

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

FEB 25 2010

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	ARA South Barrington Dialysis Center		
Street Address:	35 W. Higgins Road		
City and Zip Code:	South Barrington, IL 60010		
County:	Cook	Health Service Area	VII
Health Planning Area:	VII		

Applicant Identification

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

Exact Legal Name:	ARA-South Barrington Dialysis LLC
Address:	66 Cherry Hill Drive Beverly, MA 01915
Name of Registered Agent:	
Name of Chief Executive Officer:	Syed Kamal
CEO Address:	18302 Highwoods Preserve Pkwy Tampa, FL 33647
Telephone Number:	813/866-1204

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

Type of Ownership

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

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

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Marie Lascio
Title:	Area Facility Manager
Company Name:	American Renal Associates
Address:	35 Higgins Road, Suite 920 South Barrington, IL 60010
Telephone Number:	847/873-4700
E-mail Address:	mlascio@americanrenal.com
Fax Number:	847/428-8200

Additional Contact

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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Name of Chief Executive Officer:	Syed Kamal
CEO Address:	18302 Highwoods Preserve Pkwy Tampa, FL 33647
Telephone Number:	813/866-1204

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E-mail Address:	mlascio@americanrenal.com
Fax Number:	847/428-8200

Additional Contact

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

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Title:	
Company Name:	
Address:	
Telephone Number:	
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Fax Number:	

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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 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.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Syed Kamal
Title:	President
Company Name:	American Renal Associates
Address:	18302 Highwoods Preserve Parkway Suite 112 Tampa, FL 33647
Telephone Number:	813/866-1204
E-mail Address:	skamal@americanrenal.com
Fax Number:	813/866-1645

Additional Contact

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	same as primary contact
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Stonegate Properties
Address of Site Owner:	2500 West Higgins Road Hoffman Estates, IL 60109
Street Address or Legal Description of Site:	35 Higgins Road South Barrington, IL 60010

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:		
Address:		
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois certificate of good standing.o 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.		

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person 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-3, 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 #2005-5 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 #2005-5 (<http://www.idph.state.il.us/about/hfpb.htm>).

APPEND DOCUMENTATION AS ATTACHMENT 4, 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-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input checked="" type="checkbox"/> Category A Project</p> <p><input type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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2. Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis		3	14		14
Non-Hospital Based Ambulatory Surgery					
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)					
• Diagnostic & Interventional Radiology/Imaging					
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

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

3. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **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.

The proposed project addresses the addition of three stations to an existing ESRD facility located in South Barrington. The additional three stations will be developed through a reconfiguration of the space within the existing 11-station facility.

ARA-South Barrington Dialysis Center has experienced steady increases in utilization over the past two years, and patients have been identified who will require dialysis within the next 12-18 months in sufficient number to support the proposed 14 stations.

This is a "non-substantive" project because it deals with ESRD services, exclusively.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) 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-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Preplanning Costs	\$1,500		\$1,500
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	51,000		51,000
Contingencies	3,000		3,000
Architectural/Engineering Fees	5,000		5,000
Consulting and Other Fees	35,000		35,000
Movable or Other Equipment (not in construction contracts)	54,000		54,000
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	30,653		30,653
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$180,153		\$180,153
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	\$149,500		\$149,500
Leases (fair market value)	30,653		30,653
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$180,153		\$180,153
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price:	\$ _____	
Fair Market Value:	\$ _____	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input type="checkbox"/> 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 \$ <u>none</u>		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:	
<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): _____	
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.	
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON contingencies.	
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.	

State Agency Submittals

Are the following submittals up to date as applicable:	
<input type="checkbox"/> Cancer Registry	N/A
<input type="checkbox"/> APORS	N/A
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports	been submitted
<input type="checkbox"/> All reports regarding outstanding permits	N/A

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON CLINICAL							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization N/A

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:	to:		
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

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 manger 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 American Renal Associates 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.

Syed Kamal

SIGNATURE

SYED KAMAL

PRINTED NAME

President

PRINTED TITLE

Christopher Fols

SIGNATURE

CHRISTOPHER FOLS

PRINTED NAME

Chairman

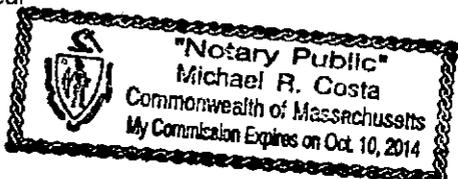
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 11th day of February, 2010

[Signature]

Signature of Notary

Seal

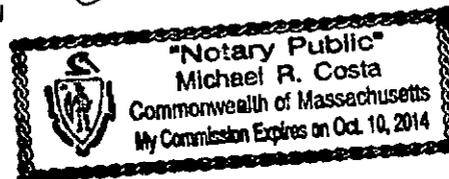


Notarization:
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[Signature]

Signature of Notary

Seal



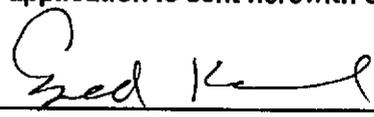
*Insert EXACT legal name of the applicant

CERTIFICATION

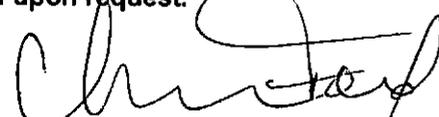
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This Application for Permit is filed on the behalf of ARA-N.W. Chicago LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and 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.

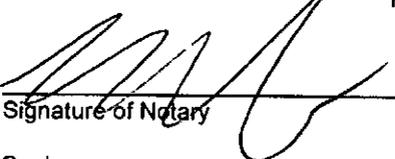


SIGNATURE
SYED KAMAL
PRINTED NAME
President
PRINTED TITLE

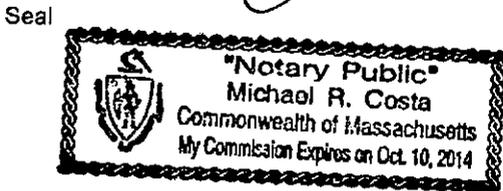


SIGNATURE
Christopher Fald
PRINTED NAME
Chairman
PRINTED TITLE

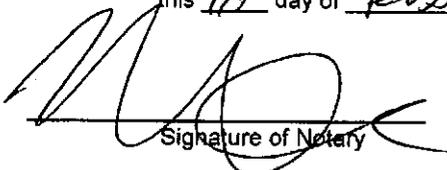
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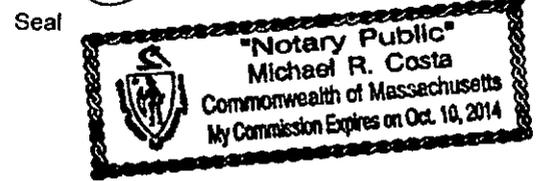
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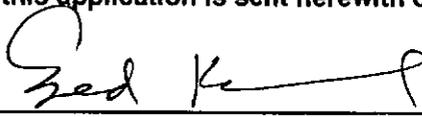
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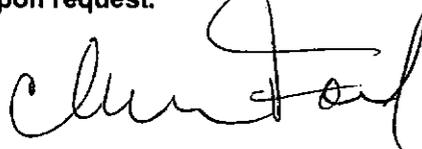
SIGNATURE

SYED KAMAL

PRINTED NAME

President

PRINTED TITLE



SIGNATURE

CHRISTOPHER FORD

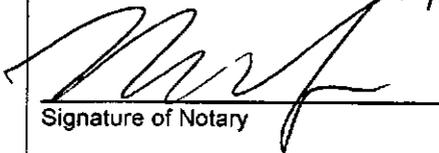
PRINTED NAME

CHAIRMAN

PRINTED TITLE

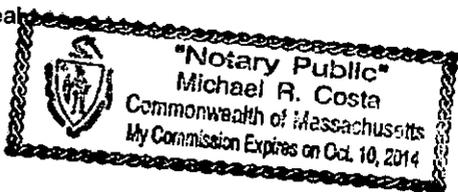
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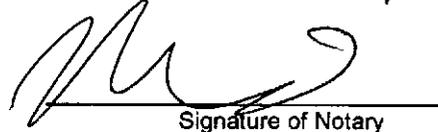
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Seal



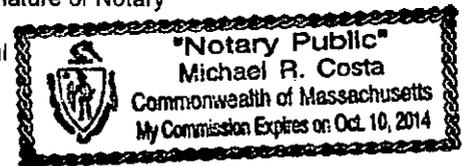
Notarization:

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Signature of Notary

Seal



*Insert EXACT legal name of the applicant

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 - Project Purpose, Background and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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. [See 1110.230(b) for examples of documentation.]
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.

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

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

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

ALTERNATIVES

Document **ALL** of the alternatives to the proposed project:

Examples of alternative options 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
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, 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.
 - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.
2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing bed space that results in excess square footage.

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

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B.

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

UNFINISHED OR SHELL SPACE:

not applicable

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and

- b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

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

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

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

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

1. This Section is applicable to all projects proposing establishment, expansion or modernization of **ALL categories of service that are subject to CON review**, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960], WITH THE EXCEPTION OF:
 - General Long Term Care;
 - Subacute Care Hospital Model;
 - Postsurgical Recovery Care Center Alternative Health Care Model;
 - Children's Community-Based Health Care Center Alternative Health Care Model; and
 - Community-Based Residential Rehabilitation Center Alternative Health Care Model.

If the project involves any of the above-referenced categories of service, refer to "SECTION VIII.- Service Specific Review Criteria" for applicable review criteria, and submit all necessary documentation for each service involved..

2. READ THE APPLICABLE REVIEW CRITERIA FOR EACH OF THE CATEGORIES OF SERVICE INVOLVED. [Refer to SECTION VIII regarding the applicable criteria for EACH action proposed, for EACH category of service involved.]
3. After identifying the applicable review criteria for each category of service involved (see the charts in Section VIII), provide the following information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Planning Area Need - Formula Need Calculation:

1. **Complete the requested information for each category of service involved:**

Refer to 77 Ill. Adm. Code 1100 for information concerning planning areas, bed/station/key room deficits and occupancy/utilization standards.

Planning Area VII

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard
ESRD	14 (3 add'l)	Excess of 142*	80%

*proposed rule change would result in a need for 56 additional stations

Using the formatting above:

2. Indicate the number of beds/stations/key rooms proposed for each category of service.
3. Document that the proposed number of beds/stations/key rooms is in conformance with the projected deficit specified in 77 Ill. Adm. Code 1100.
4. Document that the proposed number of beds/stations/key rooms will be in conformance with the applicable occupancy/utilization standard(s) specified in Ill. Adm. Code 1100.

B. Planning Area Need - Service to the Planning Area Residents:

1. If establishing or expanding beds/stations/key rooms, document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
2. If expanding an existing category of service, provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, document that at least 50% of the projected patient volume will be from residents of the

area.

3. If expanding an existing category of service, submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

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

C. Service Demand - Establishment of Category of Service

NOT APPLICABLE

Document "Historical Referrals" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Referrals

If the applicant is an existing facility, document the number of referrals for the last two years for each category of service, as formatted below:

EXAMPLE:

Year	CY or FY	Category of Service	Patient Origin by Zip Code	Name & Specialty of Referring Physician	Name & Location of Recipient Hospital
2008	CY	Medical/Surgical	62761 [Patient Initials]	Dr. Hyde	Wellness Hospital

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in Criterion 1110.530(b)(3)

3. Project Service Demand - Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the Criterion titled "Project Service Demand - Based on Rapid Population Growth".

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

D. Service Demand - Expansion of an Existing Category of Service

Document "Historical Service Demand" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Service Demand

Category of Service	Board Occupancy/Utilization Standards	Year One Indicate CY or FY	Year Two Indicate CY or FY
	[Indicate standards for the planning area.]	FY	FY
	80%	80%	80%

- | | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|
- a. As formatted above, document that the average annual occupancy/utilization rate has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;
 - b. If patients have been referred to other facilities in order to receive the subject services, provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest two years

2. Projected Referrals **not applicable, project is not to establish**

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in subsection(b)(4) of the criteria for the subject service(s).

3. Projected Service Demand – Based on Rapid Population Growth

not applicable

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the criterion titled "Projected Service Demand-Based on Rapid Population Growth" of the criteria for the subject service(s).

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

E. Service Accessibility - Service Restrictions

not applicable per Section 1110.1430

1. The applicant shall document that at least one of the factors listed in subsection (b)(5) of the criteria for subject service(s) exists in the planning area.
2. Provide documentation, as applicable, listed in subsection (b)(5) of the criteria for the subject service(s), concerning existing restrictions to service access:

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

F. Unnecessary Duplication/Maldistribution

not applicable per Section 1110.1430

1. Document that the project will not result in an unnecessary duplication, and provide the following information:
 - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
 - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
 - c. The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. Document that the project will not result in maldistribution of services. Maldistribution exists

when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as presented in subsection (c)(1) and (2) of the criteria for the subject service(s).

3. Document that, within 24 months after project completion, the proposed project:
 - A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and
 - B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

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

G. Category of Service Modernization

not applicable per Section 1110.1430

1. Document that the inpatient beds areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, citing factors, as listed in subsection (d)(1) of the criteria for the subject service(s), but not limited to the reasons cited in the rule.
2. Provide the following documentation of the need for modernization:
 - A. the most recent IDPH Centers for Medicare and Medicaid Services (CMMS) inspection reports;
 - B. the most recent Joint Commission on Accreditation of Healthcare Organizations (JCAHO) reports;
3. Include other documentation, as applicable to the factors cited above:
 - A. Copies of maintenance reports;
 - B. Copies of citations for life safety code violations; and
 - C. Other pertinent reports and data.
4. Provide the annual occupancy/utilization for each category of service to be modernized, for each of the last three years.

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

H. Staffing Availability

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

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

I. Performance Requirements

READ the subsection titled "Performance Requirements" for the subject service(s).

K. Assurances

Submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy/utilization standards specified in 77 Ill. Adm Code 1100 for each category of service involved in the proposal.

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

G. Criterion 1110.1430 - In-Center Hemodialysis

1. In addition to addressing the Review Criteria for ALL category of service projects, applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:

2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations	# to Establish	# to Expand	# to Modernize
X In-Center Hemodialysis	11	14	3	3	14

3. READ the applicable review criteria outlined below and **submit required documentation for the criteria printed below in bold:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

APPEND DOCUMENTATION for "Support Services", Minimum Number of Stations" and Continuity of Care", AS ATTACHMENT-31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 9 No 9.

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 ARA South Barrington Dialysis, LLC

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)
	2007	2008	2009	2012
Enter Historical and/or Projected Years:				
Current Ratio	2.34	3.95	2.37	4.24
Net Margin Percentage	23.4%	19.0%	7.9%	19.9%
Percent Debt to Total Capitalization	77%	36%	N/A	N/A
Projected Debt Service Coverage	1.60	2.39	2.39	2.9
Days Cash on Hand	15.75	29.06	9.55	24.98
Cushion Ratio	0.42	0.87	0.56	N/A

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.

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 9 No 9.

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 ARA-N.W. Chicago, LLC

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)
	2007	2008	2009	2012
Enter Historical and/or Projected Years:				
Current Ratio	2.25	2.19	1.74	2.71
Net Margin Percentage	31.7%	24.2%	14.9%	22.2%
Percent Debt to Total Capitalization	56%	22%	N/A	N/A
Projected Debt Service Coverage	2.25	2.69	4.47	N/A
Days Cash on Hand	42.50	71	11.34	27.29
Cushion Ratio	1.17	1.17	0.54	N/A

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.

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 9 No 9.

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 American Renal Associates, LLC

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)
	2007	2008	2009	2012
Enter Historical and/or Projected Years:				
Current Ratio	7.99	-2.12	-3.49	-6.69
Net Margin Percentage	-197.8%	-169.6%	-167.48%	-124.3%
Percent Debt to Total Capitalization	85%	78%	71%	85%
Projected Debt Service Coverage	-2.46	-2.98	-4.75	-4.22
Days Cash on Hand	131.15	183.65	146.62	145.92
Cushion Ratio	1.10	1.87	2.26	2.14

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.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

_____ Cash & Securities

Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

_____ Pledges

For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

_____ Gifts and Bequests

Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

\$653,000 Debt Financing (indicate type(s)) loan

For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;

For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;

For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;

For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

_____ Governmental Appropriations

Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

\$30,653 Fair Market Value of Leased Space

_____ Other Funds and Sources

Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

\$683,653 TOTAL FUNDS AVAILABLE

C. Criterion 1120.210(c), Operating Start-up Costs

not applicable

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes No **X**. If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENT 76, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

U. Economic Feasibility

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

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes No **X**. If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes No. If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? Yes No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. 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. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or 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 DEPARTMENT OR SERVICE											
Department (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

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)
(continued)

- a. that the lowest net cost available has been selected; or
 - b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

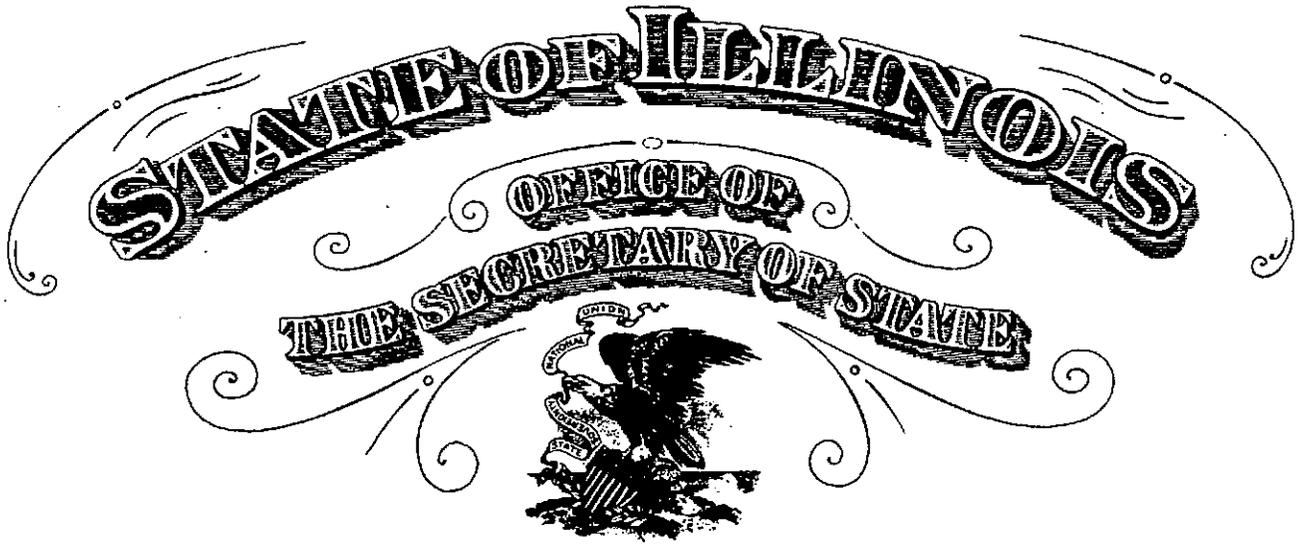
E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes No **X**. If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes No . If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT -76, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

ARA-SOUTH BARRINGTON DIALYSIS LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON DECEMBER 01, 2003, 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 1ST day of FEBRUARY A.D. 2010

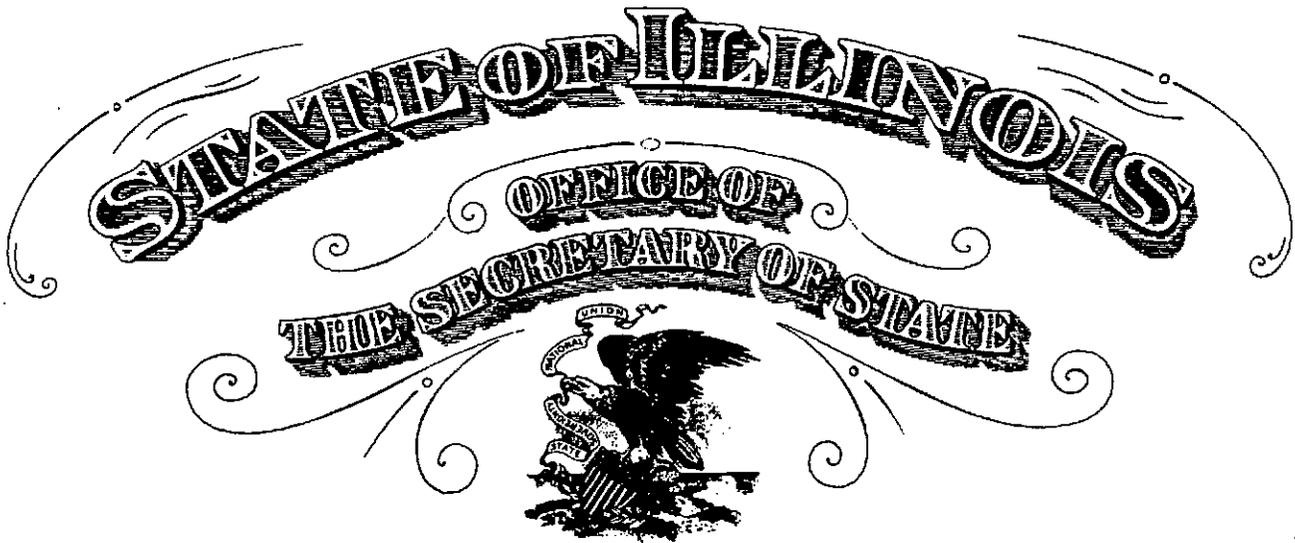
Jesse White

SECRETARY OF STATE

ATTACHMENT 1

Authentication #: 1003201690

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



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

ARA-N.W. CHICAGO LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 05, 2004, 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.



Authentication #: 1003201694

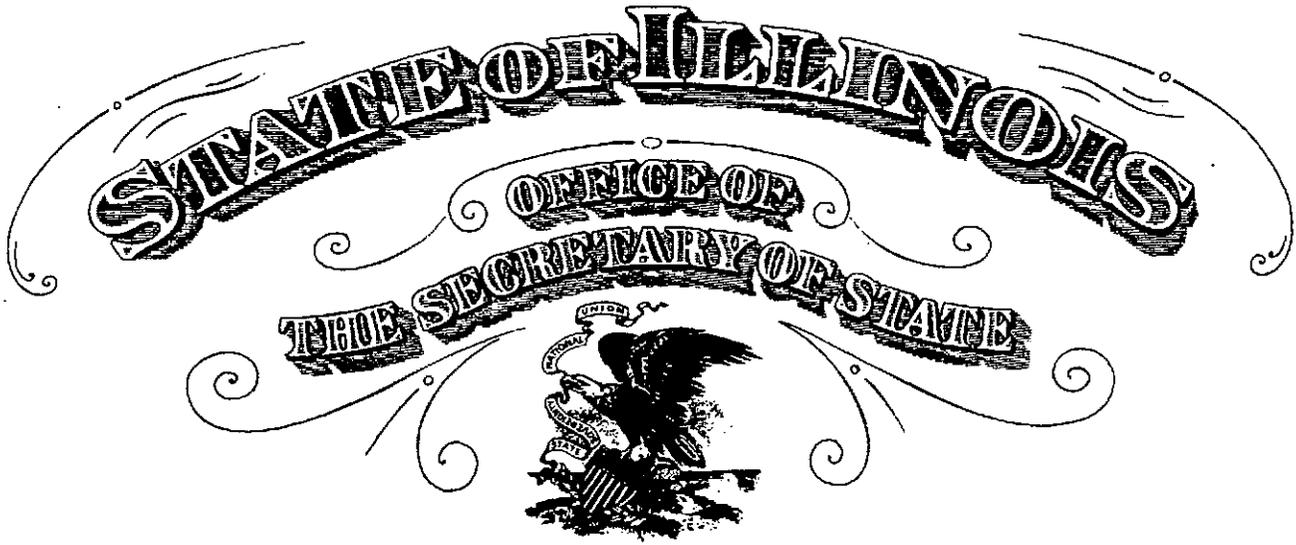
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of FEBRUARY A.D. 2010 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

AMERICAN RENAL ASSOCIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON FEBRUARY 02, 2010, 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.



Authentication #: 1003401006

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 3RD day of FEBRUARY A.D. 2010

Jesse White

SECRETARY OF STATE

ATTACHMENT I

ORIGINAL

THIS INDENTURE, made as of June 1, 2004, Witness:

STONEGATE PROPERTIES INC., Lessor
hereby leases to

ABA-South Barrington Dialysis LLC, Lessee

and the Lessee lets the PREMISES, known as Suite #s 920, 925, 930, 935, 940, and 945 as shown on the plan attached hereto as Exhibit A, consisting of approximately Four Thousand Seven Hundred usable square feet of space located at:

**SOUTH BARRINGTON OFFICE CENTRE
33 W. HIGGINS ROAD
SOUTH BARRINGTON, ILLINOIS 60010**

Cook County, Illinois, for the term of: ten (10) Years commencing June 1, 2004, and ending May 31, 2014, unless sooner terminated as provided herein, to be occupied and used by the Lessee for use as an outpatient kidney dialysis center and related uses including medical and administrative offices.

In consideration thereof, the Parties Covenant and Agree:

1. **RENT:** Lessee shall pay to Lessor, coin or currency which, at the time or times of payment is legal tender for public and private debts in the United States of America at: 2500 W. Higgins Road, Suite 400, Hoffman Estates, Illinois 60195, or elsewhere as designated from time to time by Lessor's written notice, (a) the sum of: Seven Hundred sixty-seven Thousand Seven Hundred Sixty Dollars (\$767,760.00) in installments as follows:

Beginning on December 1, 2004: Twelve (12) equal monthly installments of Five Thousand Five hundred thirty-four Dollars (\$5,534.67) each,

followed by Twenty-Four (24) equal monthly installments of Five Thousand seven Hundred sixty-eight and 00/100 Dollars (\$5,768.00) each,

followed by Twelve (12) equal monthly installments of Six Thousand one Dollars 33/100 (\$6,001.33) each,

followed by Twelve (12) equal monthly installments of Six Thousand two Hundred Thirty-four and 67/100 Dollars (\$6,234.67) each,

followed by Twelve (12) equal monthly installments of Six Thousand four Hundred Sixty-eight Dollars (\$6,468.00) each,

followed by Twelve (12) equal monthly installments of Six Thousand seven hundred one Dollars and 33/100 (\$6,701.33) each,

followed by Twelve (12) equal monthly installments of Six Thousand nine Hundred thirty-four and 67/100 Dollars (\$6,934.67) each,

followed by Twelve (12) equal monthly installments of Seven Thousand one Hundred sixty-eight and 00/100 Dollars (\$7,168.00) each,

followed by Twelve (12) equal monthly installments of Seven Thousand four Hundred one Dollars and 33/100 (\$7,401.33) each.

The rent payable hereunder shall be payable in advance promptly, on the first day of every calendar month of the term and at the current rate for fractions of a month if the term shall be terminated on any day other than the last day of any month; (b) all other sums payable hereunder within ten days after Lessor renders statements of account therefor, and (c) interest at 12% per year from the date of each obligation until paid; all of which sums and the interest thereon constitute Rent accruing hereunder.

2. **LESSOR'S TITLE:** Lessor's title is and always shall be paramount to the title of Lessee; and nothing herein contained shall empower Lessee to do any act which can, shall or may encumber the title of Lessor.

3. **CERTAIN RIGHTS RESERVED TO THE LESSOR:** The Lessor reserves the following rights: (a) during the last ninety days of the term or any part thereof, if during or prior to that time the Lessee vacates the premises, to decorate, remodel, repair, alter or otherwise prepare the premises for reoccupancy; (b) to exhibit the premises to others and to display "For Rent" signs on the premises; (c) to take any and all measures, including inspections, repairs, alterations, additions, and improvements to the premises or to the Building, as may be necessary or desirable for the safety, protection or preservation of the premises or the Building or the Lessor's interest, or as may be necessary or desirable in the operation of the Building.

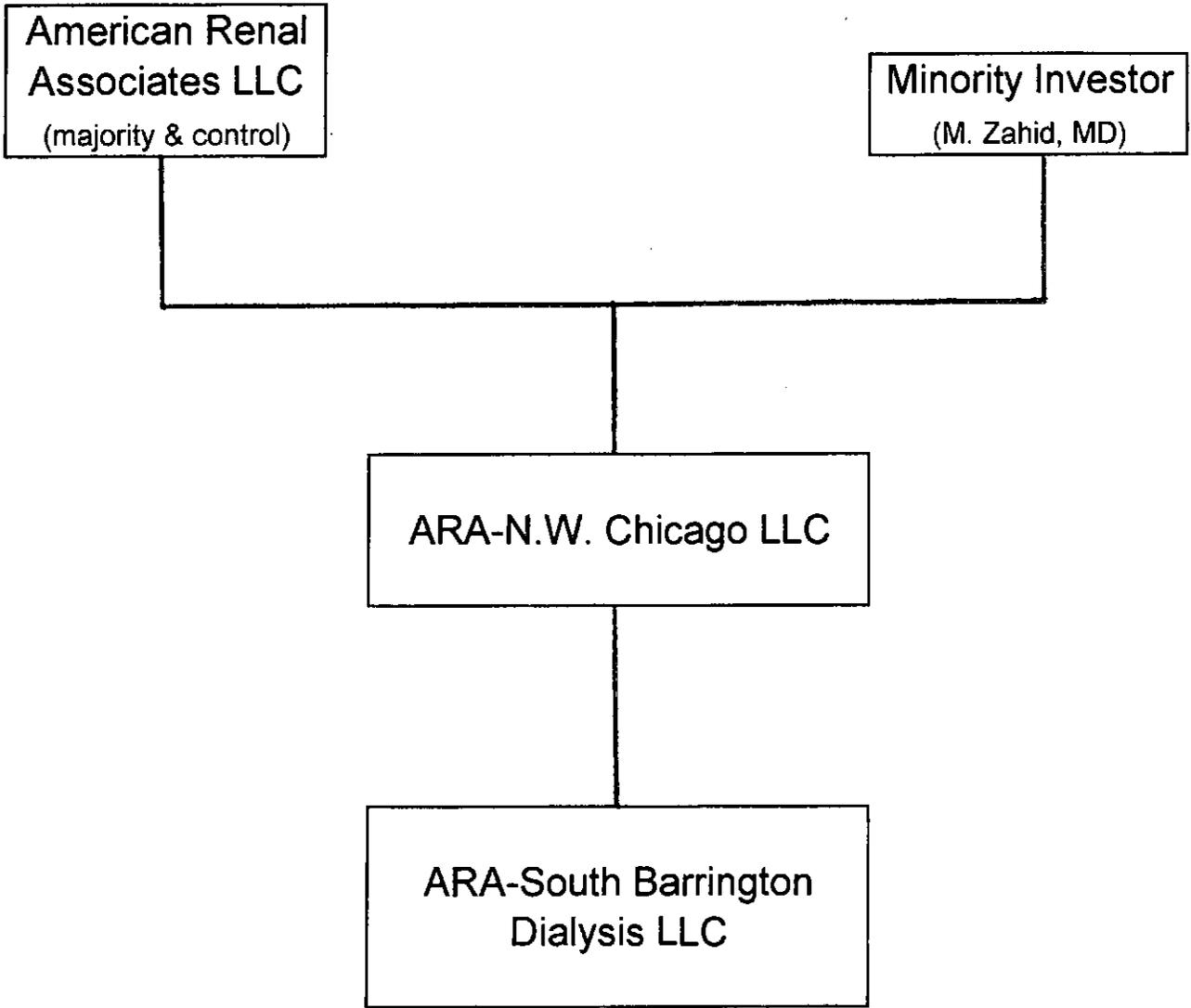
The Lessor may enter upon the premises and may exercise any and all of the foregoing rights hereby reserved without being deemed guilty of an eviction or disturbance of the Lessee's possession and without being liable in any manner to the Lessee, provided that Lessor shall provide not less than twenty-four hours advance written notice to Lessee and shall enter the premises outside of Lessee's normal business hours unless Lessor requires access to the Premises on an emergency basis.

4. **WAIVER OF CLAIMS:** To the extent permitted by law, and except as a result of the breach by Lessor of its obligations hereunder, the Lessee releases the Lessor and the Lessor's agents and servants from and waives all claims for damage to person or property sustained by the Lessee or any occupant of the Building or premises resulting from the Building or premises or any part of either or any equipment or appurtenance becoming out of repair, or resulting from any accident in or about the Building, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Building or of any other person, including the Lessor's agents and servants. This Section 4 shall apply especially, but not exclusively, to broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or neglect to the Lessee or of other tenants, occupants or servants in the Building or of any other person, and whether such damage be caused or result from any thing or circumstance above mentioned or referred to, or any other circumstance whether of a like nature or of a wholly different nature. If any such damage, whether to the demised premises or to the Building or any part thereof, or whether to the Lessor or to other tenants in the Building, result from any act or neglect of the Lessee, the Lessor may, at the Lessor's option repair such damage and the Lessee shall, upon demand by the Lessor, reimburse the Lessor forthwith for the total cost of such repairs. The Lessee shall not be liable for any damages caused by its act or neglect if the Lessor or a tenant has recovered the full amount of the damages from insurance and the insurance company has waived in writing its right of subrogation against the Lessee. All property belonging to the Lessee or any occupant of the premises that is in the Building or the premises shall be there at the risk of the Lessee or other person only and the Lessor shall not be liable for damage thereto or theft or misappropriation thereof.

5. **HOLDING OVER:** If the Lessee retains possession of the premises or any part thereof after the termination of the term by lapse of time or otherwise, the Lessee shall pay the Lessor rent at one hundred twenty percent (120%) of the applicable rate specified in Section 1 for the time the Lessee thus remains in possession. If the Lessee remains in possession of the premises or any part thereof, after the termination of the term by lapse of time or otherwise, such holding over shall, at the election of the Lessor expressed in a written notice to the Lessee and not otherwise, constitute a renewal of this lease at a rental rate equal to twenty percent (20%) over the rental rate per year for the prior year. The provisions of this Section do not waive the Lessor's rights of reentry or any other right hereunder.

ATTACHMENT 2

ORGANIZATIONAL CHART



NOTE ON ORGANIZATIONAL STRUCTURE

Certification for the operations of ARA-South Barrington Dialysis Center is held by ARA-South Barrington Dialysis LLC. ARA-South Barrington Dialysis LLC is wholly owned by ARA-N.W. Chicago LLC. American Renal Associates, LLC owns a majority interest in ARA-N.W. Chicago LLC and has control over that entity, consistent with the definition of "control" provided in Section 1130.140, and specifically as related to "having the right to 50% or more of the profits or, in the event of dissolution, the right to 50% or more of the assets of the entity."

FLOOD PLAIN REQUIREMENTS

This project does not involve any new construction, and as such, a floodplain determination is not required.



Illinois Historic
Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
South Barrington
CON - Interior Rehabilitation of Dialysis Center
35 W. Higgins Road
IHPA Log #003121709

December 23, 2009

Jacob Axel
Axel & Associates, Inc.
675 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

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

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

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

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker
Anne E. Haaker
Deputy State Historic
Preservation Officer

ATTACHMENT 5

PROJECT COSTS

Preplanning Costs (\$1,500)

Costs associated with the assessment of alternative manners in which the demand for ESRD services could be addressed.

Modernization Contracts (\$510,000)

Estimate of the cost associated with the renovation of the existing ESRD facility to accommodate three additional stations, including required plumbing and the relocation of existing functions.

Contingencies (\$3,000)

\$10/sf allowance for any unanticipated renovation-related expenses.

Architectural and Engineering Fees (\$5,000)

Estimate of fees based on Capital Development Board norms for projects of this type.

Consulting and Other Fees (\$35,000)

Estimate of costs associated with CON application development, IDPH review fees, municipal permits and inspections, construction-related insurance, and miscellaneous costs.

Movable Equipment (\$54,000)

Estimate of the equipment cost associated with the addition of three ESRD stations at \$18,000 per station.

Fair Market Value of Leased Space (\$30,653)

Per station apportionment for the three incremental stations, based on the existing lease.

Cost Space Requirements

Dept./Area Reviewable	Cost	Gross Square Feet		Amount of proposed Total Square Feet			
		Existing	Proposed	That is:			Vacated Space
				New Const.	Modernized	As Is	
ESRD	\$ 180,153	4,644	4,644		4,644		
	\$ 180,153				4,644		

BACKGROUND

The applicants are approved to operate two End Stage Renal Disease (ESRD) facilities in Illinois: ARA-South Barrington Dialysis Center, an 11-station facility located at 33 West Higgins Road in South Barrington, and to be expanded through the proposed project; and ARA-Crystal Lake Dialysis Center, a 9-station facility located at 6220 Northwest Highway in Crystal Lake. The applicants operate no other certified or IDPH-licensed health care facilities in Illinois.

February 5, 2010

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

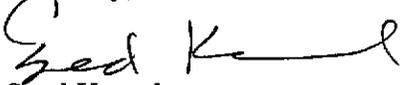
ARA-South Barrington Dialysis LLC is being named as a co-applicant for a Certificate of Need application being filed with the Illinois Health Facilities and Services Review Board (IHFSRB).

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the IHFSRB that:

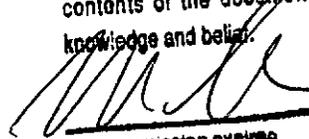
1. Neither the above-identified entity nor any affiliated entity has had any adverse actions taken against any Illinois facility owned and operated by any of those entities during the three (3) year period prior to the filing of this application, and
2. The above-identified entity authorizes the State Board and State Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or State Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,


Syed Kamal

On this 11th day of February, 2010, before me, the undersigned notary public, personally appeared Syed Kamal (name of document signer), proved to me through satisfactory evidence of identification, which were shown to me, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his) (her) knowledge and belief.


My commission expires 2/11/14

February 5, 2010

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

ARA-N.W. Chicago LLC is being named as a co-applicant for a Certificate of Need application being filed with the Illinois Health Facilities and Services Review Board (IHFSRB).

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the IHFSRB that:

1. Neither the above-identified entity nor any affiliated entity has had any adverse actions taken against any Illinois facility owned and operated by any of those entities during the three (3) year period prior to the filing of this application, and
2. The above-identified entity authorizes the State Board and State Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or State Agency finds pertinent to this application.

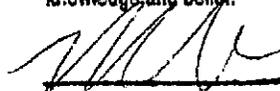
If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,


Syed Kamal

On this 11th day of February 2010, before me, the undersigned notary public, personally appeared Syed Kamal (name of document signer), proved to me through satisfactory evidence of identification, which were

Notarized: Kamal to me, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his) (her) knowledge and belief.


(official signature and seal of notary)
My commission expires 10/10/11

ATTACHMENT 10

February 5, 2010

Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

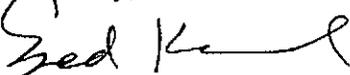
American Renal Associates LLC is being named as a co-applicant for a Certificate of Need application being filed with the Illinois Health Facilities and Services Review Board (IHFSRB).

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the IHFSRB that:

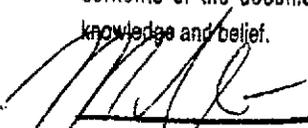
1. Neither the above-identified entity nor any affiliated entity has had any adverse actions taken against any Illinois facility owned and operated by any of those entities during the three (3) year period prior to the filing of this application, and
2. The above-identified entity authorizes the State Board and State Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or State Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,


Syed Kamal

On this 11th day of February, 2010, before me, the undersigned notary public, personally appeared Syed Kamal (name of document signer), proved to me through satisfactory evidence of identification, which were known to me, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his) (her) knowledge and belief.

 (official signature and seal of notary)
My commission expires 10/11/14

ATTACHMENT 10

PURPOSE

The proposed project will improve health care delivery for nephrology patients living in the service area by improving access to ESRD services.

As discussed in Section I.3, the co-applicants are seeking to improve the access to ESRD services for their current patient population, as well as the "pre-ESRD" patients that will initiate dialysis within the next 12-18 months. In order to do so, the co-applicants are proposing, as addressed in this application, to expand ARA South Barrington Dialysis Center from eleven to fourteen stations. ARA also operates a 9-station ESRD facility in Crystal Lake. Upon completion of the projects, and with the full consent of the patients, individual patients' dialysis services will be relocated to the facility closest to their home. The "pre-ESRD" patients having not initiated dialysis upon the completion of the project(s), will be assigned to the closest dialysis facility.

In addition, and needing to be addressed, is the fact that the primary admitting nephrologist to ARA's two facilities, Dr. Mohammad Zahid, has over 80 "pre-ESRD" patients in his practice that will require dialysis within the next 18 months, requiring 17-18 stations, far more than are available at ARA's two facilities. As of December 9, 2009 ARA was treating 52 patients, each at its South Barrington and Crystal Lake facilities,

respectively, resulting in utilization rates of 78.8% and 96.3%. Cumulatively, ARA's facilities are operating at 86.7% utilization, above the IHFSRB's target utilization level.

The overall and measurable goal of the project is to admit each patient into the ESRD facility closest to their home, and in a treatment shift (Monday-Wednesday-Friday, or Tuesday-Thursday-Saturday and morning, afternoon or evening) that is the least disruptive to the goal of leading as normal of a life as possible.

In Illinois, ARA serves nephrology patients residing primarily in extreme northwestern Cook County, McHenry County and northeastern Kane County. That service area will not change as a result of the co-applicant's plans.

ALTERNATIVES

The proposed project to be undertaken involves the addition of three ESRD stations to an existing ESRD facility, in order to address high and growing utilization, as well as the "pre-ESRD" population of Dr. Mohammed Zahid.

Two alternatives to this project were considered.

Alternative 1, Add five Stations

Dr. Zahid has a sufficient number of area ESRD patients in his practice to be able to support an additional five stations at ARA-South Barrington Dialysis Center. The center, however is located in leased space, and the physical size of the center cannot be expanded due to building limitations. An evaluation of the existing facility concluded that no more than three dialysis stations could be added, and therefore, the alternative was dismissed.

Alternative 2, Replace the Existing Center with a Larger Facility

This alternative was considered, but was dismissed due to the cost of developing a new facility, coupled with the cost associated with developing the existing facility and the fact that aside from needing additional stations, ARA-South Barrington is in very good operating condition.

Following an evaluation of the alternatives, management concluded that the most reasonable approach would be to proceed with the proposed modest expansion. The measurements of success with the project will be expressed high patient and family satisfaction levels and the ability not only to accommodate patients, but to do so in a manner that results in minimal disruption to their lifestyle.

SUMMARY COMPARISON OF ALTERNATIVES TO PROPOSED PROJECT

	<u>Cost</u>	<u>Financial Benefits</u>	<u>Quality</u>	<u>Accessibility</u>
<u>Alternative 1</u> Add Five Stations	not applicable	increased revenue from additional patients	identical*	identical*
<u>Alternative 2</u> Replace Existing Facility	approx. \$1.4M**	increased revenue from additional patients	identical*	likely to be identical*

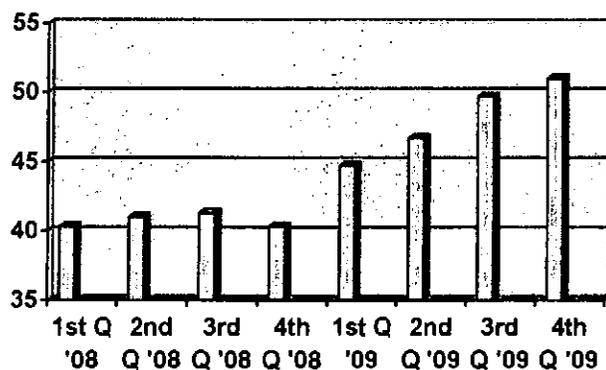
* identical to the proposed project
 ** excluding FMV of leased space

SIZE OF PROJECT

The addition of three stations to the existing ESRD facility will be accomplished through the reconfiguration and renovation of space within the existing 4,644 square foot ESRD facility. No space will be added, and as a result of the proposed project, 332 square feet per dialysis station will be provided.

PROJECT SERVICES UTILIZATION

ARA-South Barrington Dialysis Center has seen its quarterly patient census increased steadily from 40.3 patients during the first quarter of 2008 to 51.0 patients during the fourth quarter of 2009, as displayed in the chart below.



The fourth quarter 2009 average census of 51 patients equated to a 77.3% utilization rate, and the trend displayed in the chart above, clearly projects growth, with growth occurring in seven of the past eight quarters. The 51 patients are also only two patients short of the IDPH's target utilization rate of 80%.

The proposed 14 stations will require an additional 16-17 patients to operate at the 80% target utilization level by the second year of operation, which will be approximately calendar 2012---three years into the future, or approximately five additional patients a year.

As a result of the 24% increase in utilization experienced during the past year, and the 80+ "pre-ESRD patients identified by Dr. Mohammed Zahid, the applicants are confident that the target utilization level is attainable.

CATEGORY OF SERVICE-REVIEW CRITERIA
FORMULA NEED CALCULATION
and
SERVICE TO PLANNING AREA PATIENTS

ARA-South Barrington Dialysis is located in the extreme northwestern corner of the IDPH-designated planning area for ESRD services, HSA VII, which consists of DuPage County and suburban Cook County.

Following the January 12, 2010 IHFSRB meeting, HSA VII had a computed excess of 142 stations. The State Board, however, has approved an amendment to the station need determination formula that will result in a calculated need for 52 additional ESRD stations in the planning area.

Also of note is the fact that the designated planning area not only is large in size, but also because it encompasses most of the Chicago suburban areas, driving times from the South Barrington site to the southeastern portion of the planning area can approach an hour and a half. In addition, of the seven HSA VII ESRD facilities located within a 30-minute drive of ARA-South Barrington, the closest is operating in excess of 100% of capacity, three are operating over the 80% target utilization standard, and five are operating at 70% or more of capacity.

ARA South Barrington Dialysis Center is located in the extreme northwestern corner of Health Services Area VII, which encompasses northern, northwestern, western, southwestern and southern Cook County, as well as DuPage County. It is anticipated, based on the facility's historical patient origin, that 85-90% of the patients will reside within seven miles of ARA South Barrington. As such, the primary purpose of the project is to address the ESRD needs of area residents.

The table below identifies the origin of patients being treated at ARA South Barrington during calendar 2009. In excess of 50% of the facility's patients reside within seven miles of the facility.

60010	Barrington	20%
60123	Elgin	20%
60120	Elgin	18%
60107	Streamwood	16%
60013	Cary	2%
60047	Lake Zurich	2%
60067	Palatine	2%
60084	Wauconda	2%
60102	Algonquin	2%
60103	Bartlett	2%
60118	Dundee	2%
60133	Hanover Park	2%
60142	Island Lake	2%
60192	Hoffman Estates	2%
60193	Schaumburg	2%
60194	Schaumburg	2%
60195	Schaumburg	<u>2%</u>
		100%

MUHAMMAD ZAHID, M.D., F.A.C.P., F.A.C.N
Diplomate, American Board of Internal Medicine and Nephrology

Mr. Michael Constantino
Supervisor, Project Review
Illinois Health Facilities
And Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: ARA South Barrington Dialysis Center

To Whom It May Concern:

I am the Medical Director of ARA South Barrington Dialysis and a Board Certified Nephrologist. I am also the most active admitting nephrologist to that center.

I support the proposed expansion of ARA South Barrington Dialysis, and I believe that the proposed expansion will benefit my patients. I currently admit patients to eleven different dialysis facilities throughout the far northwestern suburbs. As a result, and because I believe it to be important that I see my patients regularly, I spend a significant amount of time driving between dialysis facilities.

I routinely have approximately 175 patients on dialysis at any given time. In addition, I now have 80-90 "pre-ESRD" patients in my practice that will require chronic dialysis within the next 12-18 months. I have attached the initials and ZIP Codes of 27 of those patients who most certainly use the South Barrington facility, if capacity allowed. None of these patient's identities have been used in the support of any other projects presented to the IHFSRB.

It has been my experience that as existing dialysis facilities see their utilization increase, the available treatment "slots" are typically either very early in the morning, or extend well into the evening, neither of which scenario is desirable for patients attempting to live as normal of a life as possible while on dialysis. This situation becomes even more critical for elderly patients, who often need to rely on others for transportation to and from the dialysis center three times a week.

The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite - 200, Elgin, IL 60123
(847) 697-6464

Good Shepherd Hospital,
450 W. Highway 22,
MOB 2 Ste. G-60,
Barrington, IL 60010
(847) 697-6464

Northern IL. Medical Center,
4309 Medical Center Dr.,
Ste A -100,
Barrington, IL 60010
(847) 697-6464

ATTACHMENT 2050

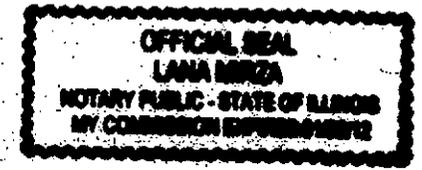
MUHAMMAD ZAHID, M.D., F.A.C.P., F.A.C.N
Diplomate, American Board of Internal Medicine and Nephrology

The approval of the proposed expansion of ARA South Barrington Dialysis would improve the quality of life for my patients, and I urge the Illinois Health Facilities and Services Review Board to act favorably on the request to expand.

Sincerely, 

Mohammed Zahid, MD

Notarized:





Pre-ESRD patients to be referred to ARA-South Barrington Dialysis Center:

- ZIP Code 60123/Elgin: CW, RL, & RH
- ZIP Code 60142/Huntley: GW, RW, FG, GR & JJ
- ZIP Code 60195/Schaumburg: JP
- ZIP Code 60103/Bartlett: JN
- ZIP Code 60006/Arlinton Heights: EO
- ZIP Code 60010/Barrington: JO, AR, BB, CM & GM
- ZIP Code 60178/Sycamore: SZ
- ZIP Code 60157/Medinah: LK
- ZIP Code 60120/Elgin: AV, DS, AD, JM, & BN
- ZIP Code 60124/Elgin: ES & RA
- ZIP Code 60192/ Hoffman Estates: VA
- ZIP Code 60175/St. Charles: WH

ATTACHMENT 21

The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite - 200, Elgin, IL 60123
(847) 697-6464

Good Shepherd Hospital,
450 W. Highway 22,
MOB 2 Ste. G-60,
Barrington, IL 60010
(847) 697- 6464

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Ste A -100,
McHenry, IL 60050
(847) 697-6464

UNNECESSARY DUPLICATION/MALDISTRIBUTION

The proposed addition of three ESRD stations to ARA-South Barrington Dialysis Center will not result in either an unnecessary duplication of services or a mal-distribution of services.

The table below identifies each ZIP Code area (or designated percentage) located within a 30-minute (MapQuest, adjusted) of ARA-South Barrington, along with the 2009 ZIP Code-specific populations, as estimated by ESRI. There are and estimated 1,124,228 individuals residing within the 30-minute area. Within that area are the following ESRD providers:

Elk Grove Dialysis Center	Fresenius	Elk Grove Village
Glendale Heights Dialysis Center	Fresenius	Glendale Heights
Neomedica-Hoffman Estates	Fresenius	Hoffman Estates
Neomedica-Rolling Meadows	Fresenius	Rolling Meadows
Arlington Hts. NW Kidney Ctr.	DSI	Arlington Heights
DSI-Schaumburg	DSI	Schaumburg
ARA-Crystal Lake Dialysis	ARA	Crystal Lake
QRC-Dundee	QRC	Carpentersville
Sherman Health	Sherman	Elgin

Based on IDPH data, there are/will be including the proposed 3 stations, 196 approved ESRD stations in this area, one station per 5,536 area residents, or 1.63 times the state average, using 3,396 stations and a population of 12,852,548 State Yellowbook, 2009). Accordingly, a mal-distribution will not result from the approval of this project.

60004		51,084
60005		28,989
60007		34,451
60008		23,217
60010		43,909
60013		29,415
60014		51,047
60018		30,554
60021		6,278
60047		43,972
60056		56,684
60061		25,014
60067		38,159
60069	0.5	4,257
60070		16,830
60084	0.5	7,930
60089		45,229
60101	0.6	23,704
60102		33,879
60103		40,479
60107		37,578
60108		23,300
60118		19,321
60120		52,239
60136		5,445
60139		33,021
60142	0.6	

		16,070
60143		10,205
60157		3,035
60172		25,378
60173		11,684
60174		34,936
60175		25,354
60177		21,353
60184		2,398
60185		37,705
60188		45,411
60190	0.5	5,649
60191		14,542
60193		39,368
60134		20,841
60195		<u>4,314</u>
		1,124,228

Because of the high utilization rates experienced by ARA's two facilities, coupled by the number of pre-ESRD patients that Dr. Zahid intends to refer to the existing (and proposed) ARA facilities, the approval of this project will not 1) cause any facility's utilization to drop below the 80% target utilization level, nor 2) will it cause any facility currently operating below that target to realize a reduction in volume.

STAFFING AVAILABILITY

ARA-South Barrington Dialysis Center is a CMS-certified provider of ESRD services, currently providing the staffing required by all applicable regulatory agencies, including each of the categories identified in Section 1110.1430.e. Upon the expansion from eleven to fourteen stations, the existing staffing will need to be supplemented only by patient care technician/dialysis technician positions. Each of the following positions identified in the above-referenced section is currently filled, and no changes are anticipated as a result of this project. Each of the individuals identified below meets the position-specific qualifications identified in 1110.1430.e.1)A-E.

- A) Medical Director: Mohammad Zahid, MD
- B) Registered Nurse: 2.4 FTEs on staff
- C) Dialysis Technicians: 9.6 FTEs on staff
- D) Dietician: Laura Leffler
- E) Social Worker: Kathy Buchholz

The staff required will be recruited through the center's normal means, which include word of mouth and advertisements in area newspapers.

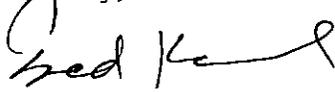
The minimum required staffing levels of one RN on the premises at all times and a minimum of one patient care technician per four patients is and will continue to be maintained.

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

To Whom It May Concern:

A Certificate of Need Application has been filed for the addition of three dialysis stations to ARA-South Barrington Dialysis Center. Please be advised that it is my expectation and understanding that by the second year following the project's completion, the facility will be operating at the IHFSRB's target utilization level of 80%, and that it will, at minimum, maintain that level of utilization, thereafter.

Sincerely,


Syed Kamal

Date: February 11, 2010

Notarized: On this 11th day of February, 2010, before me, the undersigned notary public, personally appeared Syed Kamal (name of document signer), proved to me through satisfactory evidence of identification, which was known to me, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his) (her) knowledge and belief.


(official signature and seal of notary)
My commission expires 10/16/14

Notary Public for the State of Illinois, Commission Expires 10/16/14

SERVICE TO PLANNING AREA RESIDENTS

ARA South Barrington Dialysis Center is located in the extreme northwestern corner of Health Services Area VII, which encompasses northern, northwestern, western, southwestern and southern Cook County, as well as DuPage County. It is anticipated, based on the facility's historical patient origin, that 85-90% of the patients will reside within seven miles of ARA South Barrington. As such, the primary purpose of the project is to address the ESRD needs of area residents.

The table below identifies the origin of patients being treated at ARA South Barrington during calendar 2009. In excess of 50% of the facility's patients reside within seven miles of the facility.

60010	Barrington	20%
60123	Elgin	20%
60120	Elgin	18%
60107	Streamwood	16%
60013	Cary	2%
60047	Lake Zurich	2%
60067	Palatine	2%
60084	Wauconda	2%
60102	Algonquin	2%
60103	Bartlett	2%
60118	Dundee	2%
60133	Hanover Park	2%
60142	Island Lake	2%
60192	Hoffman Estates	2%
60193	Schaumburg	2%
60194	Schaumburg	2%
60195	Schaumburg	2%
		100%

PLANNING AREA NEED
SERVICE DEMAND
EXPANSION OF EXISTING CATEGORY OF SERVICE

ARA-South Barrington Dialysis has experienced steady growth over the past two calendar years, increasing from a census of 40.3 patients (61% occupancy) during the first quarter of 2008 to 51 patients (77% occupancy), with, as noted in the attached letter, a sufficient number of "pre-ESRD" patients to assure reaching the target utilization level during the first year following expansion. This projection includes a 10% attrition factor for patients receiving transplantation or expiring.

Attached is a letter from Dr. Mohammad Zahid, identifying 27 patients that will be seeking ESRD services at ARA-South Barrington within the next 12-18 months.

MAMMAD ZAHID, M.D., F.A.C.P., F.A.C.N
Diplomate, American Board of Internal Medicine and Nephrology

Mr. Michael Constantino
Supervisor, Project Review
Illinois Health Facilities
And Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: ARA South Barrington Dialysis Center

To Whom It May Concern:

I am the Medical Director of ARA South Barrington Dialysis and a Board Certified Nephrologist. I am also the most active admitting nephrologist to that center.

I support the proposed expansion of ARA South Barrington Dialysis, and I believe that the proposed expansion will benefit my patients. I currently admit patients to eleven different dialysis facilities throughout the far northwestern suburbs. As a result, and because I believe it to be important that I see my patients regularly, I spend a significant amount of time driving between dialysis facilities.

I routinely have approximately 175 patients on dialysis at any given time. In addition, I now have 80-90 "pre-ESRD" patients in my practice that will require chronic dialysis within the next 12-18 months. I have attached the initials and ZIP Codes of 27 of those patients who most certainly use the South Barrington facility, if capacity allowed. None of these patient's identities have been used in the support of any other projects presented to the IHFSRB.

It has been my experience that as existing dialysis facilities see their utilization increase, the available treatment "slots" are typically either very early in the morning, or extend well into the evening, neither of which scenario is desirable for patients attempting to live as normal of a life as possible while on dialysis. This situation becomes even more critical for elderly patients, who often need to rely on others for transportation to and from the dialysis center three times a week.

The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite - 200, Elgin, IL 60123
(847) 697-6464

Good Shepherd Hospital,
450 W. Highway 22,
MOB 2 Ste, G-60,
Barrington, IL 60010
(847) 697-6464 *65*

Northern IL. Medical Center,
4309 Medical Center Dr.,
Ste A-100
McHenry, IL 60050
(847) 697-6464

ATTACHMENT 31b4

MUHAMMAD ZAHID, M.D., F.A.C.P., F.A.C.N
Diplomate, American Board of Internal Medicine and Nephrology

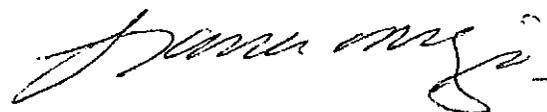
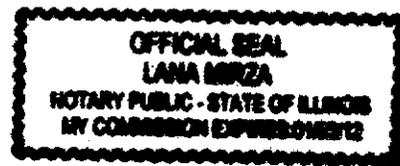
The approval of the proposed expansion of ARA South Barrington Dialysis would improve the quality of life for my patients, and I urge the Illinois Health Facilities and Services Review Board to act favorably on the request to expand.

Sincerely,



Mohammed Zahid, MD

Notarized:



Pre-ESRD patients to be referred to ARA-South Barrington Dialysis Center:

ZIP Code 60123/Elgin: CW, RL, & RH
ZIP Code 60142/Huntley: GW, RW, FG, GR & JJ
ZIP Code 60195/Schaumburg: JP
ZIP Code 60103/Bartlett: JN
ZIP Code 60006/Arlinton Heights: EO
ZIP Code 60010/Barrington: JO, AR, BB, CM & GM
ZIP Code 60178/Sycamore: SZ
ZIP Code 60157/Medinah: LK
ZIP Code 60120/Elgin: AV, DS, AD, JM, & BN
ZIP Code 60124/Elgin: ES & RA
ZIP Code 60192/ Hoffman Estates: VA
ZIP Code 60175/St. Charles: WH

The Elgin Clinic, Ltd.,
1530 N. Randall Road,
Suite - 200, Elgin, IL 60123
(847) 697-6464

Good Shepherd Hospital,
450 W. Highway 22,
MOB 2 Ste, G-60,
Barrington, IL 60010
(847) 697-6464

Northern IL. Medical Center,
4309 Medical Center Dr.,
Ste A-100,
Morton, IL 60050
(847) 697-6464

ATTACHMENT 3, 11/16/05

STAFFING

ARA-South Barrington Dialysis Center is a CMS-certified provider of ESRD services, currently providing the staffing required by all applicable regulatory agencies, including each of the categories identified in Section 1110.1430.e. Upon the expansion from eleven to fourteen stations, the existing staffing will need to be supplemented only by patient care technician/dialysis technician positions. Each of the following positions identified in the above-referenced section is currently filled, and no changes are anticipated as a result of this project. Each of the individuals identified below meets the position-specific qualifications identified in 1110.1430.e.1)A-E.

- A) Medical Director: Mohammad Zahid, MD
- B) Registered Nurse: 2.4 FTEs on staff
- C) Dialysis Technicians: 9.6 FTEs on staff
- D) Dietician: Laura Leffler
- E) Social Worker: Kathy Buchholz

The staff required will be recruited through the center's normal means, which include word of mouth and advertisements in area newspapers.

The minimum required staffing levels of one RN on the premises at all times and a minimum of one patient care technician per four patients is and will continue to be maintained.

SUPPORT SERVICES

ARA's Illinois dialysis centers use The Renal Network 9/10 as their data system.

Attached is a letter, certifying that each of the support services identified in Section 1110.1430.f.2. and each of the training programs identified in Section 1110.1430.f.3 are provided at ARA-South Barrington Dialysis Center.

ARA
SOUTH BARRINGTON DIALYSIS LLC

February 5, 2010

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

RE: ARA-South Barrington Dialysis Center
Review Criterion 1110.1430.f

To Whom It May Concern:

ARA-South Barrington Dialysis Center provides the required "support services".
Specifically,

1. The facility participates in The Renal Network's data system.
2. Clinical laboratory and blood banking services are provided through Spectra.
3. Nutritional counseling is provided by employed staff.
4. Rehabilitation services are provided through the hospital referral and transfer agreement.
5. Psychiatric services are provided through direct referral by the patient's physician.
6. Social services are provided by employed staff.
7. Self care dialysis will not be provided, and in the rare instances where the patient desires self-care dialysis, the patient will be referred to another area dialysis provider for training.
8. In-home dialysis training is provided by the facility's employed RN staff.

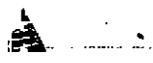
Should you desire any additional information related to support services, please do not hesitate to contact me.

Sincerely,


Marie Lascio, RN, CNN
Area Facility Manager

ATTACHMENT 31f

South Barrington Dialysis Center
33 W. Higgins Road Suites 920 - 945 • South Barrington, IL 60010-9117
Tel: 847-783-4700 • Fax: 847-423-8400


An affiliate of AMERICAN RENAL
ASSOCIATES

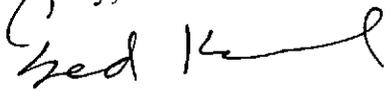
ATTACHMENT 31f

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

To Whom It May Concern:

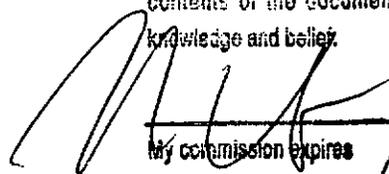
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Sincerely,


Syed Kamal

Date: February 11, 2010

On this 11th day of February, 2010, before me, the undersigned notary public, personally appeared Syed Kamal (name of document signer), proved to me through satisfactory evidence of identification, which were shown to me, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his) (her) knowledge and belief.

 (official signature and seal of notary)
My commission expires 10/10/14

INCOME STATEMENT	
as of 12/31/12	
	ARA South Barrington
Revenue:	
Net Dialysis Revenue	2,720,535
Expenses:	
Personell Costs	835,329
Medical Supplies	182,313
Ancillary Expense	527,711
Other Operating Expenses	592,317
Depreciation & Amortization	40,801
Interest Expense	0
Total Operating Expense	2,178,470
	=====
Income from Operations	
Other Expense	0

Net Income	542,065
	=====

BALANCE SHEET	ARA South Barrington
as of 12/31/12	
Assets	
Current Assets	
Cash	146,298
Patient A/R Net Allowance	684,253
Other Accts Recvble	8,641
Inventory	16,266
Prepaid Expenses	10,966
Total Current Assets	866,424
Total Fixed Assets	114,604
Other Assets	8,704
TOTAL ASSETS	989,732
	=====
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	179,801
Other Current Liabilities	21,961
Accrued Expenses	137,223
Current Portion of LT Debt	0
Due to/from Affiliates	(134,747)
Total Current Liabilities	204,238
Long Term Liabilities	
Long-Term Debt	0
Deferred Rent	0
Total Long Term Liabilities	0
Total Liabilities	204,238
	=====
Equity	
ARA Equity	
ARA Draws	(1,179,330)
ARA Investment	63,878
Total ARA Equity	(1,115,452)
Partner One Equity	
Partner One Draws	(1,133,082)
Partner One Investment	61,373
Total Partner One Equity	(1,071,709)
Retained Earnings	2,430,590
Net Income	542,065
Total Equity	785,494
TOTAL LIABILITIES & EQUITY	989,732
	=====

INCOME STATEMENT	
as of 12/31/09	
	ARA South Barrington
Revenue:	
Net Dialysis Revenue	2,129,236
Expenses:	
Personell Costs	720,977
Medical Supplies	163,913
Ancillary Expense	445,365
Other Operating Expenses	516,658
Depreciation & Amortization	113,074
Interest Expense	13,480
Total Operating Expense	1,973,467
	=====
Income from Operations	
Other Expense	825
Net Income	156,593
	=====

ARA South Barrington	
BALANCE SHEET	
as of 12/31/09	
Assets	
Current Assets	
Cash	48,656
Patient A/R Net Allowance	602,027
Other Accts Recvble	5,295
Inventory	16,266
Prepaid Expenses	10,966
Total Current Assets	683,210
Total Fixed Assets	269,618
Other Assets	8,704
TOTAL ASSETS	961,532
=====	
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	158,422
Other Current Liabilities	21,961
Accrued Expenses	137,223
Current Portion of LT Debt	85,228
Due to/from Affiliates	(114,347)
Total Current Liabilities	288,487
Long Term Liabilities	
Long-Term Debt	
Deferred Rent	50,150
Total Long Term Liabilities	50,150
Total Liabilities	338,637
=====	
Equity	
ARA Equity	
ARA Draws	(510,000)
ARA Investment	63,878
Total ARA Equity	(446,123)
Partner One Equity	
Partner One Draws	(490,000)
Partner One Investment	61,373
Total Partner One Equity	(428,628)
Retained Earnings	1,341,052
Net Income	156,593
Total Equity	622,894
TOTAL LIABILITIES & EQUITY	961,532
=====	

INCOME STATEMENT	
as of 12/31/08	
	ARA South Barrington
Revenue:	
Net Dialysis Revenue	2,476,171
Expenses:	
Personell Costs	740,317
Medical Supplies	208,287
Ancillary Expense	371,483
Other Operating Expenses	549,553
Depreciation & Amortization	110,118
Interest Expense	24,881
Total Operating Expense	2,004,639
	=====
Income from Operations	471,532
Other Expense	2,823

Net Income	469,807
	=====

BALANCE SHEET	ARA South Barrington
as of 12/31/08	
Assets	
Current Assets	
Cash	150,847
Patient A/R Net Allowance	535,777
Other Accts Recvble	6,702
Inventory	23,119
Prepaid Expenses	8,832
Total Current Assets	725,277
Total Fixed Assets	362,505
Other Assets	7518
TOTAL ASSETS	1,095,300
	=====
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	158,010
Other Current Liabilities	22,300
Accrued Expenses	157,138
Current Portion of LT Debt	161,333
Due to/from Affiliates	(315,361)
Total Current Liabilities	183,420
Long Term Liabilities	
Long-Term Debt	85,228
Deferred Rent	60,350
Total Long Term Liabilities	145,578
Total Liabilities	328,998
	=====
Equity	
ARA Equity	
ARA Draws	(357,000)
ARA Investment	63,878
Total ARA Equity	(293,123)
Partner One Equity	
Partner One Draws	(343,000)
Partner One Investment	61,373
Total Partner One Equity	(261,628)
Retained Earnings	871,245
Net Income	469,807
Total Equity	766,302
TOTAL LIABILITIES & EQUITY	1,095,300
	=====

INCOME STATEMENT	
as of 12/31/07	
	ARA South Barrington
Revenue:	
Net Dialysis Revenue	2,346,638
Expenses:	
Personell Costs	651,982
Medical Supplies	147,825
Ancillary Expense	342,921
Other Operating Expenses	502,371
Depreciation & Amortization	108,884
Interest Expense	41,180
Total Operating Expense	1,795,162
	=====
Income from Operations	551,476
Other Expense	4,443
	=====
Net Income	547,951
	=====

BALANCE SHEET	ARA South Barrington
as of 12/31/07	
Assets	
Current Assets	
Cash	72,756
Patient A/R Net Allowance	623,053
Other Accts Recvble	7,019
Inventory	61,781
Prepaid Expenses	8,598
Total Current Assets	773,207
Total Fixed Assets	462,674
Other Assets	7,518
TOTAL ASSETS	1,243,399
	=====
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	157,569
Other Current Liabilities	36,715
Accrued Expenses	145,523
Current Portion of LT Debt	149,891
Due to/from Affiliates	(159,905)
Total Current Liabilities	329,793
Long Term Liabilities	
Long-Term Debt	246,562
Deferred Rent	70,550
Total Long Term Liabilities	317,112
Total Liabilities	646,904
	=====
Equity	
ARA Equity	
ARA Draws	(204,000)
ARA Investment	63,878
Total ARA Equity	(140,123)
Partner One Equity	
Partner One Draws	(196,000)
Partner One Investment	61,373
Total Partner One Equity	(134,628)
Retained Earnings	323,294
Net Income	547,951
Total Equity	596,495
TOTAL LIABILITIES & EQUITY	1,243,399
	=====

INCOME STATEMENT
pro forma

ARA NW Chicago, LLC

Revenue:	
Net Dialysis Revenue	5,272,920
Expenses:	
Personell Costs	1,587,281
Medical Supplies	401,551
Ancillary Expense	902,533
Other Operating Expenses	1,120,241
Depreciation & Amortization	92,247
Interest Expense	232
Total Operating Expense	<u>4,104,084</u>
Income from Operations	
Other Expense	0
Net Income	<u>1,168,836</u>

BALANCE SHEET
pro forma

Assets

Current Assets

Cash	299,912
Patient A/R Net Allowance	1,500,478
Other Accts Recvble	11,987
Inventory	30,027
Prepaid Expenses	17,872

Total Current Assets 1,860,276

Total Fixed Assets 250,385

Other Assets 15,284

TOTAL ASSETS 2,125,945

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Trade Accounts Payable	331,317
Other Current Liabilities	108,920
Accrued Expenses	202,377
Current Portion of LT Debt	0
Due to/from Affiliates	32,743

Total Current Liabilities 685,357

Long Term Liabilities

Long-Term Debt	0
Deferred Rent	0

Total Long Term Liabilities 0

Total Liabilities 673,969

Equity

ARA Equity

ARA Draws	(3,860,609)
ARA Investment	127,628
Total ARA Equity	(3,732,981)

Partner One Equity

Partner One Draws	(3,709,213)
Partner One Investment	122,623
Total Partner One Equity	(3,586,590)

Retained Earnings 7,602,711

Net Income 1,168,836

Total Equity 1,451,976

TOTAL LIABILITIES & EQUITY 2,125,945

INCOME STATEMENT	
as of 12/31/09	
	ARA NW Chicago, LLC
Revenue:	
Net Dialysis Revenue	4,523,028
Expenses:	
Personell Costs	1,422,975
Medical Supplies	367,211
Ancillary Expense	798,047
Other Operating Expenses	1,013,886
Depreciation & Amortization	223,401
Interest Expense	29,580
Total Operating Expense	3,855,100
	=====
Income from Operations	
Other Expense	8,168
Net Income	676,095

BALANCE SHEET	ARA NW Chicago, LLC
as of 12/31/09	
Assets	
Current Assets	
Cash	112,803
Patient A/R Net Allowance	1,337,904
Other Accts Recvble	8,641
Inventory	30,027
Prepaid Expenses	17,872
Total Current Assets	1,507,247
Total Fixed Assets	570,305
Other Assets	15,284
TOTAL ASSETS	2,092,836
	=====
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	290,044
Other Current Liabilities	108,920
Accrued Expenses	202,377
Current Portion of LT Debt	202,911
Due to/from Affiliates	64,394
Total Current Liabilities	868,346
Long Term Liabilities	
Long-Term Debt	
Deferred Rent	68,637
Total Long Term Liabilities	68,637
Total Liabilities	937,283
	=====
Equity	
ARA Equity	
ARA Draws	(2,371,500)
ARA Investment	127,628
Total ARA Equity	(2,243,873)
Partner One Equity	
Partner One Draws	(2,278,500)
Partner One Investment	122,623
Total Partner One Equity	(2,155,878)
Retained Earnings	4,879,208
Net Income	676,095
Total Equity	1,155,552
TOTAL LIABILITIES & EQUITY	2,092,836
	=====

INCOME STATEMENT
as of 12/31/08

ARA NW Chicago, LLC

Revenue:	
Net Dialysis Revenue	5,148,991
Expenses:	
Personell Costs	1,398,116
Medical Supplies	389,483
Ancillary Expense	760,500
Other Operating Expenses	1,077,282
Depreciation & Amortization	220,069
Interest Expense	52,566
	<hr/>
Total Operating Expense	3,898,016
	<hr/>
Income from Operations	1,250,975
Other Expense	6,718
	<hr/>
Net Income	1,245,809
	<hr/> <hr/>

BALANCE SHEET
as of 12/31/08

ARA NW Chicago, LLC

Assets

Current Assets

Cash	713,676
Patient A/R Net Allowance	1,063,320
Other Accts Recvble	13,464
Inventory	41,311
Prepaid Expenses	13,605

Total Current Assets 1,845,377

Total Fixed Assets 769,952

Other Assets 14,098

TOTAL ASSETS 2,629,427

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Trade Accounts Payable	328,963
Other Current Liabilities	96,267
Accrued Expenses	241,299
Current Portion of LT Debt	327,315
Due to/from Affiliates	(151,067)

Total Current Liabilities 842,777

Long Term Liabilities

Long-Term Debt	202,911
Deferred Rent	82,597

Total Long Term Liabilities 285,508

Total Liabilities 1,128,285

Equity

ARA Equity	
ARA Draws	(1,861,500)
ARA Investment	127,628
Total ARA Equity	<u>(1,733,873)</u>

Partner One Equity	
Partner One Draws	(1,788,500)
Partner One Investment	122,623
Total Partner One Equity	<u>(1,645,878)</u>

Retained Earnings	3,655,083
Net Income	1,245,809

Total Equity 1,501,142

TOTAL LIABILITIES & EQUITY 2,629,427

INCOME STATEMENT
as of 12/31/07

ARA NW Chicago, LLC

Revenue:	
Net Dialysis Revenue	5,585,523
Expenses:	0
Personell Costs	1,324,576
Medical Supplies	322,386
Ancillary Expense	795,593
Other Operating Expenses	1,063,324
Depreciation & Amortization	216,484
Interest Expense	80,250
Total Operating Expense	3,802,613
	=====
	0
Income from Operations	1,782,910
Other Expenso	14,269

Net income	1,769,767
	=====

BALANCE SHEET
as of 12/31/07

ARA NW Chicago, LLC

Assets

Current Assets	
Cash	417,546
Patient A/R Net Allowance	1,522,283
Other Accts Recvble	16,867
Inventory	147,299
Prepaid Expenses	13,371
Total Current Assets	2,117,368
Total Fixed Assets	971,445
	0
Other Assets	14,098
TOTAL ASSETS	3,102,910

LIABILITIES & EQUITY

Liabilities

Current Liabilities	
Trade Accounts Payable	385,466
Other Current Liabilities	101,324
Accrued Expenses	227,413
Current Portion of LT Debt	304,009
Due to/from Affiliates	(76,706)
Total Current Liabilities	841,506
	0
Long Term Liabilities	0
Long-Term Debt	530,227
Deferred Rent	96,557
Total Long Term Liabilities	626,784
	0
Total Liabilities	1,568,289
Equity	0
ARA Equity	0
ARA Draws	(1,198,500)
ARA Investment	127,628
Total ARA Equity	(1,070,873)
Partner One Equity	0
Partner One Draws	(1,151,500)
Partner One Investment	122,623
Total Partner One Equity	(1,028,878)
	0
Retained Earnings	1,864,604
Net Income	1,769,767
Total Equity	1,534,622
TOTAL LIABILITIES & EQUITY	3,102,910

PRO FORMA INCOME STATEMENT	
as of 12/31/12	
	Amer. Renal Associates, LLC
Revenue:	
Management Fees Revenue	18,869,875
Expenses:	
Personnel Costs	11,687,580
Medical Supplies	0
Ancillary Expense	0
Other Operating Expenses	5,936,176
Depreciation & Amortization	789,933
Interest Expense	11,138,138
Total Operating Expense	29,551,827
	=====
Income from Operations	(10,681,952)
Other Expense	(12,765,840)
	=====
Net Income	(23,447,792)
	=====

PRO FORMA BALANCE SHEET	Amer. Renal Associates, LLC	
as of 12/31/12		
Assets		
Current Assets		
Cash	11,498,235	
Patient A/R Net Allowance	0	
Other Accts Recvble	1,681,150	
Inventory	0	
Prepaid Expenses	(306,468)	
Short Term Notes Receivable	822,294	
Total Current Assets	13,695,211	
Total Fixed Assets	1,183,816	
Other Assets	(62,377,334)	
TOTAL ASSETS	(47,498,308)	
	=====	
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Trade Accounts Payable	289,453	
Other Current Liabilities	(6,376,928)	
Accrued Expenses	10,455,245	
Current Portion of LT Debt	2,399,559	
Due to/from Affiliates	(8,815,265)	
Total Current Liabilities	(2,047,936)	
Long Term Liabilities		
Long-Term Debt	28,129,293	
Other Liabilities	84,972,194	
Total Long Term Liabilities	113,101,487	
Total Liabilities	111,053,551	
	=====	
Equity		
Stock	(1,054,008)	
Addtl. Paid in Capital	93,481,983	
Retained Earnings	(227,532,042)	
Net Income	(23,447,792)	
Total Equity	(158,551,859)	
TOTAL LIABILITIES & EQUITY	(47,498,308)	
	=====	

INCOME STATEMENT	
as of 12/31/09	
	Amer. Renal Associates, LLC
Revenue:	
Management Fees Revenue	14,516,765
Expenses:	
Personnel Costs	11,107,307
Medical Supplies	0
Ancillary Expense	0
Other Operating Expenses	6,271,410
Depreciation & Amortization	882,280
Interest Expense	10,302,893

Total Operating Expense	28,563,890
	=====
Income from Operations	(14,047,125)
Other Expense	(10,264,978)

Net Income	(24,312,103)
	=====

Amer. Renal Associates, LLC--2009	
BALANCE SHEET	
as of 12/31/09	
Assets	
Current Assets	
Cash	11,119,870
Patient A/R Net Allowance	0
Other Accts Recvble	1,389,380
Inventory	0
Prepaid Expenses	(255,390)
Short Term Notes Receivable	1,174,705
Total Current Assets	13,428,565
Total Fixed Assets	3,596,359
Other Assets	(62,377,334)
TOTAL ASSETS	(45,352,410)
=====	
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	154,593
Other Current Liabilities	(8,746,188)
Accrued Expenses	14,936,064
Current Portion of LT Debt	2,399,559
Due to/from Affiliates	(12,593,236)
Total Current Liabilities	(3,849,208)
Long Term Liabilities	
Long-Term Debt	40,184,704
Other Liabilities	62,942,366
Total Long Term Liabilities	103,127,070
Total Liabilities	99,277,862
=====	
Equity	
Stock	(1,054,008)
Addtl. Paid in Capital	84,372,269
Retained Earnings	(203,636,430)
Net Income	(24,312,103)
Total Equity	144,630,272
TOTAL LIABILITIES & EQUITY	45,362,410
=====	

INCOME STATEMENT
as of 12/31/08

Amer. Renal Associates, LLC

Revenue:	
Management Fees Revenue	11,531,369
Expenses:	
Personnel Costs	8,977,457
Medical Supplies	0
Ancillary Expense	0
Other Operating Expenses	4,240,885
Depreciation & Amortization	913,398
Interest Expense	10,121,479

Total Operating Expense	24,253,219
	=====
Income from Operations	(12,721,850)
Other Expense	(6,830,386)

Net Income	(19,552,236)
	=====

Amer. Renal Associates, LLC--2008
BALANCE SHEET
as of 12/31/08

Assets

Current Assets

Cash	11,743,560
Patient A/R Net Allowance	0
Other Accts Recvble	1,100,718
Inventory	0
Prepaid Expenses	(18,297)

Total Current Assets 12,825,981

Total Fixed Assets 4,033,472

Other Assets (46,580,435)

TOTAL ASSETS (29,720,982)

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Trade Accounts Payable	397,982
Other Current Liabilities	(7,147,588)
Accrued Expenses	9,657,893
Current Portion of LT Debt	2,398,241
Due to/from Affiliates	(11,350,038)

Total Current Liabilities (6,043,510)

Long Term Liabilities

Long-Term Debt	42,584,264
Other Liabilities	55,256,625

Total Long Term Liabilities 97,840,889

Total Liabilities 91,797,379

Equity

Stock	(780,500)
Addl. Paid in Capital	74,216,029
Other Comprehensive Income	(200,077)
Retained Earnings	(175,201,576)
Net Income	(19,552,237)

Total Equity (121,518,361)

TOTAL LIABILITIES & EQUITY (29,720,982)

INCOME STATEMENT	
as of 12/31/07	
	Amer. Renal Associates, LLC
Revenue:	
Management Fees Revenue	9,169,929
Expenses:	
Personnel Costs	7,859,834
Medical Supplies	0
Ancillary Expense	0
Other Operating Expenses	2,821,172
Depreciation & Amortization	969,021
Interest Expense	10,550,913

Total Operating Expense	22,200,940
	=====
Income from Operations	(13,031,011)
Other Expense	(5,017,611)

Net Income	(18,048,622)
	=====

BALANCE SHEET	
as of 12/31/07	
Assets	
Current Assets	
Cash	7,628,692
Patient A/R Net Allowance	0
Other Accts Recvble	881,505
Inventory	0
Prepaid Expenses	31,402
Total Current Assets	8,541,599
Total Fixed Assets	4,665,410
Other Assets	(22,421,553)
TOTAL ASSETS	(9,214,544)
=====	
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Trade Accounts Payable	409,008
Other Current Liabilities	(3,918,064)
Accrued Expenses	8,311,116
Current Portion of LT Debt	2,397,011
Due to/from Affiliates	(6,130,033)
Total Current Liabilities	1,069,038
Long Term Liabilities	
Long-Term Debt	44,387,504
Other Liabilities	47,905,005
Total Long Term Liabilities	92,292,509
Total Liabilities	93,361,547
=====	
Equity	
Stock	2,617
Addtl. Paid in Capital	67,625,004
Other Comprehensive Income	(200,077)
Retained Earnings	(151,955,014)
Net Income	(18,048,621)
Total Equity	(102,576,091)
TOTAL LIABILITIES & EQUITY	(9,214,544)
=====	

ARA South Barrington--2007			
Current Ratio :	Current Assets/Current Liabilities		
	(773,207/329,793)	2.34	1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%		
	(547,951/(2,346,638)*100%)	23.4%	3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)		
	246,562/(246,562+72,756)*100%	77%	80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest		
	(947,951+108,884+41,180)/(14512*30)	1.60	1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)		
	72,756/((1,795,162-108,884)/365)	15.75	45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service		
	72,756/174,144	0.42	3

ARA South Barrington--2008	
Current Ratio :	Current Assets/Current Liabilities
	(725,277/183,420)
	3.95
	1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%
	(469,807/2,476,171)*100%
	19.0%
	3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)
	85,228/(85,228+150,847)*100%
	36%
	80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest
	(469,807+110,118+24,881)/(14512*18)
	2.39
	1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)
	150,847/((2,004,639-110,118)/365)
	29.06
	45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service
	150,847/174,144
	0.87
	3

ARA South Barrington--2009					
Current Ratio:	Current Assets/Current Liabilities				
	(683,210/288,487)		2.37		1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%				
	(156,593/1,973,467)*100%		7.9%		3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)				
	N/A		N/A		80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest				
	N/A		2.39		1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)				
	48,656/((1,973,467-113,074)/365)		9.55		45
Cushion Ratio:	(Cash and Investments+ Board Designated Funds)/Max Annual Debt Service				
	48,656/87072		0.56		3

ARA South Barrington--2012				
Current Ratio :	Current Assets/Current Liabilities		4.24	1.5
	(866,424/204,238)			
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%		19.9%	3.5%
	(542,065/2,720,535)*100%			
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)			
	N/A		N/A	80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest		2.39	1.75
	N/A			
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)		24.98	45
	146,298/((2,178,470-40,801)/365)			
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service			
	N/A		N/A	3

ARA NW Chicago, LLC - pro forma			
Current Ratio :	Current Assets/Current Liabilities		1.5
	(1,860,276/685,357)	2.71	
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%		3.5%
	(1,168,836/5,272,920)*100%	22.2%	
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100)	N/A	80%
	N/A		
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest		1.75
	N/A	N/A	
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)		
	299,912/((4,104,084,92,247)/365)	27.29	45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service		
	N/A	N/A	3

ARA NW Chicago, LLC--2009				
Current Ratio :	Current Assets/Current Liabilities		1.74	1.5
	(1,507,247/868,346)			
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%		14.9%	3.5%
	(676,095/4,523,028)*100%			
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100)			
	N/A	N/A		80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest		4.47	1.75
	(676,095+223,401+29,580)/((15125*8)+(14512*6))			
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)		11.34	45
	112,803/((3,855,100-223,401)/365)			
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service		0.54	3
	(112,803)/208,072			

ARA NW Chicago, LLC--2008

Current Ratio :	Current Assets/Current Liabilities (1,845,377/842,777)	2.19	1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100% (1,245,809/5,148,991)*100%	24.2%	3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100) 202,911/((202,911+713,676)*100)	22%	80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest (1,245,809+220,069+52,566)/((15,125*20)+(14,512*18)	2.69	1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365) 713,676/((3,898,016-220,069)/365)	71	45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service (713,676)/355,644	1.17	3

Current Ratio : $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
 $\frac{2,117,368}{941,506}$ 2.25 1.5

Net Margin % or Net Excess Margin: $\frac{\text{Net Income/Net Operating Revenue} * 100\%}{(1,769,767 / 5,585,523) * 100\%}$ 31.7% 3.5

Percent Debt to Total Capitalization: $\frac{\text{Long Term Debt} / ((\text{Long Term Debt} + \text{cash}) * 100)}{530,227 / ((530,227 + 417,546) * 100)}$ 56% 80%

Projected Debt Service Coverage: $\frac{\text{Net Income} + \text{Depreciation} + \text{Interest} + \text{Amortization}}{(\text{Principal} + \text{Interest})}$
 $\frac{(1769767 + 216484 + 80250)}{((15125 * 32) + (14512 * 30))}$ 2.25 1.75

Days Cash on Hand: $\frac{\text{cash}}{((\text{operating expenses} - \text{depreciation expense}) / 365)}$
 $\frac{417,546}{((3,802,613 - 216,484) / 365)}$ 42.50 45

Cushion Ratio: $\frac{\text{Cash and investments} + \text{Board Designated Funds}}{\text{Max Annual Debt Service}}$
 $\frac{(417,546) / 355,644}{1.17}$ 3

Amer. Renal Associates, LLC--pro forma					
Current Ratio :	Current Assets/Current Liabilities				
	13,695,211/-2,047,936		-6.69		1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%				
	(-23,447,792/18,869,875)*100%		-124.3%		3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)				
	28,129,293/(28,129,293+11,498,235)*100%		85%		80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest				
	(-23,447,792+789,933)/5,363,939		-4.22		1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)				
	11,498,235/((29,551,827-789,933)/365)		145.92		45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service				
	11,498,235/5,363,939		2.14		3

Amer. Renal Associates, LLC--2009					
Current Ratio :	Current Assets/Current Liabilities				
	13,428,565/-3,849,208		-3.49		1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%				
	(-24,312,103/14,516,765)*100%		(167.48%)		3.5%
Percent Debt to Total Capitalization:	Long Term debt/((Long Term Debt+cash)*100%)				
	28,129,293/(28,129,293+11,498,325)*100%		71%		80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest				
	(-24,312,103+882,280)/4,930,798		-4.75		1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)				
	11,119,870/((28,563,890-882,280)/365)		146.62		45
Cushion Ratio:	(Cash and investments+Board Designated Funds)/Max Annual Debt Service				
	11,119,870/4,930,798		2.26		3

Amer. Renal Associates, LLC--2008

Current Ratio : Current Assets/Current Liabilities			
	12,825,981/-6,043,510	(2.12)	1.5
Net Margin % or Net Excess Margin: (Net Income/Net Operating Revenue)*100%			
	(-19,552,236/11,531,369)*100%	-169.6%	3.5%
Percent Debt to Total Capitalization: Long Term debt/((Long Term Debt+cash)*100%)			
	42,584,264/(42,584,264+11,743,560)*100%	78%	80%
Projected Debt Service Coverage: (Net Income+Depreciation+Interest+Amortization)/Principal & Interest			
	(-19,552,236+913,398)/6,265,887	-2.98	1.75
Days Cash on Hand: cash/((operating expenses -depreciation expense)/365)			
	11,743,560/((24,253,219-913,398)/365)	183.65	45
Cushion Ratio: (Cash and Investments+Board Designated Funds)/Max Annual Debt Service			
	11,743,560/6,265,887	1.87	3

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Amer. Renal Associates, LLC-2007				
Current Ratio :	Current Assets/Current Liabilities			
	(8,541,599/1,069,038)		7.99	1.5
Net Margin % or Net Excess Margin:	(Net Income/Net Operating Revenue)*100%			
	(-18,048,622/9,169,929)*100%		-197.8%	3.5%
Percent Debt to Total Capitalization:	Long Term Debt/((Long Term Debt+cash)*100%)			
	44,387,504/(44,387,504+7,628,692)*100%		85%	80%
Projected Debt Service Coverage:	(Net Income+Depreciation+Interest+Amortization)/Principal & Interest			
	(-18,048,622+969,021)/6,930,134		-2.46	1.75
Days Cash on Hand:	cash/((operating expenses -depreciation expense)/365)			
	7,628,692/((22,200,940-969,021)/365)		131.15	45
Cushion Ratio:	(Cash and Investments+Board Designated Funds)/Max Annual Debt Service			
	7,628,692/6,930,134		1.10	3



AMERICANRENAL
associates

February 11, 2010

Illinois Health Facilities and
Services Review Board
Springfield, Illinois

To Whom It May Concern:

RE: ARA South Barrington Dialysis Center

Please be advised that American Renal Associates, LLC currently anticipates providing an intercompany loan (the "Loan") an the amount of up to \$150,000.00 to fund costs associated with this Project, which involves the addition of three dialysis stations to an existing dialysis center. The Loan will bear interest at the rate of 8.5% per annum and will be payable over 5 years in equal monthly installments of principal and interest. The Loan will also contain several standard provisions such as prepayment penalties, collateralized security and pro rata guarantees by the recipient of the loan, ARA N.W. Chicago LLC.

Very truly yours,

Michael R. Costa, Esq., M.P.H.
V.P. & General Counsel

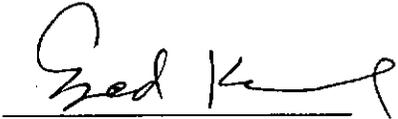
Illinois Health Facilities
and Services Review Board
Springfield, IL

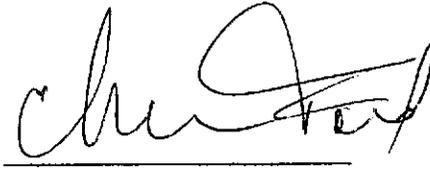
RE: Expansion of ARA-South Barrington
Dialysis Center

To Whom It May Concern:

The selected form of debt financing for the proposed project, and as presented in the *Application for Permit*, will, it is believed, result in the lowest net cost available to the co-applicants.

Sincerely,





Date: February 11, 2010

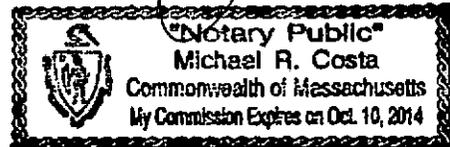
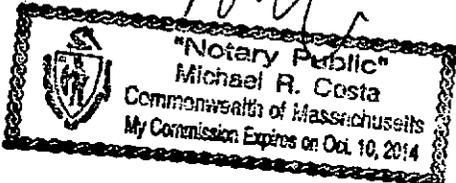
Date: 2/11, 2010

Notarized:



Notarized:





COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A		B		C		D		E		F		G		H		Total	
	Cost/Sq. Foot	New	Mod.	10.98	Gross Sq. Ft.	New	Circ.	Gross Sq. Ft.	Mod.	4,644	Gross Sq. Ft.	Circ.	Const. \$	(A x C)	Mod. \$	(B x E)	Costs	(G + H)
Reviewable																		
ESRD	\$														\$	51,000	\$	51,000
Non-Reviewable																		
none																		
contingency															\$	3,000	\$	3,000
TOTAL	\$			11.63											\$	54,000	\$	54,000

MISCELLANEOUS COSTS

Preplanning Costs (\$1,500)

Costs associated with the assessment of alternative manners in which the demand for ESRD services could be addressed.

Consulting and Other Fees (\$35,000)

Estimate of costs associated with CON application development, IDPH review fees, municipal permits and inspections, construction-related insurance, and miscellaneous costs.

PROJECTED OPERATING COSTS PER TREATMENT

Year 2 following project completion

treatments @ 80% utilization: 10,500

personnel costs: \$1,080,450

medical supply costs; \$518,175

Projected Operating Cost
Per Treatment: \$152.25