

Roate, George

PROJECT #09-077

From: Foley and Associates [foley.associates@sbcglobal.net]
Sent: Wednesday, January 06, 2010 10:28 AM
To: Roate, George
Cc: laurelresearch@aol.com; 'Joseph Chase'; michaelzahtz@asburyretirement.com; Mark Kahn
Subject: RE: Question: Project 09-077 Asbury Pavilion
Attachments: 01-06-2010.pdf

George: You will note on pages 225-231 of the CON application as originally filed included historical financial statements for the ownership entity. The historical ratios for this entity were mistakenly omitted. Therefore, attached hereto, is a revised Page 19, the replacement application page for the viability ratios of the ownership entity (EJR Enterprises, Incorporated). Additionally, please accept the viability ratios worksheet for the historical years which is also attached hereto as page 20b. It should be noted that the operator is a new entity established for the operations of the new nursing unit should it be approved. As such, it has no history.

Thank you for your consideration on this issue. Should you need further clarification or have any other questions or concerns, please do not hesitate to contact me.

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

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From: Roate, George [mailto:George.Roate@Illinois.gov]
Sent: Thursday, December 31, 2009 9:37 AM
To: foley.associates@sbcglobal.net
Subject: Question: Project 09-077 Asbury Pavilion

Good Morning:

The State Agency is conducting the completeness review for project 09-077, Asbury Pavilion Nursing & Rehabilitation Center, North Aurora. For justification purposes, please provide a brief explanation for the absence of historical financial viability data 1120.210(a), pertaining to the owners and operators. Your written response will be stored in the project file. Thanks.

T. Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assuming applicant's debt obligations in case of default) have a bond rating of "A" or better?
 Yes No X

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. If no is indicated, submit the most recent three years' audited financial statements including the following:

1. Balance sheet
2. Income statement
3. Change in fund balance
4. Change in financial position

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios – Owner (EJR ENTERPRISES, INC.)

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	2006	2007	2008	2013
Enter Historical and/or Projected Years:				
Current Ratio	1.57	1.66	N/A	N/A
Net Margin Percentage	-27.89%	-31.18%	-61.04%	-7%
Percent Debt to Total Capitalization	143%	131%	134%	114%
Projected Debt Service Coverage	.98	1.18	.75	1.19
Days Cash on Hand	39	42	60	7
Cushion Ratio	0.10	0.11	0.16	0.02

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

VIABILITY RATIOS WORKSHEET
LTC FACILITY OWNER
EJR ENTERPRISES, INC.

	2006	2007	2008
<u>CURRENT RATIO</u>			
1. CURRENT ASSETS	\$83,120	\$87,888	\$124,419
2. CURRENT LIABILITIES	\$53,000	\$53,000	\$0
3. CURRENT RATIO (LINE 1 DIVIDED BY LINE 2)	1.57	1.66	N/A
<u>NET MARGIN PERCENTAGE</u>			
4. NET INCOME OR (LOSS)	(\$260,812)	(\$288,208)	(\$465,048)
5. NET OPERATING REVENUE	\$935,238	\$924,290	\$761,823
6. NET MARGIN PERCENTAGE (LINE 4 DIVIDED BY LINE 5)	-27.89%	-31.18%	-61.04%
<u>DEBT SERVICE COVERAGE RATIO</u>			
NET INCOME(LOSS)+DEPR+			
7. INTEREST+AMORTIZATION	\$694,834	\$694,834	\$459,575
8. PRINCIPAL + INTEREST	\$705,483	\$588,564	\$613,575
9. DEBT SERVICE COVERAGE RATIO (LINE 7 DIVIDED BY LINE 8)	0.98	1.18	0.75
<u>DEBT CAPITALIZATION RATIO</u>			
10. LONG TERM DEBT	\$7,919,512	\$7,756,821	\$7,700,000
11. LONG TERM DEBT + EQUITY	\$5,519,771	\$5,937,490	\$5,726,517
12. DEBT CAPITALIZATION RATIO (LINE 10 DIVIDED BY LINE 11)	143%	131%	134%
<u>DAYS CASH</u>			
13. CASH AND INVESTMENTS	\$83,120	\$87,888	\$124,419
14. OPER EXPENSE LESS DEPR/365	\$2,145.19	\$2,086.03	\$2,087.19
15. DAYS CASH ON HAND(LINE13/LINE 14)	39	42	60
<u>CUSHION RATIO</u>			
16. CASH AND INVESTMENTS	\$83,120	\$87,888	\$124,419
17. MAX ANNUAL DEBT SER	\$792,591.76	\$792,591.76	\$792,591.76
18. CUSHION (LINE 16/LINE 17)	0.10	0.11	0.16

THE ABOVE DATA IS A CALCULATION OF THE HISTORICAL VIABILITY RATIOS FOR EJR ENTERPRISES, INC. THE ONLY APPLICANT WITH A FINANCIAL HISTORY. THE OPERATOR OF THE ASBURY GARDENS NURSING UNIT IS A NEW ENTITY CREATED FOR THAT PURPOSE.