FOR BHF USE

LL1

IMPORTANT NOTICE
THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN 210 ILCS 45/3-208. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS. THIS FORM HAS BEEN APPROVED BY THE FORMS MANAGEMENT CENTER.

2011
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
FINANCIAL AND STATISTICAL REPORT (COST REPORT)
FOR LONG-TERM CARE FACILITIES
(FISCAL YEAR 2011)

I. IDPH License ID Number: 0049353

Facility Name: Manor Care of Palos Heights (West) IL, LLC

Address: 11860 Southwest Hwy (Number) Palos Heights (City) 60463 (Zip Code)

County: Cook

Telephone Number: (708) 361-4555 **Fax #** (708) 361-3777

HFS ID Number:

Date of Initial License for Current Owners: 04/15/96

Type of Ownership:

	VOLUNTARY,NON-PROFIT	X	PROPRIETARY		GOVERNMENTAL
	Charitable Corp.		Individual		State
	Trust		Partnership		County
IRS Exemption Code			Corporation		Other
			"Sub-S" Corp.		
		X	Limited Liability Co.		
			Trust		
			Other		

In the event there are further questions about this report, please contact:
Name: Gary Geise **Telephone Number:** (419) 252-5731
Email Address:

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 06/01/10 to 05/31/11 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider

(Signed) _____ (Date)

(Type or Print Name) Barry A. Lazarus

(Title) Vice President, Reimbursement

Paid Preparer

(Signed) _____ (Date)

(Print Name and Title)

(Firm Name & Address)

(Telephone) ( ) Fax # ( )

MAIL TO: BUREAU OF HEALTH FINANCE
ILLINOIS DEPT OF HEALTHCARE AND FAMILY SERVICES
201 S. Grand Avenue East
Springfield, IL 62763-0001 **Phone # (217) 782-1630**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

III. STATISTICAL DATA

A. Licensure/certification level(s) of care; enter number of beds/bed days, (must agree with license). Date of change in licensed beds _____

	1 Beds at Beginning of Report Period	2 Licensure Level of Care	3 Beds at End of Report Period	4 Licensed Bed Days During Report Period	
1	130	Skilled (SNF)	130	47,450	1
2		Skilled Pediatric (SNF/PED)			2
3		Intermediate (ICF)			3
4		Intermediate/DD			4
5		Sheltered Care (SC)			5
6		ICF/DD 16 or Less			6
7	130	TOTALS	130	47,450	7

B. Census-For the entire report period.

	1 Level of Care	2 Patient Days by Level of Care and Primary Source of Payment: Medicaid Recipient	3 Private Pay	4 Other	5 Total	
8	SNF	11,593	4,292	28,385	44,270	8
9	SNF/PED					9
10	ICF					10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	11,593	4,292	28,385	44,270	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 93.30%

D. How many bed-hold days during this year were paid by the Department?
0 (Do not include bed-hold days in Section B.)

E. List all services provided by your facility for non-patients.
(E.g., day care, "meals on wheels", outpatient therapy)
None

F. Does the facility maintain a daily midnight census? Yes

G. Do pages 3 & 4 include expenses for services or investments not directly related to patient care?
YES [ ] NO [X]

H. Does the BALANCE SHEET (page 17) reflect any non-care assets?
YES [ ] NO [X]

I. On what date did you start providing long term care at this location?
Date started 04/15/96

J. Was the facility purchased or leased after January 1, 1978?
YES [X] Date 04/07/11 NO [ ]

K. Was the facility certified for Medicare during the reporting year?
YES [X] NO [ ] If YES, enter number of beds certified 130 and days of care provided 24,555

Medicare Intermediary Highmark Medicare Services

IV. ACCOUNTING BASIS

ACCRUAL [X] MODIFIED CASH* [ ] CASH* [ ]

Is your fiscal year identical to your tax year? YES [ ] NO [X]

Tax Year: 12/31 Fiscal Year: 5/31

* All facilities other than governmental must report on the accrual basis.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

V. COST CENTER EXPENSES (throughout the report, please round to the nearest dollar)

	Operating Expenses	Costs Per General Ledger				Reclass-ification	Reclassified Total	Adjust-ments	Adjusted Total	FOR BHF USE ONLY		
		Salary/Wage	Supplies	Other	Total							
	A. General Services	1	2	3	4	5	6	7	8	9	10	
1	Dietary	355,761	29,670	2,550	387,981	10,854	398,835		398,835			1
2	Food Purchase		299,551		299,551		299,551	(2,315)	297,236			2
3	Housekeeping		23,196	143,063	166,259		166,259		166,259			3
4	Laundry		38,410	83,498	121,908		121,908		121,908			4
5	Heat and Other Utilities			218,786	218,786	2,926	221,712		221,712			5
6	Maintenance	47,223	18,343	129,023	194,589		194,589		194,589			6
7	Other (specify):* Med Waste			1,296	1,296		1,296		1,296			7
8	TOTAL General Services	402,984	409,170	578,216	1,390,370	13,780	1,404,150	(2,315)	1,401,835			8
	B. Health Care and Programs											
9	Medical Director			14,400	14,400		14,400		14,400			9
10	Nursing and Medical Records	4,051,068	383,762	204,995	4,639,825	12,876	4,652,701		4,652,701			10
10a	Therapy	1,737,051	11,097	267,704	2,015,852		2,015,852		2,015,852			10a
11	Activities	90,567	3,140	8,271	101,978		101,978		101,978			11
12	Social Services	203,167			203,167		203,167		203,167			12
13	CNA Training											13
14	Program Transportation											14
15	Other (specify):*											15
16	TOTAL Health Care and Programs	6,081,853	397,999	495,370	6,975,222	12,876	6,988,098		6,988,098			16
	C. General Administration											
17	Administrative	157,058		561,564	718,622	(98,569)	620,053		620,053			17
18	Directors Fees											18
19	Professional Services			140,244	140,244	(62,951)	77,293	(77,293)				19
20	Dues, Fees, Subscriptions & Promotions			65,427	65,427		65,427	(36,836)	28,591			20
21	Clerical & General Office Expenses	432,538	75,676	166,141	674,355	62,951	737,306	(77,709)	659,597			21
22	Employee Benefits & Payroll Taxes			1,175,745	1,175,745	49,449	1,225,194		1,225,194			22
23	Inservice Training & Education			338	338		338		338			23
24	Travel and Seminar			8,504	8,504		8,504		8,504			24
25	Other Admin. Staff Transportation											25
26	Insurance-Prop.Liab.Malpractice			390,654	390,654		390,654		390,654			26
27	Other (specify):*											27
28	TOTAL General Administration	589,596	75,676	2,508,617	3,173,889	(49,120)	3,124,769	(191,838)	2,932,931			28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	7,074,433	882,845	3,582,203	11,539,481	(22,464)	11,517,017	(194,153)	11,322,864			29

*Attach a schedule if more than one type of cost is included on this line, or if the total exceeds $1000.
NOTE: Include a separate schedule detailing the reclassifications made in column 5. Be sure to include a detailed explanation of each reclassification.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC #0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

V. COST CENTER EXPENSES (continued)

	Capital Expense	Cost Per General Ledger				Reclass-ification	Reclassified Total	Adjust-ments	Adjusted Total	FOR BHF USE ONLY		
		Salary/Wage	Supplies	Other	Total							
	D. Ownership	1	2	3	4	5	6	7	8	9	10	
30	Depreciation			397,699	397,699	17,144	414,843		414,843			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			530,777	530,777	5,320	536,097	(535,782)	315			32
33	Real Estate Taxes			199,705	199,705		199,705		199,705			33
34	Rent-Facility & Grounds			83,477	83,477		83,477		83,477			34
35	Rent-Equipment & Vehicles											35
36	Other (specify):*											36
37	TOTAL Ownership			1,211,658	1,211,658	22,464	1,234,122	(535,782)	698,340			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		784,726	1,300	786,026		786,026		786,026			39
40	Barber and Beauty Shops			20,563	20,563		20,563		20,563			40
41	Coffee and Gift Shops											41
42	Provider Participation Fee			71,175	71,175		71,175		71,175			42
43	Other (specify):* IV Ther/Xray/Lab		124,091	287,319	411,410		411,410		411,410			43
44	TOTAL Special Cost Centers		908,817	380,357	1,289,174		1,289,174		1,289,174			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	7,074,433	1,791,662	5,174,218	14,040,313		14,040,313	(729,935)	13,310,378			45

***Attach a schedule if more than one type of cost is included on this line, or if the total exceeds $1000.**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VI. ADJUSTMENT DETAIL

A. The expenses indicated below are non-allowable and should be adjusted out of Schedule V, pages 3 or 4 via column 7. In column 2 below, reference the line on which the particular cost was included. (See instructions.)

	NON-ALLOWABLE EXPENSES	1 Amount	2 Refer-ence	3 BHF USE ONLY	
1	Day Care	$		$	1
2	Other Care for Outpatients				2
3	Governmental Sponsored Special Programs				3
4	Non-Patient Meals	(2,315)	2		4
5	Telephone, TV & Radio in Resident Rooms	(2,044)	21		5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients				8
9	Non-Straightline Depreciation				9
10	Interest and Other Investment Income				10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax				13
14	Non-Care Related Interest				14
15	Non-Care Related Owner's Transactions				15
16	Personal Expenses (Including Transportation)				16
17	Non-Care Related Fees				17
18	Fines and Penalties				18
19	Entertainment				19
20	Contributions				20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers	(77,293)	19		22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(40,661)	21		24
25	Fund Raising, Advertising and Promotional	(36,836)	20		25
26	Income Taxes and Illinois Personal Property Replacement Tax				26
27	CNA Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule	(570,786)			29
30	**SUBTOTAL (A): (Sum of lines 1-29)**	$ (729,935)		$	30

BHF USE ONLY								
48		49		50		51		52	

B. If there are expenses experienced by the facility which do not appear in the general ledger, they should be entered below.(See instructions.)

		1 Amount	2 Reference	
31	Non-Paid Workers-Attach Schedule*	$		31
32	Donated Goods-Attach Schedule*			32
33	Amortization of Organization & Pre-Operating Expense			33
34	Adjustments for Related Organization Costs (Schedule VII)			34
35	Other- Attach Schedule			35
36	**SUBTOTAL (B): (sum of lines 31-35)**	$		36
37	**TOTAL ADJUSTMENTS (sum of SUBTOTALS (A) and (B))**	$ (729,935)		37

***These costs are only allowable if they are necessary to meet minimum licensing standards. Attach a schedule detailing the items included on these lines.**

C. Are the following expenses included in Sections A to D of pages 3 and 4? If so, they should be reclassified into Section E. Please reference the line on which they appear before reclassification. (See instructions.)

		1 Yes	2 No	3 Amount	4 Reference	
38	Medically Necessary Transport.		X	$		38
39						39
40	Gift and Coffee Shops		X			40
41	Barber and Beauty Shops		X			41
42	Laboratory and Radiology		X			42
43	Prescription Drugs		X			43
44	Exceptional Care Program		X			44
45	Other-Attach Schedule					45
46	Other-Attach Schedule					46
47	**TOTAL (C): (sum of lines 38-46)**			$		47

STATE OF ILLINOIS

Manor Care of Palos Heights (West) IL, LLC

ID# **0049353**

Report Period Beginning: **06/01/10**

Ending: **05/31/11**

	NON-ALLOWABLE EXPENSES	Amount	Sch. V Line Reference	
1	Wages - Marketing	$ (27,071)	21	1
2	P/R O/H Alloc- Mktg	(7,157)	21	2
3	HCP Lease Interest	(535,782)	32	3
4	Vending Income	(776)	21	4
5				5
6				6
7				7
8				8
9				9
10				10
11				11
12				12
13				13
14				14
15				15
16				16
17				17
18				18
19				19
20				20
21				21
22				22
23				23
24				24
25				25
26				26
27				27
28				28
29				29
30				30
31				31
32				32
33				33
34				34
35				35
36				36
37				37
38				38
39				39
40				40
41				41
42				42
43				43
44				44
45				45
46				46
47				47
48				48
49	**Total**	(570,786)		49

STATE OF ILLINOIS

Summary A

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 **Report Period Beginning:** 06/01/10 **Ending:** 05/31/11

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Operating Expenses	PAGES	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	SUMMARY TOTALS	
	A. General Services	5 & 5A	6	6A	6B	6C	6D	6E	6F	6G	6H	6I	(to Sch V, col.7)	
1	Dietary	0	0	0	0	0	0	0	0	0	0	0	0	1
2	Food Purchase	(2,315)	0	0	0	0	0	0	0	0	0	0	(2,315)	2
3	Housekeeping	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Laundry	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Heat and Other Utilities	0	0	0	0	0	0	0	0	0	0	0	0	5
6	Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	6
7	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	7
8	**TOTAL General Services**	(2,315)	0	0	0	0	0	0	0	0	0	0	(2,315)	8
	B. Health Care and Programs													
9	Medical Director	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Nursing and Medical Records	0	0	0	0	0	0	0	0	0	0	0	0	10
10a	Therapy	0	0	0	0	0	0	0	0	0	0	0	0	10a
11	Activities	0	0	0	0	0	0	0	0	0	0	0	0	11
12	Social Services	0	0	0	0	0	0	0	0	0	0	0	0	12
13	CNA Training	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Program Transportation	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	15
16	**TOTAL Health Care and Programs**	0	0	0	0	0	0	0	0	0	0	0	0	16
	C. General Administration													
17	Administrative	0	0	0	0	0	0	0	0	0	0	0	0	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	(77,293)	0	0	0	0	0	0	0	0	0	0	(77,293)	19
20	Fees, Subscriptions & Promotions	(36,836)	0	0	0	0	0	0	0	0	0	0	(36,836)	20
21	Clerical & General Office Expenses	(77,709)	0	0	0	0	0	0	0	0	0	0	(77,709)	21
22	Employee Benefits & Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0	22
23	Inservice Training & Education	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Travel and Seminar	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Other Admin. Staff Transportation	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Insurance-Prop.Liab.Malpractice	0	0	0	0	0	0	0	0	0	0	0	0	26
27	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	27
28	**TOTAL General Administration**	(191,838)	0	0	0	0	0	0	0	0	0	0	(191,838)	28
29	**TOTAL Operating Expense (sum of lines 8,16 & 28)**	(194,153)	0	0	0	0	0	0	0	0	0	0	(194,153)	29

STATE OF ILLINOIS

Summary B

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 **Report Period Beginning:** 06/01/10 **Ending:** 05/31/11

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Capital Expense	PAGES	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	SUMMARY TOTALS	
	D. Ownership	5 & 5A	6	6A	6B	6C	6D	6E	6F	6G	6H	6I	(to Sch V, col.7)	
30	Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0	0	0	0	0	31
32	Interest	(535,782)	0	0	0	0	0	0	0	0	0	0	(535,782)	32
33	Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	33
34	Rent-Facility & Grounds	0	0	0	0	0	0	0	0	0	0	0	0	34
35	Rent-Equipment & Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	36
37	TOTAL Ownership	(535,782)	0	0	0	0	0	0	0	0	0	0	(535,782)	37
	Ancillary Expense													
	E. Special Cost Centers													
38	Medically Necessary Transportation	0	0	0	0	0	0	0	0	0	0	0	0	38
39	Ancillary Service Centers	0	0	0	0	0	0	0	0	0	0	0	0	39
40	Barber and Beauty Shops	0	0	0	0	0	0	0	0	0	0	0	0	40
41	Coffee and Gift Shops	0	0	0	0	0	0	0	0	0	0	0	0	41
42	Provider Participation Fee	0	0	0	0	0	0	0	0	0	0	0	0	42
43	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	43
44	TOTAL Special Cost Centers	0	0	0	0	0	0	0	0	0	0	0	0	44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	(729,935)	0	0	0	0	0	0	0	0	0	0	(729,935)	45

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VII. RELATED PARTIES

A. Enter below the names of ALL owners and related organizations (parties) as defined in the instructions. Use Page 6-Supplemental as necessary.

1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES		
Name	Ownership %	Name	City	Name	City	Type of Business
HCR Manor Care, LLC	100					
				HCR Manor Care Svcs	Toledo	home office
				HL Empl Svcs, LLC	Toledo	personnel
				HL Rehab Svcs, LLC	Toledo	therapy mgmt svcs
				HL Rehab Svcs, LLC	Toledo	therapy services
				HL Home Health Care	Toledo	nursing staff
		See PG6-Supp for list of related nursing homes in Illinois				

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. [X] YES [ ] NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1 Schedule V		2 Line	3 Cost Per General Ledger Item	4 Amount	5 Cost to Related Organization Name of Related Organization	6 Percent of Ownership	7 Operating Cost of Related Organization	8 Difference: Adjustments for Related Organization Costs (7 minus 4)	
1	V	See	Home Office Allocation	$ 561,564	HCR Manor Care Services, LLC	100.00%	$ 561,564	$	1
2	V	Page 8							2
3	V								3
4	V	1-44	Personnel	7,074,433	Heartland Employment Services, LLC	100.00%	7,074,433		4
5	V	10a	Therapy Management	11,920	Heartland Rehabilitation Services, LLC	100.00%	11,920		5
6	V								6
7	V								7
8	V								8
9	V								9
10	V								10
11	V								11
12	V								12
13	V								13
14	Total			$ 7,647,917			$ 7,647,917	$ *	14

*** Total must agree with the amount recorded on line 34 of Schedule VI.**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VII. RELATED PARTIES

A. (Continued) **Enter below the names of ALL owners and related organizations (parties) as defined in the instructions.**

	1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES			
	Name	Ownership %	Name	City	Name	City	Type of Business	
1			Heartland of Canton IL, LLC	Canton				1
2			Heartland of Champaign IL, LLC	Champaign				2
3			Heartland of Decatur IL, LLC	Decatur				3
4			Heartland of Galesburg IL, LLC	Galesburg				4
5			Heartland of Henry IL, LLC	Henry				5
6			Heartland of Macomb IL, LLC	Macomb				6
7			Heartland of Moline IL, LLC	Moline				7
8			Heartland of Normal IL, LLC	Normal				8
9			Heartland of Paxton IL, LLC	Paxton				9
10			Heartland of Peoria IL, LLC	Peoria				10
11			Heartland-Riverview of East Peoria IL, LLC	East Peoria				11
12			Manor Care at Arlington Heights	Arlington Heights				12
13			Manor Care of Elgin IL, LLC	Elgin				13
14			Manor Care of Elk Grove Village IL, LLC	Elk Grove Village				14
15			Manor Care - Highland Park	Highland Park				15
16			Manor Care of Hinsdale IL, LLC	Hinsdale				16
17			Manor Care of Homewood IL, LLC	Homewood				17
18			Manor Care of Kankakee IL, LLC	Kankakee				18
19			Manor Care of Libertyville IL, LLC	Libertyville				19
20			Manor Care of Naperville IL, LLC	Naperville				20
21			Manor Care of Northbrook IL, LLC	Northbrook				21
22			Manor Care of Oak Lawn (East) IL, LLC	Oak Lawn				22
23			Manor Care of Oak Lawn (West) IL, LLC	Oak Lawn				23
24			Manor Care of Palos Heights (East) IL, LLC	Palos Heights				24
25			Manor Care of South Holland IL, LLC	South Holland				25
26			Manor Care of Rolling Meadows IL, LLC	Rolling Meadows				26
27			Manor Care of Westmont IL, LLC	Westmont				27
28			Manor Care of Wilmette IL, LLC	Wilmette				28
29			Arden Courts of Elk Grove Village IL, LLC	Elk Grove Village				29
30			Arden Courts of Geneva IL, LLC	Geneva				30

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VII. RELATED PARTIES

A. (Continued) Enter below the names of ALL owners and related organizations (parties) as defined in the instructions.

	1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES			
	Name	Ownership %	Name	City	Name	City	Type of Business	
1			Arden Courts of Glen Ellyn IL, LLC	Glen Ellyn				1
2			Arden Courts of Hazel Crest IL, LLC	Hazel Crest				2
3			Arden Courts of Northbrook IL, LLC	Northbrook				3
4			Arden Courts of Palos Heights IL, LLC	Palos Heights				4
5			Arden Courts of South Holland IL, LLC	South Holland				5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LL(# 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VII. RELATED PARTIES (continued)

C. Statement of Compensation and Other Payments to Owners, Relatives and Members of Board of Directors.

NOTE: ALL owners (even those with less than 5% ownership) and their relatives who receive any type of compensation from this home must be listed on this schedule.

	1	2	3	4	5	6		7		8	
	Name	Title	Function	Ownership Interest	Compensation Received From Other Nursing Homes*	Average Hours Per Work Week Devoted to this Facility and % of Total Work Week		Compensation Included in Costs for this Reporting Period**		Schedule V. Line & Column Reference	
						Hours	Percent	Description	Amount		
1	N/A								$		1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13								TOTAL	$		13

* If the owner(s) of this facility or any other related parties listed above have received compensation from other nursing homes, attach a schedule detailing the name(s) of the home(s) as well as the amount paid. THIS AMOUNT MUST AGREE TO THE AMOUNTS CLAIMED ON THE THE OTHER NURSING HOMES' COST REPORTS.

** This must include all forms of compensation paid by related entities and allocated to Schedule V of this report (i.e., management fees). FAILURE TO PROPERLY COMPLETE THIS SCHEDULE INDICATING ALL FORMS OF COMPENSATION RECEIVED FROM THIS HOME, ALL OTHER NURSING HOMES AND MANAGEMENT COMPANIES MAY RESULT IN THE DISALLOWANCE OF SUCH COMPENSATION

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES X NO

B. Show the allocation of costs below. If necessary, please attach worksheets.

Name of Related Organization: HCR Manor Care Services, LLC
Street Address: 333 North Summit Street
City / State / Zip Code: Toledo, OH 43614
Phone Number: (419) 252-5500
Fax Number: (419) 254-5495

	1 Schedule V Line Reference	2 Item	3 Unit of Allocation (i.e.,Days, Direct Cost, Square Feet)	4 Total Units	5 Number of Subunits Being Allocated Among	6 Total Indirect Cost Being Allocated	7 Amount of Salary Cost Contained in Column 6	8 Facility Units	9 Allocation (col.8/col.4)x col.6	
1	1	Dietary - Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs	$ 2,652,139	$ 1,448,591	11,939,423	$ 10,854	1
2	1	Dietary - Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs			11,939,423	0	2
3	1	Dietary - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Rehab			11,939,423	0	3
4	5	Utilities - Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs			11,939,423	0	4
5	5	Utilities - Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs			11,939,423	0	5
6	5	Utilties - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Reha	817,551		11,939,423	2,926	6
7	10	Nursing - Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs	2,699,818	1,331,445	11,939,423	11,050	7
8	10	Nirsing - Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs			11,939,423	0	8
9	10	Nursing - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Reha	510,057	376,446	11,939,423	1,826	9
10	17	Gen/Admin -Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs	24,740,566	19,625,790	11,939,423	101,256	10
11	17	Gen/Admim-Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs	1,871,124	5,027,701	11,939,423	32,252	11
12	17	Gen/Admin - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Reha	92,052,254	34,999,867	11,939,423	329,487	12
13	22	Empl Bnfts -Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs	7,290,309		11,939,423	29,837	13
14	22	Empl Bnfts-Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs			11,939,423	0	14
15	22	Employee Benefits - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Reha	5,479,146		11,939,423	19,612	15
16	30	Depreciation - Direct to all SNFs	Accumultaed Cost	2,917,243,659	353 NFs	285,954		11,939,423	1,170	16
17	30	Deprec - Direct to Central Div	Accumultaed Cost	692,663,974	92 NFs			11,939,423	0	17
18	30	Depreciation - Pooled	Accumultaed Cost	3,335,641,627	727 NFs, HHs, Reha	4,462,801		11,939,423	15,974	18
19										19
20	32	Directly Assigned Interest				12,736,052			5,320	20
21		Non-Central Div Nrsg Hm Allocations				29,513,406				21
22										22
23										23
24										24
25	TOTALS					$ 185,111,177	$ 62,809,840		$ 561,564	25

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE

A. Interest: (Complete details must be provided for each loan - attach a separate schedule if necessary.)

	1	2		3	4	5	6	7	8	9	10	
	Name of Lender	Related**		Purpose of Loan	Monthly Payment Required	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Interest Expense	
		YES	NO				Original	Balance				
	A. Directly Facility Related Long-Term											
1	Conv. Sub. Debentures		X	Various			$ 118,340	$ 118,340		0.0450	$ 5,320	1
2												2
3												3
4												4
5	Interest Income / Expense Other										(5,005)	5
	Working Capital											
6												6
7												7
8												8
9	TOTAL Facility Related						$ 118,340	$ 118,340			$ 315	9
	B. Non-Facility Related*											
10												10
11												11
12												12
13												13
14	TOTAL Non-Facility Related						$	$			$	14
15	TOTALS (line 9+line14)						$ 118,340	$ 118,340			$ 315	15

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. $ N/A Line # _____

*** Any interest expense reported in this section should be adjusted out on page 5, line 14 and, consequently, page 4, col. 7. (See instructions.)**

**** If there is ANY overlap in ownership between the facility and the lender, this must be indicated in column 2. (See instructions.)**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC **#** 0049353 **Report Period Beginning:** 06/01/10 **Ending:** 05/31/11

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE (continued)

B. Real Estate Taxes

1. Real Estate Tax accrual used on 2010 report.	**Important, please see the next worksheet, "RE_Tax". The real estate tax statement and bill must accompany the cost report.**	$ 204,231	1
2. Real Estate Taxes paid during the year: (Indicate the tax year to which this payment applies. If payment covers more than one year, detail below.)		$ 185,890	2
3. Under or (over) accrual (line 2 minus line 1).		$ (18,341)	3
4. Real Estate Tax accrual used for 2011 report. (Detail and explain your calculation of this accrual on the lines below.)		$ 203,989	4
5. Direct costs of an appeal of tax assessments which has NOT been included in professional fees or other general operating costs on Schedule V, sections A, B or C. **(Describe appeal cost below. Attach copies of invoices to support the cost and a copy of the appeal filed with the county.**		$ 19,940	5
6. Subtract a refund of real estate taxes. You must offset the full amount of any direct appeal costs classified as a real estate tax cost plus one-half of any remaining refund. **TOTAL REFUND** $ See Below **For** **Tax Year.** **(Attach a copy of the real estate tax appeal board's decision.)**		$ (5,883)	6
7. Real Estate Tax expense reported on Schedule V, line 33. This should be a combination of lines 3 thru 6.		$ 199,705	7

Real Estate Tax History:

Real Estate Tax Bill for Calendar Year:		
2006	321,670	8
2007	327,715	9
2008	320,331	10
2009	337,350	11
2010	234,682	12

Line 2: $185,290.25 = $57,412.93 for 2nd half 2009 + $128,477.32 for 1st half of 2010

Line 4: $203,988.81 = $97,784.17 for Jan - May 2011 + $106,204.64 for 2nd half 2010

Line 5: $19,940.21 = Rock, Fusco & Assoc Invoice $18, 603.21 + Worsek & Vihon Invoice $1,337.00

Line 6: $5,883.02 = $571.22 Refund for 2000 Tax YE + $5,311.80 for 2007 RE Tax Appeal

FOR BHF USE ONLY

13	FROM R. E. TAX STATEMENT FOR 2010	$	13
14	PLUS APPEAL COST FROM LINE 5	$	14
15	LESS REFUND FROM LINE 6	$	15
16	AMOUNT TO USE FOR RATE CALCULATION	$	16

NOTES:

1. **Please indicate a negative number by use of brackets( ). Deduct any overaccrual of taxes from prior year.**
2. **If facility is a non-profit which pays real estate taxes, you must attach a denial of an application for real estate tax exemption unless the building is rented from a for-profit entity.**
   This denial must be no more than four years old at the time the cost report is filed.

2010 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME Manor Care of Palos Heights (West) IL, LLC COUNTY Cook

FACILITY IDPH LICENSE NUMBER 0049353

CONTACT PERSON REGARDING THIS REPORT Gary Geise

TELEPHONE (419) 252-5731 FAX #: (419) 254-5495

A. **Summary of Real Estate Tax Cost**

Enter the tax index number and real estate tax assessed for 2010 on the lines provided below. Enter only the portion of the cost that applies to the operation of the nursing home in Column D. Real estate tax applicable to any portion of the nursing home property which is vacant, rented to other organizations, or used for purposes other than long term care must not be entered in Column D. Do not include cost for any period other than calendar year 2010.

	(A) Tax Index Number	(B) Property Description	(C) Total Tax	(D) Tax Applicable to Nursing Home
1.	23-24-300-132-0000	See Attached	$ 234,681.96	$ 234,681.96
2.			$	$
3.			$	$
4.			$	$
5.			$	$
6.			$	$
7.			$	$
8.			$	$
9.			$	$
10.			$	$
		TOTALS	$ 234,681.96	$ 234,681.96

B. **Real Estate Tax Cost Allocations**

Does any portion of the tax bill apply to more than one nursing home, vacant property, or property which is not directly used for nursing home services? _____ YES X NO

If YES, attach an explanation and a schedule which shows the calculation of the cost allocated to the nursing home. (Generally the real estate tax cost must be allocated to the nursing home based upon sq. ft. of space used.)

C. **Tax Bills**

Attach a copy of the original 2010 tax bills which were listed in Section A to this statement. Be sure to use the 2010 tax bill which is normally paid during 2011.

PLEASE NOTE: ***Payment information from the Internet*** or otherwise is ***not considered acceptable tax bill documentation*** . Facilities located in Cook County are required to provide copies of their original **second installment** tax bill.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 47,653 B. General Construction Type: Exterior Masonry Frame Steel Number of Stories 2

C. Does the Operating Entity? [ ] (a) Own the Facility [ ] (b) Rent from a Related Organization. [X] (c) Rent from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.)

D. Does the Operating Entity? [ ] (a) Own the Equipment [ ] (b) Rent equipment from a Related Organization. [X] (c) Rent equipment from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.)

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, CNA training facilities, etc.) List entity name, type of business, square footage, and number of beds/units available (where applicable).

F. Does this cost report reflect any organization or pre-operating costs which are being amortized? [ ] YES [X] NO
If so, please complete the following:

1. Total Amount Incurred: 2. Number of Years Over Which it is Being Amortized:

3. Current Period Amortization: 4. Dates Incurred:

Nature of Costs:
(Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

A. Land.

	1 Use	2 Square Feet	3 Year Acquired	4 Cost	
1	Facility		1996	$ 705,000	1
2					2
3	TOTALS			$ 705,000	3

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

	1 Beds*	FOR BHF USE ONLY	2 Year Acquired	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
4	130			1996	$ 5,345,094	$ 133,627		$ 133,627	$	$ 2,016,974	4
5											5
6											6
7											7
8											8
	Improvement Type**										
9	Current Year Depreciation					123,833		123,833		1,166,123	9
10				1996	398,017						10
11				1997	165,442						11
12				1998	67,765						12
13				1999	27,686						13
14				2000	74,134						14
15				2001	129,144						15
16	VINYL WALLCOVERING & BORDERS			2002	1,250						16
17	CARPET, VINYL WALLCOVERING & BORDERS			2002	64,471						17
18	FLOORING IN PUBIC RESTROOM			2003	2,125						18
19	WALLCOVERING & PAINTING			2003	9,129						19
20	DOORS			2003	3,109						20
21	WINDOW TREATMENTS			2003	2,527						21
22	CONSTRUCTION DEPT. COST & INTEREST			2004	12,658						22
23	WALLCOVERING & PAINTING			2004	39,469						23
24	TV ANTENNA JACKS & COAX WIRING			2004	3,140						24
25	DOORS			2004	1,020						25
26	Sealcoat & Restripe Parking Lot			2004	2,280						26
27	Renov. - General Overhead & Interest			2004	3,752						27
28	Renov. - Painting			2004	35,265						28
29	Renov. - Wallcovering & Corner Guards			2004	6,697						29
30	Renov. - Carpentry			2004	4,180						30
31	Dorrs			2004	4,483						31
32	Ceramic Tile			2005	2,990						32
33	Wallcovering & Painting			2005	8,452						33
34	Carpet			2005	5,362						34
35	FABRICS / CURTAINS			2005	3,914						35
36				2005	1,150						36

*Total beds on this schedule must agree with page 2.

**Improvement type must be detailed in order for the cost report to be considered complete

See Page 12A, Line 70 for total

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

	1 Improvement Type**	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
37	Shower Floors	2005	$ 9,945	$		$	$	$	37
38	Ceramic Tile / Bathrooms	2005	10,800						38
39	Painting	2005	3,859						39
40	1 new Rated Door	2005	1,260						40
41	electrical work	2006	904						41
42	drywall / access panels	2006	1,044						42
43	12 doors	2006	4,495						43
44	4 simplex locks	2007	2,128						44
45	Renov - General overhead & interest	2007	29,772						45
46	Renov - Carpentry & Subcontr	2007	8,370						46
47	Renov - resilient flooring	2007	88,568						47
48	Renov - Carpeting & Pads	2007	10,156						48
49	Renov - Wallcovering	2007	110,905						49
50	renov - basic electrical	2007	8,735						50
51	electrical for lighting	2007	1,692						51
52	3 roof top units	2007	29,952						52
53	Consulting for PT Expansion	2008	4,847						53
54	Bathroom floor and toilets	2007	7,106						54
55	door frame and flooring	2008	4,542						55
56	fire doors	2008	6,260						56
57	fire dampers	2009	12,600						57
58	Renov - Arch & engineering cost	2009	2,479						58
59	Renov - resilient flooring	2009	885						59
60	Renov - Wallcovering	2009	7,534						60
61	Renov - General overhead & interest	2009	9,308						61
62	Renov -Interest on Const	2009	868						62
63	Renov - Carpentry & Subcontr	2009	69,237						63
64	Renov - Carpentry & Subcontr	2009	41,772						64
65	UL-263 Ceiling	2009	4,540						65
66	2 rooftoop replacements	2009	25,017						66
67	water heater	2009	845						67
68	water heater	2009	1,293						68
69	water heater	2009	13,500						69
70	TOTAL (lines 4 thru 69)		$ 6,959,923	$ 257,460		$ 257,460	$	$ 3,183,097	70

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XI. OWNERSHIP COSTS (continued)

B. Building and Improvement Costs-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

	1 Improvement Type**	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
1	Totals from Page 12A, Carried Forward		$ 6,959,923	$ 257,460		$ 257,460	$	$ 3,183,097	1
2	10tib RTU	2010	16,605						2
3	Install PTAC	2010	1,661						3
4	flooring	2010	3,078						4
5	Parking lot paving	2009	13,669						5
6	flooring, 2nd flr dining	2010	6,420						6
7	curbs & flash in roof deck	2010	2,300						7
8	air vent grills	2010	13,475						8
9	carpeting	2010	2,633						9
10	frt carpeting	2010	161						10
11	3000 make up air unit	2010	26,578						11
12	additional air vent grills	2011	5,995						12
13	roof ventilator	2011	2,764						13
14	kitchen ceiling fans	2011	8,870						14
15	floor and wall tile 2 restrooms	2011	12,877						15
16	carpet install in Admin	2011	2,867						16
17	pave parking lot	2010	6,986						17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
25									25
26									26
27									27
28									28
29									29
30									30
31									31
32									32
33									33
34	TOTAL (lines 1 thru 33)		$ 7,086,861	$ 257,460		$ 257,460	$	$ 3,183,097	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XI. OWNERSHIP COSTS (continued)

C. Equipment Costs-Excluding Transportation. (See instructions.)

	Category of Equipment	1 Cost	Current Book Depreciation 2	Straight Line Depreciation 3	4 Adjustments	Component Life 5	Accumulated Depreciation 6	
71	Purchased in Prior Years	$ 2,024,738	$ 140,239	$ 140,239	$		$ 1,778,724	71
72	Current Year Purchases	189,780						72
73	Fully Depreciated Assets							73
74	Home Office Depreciation			17,144	17,144			74
75	TOTALS	$ 2,214,518	$ 140,239	$ 157,383	$ 17,144		$ 1,778,724	75

D. Vehicle Costs. (See instructions.)*

	1 Use	Model, Make and Year 2	Year Acquired 3	4 Cost	Current Book Depreciation 5	Straight Line Depreciation 6	7 Adjustments	Life in Years 8	Accumulated Depreciation 9	
76				$	$	$	$		$	76
77										77
78										78
79										79
80	TOTALS			$	$	$	$		$	80

E. Summary of Care-Related Assets

		1 Reference	2 Amount		
81	Total Historical Cost	(line 3, col.4 + line 70, col.4 + line 75, col.1 + line 80, col.4) + (Pages 12B thru 12I, if applicable)	$ 10,006,379	81	
82	Current Book Depreciation	(line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	$ 397,699	82	
83	Straight Line Depreciation	(line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	$ 414,843	83	**
84	Adjustments	(line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	$ 17,144	84	
85	Accumulated Depreciation	(line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	$ 4,961,821	85	

F. Depreciable Non-Care Assets Included in General Ledger. (See instructions.)

	1 Description & Year Acquired	2 Cost	Current Book Depreciation 3	Accumulated Depreciation 4	
86		$	$	$	86
87					87
88					88
89					89
90					90
91	TOTALS	$	$	$	91

G. Construction-in-Progress

	Description	Cost	
92	CIP	$ 95,484	92
93			93
94			94
95		$ 95,484	95

* Vehicles used to transport residents to & from day training must be recorded in XI-F, not XI-D.

** This must agree with Schedule V line 30, column 8.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease:
2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? If NO, see instructions. ☐ YES ☐ NO

		1 Year Constructed	2 Number of Beds	3 Original Lease Date	4 Rental Amount	5 Total Years of Lease	6 Total Years Renewal Option*	
3	Original Building:				$			3
4	Additions							4
5								5
6								6
7	TOTAL				$ **			7

8. List separately any amortization of lease expense included on page 4, line 34. This amount was calculated by dividing the total amount to be amortized by the length of the lease .

9. Option to Buy: ☐ YES ☐ NO Terms: *

10. Effective dates of current rental agreement:
Beginning
Ending

11. Rent to be paid in future years under the current rental agreement:

	Fiscal Year Ending	Annual Rent
12.	/2012	$
13.	/2013	$
14.	/2014	$

B. Equipment-Excluding Transportation and Fixed Equipment. (See instructions.)

15. Is Movable equipment rental included in building rental? ☐ YES ☐ NO
16. Rental Amount for movable equipment: $ 83,477 Description: O2 Concentrators, Wheelchairs, Geri Chairs, Elec Beds, Etc.
(Attach a schedule detailing the breakdown of movable equipment)

C. Vehicle Rental (See instructions.)

	1 Use	2 Model Year and Make	3 Monthly Lease Payment	4 Rental Expense for this Period	
17			$	$	17
18					18
19					19
20					20
21	TOTAL		$	$	21

* If there is an option to buy the building, please provide complete details on attached schedule.

** This amount plus any amortization of lease expense must agree with page 4, line 34.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XIII. EXPENSES RELATING TO CERTIFIED NURSE AIDE (CNA) TRAINING PROGRAMS (See instructions.)

A. TYPE OF TRAINING PROGRAM (If CNAs are trained in another facility program, attach a schedule listing the facility name, address and cost per CNA trained in that facility.)

1. HAVE YOU TRAINED CNAs DURING THIS REPORT PERIOD?
   - [ ] YES
   - [X] NO

   If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.

2. CLASSROOM PORTION:
   - IN-HOUSE PROGRAM [ ]
   - IN OTHER FACILITY [ ]
   - COMMUNITY COLLEGE [ ]
   - HOURS PER CNA ____

3. CLINICAL PORTION:
   - IN-HOUSE PROGRAM [ ]
   - IN OTHER FACILITY [ ]
   - HOURS PER CNA ____

B. EXPENSES

ALLOCATION OF COSTS (d)

		1	2	3	4
		Facility			
		Drop-outs	Completed	Contract	Total
1	Community College Tuition	$	$	$	$
2	Books and Supplies				
3	Classroom Wages (a)				
4	Clinical Wages (b)				
5	In-House Trainer Wages (c)				
6	Transportation				
7	Contractual Payments				
8	CNA Competency Tests				
9	TOTALS	$	$	$	$
10	SUM OF line 9, col. 1 and 2 (e)	$			

C. CONTRACTUAL INCOME

In the box below record the amount of income your facility received training CNAs from other facilities.

$

D. NUMBER OF CNAs TRAINED

COMPLETED	
1. From this facility	
2. From other facilities (f)	
DROP-OUTS	
1. From this facility	
2. From other facilities (f)	
TOTAL TRAINED	

(a) Include wages paid during the classroom portion of training. Do not include fringe benefits.
(b) Include wages paid during the clinical portion of training. Do not include fringe benefits.
(c) For in-house training programs only. Do not include fringe benefits.
(d) Allocate based on if the CNA is from your facility or is being contracted to be trained in your facility. Drop-out costs can only be for costs incurred by your own CNAs.
(e) The total amount of Drop-out and Completed Costs for your own CNAs must agree with Sch. V, line 13, col. 8.
(f) Attach a schedule of the facility names and addresses of those facilities for which you trained CNAs.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XIV. SPECIAL SERVICES (Direct Cost) (See instructions.)

	1	2		3	4	5	6	7	8	
	Service	Schedule V Line & Column Reference	Staff Units of Service	Staff Cost	Outside Practitioner (other than consultant) Units	Outside Practitioner (other than consultant) Cost	Supplies (Actual or) Allocated)	Total Units (Column 2 + 4)	Total Cost (Col. 3 + 5 + 6)	
1	Licensed Occupational Therapist	10a	9780 hrs	$ 411,351	1,637	$ 71,716	$ 876	11,417	$ 483,943	1
2	Licensed Speech and Language Development Therapist	10a	5802 hrs	244,019	7	323	86	5,809	244,428	2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	10a	7864 hrs	330,754	1,866	81,749	10,135	9,730	422,638	4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	39, 2	# of prescrpts				784,726		784,726	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Other (specify): Inhal Therapist	10a	1	37	1,475	64,610		1,476	64,647	12
13	Other (specify): Xray/Lab/IV Ther	43, 2 & 3				287,319	124,091		411,410	13
14	TOTAL			$ 986,161	4,985	$ 505,717	$ 919,914	28,432	$ 2,411,792	14

NOTE: This schedule should include fees (other than consultant fees) paid to licensed practitioners. Consultant fees should be detailed on Schedule XVIII-B. Salaries of unlicensed practitioners, such as CNAs, who help with the above activities should not be listed on this schedule.

STATE OF ILLINOIS

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XV. BALANCE SHEET - Unrestricted Operating Fund.

As of 05/31/11 (last day of reporting year)

This report must be completed even if financial statements are attached.

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	$ (9,787)	$	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance (395,428))	2,223,212		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance			6
7	Other Prepaid Expenses	5,209		7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify):			9
10	**TOTAL Current Assets (sum of lines 1 thru 9)**	$ 2,218,634	$	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land	705,000		13
14	Buildings, at Historical Cost	7,086,861		14
15	Leasehold Improvements, at Historical Cost			15
16	Equipment, at Historical Cost	2,214,518		16
17	Accumulated Depreciation (book methods)	(4,961,821)		17
18	Deferred Charges	9,419,380		18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify): CIP	95,484		23
24	**TOTAL Long-Term Assets (sum of lines 11 thru 23)**	$ 14,559,422	$	24
25	**TOTAL ASSETS (sum of lines 10 and 24)**	$ 16,778,056	$	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	$ 300,563	$	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	674,278		30
31	Accrued Taxes Payable (excluding real estate taxes)	103,397		31
32	Accrued Real Estate Taxes(Sch.IX-B)	203,989		32
33	Accrued Interest Payable			33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
	Other Current Liabilities(specify):			
36	Accrued Payables	87,575		36
37				37
38	**TOTAL Current Liabilities (sum of lines 26 thru 37)**	$ 1,369,802	$	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable	48,291,622		39
40	Mortgage Payable			40
41	Bonds Payable			41
42	Deferred Compensation	132,031		42
	Other Long-Term Liabilities(specify):			
43				43
44				44
45	**TOTAL Long-Term Liabilities (sum of lines 39 thru 44)**	$ 48,423,653	$	45
46	**TOTAL LIABILITIES (sum of lines 38 and 45)**	$ 49,793,455	$	46
47	**TOTAL EQUITY(page 18, line 24)**	$ (33,015,399)	$	47
48	**TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)**	$ 16,778,056	$	48

*(See instructions.)

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 **Report Period Beginning:** 06/01/10 **Ending:** 05/31/11

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	**Balance at Beginning of Year, as Previously Reported**	$ 6,081,519	1
2	Restatements (describe):		2
3			3
4			4
5			5
6	**Balance at Beginning of Year, as Restated (sum of lines 1-5)**	$ 6,081,519	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	5,289,879	7
8	Aquisitions of Pooled Companies		8
9	Proceeds from Sale of Stock		9
10	Stock Options Exercised		10
11	Contributions and Grants		11
12	Expenditures for Specific Purposes		12
13	Dividends Paid or Other Distributions to Owners	( )	13
14	Donated Property, Plant, and Equipment		14
15	Other (describe)		15
16	Other (describe)		16
17	**TOTAL Additions (deductions) (sum of lines 7-16)**	$ 5,289,879	17
	B. Transfers (Itemize):		
18	**Change in Interdivision**	(44,386,797)	18
19			19
20			20
21			21
22			22
23	**TOTAL Transfers (sum of lines 18-22)**	$ (44,386,797)	23
24	**BALANCE AT END OF YEAR (sum of lines 6 + 17 + 23)**	$ (33,015,399)	24 *

*** This must agree with page 17, line 47.**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XVII. INCOME STATEMENT (attach any explanatory footnotes necessary to reconcile this schedule to Schedules V and VI.) All required classifications of revenue and expense must be provided on this form, even if financial statements are attached.

Note: This schedule should show gross revenue and expenses. Do not net revenue against expense.

	Revenue	1 Amount	
	A. Inpatient Care		
1	Gross Revenue -- All Levels of Care	$ 19,422,266	1
2	Discounts and Allowances for all Levels	(6,500,694)	2
3	**SUBTOTAL Inpatient Care (line 1 minus line 2)**	$ 12,921,572	3
	B. Ancillary Revenue		
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	5,348,973	6
7	Oxygen		7
8	**SUBTOTAL Ancillary Revenue (lines 4 thru 7)**	$ 5,348,973	8
	C. Other Operating Revenue		
9	Payments for Education		9
10	Other Government Grants		10
11	CNA Training Reimbursements		11
12	Gift and Coffee Shop	776	12
13	Barber and Beauty Care	18,391	13
14	Non-Patient Meals	2,315	14
15	Telephone, Television and Radio	2,044	15
16	Rental of Facility Space		16
17	Sale of Drugs	834,491	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	76,837	19
20	Radiology and X-Ray	46,522	20
21	Other Medical Services	76,558	21
22	Laundry	1,713	22
23	**SUBTOTAL Other Operating Revenue (lines 9 thru 22)**	$ 1,059,647	23
	D. Non-Operating Revenue		
24	Contributions		24
25	Interest and Other Investment Income***		25
26	**SUBTOTAL Non-Operating Revenue (lines 24 and 25)**	$	26
	E. Other Revenue (specify):**		
27	Settlement Income (Insurance, Legal, Etc.)		27
28			28
28a			28a
29	**SUBTOTAL Other Revenue (lines 27, 28 and 28a)**	$	29
30	**TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)**	$ 19,330,192	30

	Expenses	2 Amount	
	A. Operating Expenses		
31	General Services	1,390,370	31
32	Health Care	6,975,222	32
33	General Administration	3,173,889	33
	B. Capital Expense		
34	Ownership	1,211,658	34
	C. Ancillary Expense		
35	Special Cost Centers	1,217,999	35
36	Provider Participation Fee	71,175	36
	D. Other Expenses (specify):		
37			37
38			38
39			39
40	**TOTAL EXPENSES (sum of lines 31 thru 39)***	$ 14,040,313	40
41	**Income before Income Taxes (line 30 minus line 40)****	5,289,879	41
42	**Income Taxes**		42
43	**NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)**	$ 5,289,879	43

*** This must agree with page 4, line 45, column 4.**

**** Does this agree with taxable income (loss) per Federal Income Tax Return? _____ If not, please attach a reconciliation.**

***** See the instructions. If this total amount has not been offset against interest expense on Schedule V, line 32, please include a detailed explanation.**

******Provide a detailed breakdown of "Other Revenue" on an attached sheet.**

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XVIII. A. STAFFING AND SALARY COSTS (Please report each line separately.)

(This schedule must cover the entire reporting period.)

		1 # of Hrs. Actually Worked	2** # of Hrs. Paid and Accrued	3 Reporting Period Total Salaries, Wages	4 Average Hourly Wage	
1	Director of Nursing	2,065	2,233	$ 96,331	$ 43.14	1
2	Assistant Director of Nursing	4,879	5,276	180,450	34.20	2
3	Registered Nurses	50,835	54,972	1,865,597	33.94	3
4	Licensed Practical Nurses	21,910	23,693	602,976	25.45	4
5	CNAs & Orderlies	100,351	108,657	1,280,242	11.78	5
6	CNA Trainees					6
7	Licensed Therapist	23,447	25,350	1,066,207	42.06	7
8	Rehab/Therapy Aides	22,506	24,333	670,844	27.57	8
9	Activity Director	5,749	6,219	90,567	14.56	9
10	Activity Assistants					10
11	Social Service Workers	8,490	9,182	203,167	22.13	11
12	Dietician					12
13	Food Service Supervisor					13
14	Head Cook					14
15	Cook Helpers/Assistants	26,218	28,372	355,761	12.54	15
16	Dishwashers					16
17	Maintenance Workers	1,950	2,108	47,223	22.40	17
18	Housekeepers					18
19	Laundry					19
20	Administrator	2,080	2,080	90,450	43.49	20
21	Assistant Administrator	1,783	1,783	66,608	37.36	21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	19,667	21,647	398,310	18.40	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator					29
30	Habilitation Aides (DD Homes)					30
31	Medical Records	1,881	2,035	25,472	12.52	31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	293,811	317,940	$ 7,040,205 *	$ 22.14	34

* This total must agree with page 4, column 1, line 45.

** See instructions.

B. CONSULTANT SERVICES

		1 Number of Hrs. Paid & Accrued	2 Total Consultant Cost for Reporting Period	3 Schedule V Line & Column Reference	
35	Dietary Consultant		$		35
36	Medical Director	Monthly	14,400	9,3	36
37	Medical Records Consultant				37
38	Nurse Consultant				38
39	Pharmacist Consultant				39
40	Physical Therapy Consultant				40
41	Occupational Therapy Consultant				41
42	Respiratory Therapy Consultant				42
43	Speech Therapy Consultant				43
44	Activity Consultant				44
45	Social Service Consultant				45
46	Other(specify)				46
47					47
48					48
49	TOTAL (lines 35 - 48)		$ 14,400		49

C. CONTRACT NURSES

		1 Number of Hrs. Paid & Accrued	2 Total Contract Wages	3 Schedule V Line & Column Reference	
50	Registered Nurses		$		50
51	Licensed Practical Nurses				51
52	Certified Nurse Assistants/Aides				52
53	TOTAL (lines 50 - 52)		$		53

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XIX. SUPPORT SCHEDULES

A. Administrative Salaries

Name	Function	Ownership %	Amount
Vicki Tomer	Administrator	0	$ 25,215
Pamela Chappell	Administrator	0	65,235
Susan Lucas	Assit Admin	0	59,409
Pamela Chappell	Assit Admin	0	7,199
TOTAL (agree to Schedule V, line 17, col. 1) (List each licensed administrator separately.)			$ 157,058

B. Administrative - Other

Description	Amount
Various Home Office Services	$ 561,564
TOTAL (agree to Schedule V, line 17, col. 3) (Attach a copy of any management service agreement)	$ 561,564

C. Professional Services

Vendor/Payee	Type	Amount
Foote, Meyers, Meilke, and Flowers LLC	Legal Fees	$ 67,124
Littler Mendelson	Legal Fees	8,714
United Collection Bureau	Fees for Collections	1,456
Legal and collection fees were adjusted off on Schedule VI, Page 5, Line 22. Therefore, no invoices are attached		
The Weismann Group	H/R Consultants	62,951
Consulting Fees reclassed to Line 21.		
TOTAL (agree to Schedule V, line 19, column 3) (If total legal fees exceed $5,000, attach copy of invoices.)		$ 140,244

D. Employee Benefits and Payroll Taxes

Description	Amount
Workers' Compensation Insurance	$ 144,028
Unemployment Compensation Insurance	81,836
FICA Taxes	497,278
Employee Health Insurance	370,760
Employee Meals	
Illinois Municipal Retirement Fund (IMRF)*	
Employee Appreciation	1,258
401K	56,094
Oth Empl Benefits, LT Incent, & Mktg Adj	16,381
Employee Uniforms	3,469
Tuition Program	2,394
SMSP Match	2,247
Home Office Allocation	49,449
TOTAL (agree to Schedule V, line 22, col.8)	$ 1,225,194

E. Schedule of Non-Cash Compensation Paid to Owners or Employees

Description	Line #	Amount
TOTAL		$

* Attach copy of IMRF notifications

F. Dues, Fees, Subscriptions and Promotions

Description	Amount
IDPH License Fee	$ 5,081
Advertising: Employee Recruitment	5,857
Health Care Worker Background Check (Indicate # of checks performed 305)	5,244
Patient Background Checks 212	2,120
Dues & Subscriptions	5,769
Association Dues	13,733
Advertising	27,623
Public Relations	
Less: Non-Allowable Association Dues	(9,213)
Less: Public Relations Expense	( )
Non-allowable advertising	(27,623)
Yellow page advertising	( )
TOTAL (agree to Sch. V, line 20, col. 8)	$ 28,591

G. Schedule of Travel and Seminar**

Description	Amount
Out-of-State Travel	$
In-State Travel	8,504
Includes travel expense to the Home Office in Toledo, OH for regional meetings.	
Seminar Expense	
Entertainment Expense	( )
TOTAL (agree to Sch. V, line 24, col. 8)	$ 8,504

**See instructions.

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC # 0049353 Report Period Beginning: 06/01/10 Ending: 05/31/11

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
(See instructions.)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Improvement Type	Month & Year Improvement Was Made	Total Cost	Useful Life	Amount of Expense Amortized Per Year								
					FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
1	N/A		$		$	$	$	$	$	$	$	$	$
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20	TOTALS		$		$	$	$	$	$	$	$	$	$

Facility Name & ID Number Manor Care of Palos Heights (West) IL, LLC **#** 0049353 **Report Period Beginning:** 06/01/10 **Ending:** 05/31/11

XX. GENERAL INFORMATION:

(1) Are nursing employees (RN,LPN,NA) represented by a union? **NO**

(2) Are there any dues to nursing home associations included on the cost report? **YES**
If YES, give association name and amount. **ICHA $4,520**

(3) Did the nursing home make political contributions or payments to a political action organization? **YES** If YES, have these costs been properly adjusted out of the cost report? **YES_$9213**

(4) Does the bed capacity of the building differ from the number of beds licensed at the end of the fiscal year? **NO** If YES, what is the capacity?

(5) Have you properly capitalized all major repairs and equipment purchases? **YES**
What was the average life used for new equipment added during this period? **5-10 YEARS**

(6) Indicate the total amount of both disposable and non-disposable diaper expense and the location of this expense on Sch. V. $ **77,300** Line **10**

(7) Have all costs reported on this form been determined using accounting procedures consistent with prior reports? **YES** If NO, attach a complete explanation.

(8) Are you presently operating under a sale and leaseback arrangement? **YES**
If YES, give effective date of lease. **04/07/11**

(9) Are you presently operating under a sublease agreement? YES **X** NO

(10) Was this home previously operated by a related party (as is defined in the instructions for Schedule VII)? YES NO **X** If YES, please indicate name of the facility, IDPH license number of this related party and the date the present owners took over.

(11) Indicate the amount of the Provider Participation Fees paid and accrued to the Department during this cost report period. $ **71,175**
This amount is to be recorded on line 42 of Schedule V.

(12) Are there any salary costs which have been allocated to more than one line on Schedule V for an individual employee? **NO** If YES, attach an explanation of the allocation.

(13) Have costs for all supplies and services which are of the type that can be billed to the Department, in addition to the daily rate, been properly classified in the Ancillary Section of Schedule V? **YES**

(14) Is a portion of the building used for any function other than long term care services for the patient census listed on page 2, Section B? **NO** For example, is a portion of the building used for rental, a pharmacy, day care, etc.) If YES, attach a schedule which explains how all related costs were allocated to these functions.

(15) Indicate the cost of employee meals that has been reclassified to employee benefits on Schedule V. $ **N/A** Has any meal income been offset against related costs? **YES** Indicate the amount. $ **2,315**

(16) Travel and Transportation
a. Are there costs included for out-of-state travel? **NO**
If YES, attach a complete explanation.
b. Do you have a separate contract with the Department to provide medical transportation for residents? **NO** If YES, please indicate the amount of income earned from such a program during this reporting period. $
c. What percent of all travel expense relates to transportation of nurses and patients? **N/A**
d. Have vehicle usage logs been maintained? **N/A**
e. Are all vehicles stored at the nursing home during the night and all other times when not in use? **N/A**
f. Has the cost for commuting or other personal use of autos been adjusted out of the cost report? **N/A**
g. Does the facility transport residents to and from day training? NO
Indicate the amount of income earned from providing such transportation during this reporting period. $

(17) Has an audit been performed by an independent certified public accounting firm? **NO**
Firm Name:

(18) Have all costs which do not relate to the provision of long term care been adjusted out of Schedule V? **YES**

(19) If total legal fees are in excess of $5,000, have legal invoices and a summary of services performed been attached to this cost report? **NO**
Attach invoices and a summary of services for all architect and appraisal fees.