – LINE OF CREDIT

The Group maintains a line of credit of $1,500,000 from an affiliated organization. Advances under the line of credit bear interest at a rate equal to the rate based on a floating rate equal to 3% per annum above the prime rate of interest which as of June 30, 2022 and 2021, was 7.75% and 6.25%, respectively. As of June 30, 2022 and 2021, there were no outstanding advances under the line of credit.

(Continued)

NOTE 5 – LONG-TERM DEBT

A summary of long-term debt at June 30 is as follows:

	2022	2021
HUD-Insured Loans:		
RBB Facilities Company, LLC 223(f)	$ 2,300,336	$ 2,384,808
Wabash Facility Company, LLC 223(f)	2,796,935	2,899,426
Brazil Facility Company, LLC 223(f)	4,223,942	4,379,049
Loves Park Facility Company, LLC 223(f)	5,548,206	5,751,941
Sterling Facility Company, LLC 223(f)	5,080,147	5,266,695
Champaign Facility Company, LLC 223(f)	6,375,870	6,609,998
Winchester Facility Company, LLC 223(f)	3,396,278	3,520,992
Brazil Facility Company, LLC 241(a)	5,093,634	5,238,437
Other Notes Payable - Hoosier Care Investments:		
Richland Bean Blossom, LLC	950,000	950,000
ELC of Brazil, LLC	899,571	899,571
Emerald Spring Hill, Inc. and Spring Hill Facility Company, LLC	27,816,357	28,002,211
Swann Special Care Center	8,265,458	6,421,323
Walter Lawson Children's Home	1,511,699	-
	74,258,433	72,324,451
Less unamortized deferred financing costs	(929,750)	(974,863)
Less current maturities	(1,477,842)	(1,268,099)
	$ 71,850,841	$ 70,081,489

HUD-Insured Loans

The HUD-insured Section 223(f) mortgage notes are payable in monthly installments of principal and interest of $155,117 at 2.54% through December 2042. Substantially all of the property and equipment is pledged as collateral on the mortgages. The members are not liable on the mortgage notes.

Brazil Facility Company, LLC's HUD-insured Section 241(a) construction loan is payable in monthly installments of $32,240, including interest at 4.68% through December 2042. Substantially all of the property and equipment is pledged as collateral on the loan. The member is not liable on the loan.

Deferred financing costs of $1,358,100 relating to the HUD-insured loans have been capitalized and are being amortized over the terms of the loans using the effective interest method. Accumulated amortization is $428,350 and $383,237 as of June 30, 2022 and 2021, respectively. Amortization expense for the years ended June 30, 2022 and 2021, was $45,113 and $45,111, respectively.

Under agreements with the lender and FHA, the Facility Companies are required to make monthly escrow deposits for taxes, insurance, and replacement of project assets, and are subject to restrictions relating to residual receipts. The liability of the Facility Companies under the notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

(Continued)

NOTE 5 – LONG-TERM DEBT (Continued)

Notes Payable - Hoosier Care Investments

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2015 with Richland Bean Blossom, LLC in connection with the acquisition of land adjacent to that facility for potential future expansion of the facility. The loan has a maximum principal balance of $1,000,000 and an interest rate of 8.00%. Interest only payments are payable monthly through July 30, 2025, at which time the note is due in full. As of June 30, 2022 and 2021, the outstanding principal balance on the note payable was $950,000.

An unsecured note payable to Hoosier Care Investments, LLC was executed in May 2015 with ELC of Brazil, LLC in connection with the construction of the assisted living facility for ELC of Brazil, LLC. The loan has a maximum principal balance of $2,500,000 and an interest rate of 8.00%. Interest only payments were payable monthly through June 2018 with additional payments made from available cash flow; thereafter, monthly installments of principal and interest were payable through June 2038. This note was restructured in June 2022 as non-interest bearing with the balance due May 31, 2038, and accrued interest of $108,970 was forgiven. As of June 30, 2022 and 2021, the outstanding principal balance on the note payable was $899,571.

Notes payable to Hoosier Care Investments, LLC with Emerald Spring Hill, Inc. and Spring Hill Facility Company, LLC in connection with acquisition of land, rights to develop certain skilled nursing beds, and payoff of other notes payable, unsecured with initial interest at 4.25% to 8% per annum. In July 2021, the interest rates were amended to be the mid-term applicable federal rate. Monthly installments of interest are payable until July 2024 through August 2030, at which time notes are due in full. As of June 30, 2022 and 2021, the outstanding principal balances were $27,816,357 and $28,002,211, respectively.

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2019 with Hoosier Care, Inc. in connection with the construction of the school and day training facility at Swann Special Care Center. The loan has a maximum principal balance of $8,500,000 and an interest rate of 8.00%. Interest only payments are payable monthly through June 30, 2022. Thereafter, monthly installments of principal and interest are payable through June 2042. As of June 30, 2022 and 2021, the outstanding principal balance on the note payable was $8,265,458 and $6,421,323, respectively.

An unsecured note payable to Hoosier Care Investments, LLC was executed in July 2021 with Hoosier Care, Inc. in connection with the construction of a new day training facility at Walter Lawson Children's Home. The loan has a maximum principal balance of $2,000,000 and an interest rate of 8.00%. Interest only payments are payable monthly through June 30, 2022. Thereafter, monthly installments of principal and interest are payable through June 2042. As of June 30, 2022 and 2021, the outstanding principal balance on the note payable was $1,511,699 and $0, respectively.

Principal payments for the next five years and thereafter are due as follows:

2023	$ 1,477,842
2024	2,239,632
2025	12,881,744
2026	1,645,049
2027	1,706,227
Thereafter	54,307,939
	$ 74,258,433

NOTE 6 – RELATED PARTY TRANSACTIONS

The Group pays a base monthly home office fee to Hoosier Care Investments, LLC, based on the number of beds at the Group. As of June 30, 2022 and 2021, the monthly fee was $55,374. For the years ended June 30, 2022 and 2021, $664,488 and $672,702, respectively, of home office expense was included in the combined statements of operations and changes in net assets within management and home office fees. During the years ended June 30, 2022 and 2021, the Group made distributions of $12,050,000 and $13,300,000, respectively, of excess cash to Hoosier Care Investments, LLC for redeployment to other affiliates.

NOTE 7 – FUNCTIONAL EXPENSES

The Group provides long-term care primarily to residents within its geographic area. The operating expenses of the Group presented by their natural classification within the combined statements of operations and changes in net assets were summarized by function as follows:

	For the year ended June 30, 2022		
	Program	General and Administrative	Total
Salaries, wages and employee benefits	$ 31,368,460	$ 3,739,888	$ 35,108,348
Contract labor	4,699,339	-	4,699,339
Supplies and other	6,691,384	3,153,833	9,845,217
Interest and fees	-	1,407,631	1,407,631
Management and home office fees	-	664,488	664,488
Revenue assessment fees	3,269,999	-	3,269,999
Depreciation and amortization	2,441,177	396,815	2,837,992
Professional fees	-	409,742	409,742
Other contract services	1,639,648	2,241,142	3,880,790
Rent	169,676	-	169,676
	$ 50,279,683	$ 12,013,539	$ 62,293,222

	For the year ended June 30, 2021		
	Program	General and Administrative	Total
Salaries, wages and employee benefits	$ 32,098,778	$ 3,549,242	$ 35,648,020
Contract labor	3,349,583	-	3,349,583
Supplies and other	7,693,651	3,035,221	10,728,872
Interest and fees	-	2,934,190	2,934,190
Management and home office fees	-	672,702	672,702
Revenue assessment fees	3,487,160	-	3,487,160
Depreciation and amortization	2,448,015	271,999	2,720,014
Professional fees	-	549,826	549,826
Other contract services	2,009,736	2,725,513	4,735,249
Rent	191,064	-	191,064
	$ 51,277,987	$ 13,738,693	$ 65,016,680

The combined 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 general and administrative salaries and benefits and workers' compensation insurance, which are allocated on the basis of estimates of time and effort.

(Continued)

NOTE 8 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (“COVID-19”) outbreak, which has led to a global health emergency. The extent to which the COVID-19 pandemic may impact the financial condition or results of the Group’s operations is uncertain and cannot be predicted fully at this time. The nature and extent of the final impact may depend on a number of factors, including: the duration and extent of the pandemic; the nature and duration of the pandemic’s impact on Group’s services and the nature and duration of the pandemic’s impact on the Group’s business partners and vendors, all of which are uncertain and cannot be predicted fully. The Group continues to evaluate the impact of the COVID-19 pandemic on its business and to monitor pandemic-related developments.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law on March 27, 2020. This Federal response to the market volatility and instability resulting from the coronavirus pandemic includes provisions to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The CARES Act authorized $175 billion in payments to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Funds or PRF). Payments from the PRF are not loans; however, PRF funds are required to be paid back if not fully utilized by a specified amount of time. The Group received payments of $3,646,563 through the year ended June 30, 2022.

The Group has elected to account for the PRF proceeds received as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PRF proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Group has substantially met all terms and conditions of the grant. The Group's assessment of whether the terms and conditions for amounts received have been substantially met considers, among other things, the terms of the CARES Act and the Consolidation Appropriation Act of 2021 (CAA), and all other interpretive guidance issued by the U.S. Department of Human and Health Services. Such guidance sets forth the allowable methods for quantifying eligible healthcare related expenses and lost revenues. Only healthcare related expenses attributable to coronavirus that another source has not reimbursed and is not obligated to reimburse are eligible to be claimed. Based on the Group’s assessment, the Group recognized $790,445 and $2,529,952 of grant revenue for the years ended June 30, 2022 and 2021, included in the federal grant income on the combined statements of operation and changes in net assets.

The Illinois Department of Healthcare and Family Services (HFS) was appropriated funds from the State Coronavirus Urgent Remediation Emergency Fund pursuant to Public Act 101-0637, Article 30 (the Act). These funds are intended to support health care providers that are providing care to recipients under the Medical Assistance Program and responding to COVID-19 by providing an infusion of funds for health care expenses related to the COVID-19 pandemic and expenditures made despite losses of revenue due to the COVID-19 pandemic. The State CARES Pandemic Related Stability Payments Program for Funds Made Available Through the CARES Act, operated by HFS, provides for the expeditious and targeted distribution of these funds to Medicaid healthcare providers enrolled with HFS that have been economically injured by COVID-19. The Group received payments and recognized revenue of $281,561 and $467,328 during the years ended June 30, 2022 and 2021, respectively, included in federal grant income on the combined statements of operation and changes in net assets.

SUPPLEMENTARY INFORMATION

HUTSONWOOD HEALTHCARE
COMBINING BALANCE SHEET
June 30, 2022

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations	Total
ASSETS												
Current assets												
Cash and cash equivalents	$ 96,210	$ 85,294	$ 284,587	$ 1,790,787	$ 1,609,647	$ 1,827,167	$ 152,966	$ 3,269	$ 300,762	$ 3,772,855	$ -	$ 9,923,544
Resident accounts receivable, net	505,787	581,282	795,320	1,130,132	671,311	1,228,277	854,343	480,314	-	-	-	6,246,766
Other receivables	638,575	659,885	328,594	-	-	-	1,886,436	-	25,000	-	-	3,538,490
Accounts receivable, related party	-	-	-	-	3,920	1,658	-	-	458,042	623,267	(1,086,887)	-
Prepaid expenses and other	61,289	250,670	158,566	302,710	271,421	527,550	69,767	94,613	67,121	-	-	1,803,707
Total current assets	1,301,861	1,577,131	1,567,067	3,223,629	2,556,299	3,584,652	2,963,512	578,196	850,925	4,396,122	(1,086,887)	21,512,507
Escrow deposits and replacement reserve	262,604	422,016	242,919	559,979	273,488	367,787	317,915	-	-	-	-	2,446,708
Property and equipment												
Land and improvements	1,185,578	1,186,963	355,396	1,208,582	993,401	1,041,016	404,975	3,343,370	-	475,406	-	10,194,687
Buildings and improvements	3,266,941	6,749,412	10,817,753	9,177,780	4,286,941	14,221,519	4,367,530	19,173,603	-	-	-	72,061,479
Building and maintenance equipment	768,324	1,711,113	1,390,777	1,173,628	1,612,231	1,456,597	1,051,134	132,459	3,969	-	-	9,300,232
Furniture and fixtures	439,432	662,383	360,038	187,164	373,385	259,823	536,053	71,383	-	-	-	2,889,661
Transportation equipment	69,598	248,224	78,820	94,882	299,034	156,319	59,860	-	-	-	-	1,006,737
	5,729,873	10,558,095	13,002,784	11,842,036	7,564,992	17,135,274	6,419,552	22,720,815	3,969	475,406	-	95,452,796
Accumulated depreciation	2,941,417	7,612,187	5,066,824	6,129,280	6,020,607	5,454,561	4,863,497	2,680,218	3,068	-	-	40,771,659
Net property and equipment	2,788,456	2,945,908	7,935,960	5,712,756	1,544,385	11,680,713	1,556,055	20,040,597	901	475,406	-	54,681,137
Other assets												
Certificate of need	-	-	-	-	-	-	-	708,614	-	-	-	708,614
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	-	-	2,476,939
Total other assets	-	1,288,463	-	261,131	396,154	531,191	-	708,614	-	-	-	3,185,553
	$ 4,352,921	$ 6,233,518	$ 9,745,946	$ 9,757,495	$ 4,770,326	$ 16,164,343	$ 4,837,482	$ 21,327,407	$ 851,826	$ 4,871,528	$ (1,086,887)	$ 81,825,905
LIABILITIES AND NET ASSETS (DEFICIT)												
Current liabilities												
Current maturities of long-term debt	$ 86,641	$ 105,346	$ 310,821	$ 240,923	$ 191,342	$ 414,849	$ 127,920	$ -	$ -	$ -	$ -	$ 1,477,842
Accounts payable	130,287	230,233	304,656	275,927	193,472	797,541	162,213	166,356	77,453	6,390	-	2,344,528
Accounts payable, related party	22,789	23,517	773,254	72,886	50,176	81,180	26,811	33,416	1,282	477,064	(1,086,887)	475,488
Accrued payroll and related benefits	146,921	102,394	218,621	418,135	273,542	550,673	172,281	138,928	38,777	-	-	2,060,272
Accrued interest payable	4,869	5,920	28,806	11,744	10,753	13,496	7,189	4,290,705	-	-	-	4,373,482
Total current liabilities	391,507	467,410	1,636,158	1,019,615	719,285	1,857,739	496,414	4,629,405	117,512	483,454	(1,086,887)	10,731,612
Long-term liabilities												
Long-term debt, net of current portion	3,080,463	2,597,949	9,672,434	6,682,676	4,757,299	14,075,988	3,167,675	27,816,357	-	-	-	71,850,841
Total liabilities	3,471,970	3,065,359	11,308,592	7,702,291	5,476,584	15,933,727	3,664,089	32,445,762	117,512	483,454	(1,086,887)	82,582,453
Net assets (deficit)												
Net assets (deficit) without donor restrictions	880,951	3,168,159	(1,562,646)	2,055,204	(706,258)	230,616	1,173,393	(11,118,355)	734,314	4,251,049	-	(893,573)
Net assets (deficit) with donor restrictions	-	-	-	-	-	-	-	-	-	137,025	-	137,025
Total net assets (deficit)	880,951	3,168,159	(1,562,646)	2,055,204	(706,258)	230,616	1,173,393	(11,118,355)	734,314	4,388,074	-	(756,54[illegible])
	$ 4,352,921	$ 6,233,518	$ 9,745,946	$ 9,757,495	$ 4,770,326	$ 16,164,343	$ 4,837,482	$ 21,327,407	$ 851,826	$ 4,871,528	$ (1,086,887)	$ 81,825,90[illegible]

See accompanying independent auditor's report.

#23-014

Attachment - 29A

HUTSONWOOD HEALTHCARE
COMBINING BALANCE SHEET
June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations	Total
ASSETS												
Current assets												
Cash and cash equivalents	$ 86,216	$ 230,191	$ 103,879	$1,813,449	$1,811,128	$ 2,038,400	$ 194,871	$ 3,069	$ 817,035	$3,200,109	$ -	$10,298,347
Resident accounts receivable, net	792,781	944,703	821,721	1,192,533	817,574	1,269,344	853,555	529,976	-	-	-	7,222,187
Other receivables	474,345	1,075,872	544,512	-	-	-	1,525,384	-	37,500	-	-	3,657,613
Accounts receivable, related party	-	1,657	6,127	74,800	-	12,922	-	-	845,237	885,247	(1,574,823)	251,167
Prepaid expenses and other	69,680	326,585	76,184	(58,976)	168,186	292,104	52,169	113,690	30,189	-	-	1,069,811
Total current assets	1,423,022	2,579,008	1,552,423	3,021,806	2,796,888	3,612,770	2,625,979	646,735	1,729,961	4,085,356	(1,574,823)	22,499,125
Escrow deposits and replacement reserve	214,146	350,326	275,368	558,890	225,537	365,787	255,568	-	-	-	-	2,245,622
Property and equipment												
Land and improvements	1,185,578	1,186,963	335,396	1,208,582	993,401	981,802	392,075	3,332,808	-	-	-	9,616,605
Buildings and improvements	3,245,833	6,749,412	10,772,456	7,559,251	4,271,141	4,220,759	3,935,974	19,157,103	-	-	-	59,911,929
Building and maintenance equipment	747,719	1,640,084	1,313,011	1,106,377	1,612,231	1,145,134	1,051,134	109,790	3,969	-	-	8,729,449
Furniture and fixtures	439,432	648,199	360,037	166,090	360,669	238,277	523,273	71,383	-	-	-	2,807,360
Transportation equipment	69,598	248,224	78,820	94,882	299,034	156,319	59,860	-	-	-	-	1,006,737
Construction in progress	-	1,106	53,827	-	-	7,772,714	222,604	-	-	-	-	8,050,251
	5,688,160	10,473,988	12,913,547	10,135,182	7,536,476	14,515,005	6,184,920	22,671,084	3,969	-	-	90,122,331
Accumulated depreciation	2,726,700	7,246,375	4,545,499	5,843,149	5,715,883	5,264,385	4,622,236	2,012,808	1,745	-	-	37,978,780
Net property and equipment	2,961,460	3,227,613	8,368,048	4,292,033	1,820,593	9,250,620	1,562,684	20,658,276	2,224	-	-	52,143,551
Other assets												
Certificate of need	-	-	-	-	-	-	-	708,614	-	-	-	708,614
Goodwill	-	1,288,463	-	261,131	396,154	531,191	-	-	-	-	-	2,476,939
Total other assets	-	1,288,463	-	261,131	396,154	531,191	-	708,614	-	-	-	3,185,553
	$4,598,628	$7,445,410	$10,195,839	$8,133,860	$5,239,172	$13,760,368	$4,444,231	$22,013,625	$1,732,185	$4,085,356	$(1,574,823)	$80,073,851
LIABILITIES AND NET ASSETS (DEFICIT)												
Current liabilities												
Current maturities of long-term debt	$ 84,471	$ 102,706	$ 331,796	$ 203,735	$ 186,548	$ 234,128	$ 124,715	$ -	$ -	$ -	$ -	$ 1,268,099
Accounts payable	261,051	398,046	379,681	403,122	487,444	1,193,870	212,252	316,062	349,358	5,453	-	4,006,339
Accounts payable, related party	29,306	35,529	1,155,994	71,586	57,031	74,434	31,605	31,616	-	87,722	(1,574,823)	-
Accrued payroll and related benefits	124,034	169,310	206,015	549,765	336,310	675,024	152,885	110,580	99,949	-	-	2,423,872
Accrued interest payable	5,048	6,138	66,703	12,175	11,148	91,356	7,453	3,933,286	-	-	-	4,133,307
Deferred revenue	-	-	47,648	-	-	-	-	-	-	-	-	47,648
Total current liabilities	503,910	711,729	2,187,837	1,240,383	1,078,481	2,268,812	528,910	4,391,544	449,307	93,175	(1,574,823)	11,879,265
Long-term liabilities												
Long-term debt, net of current portion	3,163,016	2,698,479	9,940,266	5,405,202	4,942,179	12,639,316	3,290,820	28,002,211	-	-	-	70,081,489
Total liabilities	3,666,926	3,410,208	12,128,103	6,645,585	6,020,660	14,908,128	3,819,730	32,393,755	449,307	93,175	(1,574,823)	81,960,754
Net assets (deficit) without donor restrictions	931,702	4,035,202	(1,932,264)	1,488,275	(781,488)	(1,147,760)	624,501	(10,380,130)	1,282,878	3,992,181	-	(1,886,903)
	$4,598,628	$7,445,410	$10,195,839	$8,133,860	$5,239,172	$13,760,368	$4,444,231	$22,013,625	$1,732,185	$4,085,356	$(1,574,823)	$80,073,851

See accompanying independent auditor's report.

#23-014

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2022

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations	Total
Revenue, gains, and other support without donor restrictions												
Net resident service revenue	$ 5,245,691	$ 6,336,429	$ 8,407,548	$14,963,734	$ 9,599,955	$16,015,946	$ 6,636,497	$ 6,401,690	$ -	$ -	$ -	$73,607,490
Federal grants	180,525	263,644	187,766	100,285	71,712	109,564	64,372	94,138	-	-	-	1,072,006
Contributions	-	7,651	-	-	-	-	-	-	-	328,687	-	336,338
Management fee revenue	-	-	-	-	-	-	-	-	3,538,671	-	(3,520,510)	18,161
Total revenue, gains, and other support without donor restrictions	5,426,216	6,607,724	8,595,314	15,064,019	9,671,667	16,125,510	6,700,869	6,495,828	3,538,671	328,687	(3,520,510)	75,033,995
Expenses												
Salaries, wages and employee benefits	2,413,099	3,316,071	3,742,326	6,396,395	4,419,795	7,279,678	3,193,517	3,462,456	885,011	-	-	35,108,348
Contract labor	911,964	1,223,316	975,794	23,134	2,273	126,458	696,122	740,278	-	-	-	4,699,339
Supplies and other	784,477	1,438,966	1,348,483	1,234,706	949,313	1,703,750	872,095	1,295,758	148,315	69,354	-	9,845,217
Interest and fees	135,630	72,769	313,839	143,388	131,353	165,094	87,906	357,652	-	-	-	1,407,631
Management and home office fees	296,503	389,928	488,489	846,123	564,447	921,326	356,707	321,475	-	-	(3,520,510)	664,488
Revenue assessment fees	277,995	332,016	265,767	763,460	447,296	767,384	335,935	80,146	-	-	-	3,269,999
Depreciation and amortization	218,806	370,413	532,428	292,829	311,186	197,562	246,035	667,410	1,323	-	-	2,837,992
Professional fees	51,217	48,290	59,815	34,809	32,797	35,577	54,273	(19,037)	112,001	-	-	409,742
Other contract services	392,916	306,891	507,527	232,601	219,858	351,967	314,146	356,159	1,198,260	465	-	3,880,790
Rent	-	-	-	-	-	169,676	-	-	-	-	-	169,676
Total expenses	5,482,607	7,498,660	8,234,468	9,967,445	7,078,318	11,718,472	6,156,736	7,262,297	2,344,910	69,819	(3,520,510)	62,293,222
Change in net assets (deficit) from operations	(56,391)	(890,936)	360,846	5,096,574	2,593,349	4,407,038	544,133	(766,469)	1,193,761	258,868	-	12,740,773
Other changes in net assets (deficit)												
Interest income	181	296	226	430	184	276	211	120	-	-	-	1,924
Miscellaneous revenue (expense)	5,459	23,597	8,546	69,925	81,697	71,062	4,548	28,124	7,675	-	-	300,633
Total other changes in net assets (deficit)	5,640	23,893	8,772	70,355	81,881	71,338	4,759	28,244	7,675	-	-	302,557
Change in net assets (deficit) before distributions to affiliate	(50,751)	(867,043)	369,618	5,166,929	2,675,230	4,478,376	548,892	(738,225)	1,201,436	258,868	-	13,043,330
Distributions to affiliate	-	-	-	(4,600,000)	(2,600,000)	(3,100,000)	-	-	(1,750,000)	-	-	(12,050,000)
Change in net assets (deficit) without donor restrictions	(50,751)	(867,043)	369,618	566,929	75,230	1,378,376	548,892	(738,225)	(548,564)	258,868	-	993,330
Change in net assets (deficit) with donor restrictions												
Contributions	-	-	-	-	-	-	-	-	-	137,025	-	137,025
Change in net assets (deficit)	(50,751)	(867,043)	369,618	566,929	75,230	1,378,376	548,892	(738,225)	(548,564)	395,893	-	1,130,355
Net assets (deficit), beginning of year	931,702	4,035,202	(1,932,264)	1,488,275	(781,488)	(1,147,760)	624,501	(10,380,130)	1,282,878	3,992,181	-	(1,886,903)
Net assets (deficit), end of year	$ 880,951	$ 3,168,159	$(1,562,646)	$ 2,055,204	$ (706,258)	$ 230,616	$ 1,173,393	$(11,118,355)	$ 734,314	$ 4,388,074	$ -	$ (756,548)

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Year ended June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations	Total
Revenue, gains, and other support without donor restrictions												
Net resident service revenue	$ 5,132,659	$ 7,480,917	$ 6,892,338	$15,416,647	$ 9,322,121	$15,586,066	$ 7,140,790	$ 5,414,597	$ -	$ -	$ -	$72,386,135
Federal grants	503,947	761,886	696,491	155,776	155,776	155,776	56,536	511,092	-	-	-	2,997,280
Contributions	5,853	4,792	-	43,887	63,843	3,350	-	-	-	252,837	-	374,562
Management fee revenue	-	-	-	-	-	-	-	-	3,497,732	-	(3,384,821)	112,911
Total revenue, gains, and other support without donor restrictions	5,642,459	8,247,595	7,588,829	15,616,310	9,541,740	15,745,192	7,197,326	5,925,689	3,497,732	252,837	(3,384,821)	75,870,888
Expenses												
Salaries, wages and employee benefits	2,995,367	3,225,986	3,947,434	6,654,955	4,578,059	6,940,184	3,249,455	3,262,412	794,168	-	-	35,648,020
Contract labor	689,638	757,091	442,933	14,863	2,674	152,129	735,165	555,090	-	-	-	3,349,583
Supplies and other	831,547	1,550,201	1,658,827	1,538,340	1,109,818	1,844,290	910,634	1,126,990	146,262	11,963	-	10,728,872
Interest and fees	138,112	75,011	433,967	148,527	136,568	168,901	91,186	1,741,918	-	-	-	2,934,190
Management and home office fees	277,223	414,320	407,053	865,741	547,155	899,896	384,987	261,148	-	-	(3,384,821)	672,702
Revenue assessment fees	302,635	393,804	300,851	800,224	444,880	768,768	419,092	56,906	-	-	-	3,487,160
Depreciation and amortization	224,773	379,845	472,062	271,277	305,857	185,826	268,098	610,531	1,745	-	-	2,720,014
Professional fees	46,701	65,821	70,095	44,525	97,888	63,292	65,400	60,122	35,982	-	-	549,826
Other contract services	354,823	461,638	638,358	244,579	299,975	492,460	337,662	484,872	1,420,882	-	-	4,735,249
Rent	-	-	-	-	-	191,064	-	-	-	-	-	191,064
Total expenses	5,860,819	7,323,717	8,371,580	10,583,031	7,522,874	11,706,810	6,461,679	8,159,989	2,399,039	11,963	(3,384,821)	65,016,680
Change in net assets (deficit) from operations	(218,360)	923,878	(782,751)	5,033,279	2,018,866	4,038,382	735,647	(2,234,300)	1,098,693	240,874	-	10,854,208
Other changes in net assets (deficit)												
Interest income	175	290	305	501	177	313	201	-	-	-	-	1,962
Miscellaneous revenue (expense)	(1,215)	23,932	7,103	53,747	39,507	50,982	(18,116)	(15,635)	-	4,512	-	144,817
Gain (loss) on forgiveness of related party payables	(4,720,266)	7,978,595	(1,529,306)	(16,490,560)	(17,500,609)	(11,293,826)	(1,896,905)	-	-	45,452,877	-	-
Total other changes in net assets (deficit)	(4,721,306)	8,002,817	(1,521,898)	(16,436,312)	(17,460,925)	(11,242,531)	(1,914,820)	(15,635)	-	45,457,389	-	146,779
Change in net assets (deficit) before distributions to affiliate	(4,939,666)	8,926,695	(2,304,649)	(11,403,033)	(15,442,059)	(7,204,149)	(1,179,173)	(2,249,935)	1,098,693	45,698,263	-	11,000,987
Distributions to affiliate	-	-	-	(5,000,000)	(4,400,000)	(3,900,000)	-	-	-	-	-	(13,300,000)
Change in net assets (deficit)	(4,939,666)	8,926,695	(2,304,649)	(16,403,033)	(19,842,059)	(11,104,149)	(1,179,173)	(2,249,935)	1,098,693	45,698,263	-	(2,299,013)
Net assets (deficit) without donor restrictions, beginning of year	5,871,368	(4,891,493)	372,385	17,891,308	19,060,571	9,956,389	1,803,674	(8,130,195)	184,185	(41,706,082)	-	412,110
Net assets (deficit) without donor restrictions, end of year	$ 931,702	$ 4,035,202	$(1,932,264)	$ 1,488,275	$ (781,488)	$ (1,147,760)	$ 624,501	$(10,380,130)	$ 1,282,878	$ 3,992,181	$ -	$ (1,886,903)

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2022

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations
Cash flows from operating activities											
Change in net assets (deficit)	$ (50,751)	$ (867,043)	$ 369,618	$ 566,929	$ 75,230	$ 1,378,376	$ 548,892	$ (738,225)	$ (548,564)	$ 395,893	$ 1,130,355
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities											
Depreciation and amortization	218,806	370,413	532,428	292,829	311,186	197,562	246,035	667,410	1,323	-	2,837,992
Distributions to affiliate	-	-	-	4,600,000	2,600,000	3,100,000	-	-	1,750,000	-	12,050,000
Change in assets and liabilities											
Resident accounts receivable	286,994	363,421	26,401	62,401	146,263	41,067	(788)	49,662	-	-	975,421
Other receivables	(164,230)	415,987	215,918	-	-	-	(361,052)	-	12,500	-	119,123
Accounts receivable/payable, related party, net	(6,517)	(10,355)	(376,613)	76,100	(10,775)	18,010	(4,794)	1,800	388,477	175,916	251,249
Prepaid expenses and other	8,391	75,915	(82,382)	(361,686)	(103,235)	(235,446)	(17,598)	19,077	(36,932)	-	(733,896)
Accounts payable	(135,773)	(167,813)	(75,025)	(139,314)	(243,732)	(699,271)	(50,039)	(172,374)	(271,905)	937	(1,954,309)
Accrued payroll and related benefits	22,887	(66,916)	12,606	(131,630)	(62,768)	(124,351)	19,396	28,348	(61,172)	-	(363,600)
Accrued interest payable	(179)	(218)	(37,897)	(431)	(395)	(77,860)	(264)	357,419	-	-	240,175
Deferred revenue	-	-	(47,648)	-	-	-	-	-	-	-	(47,648)
Net cash from operating activities	179,628	113,391	537,406	4,965,198	2,711,774	3,598,087	379,788	213,117	1,233,727	572,746	14,504,862
Cash flows from investing activities											
Capital expenditures	(36,704)	(84,107)	(89,237)	(183,036)	(78,756)	(473,192)	(234,632)	(27,063)	-	-	(1,206,727)
Net cash from investing activities	(36,704)	(84,107)	(89,237)	(183,036)	(78,756)	(473,192)	(234,632)	(27,063)	-	-	(1,206,727)
Cash flows from financing activities											
Proceeds from long-term debt	-	-	-	-	-	-	-	16,192	-	-	16,192
Principal payments on long-term debt	(84,472)	(102,491)	(299,910)	(203,735)	(186,548)	(234,128)	(124,714)	(202,046)	-	-	(1,438,044)
Distributions to affiliate	-	-	-	(4,600,000)	(2,600,000)	(3,100,000)	-	-	(1,750,000)	-	(12,050,000)
Net cash from financing activities	(84,472)	(102,491)	(299,910)	(4,803,735)	(2,786,548)	(3,334,128)	(124,714)	(185,854)	(1,750,000)	-	(13,471,852)
Net change in cash, cash equivalents, restricted deposits and funded reserves	58,452	(73,207)	148,259	(21,573)	(153,530)	(209,233)	20,442	200	(516,273)	572,746	(173,717)
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	300,362	580,517	379,247	2,372,339	2,036,665	2,404,187	450,439	3,069	817,035	3,200,109	12,543,969
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 358,814	$ 507,310	$ 527,506	$ 2,350,766	$ 1,883,135	$ 2,194,954	$ 470,881	$ 3,269	$ 300,762	$ 3,772,855	$12,370,252
Supplemental cash flow information											
Cash paid during the year for interest	$ 135,595	$ 72,675	$ 351,510	$ 143,738	$ 131,612	$ 242,545	$ 87,988	$ -	$ -	$ -	$ 1,165,663
Non-cash investing and financing activities											
Capital expenditures in accounts payable	$ 5,009	$ -	$ -	$ 12,119	$ -	$ 302,942	$ -	$ 22,668	$ -	$ -	$ 342,738
Capital expenditures in accounts payable, related party	-	-	-	-	-	-	-	-	-	475,406	475,406
Capital expenditures funded through notes payable	-	-	-	1,511,699	-	1,844,135	-	-	-	-	3,355,834

See accompanying independent auditor's report.

HUTSONWOOD HEALTHCARE
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	Richland Bean Blossom Operating and Property	Wabash Operating and Property	Brazil Operating and Property	Loves Park Operating and Property	Sterling Operating and Property	Champaign Operating and Property	Winchester Operating and Property	Spring Hill Operating and Property	HHSS Management LLC	Group Overhead	Eliminations
Cash flows from operating activities											
Change in net assets (deficit)	$ (4,939,666)	$ 8,926,695	$ (2,304,649)	$(16,403,033)	$(19,842,059)	$(11,104,149)	$ (1,179,173)	$ (2,249,935)	$ 1,098,693	$45,698,263	$ (2,299,013)
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities											
Depreciation and amortization	224,773	379,845	472,062	271,277	305,857	185,826	268,098	610,531	1,745	-	2,720,014
(Gain) loss on forgiveness of related party payable	4,720,266	(7,978,595)	1,529,306	16,490,560	17,500,609	11,293,826	1,896,905	-	-	(45,452,877)	-
Distributions to affiliate	-	-	-	5,000,000	4,400,000	3,900,000	-	-	-	-	13,300,000
Change in assets and liabilities											
Resident accounts receivable	(119,589)	(119,967)	(130,900)	145,734	(6,423)	226,500	(463,479)	(209,163)	-	47,592	(629,695)
Other receivables	459,467	(133,529)	165,456	-	-	-	36,874	-	37,500	-	565,768
Accounts receivable/payable, related party, net	(6,419)	1,498	1,074,439	(1,421,548)	1,160,047	(704,790)	12,543	(32,046)	(941,448)	96,026	(761,698)
Prepaid expenses and other	(27,108)	(53,301)	43,605	264,772	(23,411)	(8,368)	(21,667)	(20,727)	(30,189)	4,091	127,697
Accounts payable	17,386	187,388	120,584	49,317	116,557	276,927	(2,116)	42,945	336,123	4,036	1,149,147
Accrued payroll and related benefits	(22,720)	(148,488)	(11,281)	66,262	37,027	157,574	(40,688)	(113,164)	76,617	-	1,139
Accrued interest payable	(174)	(212)	15,552	(420)	(385)	14,218	(257)	1,432,374	-	-	1,460,696
Deferred revenue	(262,417)	(481,217)	(409,538)	-	-	-	(56,536)	(295,461)	-	-	(1,505,169)
Net cash from operating activities	43,799	580,117	564,636	4,462,921	3,647,819	4,237,564	450,504	(834,646)	579,041	397,131	14,128,886
Cash flows from investing activities											
Capital expenditures	(28,973)	(262,402)	(263,929)	(90,055)	(321,415)	(360,950)	(277,354)	(11,219)	(862)	-	(1,617,159)
Net cash from investing activities	(28,973)	(262,402)	(263,929)	(90,055)	(321,415)	(360,950)	(277,354)	(11,219)	(862)	-	(1,617,159)
Cash flows from financing activities											
Payment to terminate interest rate swap agreement	-	-	-	-	-	-	-	(662,700)	-	-	(662,700)
Proceeds from long-term debt	-	-	-	-	-	-	-	17,591,019	-	-	17,591,019
Principal payments on long-term debt	(82,353)	(100,348)	(307,077)	(198,631)	(181,874)	(228,262)	(121,590)	(16,105,805)	-	-	(17,325,940)
Distributions to affiliate	-	-	-	(5,000,000)	(4,400,000)	(3,900,000)	-	-	-	-	(13,300,000)
Net cash from financing activities	(82,353)	(100,348)	(307,077)	(5,198,631)	(4,581,874)	(4,128,262)	(121,590)	822,514	-	-	(13,697,621)
Net change in cash, cash equivalents, restricted deposits and funded reserves	(67,527)	217,367	(6,370)	(825,765)	(1,255,470)	(251,648)	51,560	(23,351)	578,179	397,131	(1,185,894)
Cash, cash equivalents, restricted deposits and funded reserves at beginning of year	367,889	363,150	385,617	3,198,104	3,292,135	2,655,835	398,879	26,420	238,856	2,802,978	13,729,863
Cash, cash equivalents, restricted deposits and funded reserves at end of year	$ 300,362	$ 580,517	$ 379,247	$ 2,372,339	$ 2,036,665	$ 2,404,187	$ 450,439	$ 3,069	$ 817,035	$ 3,200,109	$12,543,969
Supplemental cash flow information											
Cash paid during the year for interest	$ 137,711	$ 74,820	$ 418,415	$ 148,842	$ 136,286	$ 156,345	$ 91,112	$ 176,726	$ -	$ -	$ 1,340,257
Non-cash investing and financing activities											
Capital expenditures in accounts payable	$ -	$ -	$ -	$ -	$ 50,240	$ -	$ -	$ -	$ -	$ -	$ 50,240
Capital expenditures funded through notes payable	-	-	-	-	-	4,560,349	-	-	-	-	4,560,349

See accompanying independent auditor's report.

	Actual				Projected	
	6/30/2020	6/30/2021	6/30/2022	12/31/2022	6/30/2026	6/30/2027
ASSETS						
Current assets						
Cash and cash equivalents	$ 3,108,817	$ 1,811,128	$ 1,609,647	$ 3,147,044	$ 5,432,716	$ 6,960,832
Resident accounts receivable, net	811,151	817,574	671,311	723,512	913,417	968,222
Accounts receivable, related party	1,198,940	-	3,920	-	-	-
Prepaid expenses and other	144,775	168,186	271,421	167,272	293,795	299,671
Total current assets	5,263,683	2,796,888	2,556,299	4,037,828	6,639,928	8,228,725
Escrow deposits and replacement reserve	183,318	225,537	273,488	314,411	25,000	25,000
Property and equipment						
Land and improvements	993,401	993,401	993,401	998,401	500,000	500,000
Buildings and improvements	4,265,084	4,271,141	4,286,941	4,286,941	23,835,329	23,835,329
Building and maintenance equipment	1,246,633	1,612,231	1,612,231	1,612,231		
Furniture and fixtures	360,669	360,669	373,385	373,385	2,675,000	2,675,000
Transportation equipment	299,034	299,034	299,034	299,034	299,034	299,034
Construction in progress	-	-	-	3,891		
Total property and equipment	7,164,821	7,536,476	7,564,992	7,573,883	27,309,363	27,309,363
Accumulated depreciation	5,416,487	5,715,883	6,020,607	6,168,460	1,277,060	2,255,086
Net property and equipment	1,748,334	1,820,593	1,544,385	1,405,423	26,032,303	25,054,277
Other assets						
Goodwill	396,154	396,154	396,154	396,154	396,154	396,154
	$ 7,591,489	$ 5,239,172	$ 4,770,326	$ 6,153,816	$ 33,093,385	$ 33,704,156

LIABILITIES AND NET ASSET (DEFICIT)						
Current liabilities						
Current maturities of long-term debt	$ 181,874	$ 186,548	$ 191,342	$ 191,342	$ 916,051	$ 960,344
Accounts payable	376,082	487,444	193,472	217,815	235,770	240,485
Accounts payable, related party	40,489	57,031	50,176	50,239	57,760	60,823
Accrued payroll and related benefits	299,283	336,310	273,542	238,227	289,566	304,045
Accrued interest payable	11,533	11,148	10,753	10,552	103,349	102,090
Total current liabilities	909,261	1,078,481	719,285	708,175	1,602,496	1,667,787
Long-term liabilities						
Long-term debt, net of current portion	5,122,266	4,942,179	4,757,299	4,665,466	23,103,463	22,172,632
Total liabilities	6,031,527	6,020,660	5,476,584	5,373,641	24,705,959	23,840,419
Net assets (deficit)	1,559,962	(781,488)	(706,258)	780,175	8,387,426	9,863,737
	$ 7,591,489	$ 5,239,172	$ 4,770,326	$ 6,153,816	$ 33,093,385	$ 33,704,156
	$ -	$ -	$ -	$ -	$ -	$ -

Patient Days	29,523	28,137	27,655	13,922	27,678	27,678
Revenues, gains, and other support without donor restrictions						
Net resident service revenue	$ 9,163,103	$ 9,322,121	$ 9,599,955	$ 4,885,812	$ 12,255,005	$ 12,990,305
Federal grants	-	155,776	71,712	167,385	-	-
Contributions	64,701	63,843	-	-	-	-
Total revenues, gains, and other support without donor restrictions	9,227,804	9,541,740	9,671,667	5,053,197	12,255,005	12,990,305
Expenses						
Salaries, wages, and employee benefits	4,560,681	4,578,059	4,419,795	2,269,949	$ 6,569,374	$ 6,897,843
Contract labor	103,384	2,674	2,273	2,246	4,767	4,862
Supplies and other	734,771	1,109,818	949,313	416,943	879,651	897,244
Interest and fees	140,601	136,568	131,353	64,005	631,369	1,225,078
Management fees	431,445	547,155	564,447	284,790	693,114	729,879
Revenue assessment fees	353,544	444,880	447,296	229,230	458,460	458,460
Depreciation and amortization	321,484	305,857	311,186	151,084	978,026	978,026
Professional fees	303,580	97,888	32,797	25,428	53,969	55,048
Other contract services	-	299,975	219,858	129,658	275,188	280,692
Total expenses	6,949,490	7,522,874	7,078,318	3,573,333	10,543,918	11,527,133
Changes in net assets (deficit) from operations	2,278,314	2,018,866	2,593,349	1,479,864	1,711,087	1,463,173
Other changes in net assets (deficit)						
Investment income	264	177	184	210	420	420
Miscellaneous revenue (expenses)	59,813	39,507	81,697	6,359	12,718	12,718
Total other changes in net assets (deficit)	60,077	39,684	81,881	6,569	13,138	13,138
Change in net assets (deficit) before distributions to affilliate	2,338,391	2,058,550	2,675,230	1,486,433	1,724,225	1,476,311
Distributions to affiliate	-	(4,400,000)	(2,600,000)	-	-	-
Change in net assets (deficit)	2,338,391	(2,341,450)	75,230	1,486,433	1,724,225	1,476,311
Net assets (deficit), beginning of year	(778,429)	1,559,962	(781,488)	(706,258)	6,663,202	8,387,426
Net deficit, end of year	$ 1,559,962	$ (781,488)	$ (706,258)	$ 780,175	$ 8,387,426	$ 9,863,737
	-	-	-	-	-	-

Attachment - 29B

Current ratio	**5.79**	**2.59**	**3.55**	**5.70**	**4.14**	**4.93**
Change in net assets before distributions	$ 2,338,391	$ 2,058,550	$ 2,675,230	$ 1,486,433	$ 1,724,225	$ 1,476,311
Depreciation and amortization	321,484	305,857	311,186	151,084	978,026	978,026
Interest	140,601	136,568	131,353	64,005	631,369	1,225,078
Contributions	(64,701)	(63,843)	-	-	-	-
Federal grants	-	(155,776)	(71,712)	(167,385)	-	-
Net Operating Margin	$ 2,735,775	$ 2,281,356	$ 3,046,057	$ 1,534,137	$ 3,333,620	$ 3,679,415
Net Margin Percentage	**30%**	**24%**	**32%**	**31%**	**27%**	**28%**
Percent Debt to Total Capitalization	**77%**	**118%**	**117%**	**86%**	**74%**	**70%**
Annualized cash available for debt service	$ 2,735,775	$ 2,281,356	$ 3,046,057	$ 3,068,274	$ 3,333,620	$ 3,679,415
Total debt service ($25M, 2 yr int only/20 year maturity)	$ 2,141,128	$ 2,141,129	$ 2,141,130	$ 2,141,131	$ 2,141,132	$ 2,141,133
Debt Service Coverage Ratio	**1.28**	**1.07**	**1.42**	**1.43**	**1.56**	**1.72**
Cushion Ratio	**1.45**	**0.85**	**0.75**	**1.47**	**2.54**	**3.25**
Total Expenses less Depreciation and amortization	6,628,006	7,217,017	6,767,132	3,422,249	9,565,892	10,549,106
Expenses/Day	18,109	19,773	18,540	18,599	26,208	28,902
Days Cash on Hand	**171.67**	**91.60**	**86.82**	**169.20**	**207.29**	**240.85**

Section V, Financial and Economic Feasibility Review
Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment – 30A is a letter from Douglass B. Smith, President, Hoosier Care, Inc. attesting that the total estimated project costs will be funded project costs and related costs will be funded in part by borrowing because 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.

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

Re: Reasonableness of Financing Arrangements

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total or in part by borrowing because a portion or all 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.

I further certify the selected form of debt financing for the project will be at the lowest net cost available.

Sincerely,

Douglass B. Smith
President
Hoosier Care, Inc.

Subscribed and sworn to me
This 27th day of July, 2022

M. Carlene Grubb
Notary Public

M CARLENE GRUBB
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Exp: 1·11·26

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

Attached at Attachment – 30A is a letter from Douglass B. Smith, President, Hoosier Care, Inc. attesting the selected form of debt financing for the project will be at the lowest net cost available.

Section V, Financial and Economic Feasibility Review
<u>Criterion 1120.140(c), Reasonableness of Project and Related Costs</u>

1. The Cost and Gross Square Feet by Department is provided in the table below.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	
Department (list below) CLINICAL	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	Total Cost (G + H)
CLINICAL									
Residential	$415.95		49,600				$20,631,000		$18,900,000
Contingency	$40.32		49,600				$2,000,000		$0
TOTAL CLINICAL	**$456.27**		**49,600**				**$22,631,000**		**$0**
NON-CLINICAL									
Contingency									
TOTAL NON-CLINICAL	**$0**		**0**				**$0**		**$0**
TOTAL	**$456.27**		**49,600**				**$22,631,000**		**$0**
* Include the percentage (%) of space for circulation									

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

Table 1120.310(c)			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Preplanning Costs	$250,000	1.8% x (New Construction and Modernization Contracts + Contingencies + Equipment costs) = 1.8% x ($20,631,000 + $2,000,000 + $859,000)= 1.8% x $23,490,000 $422,820	Below State Standard
New Construction Contracts & Modernization Contracts & Contingencies	$20,631,000		
Contingencies	$2,000,000	10% x (New Construction + Modernization Construction Contracts) = 10% x $20,631,000 = $2,063,100	Below State Standard
Architectural/Engineering Fees	$1,250,000	5.52% - 8.28% of New Construction + Modernization Contracts + Contingencies) = 5.52% - 8.28% x $20,631,000 + $2,000,000 = 5.52% - 8.28% x $22,631,000 5.52% - 8.28% x $1,249,231 - $1,873,847	Meets State Standard
Consulting and Other Fees	$10,000	No State Standard	No State Standard
Moveable Equipment	$859,000	$10,113 per bed = $10,113 x 85 beds = $859,605	Below State Standard
Bond Issuance Expense	$590,000	No State Standard	No State Standard
Net Interest Expense During Construction	$1,510,000	No State Standard	No State Standard

Section V, Financial and Economic Feasibility Review
Criterion 1120.310(d), Projected Operating Costs

Operating Expenses: $7,799,949

Resident Days: 27,678

Operating Expense per Resident Day: $281.81

Section V, Financial and Economic Feasibility Review
<u>Criterion 1120.310(e), Total Effect of Project on Capital Costs</u>

Capital Costs: $2,203,104

Resident Days: 27,678

Capital Costs per Resident Day: $79.60

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.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$250,000		$250,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	$20,631,000		$20,631,000
Modernization Contracts			
Contingencies	$2,000,000		$2,000,000
Architectural/Engineering Fees	$1,250,000		$1,250,000
Consulting and Other Fees	$10,000		$10,000
Movable or Other Equipment (not in construction contracts)	$859,000		$859,000
Bond Issuance Expense (project related)	$590,000		$590,000
Net Interest Expense During Construction (project related)	$1,510,000		$1,510,000
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$27,100,000		$27,100,000
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$2,100,000		$2,100,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$25,000,000		$25,000,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$27,100,000**		**$27,100,000**

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: $475,000
Fair Market Value: $475,000

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 $ 0___________________.

APPENDIX C

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): July 31, 2025

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.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
CLINICAL							
Residential	$27,100,000		49,600	49,600			
Total Review	$27,100,000		49,600	49,600			
NON CLINICAL							
Total Non-clinical							
TOTAL	**$27,100,000**		**49,600**	**49,600**			

83238942.2

APPENDIX E

SPECIAL FLOOD HAZARD AREA AND 500 YEAR 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: Hoosier Care, Inc. d/b/a Exceptional Care & Training Center 2601 Woodlawn Road
(Name) (Address)
Sterling Illinois 61081 815-626-5820
(City) (State) (ZIP Code) (Telephone Number)

2. Project Location: West 23rd Street between Avenue F and Avenue J Sterling, Illinois
(Address) (City) (State)
Whiteside Sterling 16
(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 __X__
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: ____________________

83238942.2

National Flood Hazard Layer FIRMette

FEMA

89°42'32"W 41°48'45"N

89°41'54"W 41°48'18"N

Feet

0 250 500 1,000 1,500 2,000

1:6,000

Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Legend #23-014

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, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

- 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 Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS

- NO SCREEN 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

- B 20.2 17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
- 8 Coastal Transect
- 513 Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS

- Digital Data Available
- No Digital Data Available
- Unmapped

N

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 5/6/2022 at 11:03 AM 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 unmodernized areas cannot be used for regulatory purposes.

Appendix - E

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

INDEX OF ATTACHMENTS