ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Park Place Christian Community of Elmhurst		
Street Address:	1050 Euclid Avenue		
City and Zip Code:	Elmhurst 60126		
County:	DuPage	Health Service Area 7	Health Planning Area: C

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

Exact Legal Name:	Timothy Place, NFP d/b/a Park Place Christian Community of Elmhurst
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Name of Registered Agent:	William DeYoung
Name of Chief Executive Officer:	Richard C. Schutt
CEO Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Telephone Number:	(708)342-8100

Type of Ownership of Applicant/Co-Applicant

- [x] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] 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.

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

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

Name:	Joe R. Ourth
Title:	Attorney
Company Name:	Arnstein & Lehr LLP
Address:	120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606
Telephone Number:	(312)876-7815
E-mail Address:	jourth@arnstein.com
Fax Number:	(312)876-0288

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

Name:	Ray W. Hemphill
Title:	Executive Vice President of Operations
Company Name:	Providence Management & Development
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Telephone Number:	(708)342-8100
E-mail Address:	rayh@provinet.com
Fax Number:	(708)342-8000

ORIGINAL

12-007

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

RECEIVED
JAN 23 2012
HEALTH FACILITIES & SERVICES REVIEW BOARD

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City and Zip Code:	Elmhurst 60126		
County:	DuPage	Health Service Area 7	Health Planning Area: C

Applicant /Co-Applicant Identification

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

Exact Legal Name:	Rest Haven Illiana Christian Convalescent Home d/b/a Providence Life Services
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Name of Registered Agent:	William DeYoung
Name of Chief Executive Officer:	Richard C. Schutt
CEO Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Telephone Number:	(708)342-8100

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Park Place Christian Community of Elmhurst		
Street Address:	1050 Euclid Avenue		
City and Zip Code:	Elmhurst 60126		
County:	DuPage	Health Service Area 7	Health Planning Area: C

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

Exact Legal Name:	Christian Healthcare Foundation, NFP
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Name of Registered Agent:	William DeYoung
Name of Chief Executive Officer:	Richard C. Schutt
CEO Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Telephone Number:	(708)342-8100

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

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Title:	Executive Vice President of Operations
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Telephone Number:	(708)342-8100
E-mail Address:	rayh@provinet.com
Fax Number:	(708)342-8000

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name:	Ray W. Hemphill
Title:	Executive Vice President of Operations
Company Name:	Providence Management & Development
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477
Telephone Number:	(708)342-8100
E-mail Address:	rayh@provinet.com
Fax Number:	(708)342-8000

Site Ownership

[Provide this information for each applicable site] .

Exact Legal Name of Site Owner:	Timothy Place, NFP and Christian Healthcare Foundation, NFP
Address of Site Owner:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477

Street Address or Legal Description of Site:

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

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:	Timothy Place, NFP d/b/a Park Place Christian Community of Elmhurst
Address:	18601 N. Creek Drive, Suite A, Tinley Park, IL 60477

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- [ ] Limited Liability Company
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- [ ] 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.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

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

Organizational Relationships

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

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

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #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.hfsrb.illinois.gov).

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☒ Substantive	☐ Part 1120 Not Applicable
☐ Non-substantive	☐ Category A Project
	☒ Category B Project
	☐ DHS or DVA Project

2. 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.

On April 8, 2008 the Review Board approved Project No. 07-071 authorizing the construction of Park Place Christian Community of Elmhurst as a continuum of care retirement community ("CCRC"). The Applicants (as hereafter defined) submit this application as a new application for essentially the same project, except without the CCRC variance restriction.

Rest Haven Illiana Christian Home, Inc., d/b/a, Providence Life Services ("Providence") is a faith-based not-for-profit corporation supported by the Christian Reformed Church. Providence is the parent company of Timothy Place, NFP, d/b/a Park Place Christian Community of Elmhurst, and Christian Healthcare Foundation, NFP, (together with Providence, the "Applicants").

Progress on Park Place has proceeded steadily. The Illinois Finance Authority issued revenue bonds for the project in 2010. Construction has gone well and Park Place plans to open later in 2012 with the first residents in the Independent Living units this spring. The CCRC variance limits admission to the skilled unit to only those residents already residing in the Independent Living and Assisted Living units. This process is quite slow and leads to considerable inefficiency in operating a skilled unit with only a few residents.

In planning for the original project, Park Place had not intended its application to be a CCRC variance. A project approved by the Review Board immediately prior to filing the CON application, however, caused Park Place to file as a CCRC variance. By the time of the Board vote, however, a bed need again existed in the Planning Area. After considerable discussion at the April 2008 Review Board meeting as to whether the CCRC variance would apply, the Applicant and Review Board agreed that the permit would be issued with the CCRC variance and that the Applicant would work with the Board staff as to the proper procedural mechanism to remove the variance. There is now a calculated bed need of 759 additional beds in the Planning Area. This application is being submitted as an application for a new project with the understanding that if approved the new permit would be conditioned upon the surrender of the existing permit.

The new Project differs little from the existing permit. The skilled/clinical portion of the Project is virtually unchanged. The non-clinical (Independent and Assisted Living) portion is slightly smaller (approximately 2% smaller) than the original project. The construction cost is actually less than what was originally approved, although the bond financing and interest costs are somewhat more.

Because the Project is technically considered a Project for a new long term care facility, it is considered "substantive".

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-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$40,312	$637,889	$678,201
Site Survey and Soil Investigation	$10,390	$164,403	$174,793
Site Preparation	$258,058	$4,083,422	$4,341,480
Off Site Work	$7,648	$121,022	$128,670
New Construction Contracts	$4,449,728	$70,410,980	$74,860,709
Modernization Contracts	0	0	0
Contingencies	$34,791	$617,149	$651,940
Architectural/Engineering Fees	$334,413	$5,291,639	$5,626,052
Consulting and Other Fees	$414,609	$7,354,617	$7,769,226
Movable or Other Equipment (not in construction contracts)	$168,189	$2,661,371	$2,829,560
Bond Issuance Expense (project related)	$391,503	$6,944,746	$7,336,250
Net Interest Expense During Construction (project related)	$1,469,031	$26,058,653	$27,527,684
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	0	$10,089,698	$10,089,698
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS	$7,578,674	$134,435,588	$142,014,262
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	0	$1,000,000	$1,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$7,578,674	$133,435,588	$141,014,262
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$7,578,674	$134,435,588	$142,014,262

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 ☐ Yes ☒ No
Purchase Price: $__________
Fair Market Value: $__________

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

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

Estimated start-up costs and operating deficit cost is $ 210,000.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☐ Schematics ☒ Final Working

Anticipated project completion date (refer to Part 1130.140): August 31, 2012

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

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

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry
☐ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							
APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Facility Bed Capacity and Utilization

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. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete.**

FACILITY NAME: Park Place Christian Community of Elmhurst **CITY:** Elmhurst

REPORTING PERIOD DATES: N/A **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	37	N/A	N/A	0	37
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	37	N/A	N/A	0	37

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 Rest Haven Illiana Christian Convalescent Home* **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE	SIGNATURE
Richard C. Schutt	William DeYoung
PRINTED NAME	PRINTED NAME
Chief Executive Officer	Chief Financial Officer
PRINTED TITLE	PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 12 day of January

Signature of Notary

Seal

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Notarization:
Subscribed and sworn to before me
this 12 day of January

Signature of Notary

Seal

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

*Insert EXACT legal name of the applicant

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

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- in the case of 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 Timothy Place, NFP * **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.**

Richard C. Schutt (signature)	Ray W. Hemphill (signature)
SIGNATURE	SIGNATURE
Richard C. Schutt	Ray W. Hemphill
PRINTED NAME	PRINTED NAME
Chief Executive Officer	Executive Vice President
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 12 day of January	Notarization: Subscribed and sworn to before me this 12 day of January
Gina Elberson (signature)	Gina Elberson (signature)
Signature of Notary	Signature of Notary
Seal: OFFICIAL SEAL GINA ELBERSON Notary Public - State of Illinois My Commission Expires Apr 29, 2014	Seal: OFFICIAL SEAL GINA ELBERSON Notary Public - State of Illinois My Commission Expires Apr 29, 2014

*Insert EXACT legal name of the applicant

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- in the case of a sole proprietor, the individual that is the proprietor.

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

SIGNATURE	SIGNATURE
Richard C. Schutt	William DeYoung
PRINTED NAME	PRINTED NAME
Chief Executive Officer	Chief Financial Officer
PRINTED TITLE	PRINTED TITLE

Notarization:
Subscribed and sworn to before me this 12 day of January
Gina Elberson
Signature of Notary

Seal: OFFICIAL SEAL GINA ELBERSON Notary Public - State of Illinois My Commission Expires Apr 29, 2014

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Signature of Notary

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*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, 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 – Background, Purpose of the Project, 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, and certification 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-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

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 **as appropriate.**

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

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

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

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

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

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

APPEND DOCUMENTATION AS ATTACHMENT-13, 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. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF 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 space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, 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. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, 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 tot 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-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: NOT APPLICABLE

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-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Criterion 1110.1730 - General Long Term Care

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

Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☒ General Long Term Care	0	37

2. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care-Establish or Expand	Defined Population Establish or Expand
1110.1730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X				
1110.1730(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X			
1110.1730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X				
1110.1730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X			
1110.1730(b)(5) - Planning Area Need - Service Accessibility	X				
1110.1730(c)(1) - Description of Continuum of Care				X	
1110.1730(c)(2) - Components				X	
1110.1730(c)(3) - Documentation				X	
1110.1730(d)(1) - Description of Defined Population to be Served					X
1110.1730(d)(2) - Documentation of Need					X
1110.1730(d)(3) - Documentation Related to Cited Problems			X		
1110.1730(e)(1) - Unnecessary Duplication of Services	X				
1110.1730(e)(2) - Maldistribution	X				
1110.1730(e)(3) - Impact of Project on Other Area Providers	X				
1110.1730(f)(1) - Deteriorated Facilities			X		
1110.1730(f)(2) & (3) - Documentation			X		

APPLICABLE REVIEW CRITERIA		Establish	Expand	Modernize	Continuum of Care-Establish or Expand	Defined Population Establish or Expand
1110.1730(f)(4) -	Utilization			X		
1110.1730(g) -	Staffing Availability	X	X		X	X
1110,1730(h) -	Facility Size	X	X	X	X	X
1110.1730(i) -	Community Related Functions	X		X	X	X
1110.1730(j) -	Zoning	X		X	X	X
1110.1730(k) -	Assurances	X	X	X	X	X

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

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$1,000,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$141,014,262	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$142,014,262	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Rest Haven Illiana Christian Convalescent Home

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	2008	2009	2010	2015
Current Ratio	0.62	0.78	1.40	1.70
Net Margin Percentage	-3.60%	1.25%	-0.40%	1.56%
Percent Debt to Total Capitalization	80.55%	80.26%	80.90%	64.28%
Projected Debt Service Coverage	0.96	2.44	1.55	1.18
Days Cash on Hand	57.88	68.12	73.64	59.85
Cushion Ratio	3.22	5.58	3.92	2.63

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

2. Variance

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

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

Timothy Place, NFP and Christian Healthcare Foundation, NFP

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:	2008	2009	2010	2015
Current Ratio	N/A	N/A	0.69	1.07
Net Margin Percentage	N/A	N/A	N/A	0.07%
Percent Debt to Total Capitalization	N/A	N/A	100.19%	136.12%
Projected Debt Service Coverage	N/A	N/A	0.05	1.37
Days Cash on Hand	N/A	N/A	16,487.00	458.00
Cushion Ratio	N/A	N/A	0.60	6.90

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

2. Variance

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

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

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

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

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									

D. **Projected Operating Costs**

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

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

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

APPEND DOCUMENTATION AS ATTACHMENT-42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaidpatients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information por PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost In dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

INDEX OF ATTACHMENTS

File Number 3599-294-4

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 06, 1956, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* DECEMBER *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135302170

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

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

File Number 6354-043-9

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

TIMOTHY PLACE, NFP., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 05, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* DECEMBER *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135302188

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

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

File Number 6330-957-5

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

CHRISTIAN HEALTHCARE FOUNDATION, NFP, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 09, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* DECEMBER *A.D.* 2011 .

Authentication #: 1135602310

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

Jesse White

SECRETARY OF STATE

ATTACHMENT-1

TICOR TITLE INSURANCE COMPANY

LOAN POLICY OF TITLE INSURANCE

ORDER NO.: 2000 999900129 N

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, TITLE INSURANCE COMPANY (THE "COMPANY") insures as of Date of Policy and, to the extent stated in Covered Risks 11, 13, and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from

   (a) A defect in the Title caused by

   (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;

   (ii) failure of any person or Entity to have authorized a transfer or conveyance;

   (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;

   (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;

   (v) a document executed under a falsified, expired or otherwise invalid power of attorney;

   (vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or

   (vii) a defective judicial or administrative proceeding.

   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.

   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

   (a) the occupancy, use, or enjoyment of the Land;

   (b) the character, dimensions, or location of any improvement erected on the Land;

   (c) the subdivision of land; or

   (d) environmental protection

   if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

ATTACHMENT-2

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.

9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage

   (a) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;

   (b) failure of any person or Entity to have authorized a transfer or conveyance;

   (c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;

   (d) failure to perform those acts necessary to create a document by electronic means authorized by law;

   (e) a document executed under a falsified, expired, or otherwise invalid power of attorney;

   (f) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or

   (g) a defective judicial or administrative proceeding.

10. The lack of priority of the lien of the Insured Mortgage upon the Title over any other lien or encumbrance.

11. The lack of priority of the lien of the Insured Mortgage upon the Title

   (a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory lien for services, labor or material arising from construction of an improvement or work related to the Land when the improvement or work is either

      (i) contracted for or commenced on or before Date of Policy; or

      (ii) contracted for, commenced or continued after Date of Policy if the construction is financed, in whole or in part, by proceeds of the loan secured by the Insured Mortgage that the Insured has advanced or is obligated on Date of Policy to advance; and

   (b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.

12. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.

13. The invalidity, unenforceability, lack of priority, or avoidance of the lien of the Insured Mortgage upon the Title

   (a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or

   (b) because the Insured Mortgage constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records

      (i) to be timely, or

      (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.

ATTACHMENT-2

TICOR TITLE INSURANCE COMPANY

LOAN POLICY OF TITLE INSURANCE

ORDER NO.: 2000 999900129 N

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14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the Insured Mortgage in the Public Records.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, TITLE INSURANCE COMPANY HAS CAUSED THIS POLICY TO BE SIGNED AND SEALED BY ITS DULY AUTHORIZED OFFICERS.

Issued By:

TICOR TITLE INSURANCE COMPANY
203 N. LASALLE SUITE 2200
CHICAGO, ILLINOIS 60601

Refer Inquiries To:

(312)621-5000

Countersigned

Authorized Signatory

TICOR TITLE INSURANCE COMPANY

By:

Raymond R. Quirk
President

By:

Michael L. Gravelle
Secretary

ATTACHMENT-2

TICOR TITLE INSURANCE COMPANY
LOAN POLICY (2006)
SCHEDULE A

POLICY NUMBER: 2000 - 999900129 - N

DATE OF POLICY: JUNE 3, 2010

AMOUNT OF INSURANCE: $175,540,000.00

LOAN NUMBER:

YOUR LOAN REFERENCE: 999900129/PARK PLACE AT ELMHURST

1. NAME OF INSURED:
   WELLS FARGO BANK, N.A., AS MASTER TRUSTEE

2. THE ESTATE OR INTEREST IN THE LAND THAT IS ENCUMBERED BY THE INSURED MORTGAGE IS: FEE SIMPLE, UNLESS OTHERWISE NOTED.

3. TITLE IS VESTED IN:

   TIMOTHY PLACE, NFP, AN ILLINOIS NOT FOR PROFIT CORPORATION, AND CHRISTIAN HEALTHCARE FOUNDATION NFP, AN ILLINOIS NOT FOR PROFIT CORPORATION

4. THE INSURED MORTGAGE, AND ITS ASSIGNMENTS, IF ANY, ARE DESCRIBED AS FOLLOWS:
   MORTGAGE DATED MAY 1, 2010 AND RECORDED JUNE 3, 2010 AS DOCUMENT NO. R2010-071157 MADE BY TIMOTHY PLACE, NFP, AN ILLINOIS NOT FOR PROFIT CORPORATION, AND CHRISTIAN HEALTHCARE FOUNDATION NFP, AN ILLINOIS NOT FOR PROFIT CORPORATION TO WELLS FARGO BANK, N.A., AS MASTER TRUSTEE, TO SECURE AN INDEBTEDNESS IN THE AMOUNT OF $175,540,000.00.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

TICOR TITLE INSURANCE COMPANY

LOAN POLICY (2006)

SCHEDULE A (CONTINUED)

POLICY NUMBER: 2000 - 999900129 - N

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT 1 IN PARK PLACE AT ELMHURST SUBDIVISON, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278 IN DUPAGE COUNTY, ILLINOIS.

PARCEL 2:

LOT 1 IN KALAN'S SUBDIVISION OF PART OF LOTS 6 AND 11 IN YORK TOWNSHIP SUPERVISORS' PLAT NO. 5, BEING A PART OF THE SOUTHEAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 2, 1963 AS DOCUMENT R63-35939, IN DUPAGE COUNTY, ILLINOIS.

PARCEL 3:

LOT 4 IN SWANSON'S PARKSIDE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MAY 2, 1949 AS DOCUMENT 567057, IN DUPAGE COUNTY, ILLINOIS.

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

ATTACHMENT-2

TICOR TITLE INSURANCE COMPANY
LOAN POLICY (2006)
SCHEDULE B - PART I

POLICY NUMBER: 2000 - 999900129 - N

EXCEPTIONS FROM COVERAGE

EXCEPT AS PROVIDED IN SCHEDULE B - PART II, THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) THAT ARISE BY REASON OF:

CB 1. TAXES FOR THE YEAR(S) 2009 AND 2010

NOTE: 2010 TAXES NOT YET DUE AND PAYABLE.

PERMANENT INDEX NUMBER(S):

06-14-412-045 = PARCEL 1
06-14-412-015 = PARCEL 2
06-14-411-005 = PARCEL 3

NOTE: 2009 FIRST INSTALLMENT OF $50,103.50 (-045), $1,715.46 (-15) AND $1,197.88 (-005) IS PAID.
NOTE: 2009 FINAL INSTALLMENT OF LIKE AMOUNTS, NOT DELINQUENT BEFORE SEPTEMBER 1, 2010.

W 2. BUILDING LINE AS SHOWN ON THE PLAT OF LOT 1, PARK PLACE AT ELMHURST, RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278 AS FOLLOWS:

25 FOOT SETBACK ALONG ALL SEGMENTS OF THE PERIMETER

AA 3. 10 FOOT PUBLIC UTILITY EASEMENT AS SHOWN ON UNDERLYING KALAN'S SUBDIVISON RECORDED AUGUST 19, 1963 AS DOCUMENT NO. R63-036935 ALONG THE EAST LINE OF FORMER LOTS 2 AND 3 IN SAID KALAN'S SUBDIVISON, AS ALSO SHOWN ON THE PLAT OF LOT 1, PARK PLACE AT ELMHURST RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278.

AFFECTS PART OF THE EASTMOST 10 FEET OF PARK PLACE LOT 1

X 4. NOTES ON THE PLAT OF LOT 1, PARK PLACE AT ELMHURST RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278 AS FOLLOWS:

(1) THE EXISTING 40 FOOT BUILDING SETBACK LINE THROUGH LOTS 2 AND 3 OF (UNDERLYING) KALAN'S SUBDIVISION RECORDED OCTOBER 2, 1963 AS DOCUMENT NUMBER R63-035939 IS TO BE EXTINGUISHED UPON THE RECORDATION OF SAID PLAT.

(2) DETENTION EASEMENT AND COVENANT PROVISIONS:

(A) ALL EASEMENTS INDICATED AS DETENTION EASEMENTS ON SAID PLAT ARE RESERVED FOR AND GRANTED TO THE CITY OF ELMHURST AND THEIR SUCCESSORS AND ASSIGNS. NO BUILDINGS SHALL BE PLACED ON SAID EASEMENT, BUT THE SAME SHALL BE USED FOR OTHER PURPOSES THAT DO NOT ADVERSELY AFFECT THE STORAGE/FREE-FLOW OF STORM WATER. EACH OWNER OR SUBSEQUENT PURCHASER SHALL BE EQUALLY RESPONSIBLE FOR MAINTINING THE DETENTION EASEMENT AND SHALL NOT DESTROY OR MODIFY GRADES OR

SLOPES WITHOUT HAVING FIRST RECEIVED PRIOR WRITTEN APPROVAL OF THE CITY OF ELMHURST, OR ANY OTHER LOCAL UNIT OF LOCAL GOVERNMENT HAVING JURISDICTION OVER DRAINAGE.

(B) IN THE EVENT ANY OWNER OR SUBSEQUENT PURCHASER FAILS TO PROPERLY MAINTAIN THE WATER DETENTION AREA EASEMENTS, THE CITY OF ELMHURST, OR ANY OTHER LOCAL UNIT OF LOCAL GOVERNMENT HAVING JURISDICTION OVER DRAINAGE, SHALL UPON TEN DAYS PRIOR WRITTEN NOTICE RESERVE THE RIGHT TO PERFORM ANY MAINTENANCE WORK AND IN THE EVENT THE CITY OF ELMHURST SHALL BE REQUIRED TO PERFORM ANY MAINTENANCE WORK UPON THE DETENTION AREA THE COST OF SUCH WORK, TOGETHER WITH AN ADDITIOANL SUM OF 10 PERCENT OF SAID COST, SHALL UPON RECORDATION OF A NOTICE OF LIEN WITHIN 90 DAYS OF COMPLETION OF THE WORK CONSTITUTE A LIEN AGAINST ALL LOTS CREATED BY THIS PLAT WHICH MAY BE FORECLOSED BY AN ACTION BROUGHT BY OR ON BEHALF OF THE CITY OF ELMHURST.

(C) NO PERMANENT BUILDINGS OR OTHER STRUCTURES ARE TO BE ERECTED OR MAINTAINED UPON THE AREAS ON THE PLAT IDENTIFIED AS PUBLIC UTILITY EASEMENTS, BUT THE OWNERS OF LOTS IN THIS SUBDIVISION SHALL TAKE THEIR TITLES SUBJECT TO THE RIGHTS OF THE PUBLIC UTILITIES AND TO THE RIGHTS OF THE OWNERS OF OTHER LOTS IN THIS SUBDIVISON.

V 5. THE PLAT OF LOT 1, PARK PLACE AT ELMHURST RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278 INCLUDES A CERTIFICATION BY THE SURVEYOR THAT THE LAND IS LOCATED WITHIN "ZONES A4, AREAS OF 100 YEAR FLOOD; BASE FLOOD ELEVATIONS AND FLOOD HAZARD FACTORS DETERMINED; AND ZONE C, AREAS OF MINIMAL FLOODING" AS IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY.

Z 6. DETENTION EASEMENT AS SHOWN ON THE PLAT OF LOT 1, PARK PLACE AT ELMHURST RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278.

SEE PLAT FOR PARTICULARS

Y 7. A BLANKET NON EXCLUSIVE PUBLIC UTILITY EASEMENT IS RESERVED BY THE PLAT OF LOT 1, PARK PLACE AT ELMHURST RECORDED MARCH 19, 2007 AS DOCUMENT NUMBER R2007-050278 FOR AND GRANTED TO COMCAST, SBC, COMMONWEALTH EDISON, NORTHERN ILLINOIS GAS COMPANY AND THE CITY OF ELMHURST AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS WITHIN THE STRIPS OF GROUND AS SHOWN BY DASHED LINES ON SAID PLAT AND THE WIDTHS OF WHICH ARE SHOWN ON SAID PLAT AND MARKED "EASEMENT" TO INSTALL, LAY, CONSTRUCT, RENEW, OPERATE AND MAINTAIN UNDERGROUND CONDUITS AND CABLES, SEWERS AND WATER MAINS, WITH ALL NECESSARY MAN HOLES, PHONE, ELECTRIC, SEWER, GAS AND WATER SERVICE AND THE RIGHT TO ENTER UPON THE LOTS AT ALL TIMES TO MAINTAIN SAID EQUIPMENT AND THE RIGHT TO CUT DOWN AND REMOVE OR TRIM AND KEEP TRIMMED ANY TREES, SHURBS OR SAPLINGS THAT INTERFERE WITH ANY OF SAID PUBLIC UTILITY EQUIPMENT. ALL INSTALLATIONS SHALL BE UNDERGROUND OR ON THE SURFACE, BUT NOT OVERHEAD.

TICOR TITLE INSURANCE COMPANY
LOAN POLICY (2006)
SCHEDULE B - PART I (CONTINUED)

POLICY NUMBER: 2000 - 999900129 - N

O 8. PUBLIC UTILITY EASEMENT AS SHOWN ON THE UNDERLYING PLAT OF SWANSON'S PARKSIDE SUBDIVISION RECORDED MAY 2, 1949 AS DOCUMENT NO. 567057.

AFFECTS THAT PART OF PARK PLACE LOT 1 FALLING IN THE EASTERLY 10 FEET OF LOT 1 IN SAID SWANSON'S PARKSIDE SUBDIVISION.

T 9. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN:

CITY OF ELMHURST ORDINANCE NO. O-25-2006 APPROVING THE EXECUTION OF AN ANNEXATION AGREEMENT, A COPY OF WHICH WAS RECORDED MARCH 19, 2007 AS DOCUMENT NO. R2007-050018;

ANNEXATION AGREEMENT RECORDED MARCH 19, 2007 AS DOCUMENT NO. R2007-050019;

ORDINANCE NO. O-26-2006 ANNEXING PROPERTY, A COPY OF WHICH WAS RECORDED MARCH 19, 2007 AS DOCUMENT NO. R2007-050020 AND RE-RECORDED APRIL 17, 2007 AS DOCUMENT NO. R2007-070740.

AFFECTS PARCEL 1

BB 10. THE LAND LIES WITHIN THE BOUNDARIES OF SPECIAL SERVICE AREA NO. 13 AS DISCLOSED BY ORDINANCE NO. O-18-2009 RECORDED JUNE 29, 2009 AS DOCUMENT NO. R2009-099212, AND IS SUBJECT TO ADDITIONAL TAXES UNDER THE TERMS OF SAID ORDINANCE AND SUBSEQUENT RELATED ORDINANCES.

AFFECTS PARCEL 3

BR 11. RIGHTS OF PARTIES UNDER UNRECORDED RESIDENCE RESERVATION AGREEMENTS.

BV 12. BUILDING LINE 40 FEET ON THE EAST LINE OF THE LAND, AS SHOWN ON THE PLAT OF KALAN'S SUBDIVISION.

AFFECTS PARCEL 2

BW 13. PUBLIC UTILITY EASEMENT OF 10 FEET ALONG THE EAST LINE OF THE LAND, AS SHOWN ON THE PLAT AND CONTAINED IN THE CERTIFICATE APPENDED TO THE PLAT OF KALAN'S SUBDIVISION.

AFFECTS PARCEL 2

CI 14. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN:

CITY OF ELMHURST ORDINANCE NO. O-12-2008 APPROVING THE EXECUTION OF AN ANNEXATION AGREEMENT, A COPY OF WHICH WAS RECORDED JUNE 11, 2008 AS DOCUMENT NO. R2008-094051;

ANNEXATION AGREEMENT RECORDED JUNE 11, 2008 AS DOCUMENT NO. R2008-094052;

ORDINANCE NO. O-136-2008 ANNEXING PROPERTY, A COPY OF WHICH WAS RECORDED JUNE 11, 2008 AS DOCUMENT NO. R2008-0094053.

ORDINANCE NO. 0-16-2009 APPROVING A FIRST AMENDMENT TO ANNEXATION AGREEMENT, A COPY OF WHICH WAS RECORDED JUNE 10, 2009 AS DOCUMENT NO. R2010-087618.

FIRST AMENDMENT TO ANNEXATION AGREEMENT, A COPY OF WHICH WAS RECORDED JUNE 10, 2009 AS DOCUMENT NO. R2010-087619.

AFFECTS PARCEL 3

CJ 15. BUILDING LINE AS SHOWN ON THE PLAT OF SWANSON'S PARKSIDE SUBDIVISION, AFORESAID, AS FOLLOWS:

50 FEET ON THE WEST LINE OF THE LAND

AFFECTS PARCEL 3

CK 16. PUBLIC UTILITY EASEMENT AS SHOWN ON THE PLAT AND SET FORTH IN THE CERTIFICATE ON THE PLAT OF SWANSON'S PARKSIDE SUBDIVISION, AFORESAID, AS FOLLOWS:

10 FEET ON THE EAST LINE OF THE LAND

AFFECTS PARCEL 3

CL 17. RESTRICTIONS CONTAINED IN THE CERTIFICATE APPENDED TO THE PLAT OF SWANSON'S PARKSIDE SUBDIVISION, AFORESAID, RELATING TO THE CONSTRUCTION, CHARACTER, MAINTENANCE, NUMBER, USE, FLOOR AREA AND LOCATION OF BUILDINGS TO BE ERECTED ON THE LAND AND INSTALLATION OF CULVERT FOR DRIVEWAY.

NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION OF TITLE IN CASE OF BREACH OF CONDITION

AFFECTS PARCEL 3

END

TICOR TITLE INSURANCE COMPANY

LOAN POLICY (2006)

SCHEDULE B - PART II

POLICY NUMBER: 2000 - 999900129 - N

IN ADDITION TO THE MATTERS SET FORTH IN PART I OF THIS SCHEDULE, THE TITLE IS SUBJECT TO THE FOLLOWING MATTERS AND THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED IN THE EVENT THAT THEY ARE NOT SUBORDINATE TO THE LIEN OF THE INSURED MORTGAGE:

CP 1. SECURITY INTEREST OF WELLS FARGO BANK, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING TIMOTHY PLACE, NFP AS DEBTOR AND RECORDED JUNE 3, 2010 AS DOCUMENT NO. R2010-071158; U2010-000350.

CQ 2. SECURITY INTEREST OF WELLS FARGO BANK, SECURED PARTY, IN CERTAIN DESCRIBED CHATTELS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT NAMING CHRISTIAN HEALTHCARE FOUNDATION, NFP AS DEBTOR AND RECORDED JUNE 3, 2010 AS DOCUMENT NO. R2010-071159; U2010-000351.

TICOR TITLE INSURANCE COMPANY

POLICY SIGNATURE PAGE

POLICY NUMBER: 2000 - 999900129 - N

THIS POLICY SHALL NOT BE VALID OR BINDING UNTIL SIGNED BY AN AUTHORIZED SIGNATORY.

TICOR TITLE INSURANCE COMPANY

By:

Raymond R. Quirk
President

By:

Michael L. Gravelle
Secretary

POLSIG06 12/06 DGG

000040 NL 06/04/10 11:53:59

ATTACHMENT-2

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

CD 1. ALTA ENDORSEMENT FORM 8.1-06

THE INSURANCE AFFORDED BY THIS ENDORSEMENT IS ONLY EFFECTIVE IF THE LAND IS USED OR IS TO BE USED PRIMARILY FOR RESIDENTIAL PURPOSES.

THE COMPANY INSURES AGAINST LOSS OR DAMAGE SUSTAINED BY THE INSURED BY REASON OF LACK OF PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER:

(A) ANY ENVIRONMENTAL PROTECTION LIEN THAT, AT DATE OF POLICY, IS RECORDED IN THOSE RECORDS ESTABLISHED UNDER STATE STATUTES AT DATE OF POLICY FOR THE PURPOSE OF IMPARTING CONSTRUCTIVE NOTICE OF MATTERS RELATING TO REAL PROPERTY TO PURCHASERS FOR VALUE AND WITHOUT KNOWLEDGE, OR IS FILED IN THE RECORDS OF THE CLERK OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT IN WHICH THE LAND IS LOCATED, EXCEPT AS SET FORTH IN SCHEDULE B;

(B) ANY ENVIRONMENTAL PROTECTION LIEN PROVIDED BY ANY STATE STATUTE IN EFFECT AT DATE OF POLICY, EXCEPT ENVIRONMENTAL PROTECTION LIENS PROVIDED BY THE FOLLOWING STATE STATUTES:

65 ILCS 5/11-31-1(F).

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

CE 1. LOCATION ENDORSEMENT 4 - CONTIGUITY

THE COMPANY HEREBY INSURES THE INSURED AGAINST LOSS OR DAMAGE WHICH THE INSURED SHALL SUSTAIN IN THE EVENT THAT:

PARCELS 1, 2 AND PARCEL 3, DESCRIBED IN SCHEDULE A, ARE NOT CONTIGUOUS TO EACH OTHER AND, TAKEN AS A TRACT, DO NOT CONSTITUTE ONE PARCEL OF LAND.

THIS ENDORSEMENT IS ISSUED AS PART OF THE POLICY. EXCEPT AS IT EXPRESSLY STATES, IT DOES NOT (I) MODIFY ANY OF THE TERMS AND PROVISIONS OF THE POLICY, (II) MODIFY ANY PRIOR ENDORSEMENTS, (III) EXTEND THE DATE OF POLICY, OR (IV) INCREASE THE AMOUNT OF INSURANCE. TO THE EXTENT A PROVISION OF THE POLICY OR A PREVIOUS ENDORSEMENT IS INCONSISTENT WITH AN EXPRESS PROVISION OF THIS ENDORSEMENT, THIS ENDORSEMENT CONTROLS. OTHERWISE, THIS ENDORSEMENT IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS OF THE POLICY AND OF ANY PRIOR ENDORSEMENTS.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

CF 1. **P.I.N. ENDORSEMENT 1A**

THE COMPANY HEREBY INSURES THE INSURED AGAINST LOSS OR DAMAGE WHICH THE INSURED SHALL SUSTAIN IN THE EVENT THAT, AT DATE OF POLICY:

(1) THE LAND DESCRIBED IN SCHEDULE A, TAKEN AS A TRACT, DOES NOT CONSTITUTE THREE PARCELS FOR REAL ESTATE TAX PURPOSES SEPARATE AND APART FROM ANY OTHER LAND;

(2) THE LAND DESCRIBED IN SCHEDULE A IS NOT ASSESSED FOR REAL ESTATE TAX PURPOSES UNDER THE FOLLOWING PERMANENT INDEX NUMBERS:

06-14-412-045 = PARCEL 1
06-14-412-015 = PARCEL 2
06-14-411-005 = PARCEL 3;

AND

(3) SAID PERMANENT INDEX NUMBERS AFFECT OTHER LAND NOT INSURED HEREIN IN ADDITION TO THE LAND DESCRIBED IN SCHEDULE A.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

CG 1. **COMPREHENSIVE ENDORSEMENT 1 (PLANS AND SPECS)**

THE COMPANY INSURES THE OWNER OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE AGAINST LOSS OR DAMAGE SUSTAINED BY REASON OF:

1. THE EXISTENCE, AT DATE OF POLICY, OF ANY OF THE FOLLOWING: (A) COVENANTS, CONDITIONS OR RESTRICTIONS UNDER WHICH THE LIEN OF THE MORTGAGE REFERRED TO IN SCHEDULE A CAN BE DIVESTED, SUBORDINATED OR EXTINGUISHED, OR ITS VALIDITY, PRIORITY OR ENFORCEABILITY IMPAIRED. (B) UNLESS EXPRESSLY EXCEPTED IN SCHEDULE B: (1) PRESENT VIOLATIONS ON THE LAND OF ANY ENFORCEABLE COVENANTS, CONDITIONS OR RESTRICTIONS, AND ANY EXISTING IMPROVEMENTS ON THE LAND WHICH VIOLATE ANY BUILDING SETBACK LINES SHOWN ON A PLAT OF SUBDIVISION RECORDED OR FILED IN THE PUBLIC RECORDS, AND CONSTRUCTION OF FUTURE IMPROVEMENTS IN CONFORMITY WITH THE FINAL ENGINEERING PLANS PREPARED BY V3 COMPANIES, JOB NO. 142195.000, REVISED THROUGH DECEMBER 1, 2009, WILL CAUSE NO SUCH VIOLATIONS ON THE LAND. (2) ANY INSTRUMENT REFERRED TO IN SCHEDULE B AS CONTAINING COVENANTS, CONDITIONS OR RESTRICTIONS ON THE LAND WHICH, IN ADDITION, (i) ESTABLISHES AN EASEMENT ON THE LAND; (ii) PROVIDES A LIEN FOR LIQUIDATED DAMAGES; (iii) PROVIDES FOR A PRIVATE CHARGE OR ASSESSMENT; (iv) PROVIDES FOR AN OPTION TO PURCHASE, A RIGHT OF FIRST REFUSAL OR THE PRIOR APPROVAL OF A FUTURE PURCHASER OR OCCUPANT. (3) ANY ENCROACHMENT OF EXISTING IMPROVEMENTS LOCATED ON THE LAND ONTO ADJOINING LAND, OR ANY ENCROACHMENT ONTO THE LAND OF EXISTING IMPROVEMENTS LOCATED ON ADJOINING LAND, AND CONSTRUCTION OF FUTURE IMPROVEMENTS IN CONFORMITY WITH SUCH PLANS AND SPECIFICATIONS WILL CAUSE NO SUCH ENCROACHMENTS. (4) ANY ENCROACHMENT OF EXISTING IMPROVEMENTS LOCATED ON THE LAND ONTO THAT PORTION OF THE LAND SUBJECT TO ANY EASEMENT EXCEPTED IN SCHEDULE B, AND CONSTRUCTION OF FUTURE IMPROVEMENTS IN CONFORMITY WITH SUCH PLANS AND SPECIFICATIONS WILL CAUSE NO SUCH ENCROACHMENTS. (5) ANY NOTICES OF VIOLATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RELATING TO ENVIRONMENTAL PROTECTION RECORDED OR FILED IN THE PUBLIC RECORDS.

2. ANY FUTURE VIOLATION ON THE LAND OF ANY EXISTING COVENANTS, CONDITIONS OR RESTRICTIONS OCCURRING PRIOR TO THE ACQUISITION OF TITLE TO THE ESTATE OR INTEREST IN THE LAND BY THE INSURED, PROVIDED THE VIOLATION RESULTS IN: (A) INVALIDITY, LOSS OF PRIORITY, OR UNENFORCEABILITY OF THE LIEN OF THE INSURED MORTGAGE; OR (B) LOSS OF TITLE TO THE ESTATE OR INTEREST IN THE LAND IF THE INSURED SHALL ACQUIRE TITLE IN SATISFACTION OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE.

3. ANY FINAL COURT ORDER OR JUDGMENT REQUIRING THE REMOVAL FROM ANY LAND ADJOINING THE LAND OF ANY ENCROACHMENT EXCEPTED IN SCHEDULE B.

4. ANY FINAL COURT ORDER OR JUDGMENT DENYING THE RIGHT TO MAINTAIN ANY EXISTING IMPROVEMENTS ON THE LAND, OR ANY FUTURE IMPROVEMENTS CONSTRUCTED IN CONFORMITY WITH SUCH PLANS AND SPECIFICATIONS, BECAUSE OF ANY VIOLATION OF COVENANTS, CONDITIONS OR RESTRICTIONS OR BUILDING SETBACK LINES SHOWN ON A PLAT OF SUBDIVISION RECORDED OR FILED IN THE PUBLIC RECORDS.

WHEREVER IN THIS ENDORSEMENT THE WORDS "COVENANTS, CONDITIONS OR RESTRICTIONS"

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

APPEAR, THEY SHALL NOT BE DEEMED TO REFER TO OR INCLUDE THE TERMS, COVENANTS, CONDITIONS OR LIMITATIONS CONTAINED IN AN INSTRUMENT CREATING A LEASE. AS USED IN PARAGRAPHS 1, 2 AND 4, THE WORDS "COVENANTS, CONDITIONS OR RESTRICTIONS" SHALL NOT BE DEEMED TO REFER TO OR INCLUDE ANY COVENANTS, CONDITIONS OR RESTRICTIONS RELATING TO ENVIRONMENTAL PROTECTION.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL THE TERMS AND PROVISIONS THEREOF AND ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

ZONING 3.1 ENDORSEMENT (MODIFIED - PLANS AND SPECIFICATIONS)

AS TO PARCEL 1 - CITY OF ELMHURST ZONING

1. THE COMPANY INSURES THE INSURED AGAINST LOSS OR DAMAGE SUSTAINED IN THE EVENT THAT, AT DATE OF POLICY:

(A) ACCORDING TO APPLICABLE ZONING ORDINANCES AND AMENDMENTS THERETO, THE LAND IS NOT CLASSIFIED ZONE R-4 LIMITED GENERAL RESIDENCE DISTRICT, WITH A VARIANCE TO SECTION 7.6-6 OF THE ZONING ORDINANCE TO INCREASE THE MAXIMUM BUILDING HEIGHT FROM 55 TO 81 FEET AS DICTATED BY THE BUILDING DESIGN, AND WITH A VARIANCE TO SECTION 4.6-4 OF THE ZONING ORDINANCE TO INCREASE THE MAXIMUM CHIMNEY HEIGHT FROM 70 TO 91 FEET, AS DICTATED BY THE BUILDING DESIGN.

(B) THE FOLLOWING USE OR USES ARE NOT ALLOWED UNDER THAT CLASSIFICATION:

AS A CONDITIONAL USE, THE CONSTRUCTION AND OPERATION OF A CONTINUING CARE RETIREMENT COMMUNITY, CONSISTING OF 185 INDEPENDENT LIVING UNITS. 44 ASSISTED LIVING UNITS, 32 SKILLED NURSING UNITS, 16 DEMENTIA CARE UNITS AND SUPPORT SERVICES INCLUDING, BUT NOT LIMITED TO, FOOD SERVICES, A SWIMMING POOL, BEAUTY SALON AND ADMINISTRATIVE OFFICES;

AND THERE SHALL BE NO LIABILITY UNDER THIS PARAGRAPH 1(B) IF THE USE OR USES ARE NOT ALLOWED AS A RESULT OF ANY LACK OF COMPLIANCE WITH ANY CONDITIONS, RESTRICTIONS, OR REQUIREMENTS CONTAINED IN THE ZONING ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE, INCLUDING BUT NOT LIMITED TO THE FAILURE TO SECURE NECESSARY CONSENTS OR AUTHORIZATIONS AS A PREREQUISITE TO THE USE OR USES.

2. THE COMPANY FURTHER INSURES THE INSURED AGAINST LOSS OR DAMAGE ARISING FROM A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION:

(A) PROHIBITING THE USE OF THE LAND, WITH ANY STRUCTURE AS CONTEMPLATED AND SET FORTH IN THE FINAL ENGINEERING PLANS MADE BY V3 COMPANIES, JOB NO. 142195.000, REVISED THROUGH DECEMBER 1, 2009, AS INSURED IN PARAGRAPH 1(B); OR

(B) REQUIRING THE REMOVAL OR ALTERATION OF THE STRUCTURE ON THE BASIS THAT, IF THE CONTEMPLATED IMPROVEMENTS WERE COMPLETED ACCORDING TO THE PLANS AND SPECIFICATIONS NOTED ABOVE AT DATE OF POLICY, THE ORDINANCES AND AMENDMENTS THERETO WOULD HAVE BEEN VIOLATED WITH RESPECT TO ANY OF THE FOLLOWING MATTERS:

(i) AREA, WIDTH OR DEPTH OF THE LAND AS A BUILDING SITE FOR THE STRUCTURE;
(ii) FLOOR SPACE AREA OF THE STRUCTURE;
(iii) SETBACK OF THE STRUCTURE FROM THE PROPERTY LINES OF THE LAND;

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

(iv) HEIGHT OF THE STRUCTURE; OR
(v) NUMBER OF PARKING SPACES.

THERE SHALL BE NO LIABILITY UNDER THIS ENDORSEMENT BASED ON:

(A) THE INVALIDITY OF THE ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE UNTIL AFTER A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ADJUDICATING THE INVALIDITY, THE EFFECT OF WHICH IS TO PROHIBIT THE USE OR USES.

(B) THE REFUSAL OF ANY PERSON TO PURCHASE, LEASE OR LEND MONEY ON THE ESTATE OR INTEREST COVERED BY THIS POLICY.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

ZONING 3.0 ENDORSEMENT (MODIFIED)

AS TO PARCEL 3 - CITY OF ELMHURST ZONING

THE COMPANY INSURES THE INSURED AGAINST LOSS OR DAMAGE SUSTAINED IN THE EVENT THAT, AT DATE OF POLICY:

1. ACCORDING TO APPLICABLE ZONING ORDINANCES AND AMENDMENTS THERETO, THE LAND IS NOT CLASSIFIED ZONE R1 SINGLE-FAMILY RESIDENCE DISTRICT.

2. THE FOLLOWING USE OR USES ARE NOT ALLOWED UNDER THAT CLASSIFICATION:

   SINGLE FAMILY DETACHED DWELLINGS.

THERE SHALL BE NO LIABILITY UNDER THIS ENDORSEMENT BASED ON:

(A) LACK OF COMPLIANCE WITH ANY CONDITIONS, RESTRICTIONS OR REQUIREMENTS CONTAINED IN THE ZONING ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE, INCLUDING BUT NOT LIMITED TO THE FAILURE TO SECURE NECESSARY CONSENTS OR AUTHORIZATIONS AS A PREREQUISITE TO THE USE OR USES.

(B) THE INVALIDITY OF THE ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE UNTIL AFTER A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ADJUDICATING THE INVALIDITY, THE EFFECT OF WHICH IS TO PROHIBIT THE USE OR USES.

(C) THE REFUSAL OF ANY PERSON TO PURCHASE, LEASE OR LEND MONEY ON THE ESTATE OR INTEREST COVERED BY THIS POLICY.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

ZONING 3.0 ENDORSEMENT (MODIFIED)

AS TO PARCEL 2 - DUPAGE COUNTY ZONING

THE COMPANY INSURES THE INSURED AGAINST LOSS OR DAMAGE SUSTAINED IN THE EVENT THAT, AT DATE OF POLICY:

1. ACCORDING TO APPLICABLE ZONING ORDINANCES AND AMENDMENTS THERETO, THE LAND IS NOT CLASSIFIED ZONE R-4 SINGLE FAMILY RESIDENCE DISTRICT.

2. THE FOLLOWING USE OR USES ARE NOT ALLOWED UNDER THAT CLASSIFICATION:

   SINGLE FAMILY DETACHED DWELLINGS.

THERE SHALL BE NO LIABILITY UNDER THIS ENDORSEMENT BASED ON:

(A) LACK OF COMPLIANCE WITH ANY CONDITIONS, RESTRICTIONS OR REQUIREMENTS CONTAINED IN THE ZONING ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE, INCLUDING BUT NOT LIMITED TO THE FAILURE TO SECURE NECESSARY CONSENTS OR AUTHORIZATIONS AS A PREREQUISITE TO THE USE OR USES.

(B) THE INVALIDITY OF THE ORDINANCES AND AMENDMENTS THERETO MENTIONED ABOVE UNTIL AFTER A FINAL DECREE OF A COURT OF COMPETENT JURISDICTION ADJUDICATING THE INVALIDITY, THE EFFECT OF WHICH IS TO PROHIBIT THE USE OR USES.

(C) THE REFUSAL OF ANY PERSON TO PURCHASE, LEASE OR LEND MONEY ON THE ESTATE OR INTEREST COVERED BY THIS POLICY.

THIS ENDORSEMENT IS MADE A PART OF THE POLICY AND IS SUBJECT TO ALL OF THE TERMS AND PROVISIONS THEREOF AND OF ANY PRIOR ENDORSEMENTS THERETO. EXCEPT TO THE EXTENT EXPRESSLY STATED, IT NEITHER MODIFIES ANY OF THE TERMS AND PROVISIONS OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT EXTEND THE EFFECTIVE DATE OF THE POLICY AND ANY PRIOR ENDORSEMENTS, NOR DOES IT INCREASE THE FACE AMOUNT THEREOF.

ENDORSEMENT

ATTACHED TO AND FORMING A PART OF
POLICY NUMBER 2000 999900129 N

ISSUED BY

TICOR TITLE INSURANCE COMPANY

INTERIM MECHANICS LIEN ENDORSEMENT (REVISED 2010)

NOTWITHSTANDING ANY COVERED RISKS OF THIS POLICY, THE SOLE MECHANICS LIEN COVERAGE PROVIDED BY THIS COMMITMENT OR POLICY IS FURNISHED PURSUANT TO THIS ENDORSEMENT.

PARAGRAPH 11(A) OF THE COVERED RISKS OF THIS POLICY AND ANY GENERAL MECHANICS LIEN EXCEPTION ("ANY LIEN OR RIGHT TO A LIEN FOR SERVICES, LABOR OR MATERIAL...") IN SCHEDULE B OF THE COMMITMENT ARE HEREBY DELETED AND REPLACED WITH THE FOLLOWING PROVISIONS:

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, EXCEPTIONS SHOWN ON SCHEDULE B, AND THE CONDITIONS OF THIS POLICY, THE COMPANY HEREBY INSURES AGAINST LOSS OR DAMAGE BY REASON OF THE LACK OF PRIORITY OF THE LIEN OF THE INSURED MORTGAGE OVER ANY LIEN CLAIM BY A LIEN CLAIMANT ARISING UNDER THE ILLINOIS MECHANICS LIEN ACT FOR SERVICES, LABOR, OR MATERIAL FURNISHED IN CONNECTION WITH AN IMPROVEMENT ON THE LAND, **PROVIDED:**

1. THE LIEN CLAIMANT IS:
   A. A CONTRACTOR NAMED ON THE SWORN OWNER'S (OR TENANT'S) STATEMENT DATED MAY 27, 2010;

   B. A PARTY NAMED ON THE SWORN CONTRACTOR'S STATEMENT DATED MAY 27, 2010 OR ON A SWORN CONTRACTOR'S STATEMENT FROM A PARTY NAMED ON THE AFORESAID OWNER'S STATEMENT;

   C. A PARTY DISCLOSED ON AN AFFIDAVIT SIGNED BY A PARTY NAMED ON THE AFORESAID SWORN CONTRACTOR'S STATEMENT; OR

   D. AN UNDISCLOSED PARTY CLAIMING BY, THROUGH, OR UNDER A CONTRACTOR NOTED ABOVE AT A, OR A PARTY NOTED ABOVE AT B OR C;

2. THE LIEN CLAIM RELATES TO THAT PORTION OF THE AMOUNT FOR THE LIENED SERVICES, LABOR OR MATERIAL WHICH IS SHOWN AS EITHER PREVIOUSLY PAID OR AS THE AMOUNT OF THE CURRENT PAYMENT PAYABLE TO OR FOR THE BENEFIT OF THE DISCLOSED LIEN CLAIMANT ON A STATEMENT DESCRIBED AT 1A, B OR C ABOVE OR TO A PARTY DISCLOSED ON A STATEMENT DESCRIBED AT 1A, B OR C ABOVE ON ACCOUNT OF SERVICES, LABOR OR MATERIAL FURNISHED BY THE UNDISCLOSED LIEN CLAIMANT; AND

3. THE LIEN CLAIM RELATES TO LABOR, MATERIAL, OR SERVICES FURNISHED PRIOR TO THE DATE SHOWN AT 1B ABOVE, OR, IN THE ABSENCE OF A SWORN CONTRACTOR'S STATEMENT, THE DATE SHOWN AT 1A ABOVE.

TICOR TITLE INSURANCE COMPANY

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EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

CONDITIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b) or decreased by Section 10 of these Conditions.

(b) Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the Indebtedness is the sum of

(i) the amount of the principal disbursed as of Date of Policy;

(ii) the amount of the principal disbursed subsequent to Date of Policy;

(iii) the construction loan advances made subsequent to Date of Policy for the purpose of financing whole or in part the construction of an improvement to the Land or related to the Land that the was and continued to be obligated to advance at Date of Policy and at the date of the advance;

(iv) interest on the loan;

(v) the prepayment premiums, exit fees, and other similar fees or penalties allowed by law;

(vi) the expenses of foreclosure and any other costs of enforcement;

(vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien Insured Mortgage before the acquisition of the estate or interest in the Title;

(viii) the amounts to pay taxes and insurance; and,

(ix) the reasonable amounts expended to prevent deterioration of improvements;

but the Indebtedness is reduced by the total of all payments and by any amount forgiven by an Insured.

(e) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;

(B) the person or Entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;

(C) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(D) successors to an Insured by its conversion to another kind of Entity;

(E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) If the grantee wholly owns the named Insured, or

(3) If the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity;

(F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;

(ii) With regard to (A), (B), (C), (D), and (E) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, or other matter insured against by this policy.

(f) "Insured Claimant": An Insured claiming loss or damage.

(g) "Insured Mortgage": The Mortgage described in paragraph 4 of Schedule A.

(h) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(i) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

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(j) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(k) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(l) "Title": The estate or interest described in Schedule A.

(m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured after acquisition of the Title by an Insured or after conveyance by an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of the Conditions, (ii) in case Knowledge shall come to an Insured of any claim of title or interest that is adverse to the Title or the lien of the Insured Mortgage, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title or the lien of the Insured Mortgage, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS.

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS.

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Insured Mortgage, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title, the lien of the Insured Mortgage, or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.

When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

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(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the least of

(i) the Amount of Insurance;

(ii) the Indebtedness;

(iii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy, or

(iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guaranty.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured, the Amount of Insurance shall be increased by 10%, and the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.

(d) In addition to the extent of liability under (a), (b) and (c), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, or establishes the lien of the Insured Mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Insured Mortgage, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.

(b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

11. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) The Company's Right to Recover

Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title or Insured Mortgage and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Insured's Rights and Limitations

(i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.

(ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.

(c) The Company's Rights Against Noninsured Obligors

The Company's right of subrogation includes the Insured's rights against noninsured obligors including the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an Insured under this policy.

13. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

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14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured Mortgage or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

15. SEVERABILITY.

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to Include that provision or such part held to be invalid and all other provisions shall remain in full force and effect.

16. CHOICE OF LAW; FORUM.

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

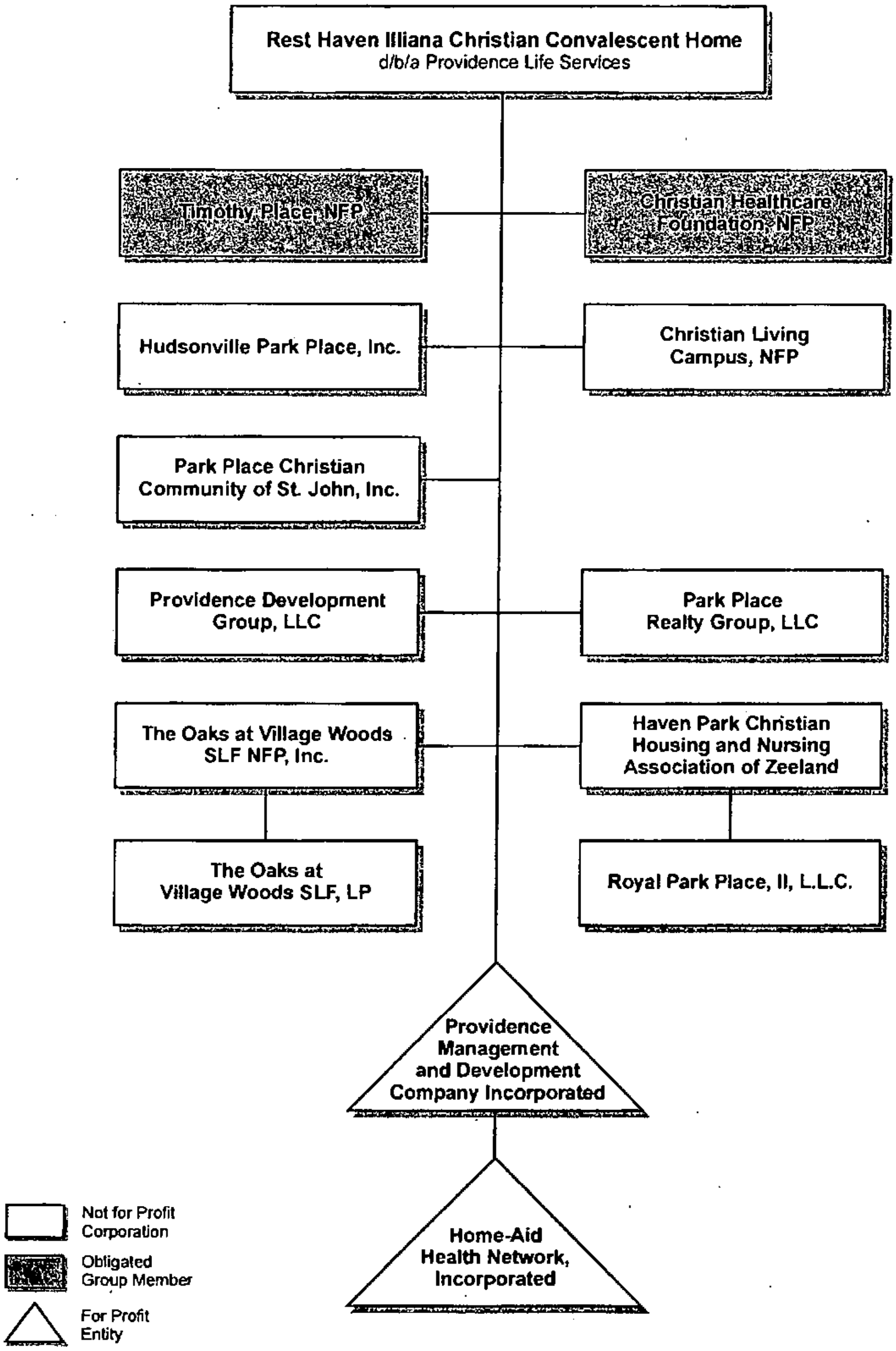
Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title or the lien of the Insured Mortgage that are adverse to the Insured, and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

17. NOTICES, WHERE SENT.

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

TICOR TITLE INSURANCE COMPANY
ATTN: Claims Department
P.O. Box 45023
Jacksonville, FL 32232-5023


Rest Haven Illiana Christian Convalescent Home
d/b/a Providence Life Services
Timothy Place, NFP
Christian Healthcare Foundation, NFP
Hudsonville Park Place, Inc.
Christian Living Campus, NFP
Park Place Christian Community of St. John, Inc.
Providence Development Group, LLC
Park Place Realty Group, LLC
The Oaks at Village Woods SLF NFP, Inc.
Haven Park Christian Housing and Nursing Association of Zeeland
The Oaks at Village Woods SLF, LP
Royal Park Place, II, L.L.C.
Providence Management and Development Company Incorporated
Home-Aid Health Network, Incorporated
Not for Profit Corporation
Obligated Group Member
For Profit Entity

File Number 3599-294-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 06, 1956, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* DECEMBER *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135302170

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

Jesse White

SECRETARY OF STATE

ATTACHMENT-4

File Number 6354-043-9

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

TIMOTHY PLACE, NFP., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 05, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 19TH *day of* DECEMBER *A.D.* 2011 .

Authentication #: 1135302188

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

Jesse White

SECRETARY OF STATE

ATTACHMENT-4

File Number 6330-957-5

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

CHRISTIAN HEALTHCARE FOUNDATION, NFP, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JANUARY 09, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* DECEMBER *A.D.* 2011 .

Authentication #: 1135602310

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

Jesse White

SECRETARY OF STATE

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
FLOOD PLAIN REQUIREMENTS

Attached are an Elevation Map and Elevation Certificate which indicate that the Project is above the Base Flood Elevation. A Conditional Letter of Map Revision has been obtained from FEMA for the proposed Project and an official Letter of Map Revision application is currently being prepared by the Project Manager for the Project, V3 Companies of Illinois, Ltd.

visio
vertere
virtute

January 11, 2012

Jeff Courtney
Providence Management & Development
18601 North Creek Drive
Tinley Park, IL 60477

Re: Park Place at Elmhurst – Elevation Certificate
City of Elmhurst, Illinois

Dear Mr. Courtney:

The attached Elevation Certificate has been prepared for the Park Place Christian Community of Elmhurst Project to indicate that the constructed building is above the Base Flood Elevation. Item B9 under Section B of the certificate indicates that the Base Flood Elevation in this area is 662.50 as regulated by the Federal Emergency Management Agency (FEMA). This elevation is obtained from the Federal insurance Rate Map (FIRM) with an effective date of 12-16-2004. This map is currently in effect for this area at the time of this letter.

Section C of the certificate outlines the constructed building elevations and ground elevations directly outside the building. These elevations were obtained from an as-built survey of the property. The first floor elevation of the building is 665.30 (Item C2.b) and the elevation of the basement and underground parking deck is 653.30 (Item C2.a). The basement and underground parking deck are both hydraulically separated from the floodplain elevation, therefore the lowest adjacent grade at the lowest elevation of deck or stairs (Item C2.h) is 665.30, which is at the main entrance to the building.

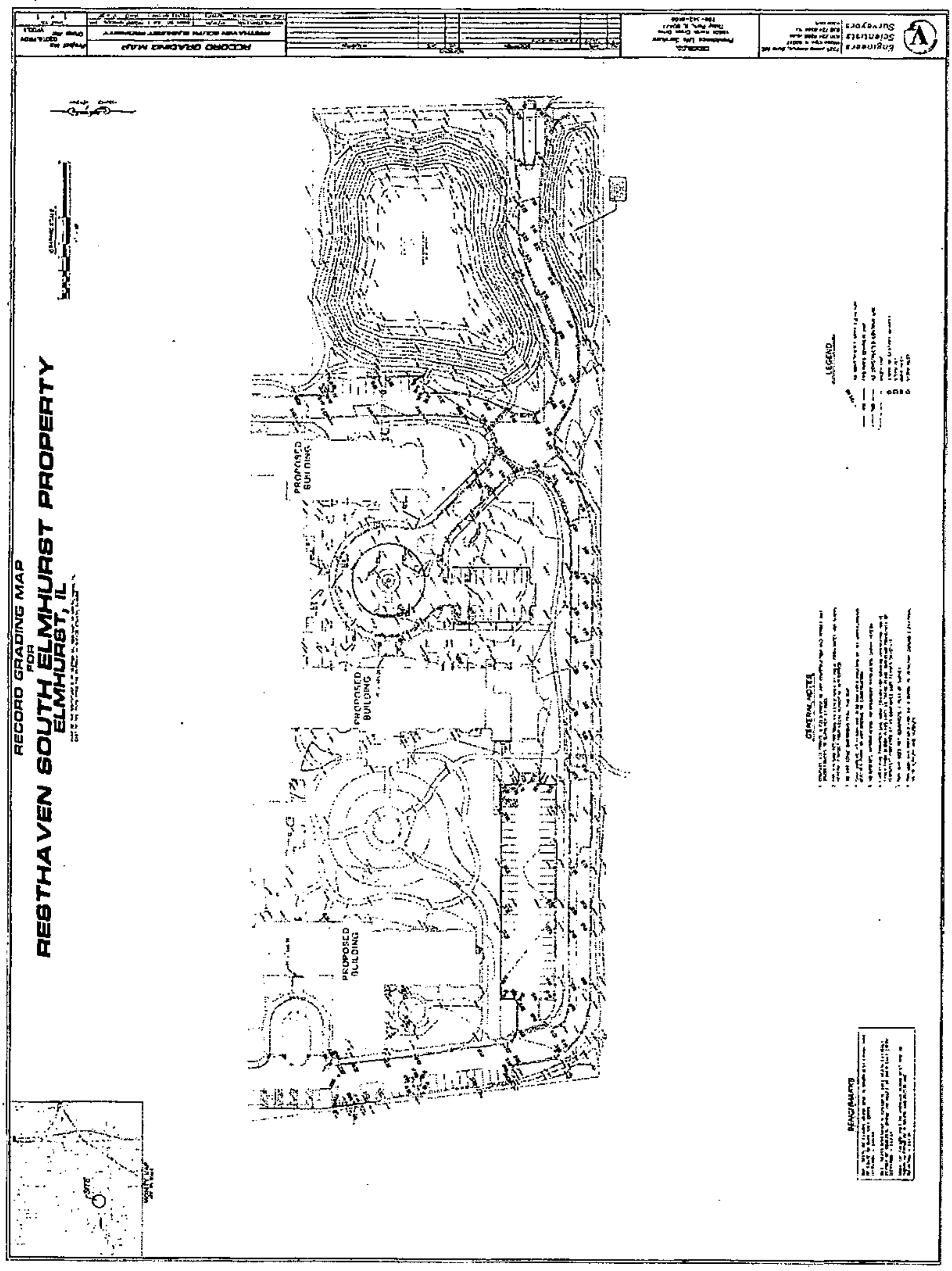
A Conditional Letter of Map Revision (CLOMR) has been obtained from FEMA for the proposed design of the development and an official Letter of Map Revision (LOMR) application is currently being prepared by V3 Companies, Ltd. The as-built survey attached indicates that the constructed grades closely match the intent of the CLOMR and that the constructed building has been elevated above the Base Flood Elevation.

Sincerely,
V3 COMPANIES OF ILLINOIS, LTD.

Bryan Rieger, P.E.
Project Manager

BCR\bcr

enclosure



ATTACHMENT-5

U.S. DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

ELEVATION CERTIFICATE

Important: Read the instructions on pages 1-9.

OMB No. 1660-0008
Expires March 31, 2012

SECTION A - PROPERTY INFORMATION

For Insurance Company Use:
Policy Number:
Company NAIC Number:

A1. Building Owner's Name Providence Life Services

A2. Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No.
1050 S. Euclid Avenue
City Elmhurst State IL ZIP Code 60126

A3. Property Description (Lot and Block Numbers, Tax Parcel Number, Legal Description, etc.)
06-14-412-045

A4. Building Use (e.g., Residential, Non-Residential, Addition, Accessory, etc.) Commercial
A5. Latitude/Longitude: Lat. 41.51'50"N Long. 87.56'27"W Horizontal Datum: ☐ NAD 1927 ☒ NAD 1983
A6. Attach at least 2 photographs of the building if the Certificate is being used to obtain flood insurance.
A7. Building Diagram Number 1
A8. For a building with a crawlspace or enclosure(s):
a) Square footage of crawlspace or enclosure(s) N/A sq ft
b) No. of permanent flood openings in the crawlspace or enclosure(s) within 1.0 foot above adjacent grade N/A
c) Total net area of flood openings in A8.b N/A sq in
d) Engineered flood openings? ☐ Yes ☒ No

A9. For a building with an attached garage:
a) Square footage of attached garage N/A sq ft
b) No. of permanent flood openings in the attached garage within 1.0 foot above adjacent grade N/A
c) Total net area of flood openings in A9.b N/A sq in
d) Engineered flood openings? ☐ Yes ☒ No

SECTION B - FLOOD INSURANCE RATE MAP (FIRM) INFORMATION

B1. NFIP Community Name & Community Number	B2. County Name	B3. State
DuPage County, Illinois and Incorporated Areas	DuPage	Illinois

B4. Map/Panel Number	B5. Suffix	B6. FIRM Index Date	B7. FIRM Panel Effective/Revised Date	B8. Flood Zone(s)	B9. Base Flood Elevation(s) (Zone AO, use base flood depth)
17043C0606	H	12-16-2004	12-16-2004	AE	662.50

B10. Indicate the source of the Base Flood Elevation (BFE) data or base flood depth entered in Item B9.
☒ FIS Profile ☐ FIRM ☐ Community Determined ☐ Other (Describe) ____

B11. Indicate elevation datum used for BFE in Item B9: ☒ NGVD 1929 ☐ NAVD 1988 ☐ Other (Describe) ____
B12. Is the building located in a Coastal Barrier Resources System (CBRS) area or Otherwise Protected Area (OPA)? ☐ Yes ☒ No
Designation Date ____ ☐ CBRS ☐ OPA

SECTION C - BUILDING ELEVATION INFORMATION (SURVEY REQUIRED)

C1. Building elevations are based on: ☐ Construction Drawings* ☐ Building Under Construction* ☒ Finished Construction
*A new Elevation Certificate will be required when construction of the building is complete.
C2. Elevations – Zones A1-A30, AE, AH, A (with BFE), VE, V1-V30, V (with BFE), AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO. Complete Items C2.a-h below according to the building diagram specified in Item A7. Use the same datum as the BFE.
Benchmark Utilized DuPage County BM -YK13001 Vertical Datum NGVD 29
Conversion/Comments N/A

Check the measurement used.

a)	Top of bottom floor (including basement, crawlspace, or enclosure floor)	653.30	☒ feet ☐ meters (Puerto Rico only)
b)	Top of the next higher floor	665.30	☐ feet ☐ meters (Puerto Rico only)
c)	Bottom of the lowest horizontal structural member (V Zones only)	N/A.	☐ feet ☐ meters (Puerto Rico only)
d)	Attached garage (top of slab)	N/A.	☐ feet ☐ meters (Puerto Rico only)
e)	Lowest elevation of machinery or equipment servicing the building (Describe type of equipment and location in Comments)	665.30	☒ feet ☐ meters (Puerto Rico only)
f)	Lowest adjacent (finished) grade next to building (LAG)	662.98	☒ feet ☐ meters (Puerto Rico only)
g)	Highest adjacent (finished) grade next to building (HAG)	665.37	☒ feet ☐ meters (Puerto Rico only)
h)	Lowest adjacent grade at lowest elevation of deck or stairs, including structural support	665.30	☒ feet ☐ meters (Puerto Rico only)

SECTION D - SURVEYOR, ENGINEER, OR ARCHITECT CERTIFICATION

This certification is to be signed and sealed by a land surveyor, engineer, or architect authorized by law to certify elevation information. *I certify that the information on this Certificate represents my best efforts to interpret the data available. I understand that any false statement may be punishable by fine or imprisonment under 18 U.S. Code, Section 1001.* ☐
Check here if comments are provided on back of form. Were latitude and longitude in Section A provided by a licensed land surveyor? ☒ Yes ☐ No

ANTHONY J. STRICKLAND
3437
PROFESSIONAL LAND SURVEYOR
STATE OF ILLINOIS
ST. JOHN, INDIANA

Certifier's Name Anthony J. Strickland, PLS License Number 3437
Title Project Manager Company Name V3 Companies, Ltd.
Address 9420 City St. John State IN ZIP Code 46373
Signature Date 1/7/12 Telephone 219-558-8650

FEMA Form 81-31, Mar 09 See reverse side for continuation. Replaces all previous editions

ATTACHMENT-5

IMPORTANT: In these spaces, copy the corresponding information from Section A.	For Insurance Company Use:
Building Street Address (Including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No. 1050 S. Euclid Avenue	Policy Number
City Elmhurst State IL ZIP Code 60126	Company NAIC Number

SECTION D - SURVEYOR, ENGINEER, OR ARCHITECT CERTIFICATION (CONTINUED)

Copy both sides of this Elevation Certificate for (1) community official, (2) insurance agent/company, and (3) building owner.

Comments

Signature [signature] Date 1/9/12

☐ Check here if attachments

SECTION E - BUILDING ELEVATION INFORMATION (SURVEY NOT REQUIRED) FOR ZONE AO AND ZONE A (WITHOUT BFE)

For Zones AO and A (without BFE), complete Items E1-E5. If the Certificate is intended to support a LOMA or LOMR-F request, complete Sections A, B, and C. For Items E1-E4, use natural grade, if available. Check the measurement used. In Puerto Rico only, enter meters.

E1. Provide elevation information for the following and check the appropriate boxes to show whether the elevation is above or below the highest adjacent grade (HAG) and the lowest adjacent grade (LAG).
a) Top of bottom floor (including basement, crawlspace, or enclosure) is ____.____ ☐ feet ☐ meters ☐ above or ☐ below the HAG.
b) Top of bottom floor (including basement, crawlspace, or enclosure) is ____.____ ☐ feet ☐ meters ☐ above or ☐ below the LAG.

E2. For Building Diagrams 6-9 with permanent flood openings provided in Section A Items 8 and/or 9 (see pages 8-9 of Instructions), the next higher floor (elevation C2.b in the diagrams) of the building is ____.____ ☐ feet ☐ meters ☐ above or ☐ below the HAG.

E3. Attached garage (top of slab) is ____.____ ☐ feet ☐ meters ☐ above or ☐ below the HAG.

E4. Top of platform of machinery and/or equipment servicing the building is ____.____ ☐ feet ☐ meters ☐ above or ☐ below the HAG.

E5. Zone AO only: If no flood depth number is available, is the top of the bottom floor elevated in accordance with the community's floodplain management ordinance? ☐ Yes ☐ No ☐ Unknown. The local official must certify this information in Section G.

SECTION F - PROPERTY OWNER (OR OWNER'S REPRESENTATIVE) CERTIFICATION

The property owner or owner's authorized representative who completes Sections A, B, and E for Zone A (without a FEMA-issued or community-issued BFE) or Zone AO must sign here. *The statements in Sections A, B, and E are correct to the best of my knowledge.*

Property Owner's or Owner's Authorized Representative's Name Timothy Place NFP and Christian Healthcare Foundation

Address 15600 N. Creek Drive City Tinley Park State IL ZIP Code 60477

Signature [signature] Date 1-10-12 Telephone 708-342-8100

Comments

☐ Check here if attachments

SECTION G - COMMUNITY INFORMATION (OPTIONAL)

The local official who is authorized by law or ordinance to administer the community's floodplain management ordinance can complete Sections A, B, C (or E), and G of this Elevation Certificate. Complete the applicable item(s) and sign below. Check the measurement used in Items G8 and G9.

G1. ☐ The information in Section C was taken from other documentation that has been signed and sealed by a licensed surveyor, engineer, or architect who is authorized by law to certify elevation information. (Indicate the source and date of the elevation data in the Comments area below.)

G2. ☐ A community official completed Section E for a building located in Zone A (without a FEMA-issued or community-issued BFE) or Zone AO.

G3. ☐ The following information (Items G4-G9) is provided for community floodplain management purposes.

G4. Permit Number	G5. Date Permit Issued	G6. Date Certificate Of Compliance/Occupancy Issued

G7. This permit has been issued for: ☐ New Construction ☐ Substantial Improvement

G8. Elevation of as-built lowest floor (including basement) of the building: ____.____ ☐ feet ☐ meters (PR) Datum ____

G9. BFE or (in Zone AO) depth of flooding at the building site: ____.____ ☐ feet ☐ meters (PR) Datum ____

G10. Community's design flood elevation ____.____ ☐ feet ☐ meters (PR) Datum ____

Local Official's Name Title

Community Name Telephone

Signature Date

Comments

☐ Check here if attachments

Illinois Historic
Preservation Agency

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

DuPage County PLEASE REFER TO: IHPA LOG #013072606
Elmhurst
0S656 Bryan Street
Section:14-Township:39N-Range:11E
12.6-acre Assisted Living Facility/Park Place

November 8, 2011

Tracey Salinski
Arnstein & Lehr LLP
120 S. Riverside Plaza, Suite 1200
Chicago, IL 60606

Dear Ms. Salinski:

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

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

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

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.

Park Place Christian Community of Elmhurst
Project Costs Back-Up

USES OF FUNDS	TOTAL PROJECT COST
Preplanning Costs	$678,201
Market & financial feasibility analysis	
Conceptual design	
Travel and reimbursables	
Legal	
Site Survey and Soil Investigation	174,793
Boundary Survey	
Site feasibility study	
Geotechnical analysis	
Phase I environmental study	
Site Preparation	4,341,480
Clearing and grubbing	
Grading and fencing	
SWPPP	
Landscaping	
Utility work	
Off Site Work	128,670
New Construction Contracts	74,860,709
Contingencies	651,940
Architectural/Engineering Fees	5,626,052
Architectural Fees	
Construction Administration	
Reimbursables	
Civil Engineering	
Low Voltage Consultant	
Kitchen Consultant	
Consulting and Other Fees	7,769,226
Interior Design	
Legal Fees	
Audit Fees	
Zoning Submission Fees	
Owner's Representative	
Impact Fees and Park Fees	
Development and Marketing Consultant Fees	
Travel and reimbursables	
Movable or Other Equipment (not in construction contracts)	2,829,560
Furniture and upholstering	
Window and wall covering	
Fitness equipment	
Salon equipment	
Accessories, art and plants	
Smallwares and tools	
Computer hardware and software	
Copier, fax and printer	
Communications/time clock systems	
Vehicles	
Bond Issuance Expense (project related)	7,336,250
Net Interest Expense During Construction (project related)	27,527,684
Other Costs to be Capitalized	10,089,698
Marketing staff payroll and benefits	
Office rent and administrative expense	
Office supplies	
Direct mail, advertising and events	

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
REASONABLENESS OF PROJECT COSTS

Because construction of Park Place is well underway, the Project Costs included in the Application are a very accurate representation of the actual cost. The original Project was approved in April 2008, in advance of the recession that began later that year. That changed economic climate primarily had two affects on the Project. First, because there were fewer construction projects undertaken nationally during this time, the actual construction costs were considerably lower than projected in the original CON Application. Construction costs are now expected to be only $152.96 per square foot, down from the originally projected $174.29.

Unfortunately, the other consequence of the economic downturn during this period is that availability of financing became much more difficult. The cost of borrowing became higher. The difference in overall borrowing cost represents the primary reason for an increased permit amount.

In terms of State standards, the Project meets all of the State standards with the exception of Site Preparation which at 5.9% slightly exceeds the State standard of 5.0% of construction and contingency. Because the actual construction costs declined so much, site preparation became a larger percentage of the construction line item. The site preparation amount is actually <u>less</u> than what was approved in the original budget.

For convenient reference the attached chart shows the differences in project costs between the original Project and the present Application.

Park Place Christian Community of Elmhurst
Project Costs and Sources of Funds - Comparison to Existing Permit Amounts

Project Costs and Sources of Funds				EXISTING PERMIT			DIFFERENCE		
USES OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	$40,312	$637,889	$678,201	$34,923	$565,077	$600,000	$5,389	$72,812	$78,201
Site Survey and Soil Investigation	10,390	164,403	174,793	5,820	94,180	100,000	4,570	70,223	74,793
Site Preparation	258,058	4,083,422	4,341,480	367,395	5,944,730	6,312,125	(109,337)	(1,861,308)	(1,970,645)
Off Site Work	7,648	121,022	128,670	17,461	282,539	300,000	(9,813)	(161,517)	(171,330)
New Construction Contracts	4,449,728	70,410,980	74,860,709	4,837,470	76,608,645	81,446,115	(387,742)	(6,197,665)	(6,585,406)
Modernization Contracts	0	0	0		0		0	0	0
Contingencies	34,791	617,149	651,940	272,329	4,727,671	5,000,000	(237,538)	(4,110,522)	(4,348,060)
Architectural/Engineering Fees	334,413	5,291,639	5,626,052	271,534	4,393,622	4,665,156	62,879	898,017	960,896
Consulting and Other Fees	414,609	7,354,617	7,769,226	376,729	6,540,064	6,916,793	37,880	814,553	852,433
Movable or Other Equipment (not in construction contracts)	168,189	2,661,371	2,829,560	164,943	2,668,902	2,833,845	3,246	(7,531)	(4,285)
Bond Issuance Expense (project related)	391,503	6,944,746	7,336,250	214,143	3,717,539	3,931,682	177,360	3,227,207	3,404,568
Net Interest Expense During Construction (project related)	1,469,031	26,058,653	27,527,684	883,894	15,344,497	16,228,391	585,137	10,714,156	11,299,293
Fair Market Value of Leased Space or Equipment	0	0	0		0		0	0	0
Other Costs to be Capitalized	0	10,089,698	10,089,698	0	8,387,086	8,387,086	0	1,702,612	1,702,612
Acquisition of Building or Other Property (excluding land)	0	0	0	0	0		0	0	0
TOTAL USES OF FUNDS	$7,578,674	$134,435,588	$142,014,262	$7,446,641	$129,274,552	$136,721,193	$132,033	$5,161,036	$5,293,069
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	$0	$1,000,000	$1,000,000	$0	$0	$0	$0	$1,000,000	$1,000,000
Pledges									
Gifts and Bequests									
Bond Issues (project related)	7,578,674	133,435,588	141,014,262	7,446,641	129,274,552	136,721,193	132,033	4,161,036	4,293,069
Mortgages									
Leases (fair market value)									
Governmental Appropriations									
Grants									
Other Funds and Sources									
TOTAL SOURCES OF FUNDS	$7,578,674	$134,435,588	$142,014,262	$7,446,641	$129,274,552	$136,721,193	$132,033	$5,161,036	$5,293,069

Park Place Christian Community of Elmhurst
Estimated Start-Up Costs

Estimated Start-up Costs	
Marketing Costs	$5,000
Pre-Opening Staffing Costs	$180,000
Pre-Opening Office/Administrative Costs	$25,000
Total Estimated Start-up Costs	**$210,000**
Estimated Sources	
Tax-Exempt Revenue Bonds	$210,000
Total Estimated Sources of Funds	**$210,000**

Park Place Christian Community of Elmhurst
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing	$3,800,955		14,704	14,704			
Administration	92,429		358	358			
Chapel/Clergy	45,744		177	177			
Living/Dining/Activity	827,711		3,202	3,202			
Barber/Beauty	53,509		207	207			
Home Health Office	8,613		33	33			
Laundry	12,485		48	48			
Training/Education	23,234		90	90			
Kitchen	436,301		1,688	1,688			
Employee Lounge	193,357		748	748			
PT/OT	45,744		177	177			
Housekeeping	10,340		40	40			
Storage	225,152		871	871			
Mechanical/Electrical	353,625		1,368	1,368			
Elevator/Stairs	188,704		730	730			
Shared Elevators/Stairs	29,024		112	112			
Corridors	1,231,748		4,765	4,765			
Total Clinical	$7,578,674		29,318	29,318			
NON REVIEWABLE							
Independent Living	$111,268,010		383,970	383,970			
Assisted Living	16,930,795		58,426	58,426			
Memory Support Assisted Living	6,236,783		21,522	21,522			
Total Non-Clinical	$134,435,588		463,918	463,918			
TOTAL	$142,014,262		493,236	493,236			

BACKGROUND OF APPLICANT
CRITERION 1110.230(a)(3)(A)

#1: A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.

The following health care facilities are owned or operated by Rest Haven Illiana Christian Convalescent Home:

Providence Downers Grove
Providence Palos Heights
Providence South Holland

Copies of all current licenses, permits, certifications and registrations issued by the Department of Public Health are attached hereto.

The other co-applicant, Timothy Place, NFP, d/b/a Park Place Christian Community of Elmhurst, will own and operate the Project.

State of Illinois 2034652

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
04/30/2013	BGBE	0028605

LONG TERM CARE LICENSE
SKILLED 145
SHELTERED 096

UNRESTRICTED 241 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT H

PROVIDENCE DOWNERS GROVE
3450 SARATOGA AVENUE
DOWNERS GROVE IL 60515
EFFECTIVE DATE: 05/01/11

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 203465

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATIC

EXPIRATION DATE	CATEGORY	I.D. NUMBER
04/30/2013	BGBE	0028605

LONG TERM CARE LICENSE
SKILLED 145
SHELTERED 096

UNRESTRICTED 241 TOTAL BE

04/26/11

PROVIDENCE DOWNERS GROVE
3450 SARATOGA AVENUE
DOWNERS GROVE IL 60515

FEE RECEIPT NO.

State of Illinois 2037991
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/01/2012	BGBE	0007534

LONG TERM CARE LICENSE
SKILLED 145
INTERMEDIATE 048

UNRESTRICTED 193 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT H

PROVIDENCE PALOS HEIGHTS
13259 SOUTH CENTRAL AVENUE
PALOS HEIGHTS IL 60463
EFFECTIVE DATE: 06/02/11

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2037991
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/01/2012	BGBE	0007534

LONG TERM CARE LICENSE
SKILLED 145
INTERMEDIATE 048

UNRESTRICTED 193 TOTAL BEDS

05/23/11

PROVIDENCE PALOS HEIGHTS
13259 SOUTH CENTRAL AVENUE
PALOS HEIGHTS IL 60463

FEE RECEIPT NO.

State of Illinois 2017197
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2012	BGBE	0023242

LONG TERM CARE LICENSE
SKILLED 171

UNRESTRICTED 171 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT H

PROVIDENCE SOUTH HOLLAND
16300 WAUSAU STREET
SOUTH HOLLAND IL 60473
EFFECTIVE DATE: 01/01/11

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DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 20171
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRAT

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2012	BGBE	0023242

LONG TERM CARE LICENSE
SKILLED 171

UNRESTRICTED 171 TOTAL B

12/28/10

PROVIDENCE SOUTH HOLLAND
16300 WAUSAU STREET
SOUTH HOLLAND IL 60473

FEE RECEIPT NO.

PROVIDENCE
Life Services

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against Rest Haven Illiana Christian Convalescent Home, or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

Rest Haven Illiana Christian Convalescent Home

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Gina Elberson
Signature of Notary Public

18601 North Creek Drive, Suite A · Tinley Park, Illinois 60477
708.342.8100 *phone* · 708.342.8000 *fax* · www.providencelifeservices.com

PARK PLACE

of Elmhurst

A LIFE CARE COMMUNITY

January 12, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2^{nd} Floor
Springfield, Illinois 62761

Re: Park Place Christian Community of Elmhurst Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against Timothy Place, NFP, or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

Timothy Place, NFP

Ray W. Hemphill
Ray W. Hemphill
Executive Vice President

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Gina Elberson
Signature of Notary Public

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Information Center
360 West Butterfield Road
Suite 100 • Elmhurst, IL 60126
(630) 333-4343
Fax (630) 333-4340
www.ParkPlaceElmhurst.com

Offering the Best LIFE CARE in Chicago

PROVIDENCE HEALTHCARE FOUNDATION

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against Christian Healthcare Foundation, NFP, or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

Christian Healthcare Foundation, NFP

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Signature of Notary Public

With You, for You!

18601 North Creek Drive, Suite A . Tinley Park, Illinois 60477 . 708.342.8108 *phone* . 708.342.8000 *fax* . www.providencelifeservices.com

PROVIDENCE
Life Services

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application – Access to Information

Dear Ms. Avery:

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this permit application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of the application as it pertains to Section 1110.230(a)(3)(C) of the Review Board Rules.

Sincerely,

Rest Haven Illiana Christian Convalescent Home

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Gina Elberson
Signature of Notary Public

18601 North Creek Drive, Suite A · Tinley Park, Illinois 60477
708.342.8100 *phone* · 708.342.8000 *fax* · www.providencelifeservices.com

January 12, 2012

PARK PLACE
of Elmhurst
A LIFE CARE COMMUNITY

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

Re: Park Place Christian Community of Elmhurst Permit Application – Access to Information

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Sincerely,

Timothy Place, NFP

Ray W. Hemphill
Executive Vice President

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Signature of Notary Public

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

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PROVIDENCE HEALTHCARE FOUNDATION

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application – Access to Information

Dear Ms. Avery:

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this permit application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of the application as it pertains to Section 1110.230(a)(3)(C) of the Review Board Rules.

Sincerely,

Christian Healthcare Foundation, NFP

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Gina Elberson
Signature of Notary Public

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29 2014

With You, for You!

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PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
§1110.230(b)
PURPOSE OF THE PROJECT

Background

The purpose of this Project is to allow Park Place Christian Community of Elmhurst to admit residents to its skilled nursing unit from the service area at large rather than limiting admissions strictly to existing residents of the Park Place continuing care retirement community ("CCRC"). On April 8, 2008, the Review Board approved a permit for Park Place to establish a continuing care retirement community in Elmhurst including a 37-bed skilled nursing unit. That Project has proceeded well and is scheduled to open later in calendar year 2012 (Project No. 07-071). The Project is relatively unchanged in scope from what the Review Board approved at that time. The market area for this Project is the same as the market area for Project No. 07-071 and is further defined in Attachment 28.

Park Place anticipates that in the long run, based on actuarial analysis, the skilled nursing unit will serve primarily residents from within the Independent Living and Assisted Living units and that these residents largely provide sufficient resident days to keep the skilled unit at target occupancy. That process, however, will take several years. Because Independent Living and Assisted Living residents must meet the health and admission requirements for their respective level of care, it takes time for their acuity level to progress to a point that they require skilled care. Under the CCRC variance, Park Place can admit a resident to the skilled unit only after the existing Independent or Assisted Living unit resident has progressed to the point where a skilled nursing stay would be required.

Existing Permit with Variance

At the time the Project was initially being contemplated there was a calculated bed need in the Planning Area. Immediately before the application was submitted, however, the Review Board approved a different long-term care facility in the Planning Area which exhausted the available calculated bed need. Park Place consequently filed the application as a CCRC variance. At the time the Project was voted on by the Review Board, however, a recalculated bed inventory showed a bed need for the Planning Area. At the April 2008 Board meeting when the Project was approved there was considerable discussion about whether the CCRC variance would apply or not to this Project because a bed need then existed. The Board indicated it would consider the Project without the variance, but at a later meeting. As the Board transcripts will show, Park Place accepted the permit with the CCRC variance with the understanding from the Board that Park Place would work with staff to find a mechanism for seeking to remove the CCRC variance and allow open admission. Interestingly, the Project approved by the Review Board that had exhausted the calculated bed need was subsequently abandoned and there has been a calculated bed need since that time, presently a <u>need</u> for 759 additional beds.

A CCRC incurs considerable losses during the period when skilled care ramps up, particularly when all residents must come from within the retirement community. Park Place estimates that if outside residents could be admitted during the initial years, that it could mitigate a portion of those start-up costs. Park Place estimates that within the first two years, it could lower its initial operating losses by approximately $1.3 million if allowed open admissions. These revenues would assist in Providence's ability to provide Medicaid services at Park Place. The reduction in initial losses improves Providence's ability to fulfill its mission which is comprised, in part, to providing care to the elderly in need.

Project Utilization

Park Place estimates that by the end of the second full year of operation it will operate near target occupancy simply from its own residents. At facility stabilization, an average of 26 of the 37 beds are projected to come from Independent Living residents with life care contracts and 9 residents from Assisted Living units.

Removal of Variance Will Allow for Medicaid Residents

Under its present CON, Park Place is prevented from accepting residents not already a part of its Independent and Assisted Living units. As a practical matter, the CCRC variance precludes Park Place from accepting Medicaid residents. Park Place recognizes that a removal of the variance would reduce some of its expected losses and consequently as part of removal of its CCRC variance would "give back" by undertaking Medicaid certification for a portion of those beds. Because the life care contracts with new Independent Living residents guarantee a skilled bed for them when they need it, in the long run few beds can be reserved for outside residents. Medicaid residents, however, could constitute a fair share of available open admissions after Project stabilization.

Closure of Elmhurst Memorial Hospital Skilled Care Unit

Finally, we note that this Project can grant immediate benefit to those patients of Elmhurst Memorial Hospital. Elmhurst Memorial Hospital has recently announced its intent to seek a CON to discontinue its 38-bed skilled nursing facility in the first half of 2012. The new Elmhurst Memorial Hospital is located literally across the street from Park Place and will be very convenient for those patients. In its letter of support included in this Application, Elmhurst Memorial Hospital indicates that it currently transitions 200 patients each month to skilled nursing facilities, 70 of which go to their own facility. The closure of the Elmhurst Memorial

Hospital skilled unit would more than offset the bed need impact of a new open admission policy at Park Place.

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
§1110.230(c) ALTERNATIVES

In the original application for Project No. 07-071, the Applicants explored a number of alternatives to the proposed project; however in the present application a CON permit has already been approved by the Review Board and construction of the facility is well underway. Park Place anticipates that the facility will be open later this year. Therefore, the option of proposing a project of greater or lesser scope and cost is not available at this time. Additionally, the skilled nursing facility will support Park Place's entire continuing care retirement community consisting of Independent Living and Assisted Living units and does not lend itself to the alternative options of pursing a joint venture. Similarly, because the 37-bed unit will exist regardless, utilizing other health care resources or facilities in the service area is not a real alternative. Consequently, the Applicants considered only the following two alternatives:

1. Operate Park Place under the CCRC variance; or
2. Remove the CCRC variance.

Alternative 1: Continue to Operate Facility under the CCRC Variance

The first alternative considered by the Applicants was to continue under its existing CON permit with the CCRC variance. This alternative would not require Park Place to seek a new CON permit. From the beginning this option was only considered and implemented because there was no calculated bed need at the time the original application was filed and the Applicant explained to the Board that this was not the preferred alternative. The Applicant will incur significant losses during the period when skilled care ramps up, given that the residents may be admitted only from within Park Place's Independent Living and Assisted Living units. This could take years. Additionally, this alternative fails to address the calculated bed need in the

Planning Area of 759 additional beds and precludes Park Place from admitting Medicaid residents.

For these reasons, this option is not the best alternative.

Alternative 2: Removal of the CCRC Variance

The best alternative would be to remove the CCRC variance. This alternative allows residents from the service area at large to choose Park Place, at least in the start-up years. This alternative would also allow Park Place to accept Medicaid residents and stem significant operating losses incurred by Park Place during the ramp up period under the CCRC variance. Providence loses approximately $7.0 million annually on its costs of providing Medicaid services. Allowing open admission would mitigate approximately $1,317,000 over the initial two year period. Further, Elmhurst Memorial Hospital has just announced its intent to close its 38-bed skilled nursing unit at approximately the same time that Park Place would open. This opening would benefit those patients who will be discharged upon the impending closure of Elmhurst Hospital's skilled nursing care unit and those patients who would otherwise have been cared for at Elmhurst Memorial Hospital.

For these reasons, the Applicant decided to pursue this alternative.

Park Place Christian Community of Elmhurst

Alternatives to the Proposed Project
Cost/Benefit Analysis

ALTERNATIVE	COSTS	BENEFITS/LIMITATIONS
1. Operate Facility Under the CCRC Variance	The removal of the variance does not affect Project costs, but initial operating losses would be higher.	1. Benefits: --No requirement for new CON 2. Limitation: --Significant operating losses incurred during ramp-up period. --Diverts funds which could otherwise be used for charity care purposes --Precludes Park Place from accepting Medicaid residents --Fails to accommodate individuals in the service area seeking entrance into Park Place --Fails to address the computed bed need
2. Removal of CCRC Variance	Facility would continue to have operating losses during first two years, but losses would be approximately $1,317,000 less.	1. Benefits: --Reduces operating losses --Provides funds for indigent care --Permits Park Place to certify Medicaid beds and accept Medicaid patients. --Accommodates individuals in the service area seeking skilled nursing services --Convenient for Elmhurst Memorial Hospital patients discharged upon closure of its skilled nursing unit. --Addresses bed need in area 2. Limitations: --Requires new CON

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
SIZE OF PROJECT
CRITERION 1110.234(a)

The 37-bed skilled unit Park Place Christian Community of Elmhurst proposes to establish is identical to what the Review Board approved as part of Project No. 07-071. The clinical portion of proposed Project totals approximately 29,318 gross square feet. The proposed square footage by Departmental Area is included on the attached chart. Also attached is a chart showing a comparison of square footage to the existing 07-071 Project and showing a slight decrease in non-clinical (Independent Living and Assisted Living) space.

The Review Board rules set forth a range of 435-713 building gross square feet per bed. The Applicants acknowledge that the proposed Project exceeds the State standard, at 792.3 building gross square feet per bed however, this square footage is identical to the square footage previously approved by the Review Board on April 8, 2008 under Park Place's present CON permit.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD**
General Long-Term Care	792.3 BGSF	435-713 BGSF	79.3	No

Park Place Christian Community of Elmhurst
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing	$3,800,955		14,704	14,704			
Administration	92,429		358	358			
Chapel/Clergy	45,744		177	177			
Living/Dining/Activity	827,711		3,202	3,202			
Barber/Beauty	53,509		207	207			
Home Health Office	8,613		33	33			
Laundry	12,485		48	48			
Training/Education	23,234		90	90			
Kitchen	436,301		1,688	1,688			
Employee Lounge	193,357		748	748			
PT/OT	45,744		177	177			
Housekeeping	10,340		40	40			
Storage	225,152		871	871			
Mechanical/Electrical	353,625		1,368	1,368			
Elevator/Stairs	188,704		730	730			
Shared Elevators/Stairs	29,024		112	112			
Corridors	1,231,748		4,765	4,765			
Total Clinical	$7,578,674		29,318	29,318			
NON REVIEWABLE							
Independent Living	$111,268,010		383,970	383,970			
Assisted Living	16,930,795		58,426	58,426			
Memory Support Assisted Living	6,236,783		21,522	21,522			
Total Non-Clinical	$134,435,588		463,918	463,918			
TOTAL	$142,014,262		493,236	493,236			

Park Place Christian Community of Elmhurst
Cost Space Requirements - Comparison to Existing Permit Amounts

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:				EXISTING PERMIT		DIFFERENCE	
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space	Cost	Proposed GSF	Cost	Proposed GSF
REVIEWABLE											
Nursing	$3,800,955		14,704	14,704				3,734,736	14,704	66,219	-
Administration	92,429		358	358				90,818	358	1,610	-
Chapel/Clergy	45,744		177	177				44,947	177	797	-
Living/Dining/Activity	827,711		3,202	3,202				813,291	3,202	14,420	-
Barber/Beauty	53,509		207	207				52,577	207	932	-
Home Health Office	8,613		33	33				8,463	33	150	-
Laundry	12,485		48	48				12,268	48	218	-
Training/Education	23,234		90	90				22,829	90	405	-
Kitchen	436,301		1,688	1,688				428,700	1,688	7,601	-
Employee Lounge	193,357		748	748				189,988	748	3,369	-
PT/OT	45,744		177	177				44,947	177	797	-
Housekeeping	10,340		40	40				10,160	40	180	-
Storage	225,152		871	871				221,229	871	3,923	-
Mechanical/Electrical	353,625		1,368	1,368				347,465	1,368	6,161	-
Elevator/Stairs	188,704		730	730				185,416	730	3,288	-
Shared Elevators/Stairs	29,024		112	112				28,519	112	506	-
Corridors	1,231,748		4,765	4,765				1,210,289	4,765	21,459	-
Total Clinical	$7,578,674		29,318	29,318				7,446,641	29,318	132,033	-
NON REVIEWABLE											
Independent Living	$111,268,010		383,970	383,970				107,900,712	395,718	3,367,298	(11,748)
Assisted Living	16,930,795		58,426	58,426				15,141,132	55,529	1,789,663	2,897
Memory Support Assisted Living	6,236,783		21,522	21,522				6,232,707	22,858	4,076	(1,336)
Total Non-Clinical	$134,435,588		463,918	463,918				129,274,552	474,105	5,161,036	(10,187)
TOTAL	$142,014,262		493,236	493,236				136,721,193	503,423	5,293,069	(10,187)

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION §1110.234
PROJECT SERVICES UTILIZATION

The following chart projects annual utilization for the Project assuming the CCRC variance restriction is removed. This chart documents that in the second year of operation, the annual utilization of the Applicant shall meet or exceed the State standard.

UTILIZATION					
YEAR	**DEPT./ SERVICE**	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
2013	General long term care	N/A	82%	90%	No
2014	General long term care	N/A	91%	90%	Yes

The rationale supporting the projected utilization in both the first and second years of operation is as follows:

Internal Population Projections: Park Place CON performed a facility study as part of the proposed retirement community's financial planning. This study projects a gradual census ramp up of skilled nursing beds needs based upon demand generated internally from Park Place's Independent Living and Assisted Living units. This study projects achievement of sufficient utilization over time based solely on internal demand. The purpose of seeking removal of the CCRC variance is to accelerate the time for reaching utilization.

Primary Service Area Hospital Referrals: Elmhurst Memorial Hospital is expected to be Park Place's primary referring hospital and is located directly across the street from Park Place, making discharges very convenient for those residents. In its letter of support included in this Application, Elmhurst Memorial Hospital indicates that is currently transitions 200 patients each month to skilled nursing facilities, 70 of which go to their own skilled nursing unit.

Elmhurst Memorial Hospital recently announced its intent to discontinue its 38-bed skilled nursing unit sometime during the first half of 2012 at approximately the same time as the Park Place opening. This closure will further increase the demand for skilled nursing beds in the Planning Area and would coincide with the Park Place opening.

Primary Physician Group Referrals: Park Place's Medical Director has already been selected and is employed by the Elmhurst Clinic which is a large multi-specialty physician group located on the Elmhurst Memorial Hospital campus. In addition to a full range of outpatient physician services, the Clinic employs ten (10) physicians who provide inpatient services within the acute care setting. Park Place administration has engaged Clinic representatives in discussions on a range of subjects pertinent to the provision of physician services in a free standing skilled nursing setting. Park Place anticipates a consistent volume of patient referrals as a result of these discussions.

Community Constituency: Park Place is a faith-based organization supported by the Christian Reformed Church. The minister at the Elmhurst Christian Reform Church has indicated that senior members of his congregation intend to use Park Place healthcare services as needed.

Bed Need: There is a calculated bed need of 759 additional beds in the 7-C Planning Area.

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION 1110.1730(b)(1)
PLANNING AREA NEED

In compliance with Section 1110.1730(b)(1) of the Review Board Rules, the Project is necessary to serve the population of the 7-C Planning Area.

There is a <u>need</u> for 759 additional general long term care beds in the 7-C Planning Area. This bed deficit, as reflected in the January 15, 2012 Bed Inventory update (attached), already reflects the 37 beds contemplated in this Application. On April 8, 2008, the Review Board approved a CON permit for Park Place to establish a continuing care retirement community consisting of a 37-bed skilled nursing unit together with 183 Independent Living units, 46 Assisted Living units and 20 memory support Assisted Living units. That project (Project No. 07-071) is scheduled to open later in calendar year 2012. The Project contemplated in this Application is essentially unchanged from what the Board approved in 2008. Thus, approval of this Project will not impact the current Bed Inventory.

As part of this Application and in the event this Project is approved, the Applicants will agree to abandon their present CON permit for Project No. 07-071 as approved by the Review Board on April 8, 2008.

LONG-TERM CARE BED INVENTORY UPDATES

09/16/2011 - 01/15/2012

LONG-TERM CARE GENERAL NURSING BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
Perry	207	210	(3)
Randolph	580	492	88
Richland	360	309	51
Union	351	293	58
Washington	172	263	(91)
Wayne	133	169	(36)
White	354	355	(1)
Williamson	600	543	57
HEALTH SERVICE AREA 006			
Planning Area 6-A	5,963	7,217	(1,254)
Planning Area 6-B	4,252	4,178	74
Planning Area 6-C	5,209	5,037	172
HEALTH SERVICE AREA 007			
Planning Area 7-A	4,482	3,324	1,158
Planning Area 7-B	7,180	6,848	332
Planning Area 7-C	6,867	6,108	759
Planning Area 7-D	2,519	2,904	(385)
Planning Area 7-E	9,328	8,989	339
HEALTH SERVICE AREA 008			
Kane	3,322	2,894	428
Lake	5,275	4,699	576
McHenry	1,501	1,032	469
HEALTH SERVICE AREA 009			
Grundy	260	265	(5)
Kankakee	1,290	1,368	(78)
Kendall	219	185	34
Will	3,479	2,790	689
HEALTH SERVICE AREA 010			
Henry	452	500	(48)
Mercer	222	186	36
Rock Island	1,243	1,326	(83)
HEALTH SERVICE AREA 011			
Clinton	432	406	26
Madison	2,048	2,199	(151)
Monroe	435	324	111
St.Clair	2,102	2,294	(192)

LONG-TERM CARE ICF/DD 16 BED NEED

PLANNING AREA	CALCULATED BED NEED	APPROVED BEDS	ADDITIONAL BEDS NEEDED OR EXCESS BEDS ()
HSA 1	268	360	(92)
HSA 2	268	333	(65)
HSA 3	230	383	(153)
HSA 4	322	334	(12)
HSA 5	255	655	(400)
HSA 6,7,8 & 9	3,429	1,133	2,296
HSA 10	82	40	42
HSA 11	220	384	(164)

INVENTORY OF HEALTH CARE FACILITIES AND SERVICES AND NEED DETERMINATIONS

General Long-Term Care Category of Service

Planning Area: Planning Area 7-C

Facility Name	City	County/Area	General Nursing Care Beds	General Nursing Care 2008 Patient Days
ABBINGTON REHAB & NURSING CTR	ROSELLE	Bloomingdale Township	82	23,904
ALDEN ESTATES OF NAPERVILLE	NAPERVILLE	Naperville Township	203	50,641
5/14/2008 Name Change Name changed from "Alden-Naperville Rehab & Care".				
ALDEN-VALLEY RIDGE REHAB &CARE	BLOOMINGDALE	Bloomingdale Township	207	64,888
BEACON HILL	LOMBARD	York Township	108	35,914
BRIDGEWAY CHRISTIAN VILLAGE REHAB & SNF	BENSENVILLE	Addison Township	222	57,253
BURGESS SQUARE	WESTMONT	Downers Grove Township	203	59,126
CHATEAU NRSG & REHAB CENTER	WILLOWBROOK	Downers Grove Township	150	50,009
COMMUNITY NSG & REHAB CENTER	NAPERVILLE	Naperville Township	153	44,423
DUPAGE CONVALESCENT HOME	WHEATON	Milton Township	508	118,986
ELMBROOK NURSING	ELMHURST	York Township	180	57,366
10/27/2010 Name Change Name changed from Elm Brook Health Care & Rehab. Center				
10/27/2010 CHOW Change of ownership occurred.				
ELMHURST EXTENDED CARE CENTER	ELMHURST	York Township	108	30,277
4/1/2011 Bed Change Facility discontinued 4 nursing care beds; facility now has 108 nursing care beds,				
ELMHURST MEMORIAL HOSPITAL	ELMHURST	York Townshop	38	12,617
EMERITUS BURR RIDGE	BURR RIDGE	Downers Grove Township	30	9,617
6/1/2010 Name Change Name changed from Brighton Gardens-Burr Ridge				
6/1/2010 CHOW Change of Ownership occurred.				
FOREST VIEW REHAB & NURSING CENTER	ITASCA	Addison Township	144	39,332
6/2/2011 Name Change Name changed from Arbor of Itasca.				
6/2/2011 CHOW Change of ownership occurred.				
LEXINGTON HLTH CARE CTR-BLOOMINGDALE	BLOOMINGDALE	Bloomingdale Township	166	52,258
LEXINGTON HLTH CARE CTR-LOMBARD	LOMBARD	York Township	224	68,938
LEXINGTON OF ELMHURST	ELMHURST	York Township	145	46,128
2/12/2009 07-014 Permit to add 85 Nursing Care beds abandoned.				
MANOR CARE - NAPERVILLE	NAPERVILLE	Naperville Township	118	36,644
MANORCARE OF HINSDALE	HINSDALE	Downers Grove Township	202	66,289
12/14/2010 Bed Change Added 2 Nursing Care beds; facility now has 202 Nursing Care beds.				
MANORCARE OF WESTMONT	WESTMONT	Downers Grove Township	155	47,035
MARIANJOY REHAB HOSPITAL(PERMIT)	WHEATON	Milton Township	20	1,608
6/1/5400 07-042 Completed project to establish 20 bed skilled nursing (long-term care) category of service.				
MEADOWBROOK MANOR	NAPERVILLE	Naperville Township	245	84,457
MONARCH LANDING (PERMIT)	NAPERVILLE	Naperville Township	0	
3/10/2009 08-073 Permit issued to establish a 24 bed Nursing Care facility.				
9/21/2010 08-073 Permit deemed null and void by Review Board; 24 nursing care beds removed from inventory.				
OAK BROOK HEALTH CARE CENTER	OAK BROOK	York Township	156	50,910

INVENTORY OF HEALTH CARE FACILITIES AND SERVICES AND NEED DETERMINATIONS

General Long-Term Care Category of Service

Planning Area: Planning Area 7-C

Facility Name	City	County/Area	General Nursing Care Beds	General Nursing Care 2008 Patient Days
OAK TRACE	DOWNERS GROVE	Downers Grove Township	160	33,303
8/1/2011 Name Change Formerly Fairview Baptist Home.				
8/1/2011 CHOW Change of ownership occurred.				
PARK PLACE CHRISTIAN COMMUNITY(PERMIT)	ELMHURST	York Township	37	
4/8/2008 07-071 Permit issued to establish a 37-bed nursing care facility.				
PROVIDENCE OF DOWNERS GROVE	DOWNERS GROVE	Downers Grove Township	145	40,980
11/10/2008 Name Change Name changed from Rest Haven West.				
SNOW VALLEY NURSING & REHAB CENTER	LISLE	Lisle Township	51	16,915
ST. PATRICK'S RESIDENCE	NAPERVILLE	Naperville Township	209	72,878
TABOR HILLS HEALTHCARE	NAPERVILLE	Naperville Township	211	66,217
WEST CHICAGO TERRACE	WEST CHICAGO	Winfield Township	120	43,800
WEST SUBURBAN NURSING & REHAB CENTER	BLOOMINGDALE	Bloomingdale Township	259	68,749
5/16/2008 Name Change Name changed from "West Suburban Care Center".				
WESTBURY CARE CENTER	LISLE	Lisle Township	55	17,875
WESTMONT NURSING AND REHABILITATION CEN	WESTMONT	Downers Grove Township	215	70,247
9/1/2008 Name Change Name changed from Westmont Convalescent Center.				
WHEATON CARE CENTER	WHEATON	Milton Township	123	40,598
WINDSOR PARK MANOR	CAROL STREAM	Bloomingdale Township	80	22,092
WINFIELD WOODS	WINFIELD	Winfield Township	138	48,190
WOOD GLEN NURSING & REHAB CENTER	WEST CHICAGO	Wayne Township	207	73,598
WYNSCAPE	WHEATON	Milton Township	209	51,029
		Planning Area Totals	5,986	1,775,091

HEALTH SERVICE AREA	AGE GROUPS	2008 Patient Days	2008 Population	2008 Use Rates (Per 1,000)	2008 Minimum Use Rates	2008 Maximum Use Rates
007	0-64 Years Old	2,155,328	2,918,600	738.5	443.1	1,181.6
	65-74 Years Old	1,062,947	241,400	4,403.3	2,642.0	7,045.2
	75+ Years Old	5,006,778	218,200	22,945.8	13,767.5	36,713.3

	2008 PSA Patient Days	2008 PSA Estimated Populations	2008 PSA Use Rates (Per 1,000)	2008 HSA Minimum Use Rates	2008 HSA Maximum Use Rates	2018 PSA Planned Use Rates	2018 PSA Projected Populations	2018 PSA Planned Patient Days	Planned Average Daily Census	Planned Bed Need (90% Occ.)	Beds Needed
0-64 Years Old	291,902	828,600	352.3	443.1	1,181.6	443.1	838,300	371,441			
65-74 Years Old	205,700	50,300	4,089.5	2,642.0	7,045.2	4,089.5	87,600	358,237			
75+ Years Old	1,277,488	53,400	23,923.0	13,767.5	36,713.3	23,923.0	63,800	1,526,287			
						Planning Area Totals		2,255,965	6,180.7	6,867	881

000095

ATTACHMENT-28

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION 1110.1730(b)(2)
PLANNING AREA NEED-SERVICE TO PLANNING AREA RESIDENTS

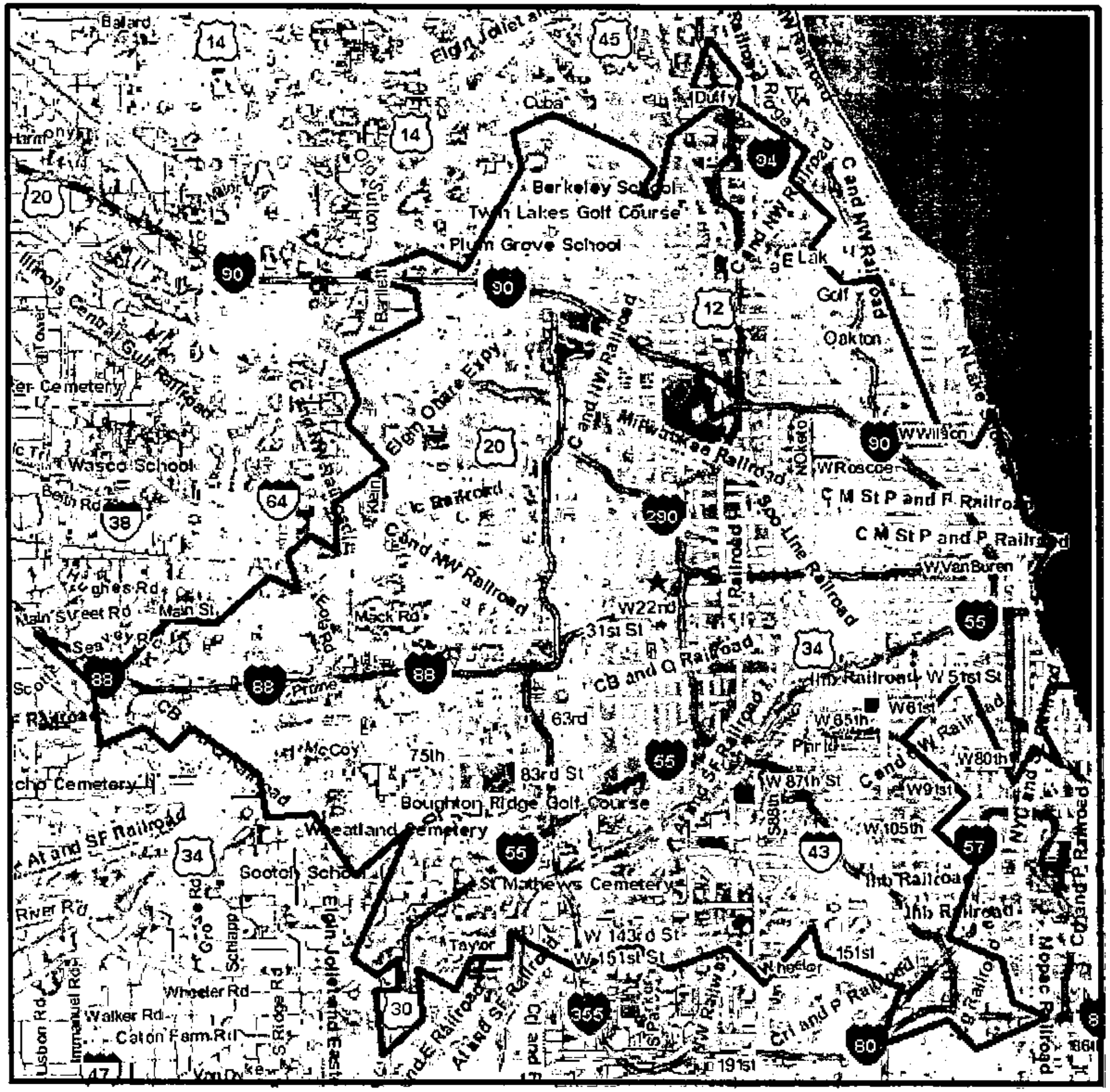
In compliance with Section 1110.1730(b)(2) of the Review Board Rules, the primary service area for this Project is those residents within a 30-minute drive time of the facility. This primary service area is shown on the attached Area Map.[1] Park Place's secondary market is sourced from within the larger Planning Area 7-C, which has a computed need for 759 additional beds. Because the Project proposed to establish a 37-bed skilled nursing unit as part of this campus, the Project will provide health services to the same service area population as shown on the attached chart.

A report is attached which provides origin information for all individuals who have made deposits for a life care contract for admission into Park Place. At least 50% of the individuals reside in Park Place's service area.

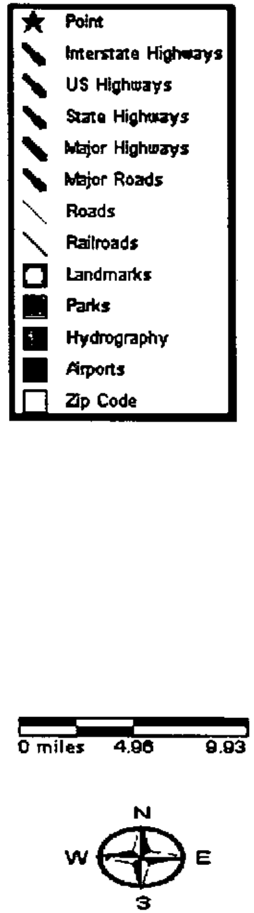
[1] The Nielsen Company Area Map prepared on January 5, 2012.

Area Map

1050 S EUCLID AVE, ELMHURST, IL



Coord: 41.866470, -87.938990
Polygon - See Appendix for Points



nielsen

Prepared on: Thurs Jan 05, 2012
Project Code: 5027614
Prepared For: Arnstein & Lehr LLP

Nielsen Solution Center 1 800 866 6511

Prepared By:

Appendix: Area Listing

Area Name:

41.866470 / -87.938990

Type: Drive Time 1: 30 Minute(s)

Polygon Points:

41.551247	-88.184036	41.594456	-88.191238	41.594456	-88.169640	41.616058	-88.169640
41.604057	-88.188843	41.616058	-88.210442	41.702473	-88.160034	41.671268	-88.208046
41.712074	-88.244049	41.709675	-88.284859	41.738480	-88.292061	41.769688	-88.352066
41.755283	-88.371269	41.769688	-88.392876	41.757683	-88.431282	41.798492	-88.438484
41.832096	-88.488892	41.808094	-88.414482	41.841698	-88.371269	41.839298	-88.328064
41.870502	-88.282455	41.860901	-88.256050	41.884907	-88.265656	41.896908	-88.246452
41.887306	-88.222443	41.918510	-88.224846	41.942516	-88.179237	41.971321	-88.212845
41.985725	-88.203239	42.014530	-88.217644	42.040932	-88.148033	42.060135	-88.152832
42.069740	-88.203239	42.086540	-88.145630	42.074539	-88.109627	42.141750	-88.059219
42.165756	-88.066422	42.177757	-88.030411	42.151352	-87.953598	42.141750	-87.941597
42.124947	-87.953598	42.122547	-87.939194	42.163353	-87.927193	42.184959	-87.886383
42.196960	-87.907990	42.228165	-87.893585	42.201763	-87.864784	42.187359	-87.869583
42.153751	-87.807175	42.134548	-87.821579	42.108147	-87.785568	42.088943	-87.804771
42.064938	-87.775970	42.069740	-87.744759	41.968922	-87.691956	41.956921	-87.660744
41.980923	-87.643944	41.906509	-87.615143	41.894508	-87.591133	41.872906	-87.607941
41.798492	-87.571930	41.798492	-87.595940	41.774487	-87.605537	41.745682	-87.586334
41.757683	-87.610336	41.733681	-87.627144	41.805691	-87.670349	41.762486	-87.725555
41.724079	-87.667946	41.702473	-87.696754	41.678471	-87.660744	41.630463	-87.684753
41.616058	-87.639145	41.587254	-87.629539	41.577652	-87.598335	41.556049	-87.660744
41.575253	-87.684753	41.558449	-87.747162	41.596855	-87.727959	41.618458	-87.797569
41.637665	-87.804771	41.599255	-87.847977	41.623260	-87.879189	41.608856	-87.931992
41.625660	-87.963203	41.608856	-88.011208	41.632862	-88.071220	41.616058	-88.073616
41.616058	-88.104828	41.594456	-88.119225	41.608856	-88.152832	41.575253	-88.148033

Area Map

1050 S EUCLID AVE, ELMHURST, IL

Appendix: Area Listing

41.551247	-88.184036	41.594456	-88.119225	41.608856	-88.152832	41.575253	-88.148033

Park Place Christian Community of Elmhurst
Current Resident Depositor Zip Code of Residence

Resident Number	City	State	Zip Code
Resident 1	Dayton	OH	45419
Resident 2	St. John	IN	46373
Resident 3	Portage	MI	49024
Resident 4	Libertyville	IL	60048
Resident 5	Wilmette	IL	60091
Resident 6	Addison	IL	60101
Resident 7	Bloomingdale	IL	60108
Resident 8	Bloomingdale	IL	60108
Resident 9	Elmhurst	IL	60126
Resident 10	Elmhurst	IL	60126
Resident 11	Elmhurst	IL	60126
Resident 12	Elmhurst	IL	60126
Resident 13	Elmhurst	IL	60126
Resident 14	Elmhurst	IL	60126
Resident 15	Elmhurst	IL	60126
Resident 16	Elmhurst	IL	60126
Resident 17	Elmhurst	IL	60126
Resident 18	Elmhurst	IL	60126
Resident 19	Elmhurst	IL	60126
Resident 20	Elmhurst	IL	60126
Resident 21	Elmhurst	IL	60126
Resident 22	Elmhurst	IL	60126
Resident 23	Elmhurst	IL	60126
Resident 24	Elmhurst	IL	60126
Resident 25	Elmhurst	IL	60126
Resident 26	Elmhurst	IL	60126
Resident 27	Elmhurst	IL	60126
Resident 28	Elmhurst	IL	60126
Resident 29	Elmhurst	IL	60126
Resident 30	Elmhurst	IL	60126
Resident 31	Elmhurst	IL	60126
Resident 32	Elmhurst	IL	60126
Resident 33	Elmhurst	IL	60126
Resident 34	Elmhurst	IL	60126
Resident 35	Elmhurst	IL	60126
Resident 36	Elmhurst	IL	60126
Resident 37	Elmhurst	IL	60126
Resident 38	Elmhurst	IL	60126
Resident 39	Elmhurst	IL	60126
Resident 40	Elmhurst	IL	60126
Resident 41	Geneva	IL	60134
Resident 42	Glen Ellyn	IL	60137
Resident 43	Glen Ellyn	IL	60137
Resident 44	Glen Ellyn	IL	60137
Resident 45	Lombard	IL	60148
Resident 46	Lombard	IL	60148
Resident 47	Lombard	IL	60148
Resident 48	Lombard	IL	60148
Resident 49	Westchester	IL	60154
Resident 50	Melrose Park	IL	60160
Resident 51	Plainfield	IL	60163

Park Place Christian Community of Elmhurst
Current Resident Depositor Zip Code of Residence

Resident Number	City	State	Zip Code
Resident 52	Melrose Park	IL	60164
Resident 53	Villa Park	IL	60181
Resident 54	Wheaton	IL	60187
Resident 55	Wheaton	IL	60187
Resident 56	Carol Stream	IL	60188
Resident 57	Winfield	IL	60190
Resident 58	Winfield	IL	60190
Resident 59	Wood Dale	IL	60191
Resident 60	Oak Park	IL	60302
Resident 61	Oak Park	IL	60303
Resident 62	Oak Park	IL	60304
Resident 63	Homewood	IL	60430
Resident 64	Chicago	IL	60453
Resident 65	Homer Glen	IL	60491
Resident 66	Clarendon Hills	IL	60514
Resident 67	Clarendon Hills	IL	60514
Resident 68	Downers Grove	IL	60515
Resident 69	Downers Grove	IL	60516
Resident 70	Hinsdale	IL	60521
Resident 71	Hinsdale	IL	60521
Resident 72	Hinsdale	IL	60521
Resident 73	Hinsdale	IL	60521
Resident 74	Hinsdale	IL	60521
Resident 75	Hinsdale	IL	60521
Resident 76	Oak Brook	IL	60522
Resident 77	Oak Brook	IL	60523
Resident 78	Oak Brook	IL	60523
Resident 79	Oak Brook	IL	60523
Resident 80	Oak Brook	IL	60523
Resident 81	Oak Brook	IL	60523
Resident 82	Oak Brook	IL	60523
Resident 83	Oak Brook	IL	60523
Resident 84	Oak Brook	IL	60523
Resident 85	La Grange	IL	60525
Resident 86	Indian Head Park	IL	60525
Resident 87	Indian Head Park	IL	60525
Resident 88	Indian Head Park	IL	60525
Resident 89	La Grange	IL	60525
Resident 90	La Grange	IL	60526
Resident 91	Willowbrook	IL	60527
Resident 92	Burr Ridge	IL	60527
Resident 93	Burr Ridge	IL	60527
Resident 94	Willowbrook	IL	60527
Resident 95	Lisle	IL	60532
Resident 96	Plainfield	IL	60544
Resident 97	Plainfield	IL	60544
Resident 98	Plainfield	IL	60544
Resident 99	Plainfield	IL	60544
Resident 100	Western Springs	IL	60558
Resident 101	Western Springs	IL	60558
Resident 102	Westmont	IL	60559

Park Place Christian Community of Elmhurst
Current Resident Depositor Zip Code of Residence

Resident Number	City	State	Zip Code
Resident 103	Westmont	IL	60559
Resident 104	Westmont	IL	60559
Resident 105	Westmont	IL	60559
Resident 106	Naperville	IL	60563
Resident 107	Chicago	IL	60605
Resident 108	Chicago	IL	60611
Resident 109	Evergreen Park	IL	60805
Resident 110	Scottsdale	AZ	85255

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
ESTABLISHMENT OF GENERAL LONG TERM CARE
CRITERION 1110.1730(b)(3)

On April 8, 2008 the Review Board approved a CON permit for Park Place to establish a continuing care retirement community in Elmhurst that includes a 37-bed skilled care unit. The non-reviewable portion of the original project also included 183 Independent Living units, 37 Assisted Living units, 16 memory support Assisted Living units. The non-reviewable portion of the Project continues to include 183 Independent Living units, but increased the Assisted Living from 37 to 46 and memory support Assisted Living from 16 to 20 (there was no increase in total square footage). Under the original permit, the CCRC variance would have allowed 47 skilled beds. With the increased Assisted Living Units and memory support Assisted Living units, 50 beds would now be allowed, more than the 37 skilled beds requested in the project. The skilled portion of the proposed Project is the same as the existing CON permit and does not change the calculated bed need in the Planning Area. The proposed Project only seeks open admission through the removal of the CCRC variance.

The existing CON permit was approved by the Review Board, in part, because it documented a justified need based upon the CCRC variance. This documented, justified need remains valid. In addition, the Review Board's inventory now shows a need for 759 beds in this Planning Area. The sole issue under this Application with respect to need is how the acceleration of the fill-up period under open admission policy will be addressed. As part of this Application Elmhurst Memorial Hospital has stated in a letter of support that it currently transitions 200 patients each month to skilled nursing facilities, 70 of which go to its own skilled nursing unit. The closure of Elmhurst Memorial Hospital's skilled nursing unit in early 2012 will more than offset the accelerated fill-up under a more open admission policy.

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
SERVICE ACCESSIBILITY
CRITERION 1110.1730(b)(5)

The proposed Project seeks removal of the current restriction on admissions into Park Place only from those residents within Park Place's retirement community. By removing the CCRC variance, Park Place will be able to admit residents from the service area at large. This improves access for residents in the Planning Area.

Additionally, removal of the CCRC variance will immediately benefit those patients who will be discharged upon the impending closure of Elmhurst Memorial Hospital's skilled nursing unit. Elmhurst Memorial Hospital is located literally across the street from Park Place and will provide a convenient and easy relocation for those patients. By removing the CCRC variance, Park Place will be able to admit these soon-to-be displaced patients and by doing so, will improve access to its skilled nursing services to these patients.

**PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
UNNECESSARY DUPLICATION/MALDISTRIBUTION
CRITERIA 1110.1730(e)(1), (2) and (3)**

Unnecessary Duplication.

In compliance with Section 1110.1730(e)(1), attached are the following: (i) a Nielsen Area Map[1] which shows the 30-minute drive time area from the facility; (ii) a population report[2] which shows the population in the actual 30-minute drive time area from the facility rather than by zip codes within the 30-minute drive time area; and (iii) a chart which lists the names and locations of all existing or approved health care facilities located within a 30 minute drive time from Park Place. Further attached is a Table prepared by the Applicant, for its own internal planning purposes, which lists those zip codes contained in the Applicant's smaller, primary service area.

Maldistribution of Services.

This Project should not result in a maldistribution of services. The Review Board has already approved Park Place's construction of a 37-bed skilled facility in support of its retirement community. At the time of the Board's approval in 2008, the 37 beds became part of the Bed Need Inventory. Approval of this Project will not increase beds in the current Bed Need Inventory and does not change the calculated bed need of 759 additional beds.

Impact on Other Area Providers.

The opening of Park Place's 37-bed skilled nursing unit coincides with the closure of Elmhurst Memorial Hospital's 38-bed skilled nursing unit. Elmhurst Memorial Hospital is located just across the street from the Applicant, making admissions for those patients easy and convenient for residents. Elmhurst Memorial Hospital indicates in its letter of support (included

[1] Nielsen Area Map prepared on January 5, 2012
[2] Nielsen Pop-Facts: Demographic Quick Facts 2011 Report prepared on January 5, 2012.

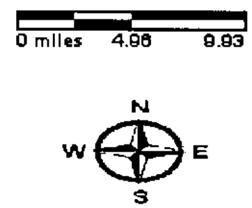
in this Application) that it transitions over 200 patients per month to area skilled nursing facilities, with 70 going to its own facility. Even if only a portion of those Elmhurst Hospital residents go to Park Place, and the remainder to other facilities, Park Place can achieve target occupancy while at the same time other facilities gain occupancy. The Project should not further lower the utilization of other area facilities that are currently operating below the occupancy standards.

Area Map

1050 S EUCLID AVE, ELMHURST, IL

Coord: 41.866470, -87.938990
Polygon - See Appendix for Points

- Point
- Interstate Highways
- US Highways
- State Highways
- Major Highways
- Major Roads
- Roads
- Railroads
- Landmarks
- Parks
- Hydrography
- Airports
- Zip Code



Nielsen Solution Center 1 800 866 6511

Prepared By:

Area Map

1050 S EUCLID AVE, ELMHURST, IL

Appendix: Area Listing

Area Name:

41.866470 / -87.938990

Type: Drive Time 1: 30 Minute(s)

Polygon Points:

41.551247	-88.184036	41.594456	-88.191238	41.594456	-88.169640	41.616058	-88.169640
41.604057	-88.188843	41.616058	-88.210442	41.702473	-88.160034	41.671268	-88.208046
41.712074	-88.244049	41.709675	-88.284859	41.738480	-88.292061	41.769688	-88.352066
41.755283	-88.371269	41.769688	-88.392876	41.757683	-88.431282	41.798492	-88.438484
41.832096	-88.488892	41.808094	-88.414482	41.841698	-88.371269	41.839298	-88.328064
41.870502	-88.282455	41.860901	-88.256050	41.884907	-88.265656	41.896908	-88.246452
41.887306	-88.222443	41.918510	-88.224846	41.942516	-88.179237	41.971321	-88.212845
41.985725	-88.203239	42.014530	-88.217644	42.040932	-88.148033	42.060135	-88.152832
42.069740	-88.203239	42.086540	-88.145630	42.074539	-88.109627	42.141750	-88.059219
42.165756	-88.066422	42.177757	-88.030411	42.151352	-87.953598	42.141750	-87.941597
42.124947	-87.953598	42.122547	-87.939194	42.163353	-87.927193	42.184959	-87.886383
42.196960	-87.907990	42.228165	-87.893585	42.201763	-87.864784	42.187359	-87.869583
42.153751	-87.807175	42.134548	-87.821579	42.108147	-87.785568	42.088943	-87.804771
42.064938	-87.775970	42.069740	-87.744759	41.968922	-87.691956	41.956921	-87.660744
41.980923	-87.643944	41.906509	-87.615143	41.894508	-87.591133	41.872906	-87.607941
41.798492	-87.571930	41.798492	-87.595940	41.774487	-87.605537	41.745682	-87.586334
41.757683	-87.610336	41.733681	-87.627144	41.805691	-87.670349	41.762486	-87.725555
41.724079	-87.667946	41.702473	-87.696754	41.678471	-87.660744	41.630463	-87.684753
41.616058	-87.639145	41.587254	-87.629539	41.577652	-87.598335	41.556049	-87.660744
41.575253	-87.684753	41.558449	-87.747162	41.596855	-87.727959	41.618458	-87.797569
41.637665	-87.804771	41.599255	-87.847977	41.623260	-87.879189	41.608856	-87.931992
41.625660	-87.963203	41.608856	-88.011208	41.632862	-88.071220	41.616058	-88.073616
41.616058	-88.104828	41.594456	-88.119225	41.608856	-88.152832	41.575253	-88.148033

Area Map

1050 S EUCLID AVE, ELMHURST, IL

Appendix: Area Listing

41.551247	-88.184036	41.594456	-88.119225	41.608856	-88.152832	41.575253	-88.148033

Pop-Facts: Demographic Quick Facts 2011 Report

1050 S EUCLID AVE, ELMHURST, IL

DrvTim 1: 41.866470/-87.938990, aggregate

Description	30 Minute(s) *DrvTim 1*	%
Population		
2016 Projection	5,118,266	
2011 Estimate	5,083,305	
2000 Census	5,044,060	
1990 Census	4,609,709	
Growth 1990 - 2000	9.42%	
Households		
2016 Projection	1,859,891	
2011 Estimate	1,845,398	
2000 Census	1,839,438	
1990 Census	1,694,176	
Growth 1990 - 2000	8.57%	
2011 Est. Population by Single Classification Race	5,083,305	
White Alone	3,219,356	63.33
Black or African American Alone	738,129	14.52
American Indian and Alaska Native Alone	17,535	0.34
Asian Alone	351,207	6.91
Native Hawaiian and Other Pacific Islander Alone	3,371	0.07
Some Other Race Alone	600,217	11.81
Two or More Races	153,491	3.02
2011 Est. Population Hispanic or Latino	5,083,305	
Hispanic or Latino	1,251,578	24.62
Not Hispanic or Latino	3,831,727	75.38
2011 Tenure of Occupied Housing Units	1,845,398	
Owner Occupied	1,178,093	63.84
Renter Occupied	667,305	36.16
2011 Average Household Size	2.70	

Pop-Facts: Demographic Quick Facts 2011 Report

1050 S EUCLID AVE, ELMHURST, IL

DrvTim 1: 41.866470/-87.938990, aggregate

Description	30 Minute(s) *DrvTim 1*	%
2011 Est. Households by Household Income	1,845,398	
Income Less than $15,000	197,823	10.72
Income $15,000 - $24,999	153,203	8.30
Income $25,000 - $34,999	168,180	9.11
Income $35,000 - $49,999	263,704	14.29
Income $50,000 - $74,999	366,100	19.84
Income $75,000 - $99,999	251,861	13.65
Income $100,000 - $124,999	167,167	9.06
Income $125,000 - $149,999	99,805	5.41
Income $150,000 - $199,999	81,507	4.42
Income $200,000 - $499,999	79,474	4.31
Income $500,000 and over	16,574	0.90
2011 Est. Average Household Income	$78,558	
2011 Est. Median Household Income	$59,546	
2011 Est. Per Capita Income	$28,785	
2011 Median HH Inc by Single Race Class or Ethn		
White Alone	65,440	
Black or African American Alone	37,134	
American Indian and Alaska Native Alone	49,547	
Asian Alone	69,091	
Native Hawaiian and Other Pacific Islander Alone	47,185	
Some Other Race Alone	47,070	
Two or More Races	48,576	
Hispanic or Latino	48,399	
Not Hispanic or Latino	62,335	

Appendix: Area Listing

Area Name:

Type: Drive Time 1: 30 Minute(s) Reporting Detail: Aggregate Reporting Level: Block Group
41.866470 / -87.938990

Polygon Points:

41.551247 -88.184036	41.594456 -88.191238	41.594456 -88.169640	41.616058 -88.169640
41.604057 -88.188843	41.616058 -88.210442	41.702473 -88.160034	41.671268 -88.208046
41.712074 -88.244049	41.709675 -88.284859	41.738480 -88.292061	41.769688 -88.352066
41.755283 -88.371269	41.769688 -88.392876	41.757683 -88.431282	41.798492 -88.438484
41.832096 -88.488892	41.808094 -88.414482	41.841698 -88.371269	41.839298 -88.328064
41.870502 -88.282455	41.860901 -88.256050	41.884907 -88.265656	41.896908 -88.246452
41.887306 -88.222443	41.918510 -88.224846	41.942516 -88.179237	41.971321 -88.212845
41.985725 -88.203239	42.014530 -88.217644	42.040932 -88.148033	42.060135 -88.152832
42.069740 -88.203239	42.086540 -88.145630	42.074539 -88.109627	42.141750 -88.059219
42.165756 -88.066422	42.177757 -88.030411	42.151352 -87.953598	42.141750 -87.941597
42.124947 -87.953598	42.122547 -87.939194	42.163353 -87.927193	42.184959 -87.886383
42.196960 -87.907990	42.228165 -87.893585	42.201763 -87.864784	42.187359 -87.869583
42.153751 -87.807175	42.134548 -87.821579	42.108147 -87.785568	42.088943 -87.804771
42.064938 -87.775970	42.069740 -87.744759	41.968922 -87.691956	41.956921 -87.660744
41.980923 -87.643944	41.906509 -87.615143	41.894508 -87.591133	41.872906 -87.607941
41.798492 -87.571930	41.798492 -87.595940	41.774487 -87.605537	41.745682 -87.586334
41.757683 -87.610336	41.733681 -87.627144	41.805691 -87.670349	41.762486 -87.725555
41.724079 -87.667946	41.702473 -87.696754	41.678471 -87.660744	41.630463 -87.684753
41.616058 -87.639145	41.587254 -87.629539	41.577652 -87.598335	41.556049 -87.660744
41.575253 -87.684753	41.558449 -87.747162	41.596855 -87.727959	41.618458 -87.797569
41.637665 -87.804771	41.599255 -87.847977	41.623260 -87.879189	41.608856 -87.931992
41.625660 -87.963203	41.608856 -88.011208	41.632862 -88.071220	41.616058 -88.073616
41.616058 -88.104828	41.594456 -88.119225	41.608856 -88.152832	41.575253 -88.148033
41.551247 -88.184036	41.594456 -88.119225	41.608856 -88.152832	41.575253 -88.148033

Project Information:

Site: 1

Order Number: 970705763

Park Place Christian
Facilities Within 30 Minutes Travel Time

	Facility	City/Planning Area	Authorized Beds	2010 Occupancy	Distance (Miles)	Travel Time (Minutes)
1	Park Place Christian	Elmhurst/7-C	37	NA	0	0
2	Lexington Health Care Center	Elmhurst/7-C	145	87.6%	0.89	2.30
3	Oak Brook Health Care Centre	Oak Brook/7-C	156	89.1%	2.6	5.75
4	Oakridge Nursing & Rehab Center	Hillside/7-D	73	73.6%	3.28	6.90
5	The Renaissance At Hillside	Hillside/7-D	198	87.7%	2.69	8.05
6	Westchester Health & Rehab Ctr	Westchester/7-D	120	88.4%	4.02	9.20
7	Elmhurst Memorial Hospital	Elmhurst/7-C	38	94.2%	3.21	10.35
8	Manor Care of Westmont	Westmont/7-C	144	85.5%	5.88	11.50
9	Manor Care of Hinsdale	Hinsdale/7-C	202	90.0%	5.67	11.50
10	Elmhurst Extended Care Center	Elmhurst/7-C	112	64.7%	3.71	11.50
11	Beacon Hill	Lombard/7-C	108	94.5%	5.96	12.65
12	Providence HC & Rehab of Downers Grove	Downers Grove/7-C	145	69.4%	5.73	13.80
13	Lexington Health Care Center	Lombard/7-C	224	85.6%	6.32	13.80
14	Berkshire Nursing and Rehab	Forest Park/7-D	232	57.0%	7.44	13.80
15	Elmbrook Nursing and Rehab Centre	Elmhurst/7-C	180	74.1%	4.56	13.80
16	Oak Park Hospital	Oak Park/7-D	36	50.9%	8.58	14.95
17	Plymouth Place	LaGrange Park/7-E	86	82.5%	6.57	14.95
18	Villa Scalabrini Nsg & Rehab	Northlake/7-D	253	88.9%	5.46	16.10
19	Lexington of Lagrange	LaGrange/7-E	110	88.5%	6.78	16.10
20	Columbus Park N & Rehab Center	Chicago/6-B	216	88.1%	9.75	16.10
21	Briar Place	Indian Head Park/7-E	232	90.4%	9.77	17.25
22	Westmont Nursing and Rehab Center	Westmont/7-C	215	91.5%	9.53	17.25
23	Chateau Nrsg & Rehab Center	Willowbrook/7-C	150	90.8%	9.58	17.25
24	Emeritus Burr Ridge	Burr Ridge/7-C	30	79.8%	9.69	17.25
25	Bridgeway CHR VLG Rehab & SNF	Bensenville/7-C	222	73.5%	5.9	17.25
26	Burgess Square	Westmont/7-C	203	85.9%	9.85	18.40
27	King-Bruwaert House	Burr Ridge/7-E	49	96.3%	9.38	18.40
28	British Home	Brookfield/7-D	72	82.0%	7.55	18.40
29	Oak Park Healthcare Center	Oak Park/7-D	204	69.1%	9.39	18.40
30	Mayfield Care Center	Chicago/6-B	156	77.3%	10.56	18.40
31	Scottish Old Peoples Home	North Riverside/7-D	36	72.6%	8.06	19.55
32	Snow Valley Nrsg & Rehab Ctr	Lisle/7-C	51	79.3%	11.11	19.55
33	Meadowbrook Manor LaGrange	LaGrange/7-E	197	60.6%	7.7	19.55
34	Gottlieb Memorial Hospital	Melrose Park/7-D	34	75.7%	9.55	19.55
35	West Suburban Med C	Oak Park/7-D	50	64.6%	11.1	20.07
36	Central Plaza Residential Home	Chicago/6-B	260	89.6%	11.24	20.70

Park Place Christian

Facilities Within 30 Minutes Travel Time

	Facility	City/Planning Area	Authorized Beds	2010 Occupancy	Distance (Miles)	Travel Time (Minutes)
37	Columbus Manor Residential Care Home	Chicago/6-B	189	69.8%	11.15	20.70
38	Jackson Square Nrg & Rehab Ctr	Chicago/6-B	234	84.7%	11.14	20.70
39	Fairview Center for Health and Wellness	Downers Grove/7-C	160	52.7%	10.71	20.70
40	Cedar Pointe Rehab and Nursing Center	Cicero/7-D	485	67.5%	11.25	21.85
41	Westbury Care Center	Lisle/6-B	55	88.0%	12.07	23.00
42	Courtyard Healthcare Center	Berwyn/7-D	145	70.3%	11.34	23.00
43	Alden-Valley Ridge Rehab & Care	Bloomingdale/7-C	207	83.7%	13.33	23.00
44	Berkeley Nursing and Rehab Center	Oak Park/7-D	72	74.0%	10.88	24.10
45	Rosary Hill Home	Justice/7-E	29	100.0%	13.58	24.15
46	Alden-Town Manor Rehab & Hhc	Cicero/7-D	237	75.5%	14.55	24.15
47	Washington & Jane Smith Comm.	Chicago/6-C	103	88.2%	14.55	24.15
48	Sacred Heart Home	Chicago/6-B	172	84.9%	14.55	24.15
49	Arbor of Itasca	Itasca/7-C	144	55.9%	10.16	25.30
50	Hickory Nursing Pavilion	Hickory Hills/7-E	74	85.6%	15.45	25.30
51	Elmwood Care	Elmwood Park/7-D	245	79.6%	11.39	25.30
52	Park House	Chicago/6-B	106	87.0%	14.24	25.30
53	Monroe Pav Hlth & Treatment Ctr	Chicago/6-B	136	97.8%	15.83	25.30
54	West Suburban Care Center	Bloomingdale/7-C	259	71.4%	13.93	25.30
55	Community Nsg & Rehab Center	Naperville/7-C	153	82.9%	15.51	26.45
56	Manor Care - Elk Grove Village	Elk Grove Village/7-A	190	93.3%	14.27	26.45
57	Pershing Convalescent Center	Berwyn/7-E	51	75.3%	12.24	26.45
58	Windsor Park Manor	Carol Stream/7-C	80	71.8%	13.12	26.45
59	Bridgeview Health Care Center	Bridgeview/7-E	146	87.0%	15.34	27.60
60	Manor Care - Oak Lawn West	Oak Lawn/7-E	192	82.7%	16.43	27.60
61	Concord Extended Care	Oak Lawn/7-E	134	88.9%	16.42	27.60
62	Holy Family Nursing & Rehabilita Center	Des Plaines/7-B	251	63.2%	17.33	27.60
63	Tabor Hills Healthcare Facility	Naperville/7-C	211	90.9%	17.04	27.60
64	Wheaton Care Center	Wheaton/7-C	123	92.6%	10.56	27.60
65	Palos Hill Healthcare	Palos Hills/7-E	203	62.4%	16.34	27.60
66	Chicago Ridge Nursing Center	Chicago Ridge/7-E	231	94.4%	16.8	27.60
67	Midway Neurological and Rehab Center	Bridgeview/7-E	404	72.1%	16.72	27.60
68	Bethesda Home & Retirement Ctr	Chicago/6-B	113	50.9%	12.3	27.60
69	Lexington of Chicago Ridge	Chicago Ridge/7-E	203	93.3%	17.36	28.75
70	Lemont Nrsg and Rehab Center	Lemont/7-E	158	86.4%	16.94	28.75
71	Franciscan Village	Lemont/7-E	127	85.7%	16.43	28.75
72	Dupage Convalescent Home	Wheaton/7-C	508	61.9%	11.4	28.75

Park Place Christian
Facilities Within 30 Minutes Travel Time

	Facility	City/Planning Area	Authorized Beds	2010 Occupancy	Distance (Miles)	Travel Time (Minutes)
73	Wynscape	Wheaton/7-C	209	59.5%	11.31	28.75
74	Oak Lawn Respiratory & Rehab Center	Oak Lawn/7-E	143	50.9%	16.96	28.75
75	Resurrection Life Center	Chicago/6-A	147	96.7%	17.26	28.75
76	Holy Family Villa	Palos Park/7-E	99	96.1%	16.71	28.75
77	Abbington Rehab & Nursing Ctr	Roselle/7-C	82	79.3%	15	28.75
78	Lexington of Schaumburg	Schaumburg/7-A	214	90.6%	16.46	28.75
79	Central Nursing & Rehab Center	Chicago/6-B	245	92.8%	13.98	28.75
80	Winfield Woods	Winfield/7-C	138	87.5%	15.04	28.75
81	Meadowbrook Manor	Naperville/7-C	245	92.7%	17.9	29.90
82	St. Patrick's Residence	Naperville/7-C	209	94.2%	17.9	29.90
83	Alden-Northmoor Rehab & Hc Ctr	Chicago/6-A	198	91.4%	18.09	29.90
84	Ballard Nursing Center	Des Plaines/7-B	231	51.5%	18.1	29.90
85	Oakton Pavilion	Des Plaines/7-B	294	55.9%	15.82	29.90
86	Lee Manor	Des Plaines/7-B	260	90.6%	17.19	29.90
87	Renaissance at Midway	Chicago/6-C	249	90.9%	19.25	29.90
88	Central Baptist Village	Norridge/7-D	120	87.6%	16.8	29.90
89	Danish Home, The	Chicago/6-B	17	41.7%	18.31	29.90
90	Norwood Crossing	Chicago/6-A	131	90.1%	17.53	29.90
91	Park Ridge Care Center	Park Ridge/7-B	46	83.5%	17.29	29.90
92	California Gardens Nrg & Rehab	Chicago/6-B	297	91.3%	16.09	29.90
93	Center Home for Hispanic Elderly	Chicago/6-B	156	94.0%	15.99	29.90

000115

Primary Market Area of the Community

The primary market area for providers of senior living services is typically defined as the geographic area from which a majority of prospective residents reside prior to assuming occupancy at the Community. As of February 28, 2010, there were 135 Independent Living Units reserved by 133 Depositors out of the 173 available Independent Living Units, representing approximately 78 percent of the total Independent Living Units at the Community.

Based on the zip code origin of the Depositors, discussions with existing senior living providers in the area and experience with similar communities, the primary market area has been defined to be a 15 zip code area surrounding the Community primarily located within DuPage County and reaches into Cook County, spanning approximately 16 miles from north to south, and 19 miles from east to west at the widest points (the "PMA"). The following table lists the 15 zip codes comprising the PMA.

Table 8
Independent Living Depositor Origin Data

Zip Code	Town	Number of Depositors(1)	Percentage of Total
60126(2)	Elmhurst	38	28.6%
60523	Oak Brook	13	9.8%
60521	Hinsdale	9	6.8%
60527	Willowbrook	7	5.2%
60525	La Grange	7	5.2%
60148	Lombard	5	3.8%
60559	Westmont	5	3.8%
60137	Glen Ellyn	5	3.8%
60558	Western Springs	4	3.0%
60187	Wheaton	4	3.0%
60181	Villa Park	2	1.5%
60514	Clarendon Hills	2	1.5%
60516	Downers Grove	1	0.7%
60515	Downers Grove	1	0.7%
60561(3)	Darien	0	0.0%
Total from PMA Zip Codes		**103**	**77.4%**
Other Illinois areas		26	19.6%
Out of state		4	3.0%
Total		**133**	**100.0%**

Source: Management

(1) Depositors include individuals with a Reservation Deposit for an Independent Living Unit as of February 28, 2010. According to Management, two depositors have reserved two adjacent Independent Living Units each at the Community, for 135 units total.

(2) The Site for the Community is located in zip code 60126.

(3) Zip code 60561 was added for purposes of contiguity.

PARK PLACE

OF ELMHURST

January 16, 2012

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

Re: Park Place Christian – Staffing Review Criteria §1110.1730

Dear. Ms. Avery:

I will serve as Administrator for Park Place Christian upon its opening. In preparation for this opening we have analyzed our staffing needs for the new facility and provide this letter and accompanying chart in compliance of your Section 1110.1730 review criterion.

The attached chart projects the staffing that we anticipate. We had provided a staffing plan as part of our original application and remain confident that we can meet our staffing requirements.

Our sister facility, Providence Heath Care and Rehab of Downers Grove, is located within 6 miles of the Park Place. We have already begun recruiting staff for our facility and have hired several people for key positions, including Administrator, Food Services Director, Director of Environmental Services and Human Resources Manager. Between Park Place and our Downers Grove facility we currently have over 200 applications on file for employment for all positions. I certify that the number of applications on file exceed the projected number for each position listed on the attached chart.

Sincerely,

Richard Nolden

Richard Nolden
Administrator

Attachment: Staffing List

Information Center
360 West Butterfield Road
Suite 100 • Elmhurst, IL 60126
(630) 333-4343
Fax (630) 333-4340
www.ParkPlaceElmhurst.com

Park Place of Elmhurst Proposed Staffing
January 16, 2012

Position	**FTE's**	**Comments**
Administrator	1.0	Hired
DON	1.0	Offered
RN	8.4	Apps on File
CNA	12.6	Apps on File
Physical Therapist	3.0	Contracted
Occupational Therapist	3.0	Contracted
Speech Therapist	1.0	Contracted
Admissions	1.0	Apps on File
Social Worker	1.0	Apps on File
Medical Records	0.5	Apps on File
HR Manager	0.5	Hired
Medicare Biller	1.0	Apps on File
Receptionist	0.5	Apps on File
Food Service	8.0	1.0 Hired
EOC	7.8	3.0 Hired
TOTAL	50.3	

Please refer to the "Staffing Review Criteria" Letter for an attestation regarding the number of applications on file.

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION 1110.1730(h)
PERFORMANCE REQUIREMENTS-FACILITY SIZE

The maximum size of the facility after completion of the proposed Project will be 37 beds, which is below the maximum size of 250 beds specified in Section 1110.1730(h).

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION 1110.1730(i)
COMMUNITY RELATED FUNCTIONS

Attached hereto are various community support letters in connection with the Project and in satisfaction of Section 1110.1730(i) of the Review Board rules.

Elmhurst Memorial
Healthcare

January 10, 2012

Mr. Richard Nolden
Administrator
Park Place Christian Community of Elmhurst
1050 Euclid Avenue
Elmhurst, Illinois 60126

Re: Park Place Christian Community of Elmhurst, Illinois

Dear Mr. Nolden:

This letter is to serve as confirmation of my support for your project to allow open admission at your Park Place Christian Community of Elmhurst skilled nursing unit (licensed as long-term care beds by IDPH).

A review of our data indicates that we typically transition approximately 200 patients each month to area skilled-nursing facilities, including approximately 70 per month to our own long-term care facility (Transitional Care Center). As you know, we have announced our intention to discontinue our 38-bed long term-care service pending approval of our Certificate of Need application. Our census has been averaging approximately 36 patients per day, for whom we will need to assure continued service in cooperation with other facilities such as Park Place.

Because Park Place is located in close proximity to Elmhurst Memorial Hospital, we believe Park Place will serve as a very good option for many of our patients requiring skilled nursing services.

Sincerely,

W. Peter Daniels, FACHE
President and CEO
/skp

SPRINGFIELD OFFICE:
105E STATE HOUSE
SPRINGFIELD, ILLINOIS 62706
PHONE: 217/782-8107
FAX: 217/782-0116
SENATORSANDACK@GMAIL.COM

DISTRICT OFFICE:
313 S. MAIN
LOMBARD, ILLINOIS 60148
PHONE: 630/792-0040
FAX: 630/792-8620

ILLINOIS STATE SENATE
RON SANDACK
STATE SENATOR
21ST SENATE DISTRICT

January 9, 2012

Mr. Dale Galassie
Chair
Illinois Health Facilities and
Services Review Board
525 W. Jefferson
Springfield, Illinois 62761

Re: Park Place Christian Support for Certificate of Need

Dear Mr. Galassie:

I wish to offer to you my support for Park Place Christian's application for a Certificate of Need (CON) to allow admission of residents from the community generally.

Providence Health Care and Rehab of Downers Grove, a sister facility to Park Place, has served our community well for many years. As former mayor of Downers Grove, I am well acquainted with the Providence Health Care and Rehab facility and was pleased to learn that Providence was preparing a new facility on the campus of Timothy Christian and in my Senate District.

It is my understanding that the Board has already approved a CON for this facility and that the new CON will only be to allow Park Place Christian to accept residents from the greater community and not just from residents internal to the facility. I further understand that under the Review Board's inventory there is now a calculated bed need of 881 in this area. Allowing admissions from community, particularly during the early stage of the facility can allow for a more cost-effective operation.

I believe the faith-based care that Providence provides would be beneficial for our area and I encourage the Illinois Health Facilities and Services Review Board to approve the CON application to allow open admissions to residents of the community.

Very truly yours,

Ron Sandack
State Senator, 21st District

DISTRICT OFFICE
318 S. WESTMORE RD., SUITE A
LOMBARD, ILLINOIS 60148
(630) 519-3652

FAX: (630) 729-3270

CHRIS NYBO

STATE REPRESENTATIVE · 41ST DISTRICT

CAPITOL OFFICE
226-N STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706
(217) 782-6578

E-MAIL: chris@chrisnybo.org

January 9, 2012

Mr. Dale Galassie, Chair
Illinois Health Facilities and
Service Review Board
525 W. Jefferson
Springfield, Illinois 62761

Re: Park Place Christian of Elmhurst Support for Certificate of Need

Dear Chairman Galassie:

I wish to offer to you my support for Park Place Christian's application for a Certificate of Need (CON) to allow admission of residents from the community generally.

I am quite familiar with the Park Place Christian of Elmhurst Project, having served on the Elmhurst Village Board when the Project was approved. The Project located on the Timothy Christian Campus and near Elmhurst Memorial Hospital is an advantageous location for the community.

It is my understanding that the Review Board has already approved a CON for this facility as a continuum of care retirement community and that the new CON will simply allow Park Place Christian to accept residents from the greater community and not only from residents internal to the facility. I further understand that under the Review Board's inventory there is now a calculated long term care need of 881 beds in this area. Allowing admissions from community, particularly during the early stage of the facility can allow for more cost-effective health care delivery.

I believe the care that Providence provides would be extremely beneficial for our area, and encourage the Illinois Health Facilities and Services Review Board to approve the CON application.

Sincerely,

Chris Nybo

Chris Nybo
State Representative

ELMHURST
CHRISTIAN REFORMED
CHURCH

Explore. Encounter. Experience... Jesus.

January 11, 2012

Mr. Dale Galassie
Chair
Illinois Health Facilities and
Services Review Board
525 W. Jefferson Street
Springfield, IL 62761

RE: Park Place Christian of Elmhurst Support for Certificate of Need

Dear Mr. Galassie:

I wish to offer you my support for Park Place Christian of Elmhurst's (a program of Providence Life Services) application for a Certificate of Need to allow admission of residents from the community generally.

Elmhurst Christian Reformed Church (ECRC) and Providence Life Services (formerly Rest Haven Christian Ministries) have a long-standing relationship. ECRC is a supporting congregation of Providence, and additionally many members of ECRC have served on Providence's Board of Directors. We are well acquainted with the quality healthcare services Providence provides and look forward to Park Place as home for many of our senior members.

Additionally, I am aware of Elmhurst Memorial Hospital's plans to discontinue the operations of its 38 bed skilled nursing unit. It is my opinion that permitting Park Place to accept admissions from the general community will help to ensure that Elmhurst community residents who relied on the services previously provided at Elmhurst Memorial Hospital will have an acceptable health care alternative.

I look forward to having a facility with Providence's integrity and services so nearby our Church, and wholeheartedly support the Certificate of Need application.

Sincerely,

149 W. Brush Hill Road | Elmhurst, IL 60126 | 630.600.5100 | elmhurstcrc.org

ELMHURST
PRESBYTERIAN
CHURCH

367 Spring Road
Elmhurst, IL 60126
630.834.7750
epc@elmhurstchurch.org
www.elmhurstchurch.org

January 11, 2012

Mr. Dale Galassie
Chair
Illinois Health Facilities and
Services Review Board
525 W. Jefferson Street
Springfield, IL 62761

RE: Park Place Christian (Skilled Care Facility) of Elmhurst Support for Certificate of Need

Dear Mr. Galassie:

I wish to offer you my support for Park Place Christian of Elmhurst's (a program of Providence Life Services) application for a Certificate of Need to allow admission of residents from the community generally.

We are well acquainted with the quality healthcare services Providence provides and look forward to Park Place as home for many of our senior members of the Elmhurst Community.

Additionally, I am aware of Elmhurst Memorial Hospital's plans to discontinue the operations of its 38 bed skilled nursing unit. It is my opinion that permitting Park Place to accept admissions from the general community will help to ensure that Elmhurst community residents who relied on the services previously provided at Elmhurst Memorial Hospital will have an acceptable health care alternative.

I look forward to having a facility with Providence's integrity and services so nearby our Church, and wholeheartedly support the Certificate of Need application.

Sincerely,

R. Clifford Lyda
Pastor

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CRITERION 1110.1730(j)
ZONING

In satisfaction of Section 1110.1730(j) of the Review Board rules, zoning approval for the Project has been received and is attached.

STATE OF ILLINOIS)
) SS
COUNTIES OF DUPAGE & COOK)

I, PATTY SPENCER, HEREBY CERTIFY that I am the duly elected, qualified and acting City Clerk of the City of Elmhurst, DuPage and Cook Counties, Illinois, a municipal corporation, and the keeper of its seal and records.

I HEREBY FURTHER CERTIFY that the attached document is a true and correct copy of Ordinance ZO-15-2008 entitled *An Ordinance Granting an Amended Conditional Use Permit for the Construction of a Continuing Care Retirement Community on the Property Commonly Known as 1050 and1150 South Euclid Avenue (Park Place at Elmhurst)* now on file in my office at 209 North York Road, Elmhurst, Illinois.

I HEREBY FURTHER CERTIFY that said Ordinance was passed by the City Council of said City of Elmhurst on the 18th day of August, 2008 and that the vote of said City Council on the question of passage of said ordinance was taken by yeas and nays and fully recorded in the minutes of the proceedings of said City Council, and the result of said vote so taken was as follows:

Yeas: 11 Nays: 0

I FURTHER CERTIFY that the original, of which the attached is a true copy, is entrusted to my care for safekeeping, and that I am the true and lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Elmhurst aforesaid, at said City, in the County and State aforesaid, this 22nd day of August, 2008.

Patty Spencer

Patty Spencer, City Clerk

SEAL

Case No. 08P-07

ZO-15-2008

AN ORDINANCE GRANTING AN AMENDED CONDITIONAL USE PERMIT FOR THE CONSTRUCTION OF A CONTINUING CARE RETIREMENT COMMUNITY ON THE PROPERTY COMMONLY KNOWN AS 1050 AND 1150 SOUTH EUCLID AVENUE

(PARK PLACE AT ELMHURST)

WHEREAS, the City Council of the City of Elmhurst has heretofore adopted an ordinance entitled the "Elmhurst Zoning Ordinance"; and

WHEREAS, Section 3.11 of the Elmhurst Zoning Ordinance sets forth the standards with respect to conditional uses; and

WHEREAS, Suburban Bank & Trust Company as Trustee under Trust Agreement dated February 2, 2004 and known as Trust No. 74-3443 and Providence Development Group, LLC are, respectively, the legal and beneficial owners ("Providence") of certain property legally described as follows:

LOT 1 IN PARK PLACE OF ELMHURST, ELMHURST, ILLINOIS BEING A SUBDIVISION IN PART OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED MARCH 3, 2007 AS DOCUMENT R2007-050278 IN DUPAGE COUNTY, ILLINOIS

P.I.N: 06-14-412-024

Commonly known as 1050 and 1150 South Euclid Avenue, Elmhurst, Illinois; and

WHEREAS, the Subject Property is located within the R-4 Limited General Residence Zoning District the regulations of which permit continuing care retirement communities as a conditional use; and

WHEREAS, the Zoning and Planning Commission previously recommended approval of, and the City Council, by and through Ordinance No. ZO-13-2006, previously granted a conditional use permit for a continuing care retirement community on the Subject Property and subsequently granted an amended conditional use for a modification in the retirement community by and through Ordinance No. ZO-09-2007; and

WHEREAS, Providence ("Applicant"), has submitted its application for an amended conditional use to permit the addition of nine (9) assisted living units and four (4) memory support living units and site plan modifications related thereto; and

WHEREAS, on July 10, 2008 the Zoning and Planning Commission conducted a public hearing at Elmhurst City Hall, 209 North York Street, Elmhurst, Illinois in connection with the aforesaid application after notice of said hearing was duly given; and

Copies To All
Elected Officials
8-14-08

WHEREAS, on July 24, 2008 the Zoning and Planning Commission rendered its decision on the aforesaid application for an amended conditional use, recommending that the application be granted; and

WHEREAS, on July 29, 2008 the Development, Planning and Zoning Committee of the City Council recommended approval of the aforesaid amended conditional use; and

WHEREAS, all applicable requirements of Section 3.11 of the Elmhurst Zoning Ordinance relating to the granting of conditional uses have been met.

NOW THEREFORE, BE IT AND IT IS HEREBY ORDAINED by the City Council of the City of Elmhurst, DuPage and Cook Counties, Illinois as follows:

SECTION 1. That the recitals contained in the preamble hereto are found to be true and correct and are incorporated as a material part of this ordinance.

SECTION 2. That the City Council finds, in connection with the amended conditional use for a continuing care retirement community ("conditional use"):

A. That the establishment, maintenance, or operation of the conditional use will not be detrimental to, or endanger the public health, safety, morals, comfort or general welfare;

B. That the conditional use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted, nor substantially diminish and impair property values within the neighborhood;

C. That the establishment of the conditional use will not impede the normal or ordinary development and improvement of the surrounding property for use permitted in the district;

D. That adequate utilities, access roads, drainage and/or necessary facilities have been or will be provided;

E. That adequate measures have been or will be taken to provide ingress and egress so designed as to minimize traffic congestion in the public streets;

F. That the proposed conditional use are not contrary to the objectives of the current comprehensive plan for the City of Elmhurst; and

G. That the conditional use shall, in all respects, conform to the applicable regulations of the district in which they are located, except as such regulations may, in each instance, be modified pursuant to the recommendations of the Commission.

SECTION 3. That an amended conditional use permit for a continuing care retirement community is hereby granted to the applicant for the purpose increasing the number of assisted living units from 37 to 46 and by increasing the number of memory support living units from 16 to 20 and site plan modifications related thereto, subject to the following conditions:

A. that the conditional use be constructed in accordance with the amended site plan, amended landscape plan and building elevations submitted as part of the amended conditional use application; and

B. that the conditional use shall otherwise be constructed, installed, maintained and used in accordance with the evidence submitted to the Zoning and Planning Commission, as well as the report of the Zoning and Planning Commission dated, July 24, 2008.

SECTION 4. That the City Clerk is directed to transmit a copy of this ordinance to Darrell Whistler, Chairman, Zoning and Planning Commission, Nathaniel J. Werner, Planning and Zoning Administrator, and Mr. Jeff S. Courtney, Providence Management and Development, 18601 North Creek Drive, Tinley Park, Il 60477.

SECTION 5. All ordinances or parts of ordinances in conflict with this ordinance are hereby amended to the extent of the conflict.

SECTION 6. This ordinance shall be in full force and effect after passage and publication according to law.

Approved this 18th day of August, 2008.

Thomas D. Marcucci, Mayor

Passed this 18th day of August, 2008.

Ayes: 11 Nays: 0

Patty Spencer

Patty Spencer, City Clerk

N:\Susan\CODE\Ordinances\parkplace1050 and 1150 amended conditional use.doc

PARK PLACE

of Elmhurst

A LIFE CARE COMMUNITY

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application - Assurances

Dear Ms. Avery:

In compliance with Section 1110.1730(k) of the Review Board Rules, Timothy Place, NFP, d/b/a Park Place Christian Community of Elmhurst, as operator of the Project, hereby attests that, to our understanding, by the second year of operation after the Project completion, Park Place Christian Community of Elmhurst will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the general long term care category of service.

Sincerely,

Timothy Place, NFP

Ray W. Hemphill
Executive Vice President

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Signature of Notary Public

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

Information Center
360 West Butterfield Road
Suite 100 • Elmhurst, IL 60126
(630) 333-4343
Fax (630) 333-4340
www.ParkPlaceElmhurst.com

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
AVAILABILITY OF FUNDS
SECTION 1120.120

In compliance with Section 1120.120 of the Review Board Rules, we provide documentation that sufficient financial resources are available to pay the total estimated Project costs and related costs from revenue Bonds issued by the Illinois Finance Authority.

We draw your attention to an excerpt from the Official Statement dated May 14, 2010 of the Illinois Finance Authority ("IFA") $175,540,000 Revenue Bonds (Park Place of Elmhurst Project). These Bonds were issued by IFA on May 27, 2010. Bond proceeds are being used to pay some costs which are not reflected as "Project Costs" for CON purposes, such as land acquisition reimbursement and certain permissible non-capitalized costs. The attached materials from the bond closing transcript document the availability of funds and the terms of the debt instruments.

Although all of the non-clinical Project Costs are paid from the IFA Revenue Bonds referenced above, $1,000,000 of early developmental costs for the non-clinical portion were paid from available cash on hand. This amount has already been paid and is shown on page 34 of the audited financial statements for the year ended December 31, 2010 as a $1,000,000 capital contribution (a marked excerpt is shown in this attachment).

NEW ISSUES/BOOK-ENTRY

RATING: NOT RATED

In the opinion of Jones Day, Bond Counsel, assuming compliance with certain covenants, under present law, interest on the Tax-Exempt Series 2010 Bonds (as defined herein) will not be includable in gross income of the owners thereof for federal income tax purposes, will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account as an adjustment in computing a corporation's alternative minimum taxable income for purposes of determining the federal alternative minimum tax imposed on certain corporations. Interest on the Taxable Series 2010 Bonds (as defined herein) is not excluded from the gross income of the owners thereof who are United States persons for United States federal income tax purposes. See "TAX MATTERS" for a more detailed discussion of some of the federal income tax consequences of owning the Tax-Exempt Series 2010 Bonds. Interest on the Tax-Exempt Series 2010 Bonds and the Taxable Series 2010 Bonds (as defined herein) is not exempt from present Illinois income taxes.

PARK PLACE
OF ELMHURST

$175,540,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS
(PARK PLACE OF ELMHURST PROJECT)
consisting of

$109,115,000
Revenue Bonds,
Series 2010A

$7,875,000
Revenue Bonds,
Series 2010B

$6,000,000
Revenue Bonds,
Series 2010C
(Accelerated Redemption Reset Option Securities (ARROS℠))

$10,275,000
Revenue Bonds,
Series 2010D-1
(Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠))

$16,360,000
Revenue Bonds,
Series 2010D-2
(Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠))

$15,275,000
Revenue Bonds,
Series 2010D-3
(Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠))

$12,650,000
Taxable Revenue Bonds,
Series 2010E
(Taxable Mandatory Paydown Securities (Taxable MPS))

Dates, Interest Rates, Prices, Yields and CUSIPs
Are Shown on the Inside of the Front Cover

The Illinois Finance Authority (the "Authority") is issuing its $109,115,000 Revenue Bonds, Series 2010A (Park Place of Elmhurst Project) (the "Series 2010A Bonds"); its $7,875,000 Revenue Bonds, Series 2010B (Park Place of Elmhurst Project) (the "Series 2010B Bonds"); its $6,000,000 Revenue Bonds, Series 2010C (Park Place of Elmhurst Project) (Accelerated Redemption Reset Option Securities (ARROS℠)) (the "Series 2010C Bonds"); its $10,275,000 Revenue Bonds, Series 2010D-1 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠)) (the "Series 2010D-1 Bonds"); its $16,360,000 Revenue Bonds, Series 2010D-2 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠)) (the "Series 2010D-2 Bonds"); its $15,275,000 Revenue Bonds, Series 2010D-3 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠)) (the "Series 2010D-3 Bonds" and together with the Series 2010D-1 Bonds and the Series 2010D-2 Bonds, the "Series 2010D Bonds" and together with the Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds, the "Tax-Exempt Series 2010 Bonds"); and its $12,650,000 Taxable Revenue Bonds, Series 2010E (Park Place of Elmhurst Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) (the "Series 2010E Bonds" or the "Taxable Series 2010 Bonds" and, together with the Tax-Exempt Series 2010 Bonds, the "Series 2010 Bonds"). The Series 2010A Bonds, the Series 2010B Bonds, the Series 2010D Bonds and the Series 2010E Bonds are occasionally referred to herein as the "Fixed Rate Series 2010 Bonds." The Series 2010 Bonds will be issued and secured under two Bond Trust Indentures (with regard to the Tax-Exempt Series 2010 Bonds, the "Tax-Exempt Bond Indenture," and with regard to the Taxable Series 2010 Bonds, the "Taxable Bond Indenture" and together, the "Bond Indentures") each between the Authority and Wells Fargo Bank, N.A., as bond trustee (as applicable, the "Tax-Exempt Bond Trustee" or the "Taxable Bond Trustee" or, in all capacities, the "Bond Trustee"). The proceeds of each series of the Series 2010 Bonds will be loaned to Timothy Place, NFP d/b/a Park Place Christian Community of Elmhurst (the "Corporation") and Christian Healthcare Foundation, NFP d/b/a Providence Healthcare Foundation (the "Foundation" and together with the Corporation, the "Borrowers"), each an Illinois not for profit corporation, pursuant to the Loan Agreements (as described herein) and will be used primarily to (i) pay or reimburse the Corporation for the payment of certain costs of acquiring, constructing, developing, marketing and equipping of a continuing care retirement community containing independent living apartments, catered living apartments, assisted living apartments, memory support assisted living units and nursing facilities known as Park Place Christian Community of Elmhurst (the "Project"), including refinancing certain taxable indebtedness with respect thereto; (ii) fund debt service reserve funds; (iii) pay a portion of the interest on the Series 2010 Bonds; (iv) provide working capital; and (v) pay certain of the costs relating to the issuance of the Series 2010 Bonds, all as permitted by the Illinois Finance Authority Act (the "Act"). A more detailed description of the use of the proceeds from the sale of the Series 2010 Bonds is included under the captions **"ESTIMATED SOURCES AND USES OF FUNDS"** and **"PLAN OF FINANCE."** Except as described in this Official Statement, each series of the Series 2010 Bonds will be payable solely from and secured by a pledge of payments to be made under the related Loan Agreement and the related Series 2010 Obligation issued by the Borrowers under a Master Trust Indenture (the "Master Indenture") among the Borrowers and Wells Fargo Bank, N.A., as master trustee (the "Master Trustee"). The sources of payment of, and security for, each series of the Series 2010 Bonds are more fully described in this Official Statement.

The Series 2010 Bonds, when issued, will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2010 Bonds. Purchasers of the Series 2010 Bonds will not receive certificates representing their interests in the Series 2010 Bonds purchased. Ownership by the beneficial owners of the Series 2010 Bonds will be evidenced by book-entry only. Principal of and interest on the Series 2010 Bonds and the purchase price of tendered Series 2010 Bonds will be paid by the Bond Trustees to DTC, which in turn will remit such principal, interest and purchase price payments to its participants for subsequent disbursement to the beneficial owners of Series 2010 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2010 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See **"BOOK-ENTRY ONLY SYSTEM."**

An investment in the Series 2010 Bonds involves a certain degree of risk related to the nature of the business of the Borrowers, the regulatory environment, and the provisions of the principal documents. Prospective Series 2010 Bondholders are advised to read **"SECURITY FOR SERIES 2010 BONDS," "SECURITY FOR THE SERIES 2010 OBLIGATIONS"** and **"RISK FACTORS"** herein for a description of the security for the Series 2010 Bonds and for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2010 Bonds.

THE SERIES 2010 BONDS WILL BE SUBJECT TO OPTIONAL, MANDATORY AND EXTRAORDINARY REDEMPTION, AS MORE FULLY DESCRIBED HEREIN.

THE SERIES 2010 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE BOND INDENTURES. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS, IF ANY, OF THE AUTHORITY OR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS OR OTHER COSTS INCIDENTAL THERETO, EXCEPT AS OTHERWISE PROVIDED IN THE BOND INDENTURES. NO OWNER OF ANY SERIES 2010 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

The Series 2010 Bonds are being offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality of the Series 2010 Bonds and the tax-exempt status of the Tax-Exempt Series 2010 Bonds by Jones Day, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Schiff Hardin LLP; for the Underwriter by its counsel, Katten Muchin Rosenman LLP, Chicago, Illinois; and for the Borrowers, Providence Management and Development Company Incorporated and Providence Development Group, LLC, by their counsel, Timothy G. Lawler, Ltd., Hinsdale, Illinois. It is expected that the Series 2010 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about May 27, 2010.

This cover page contains certain information for ease of reference only. It does not constitute a summary of the Series 2010 Bonds or the security therefor. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

ZIEGLER CAPITAL MARKETS
a division of B.C. Ziegler and Company

Official Statement dated May 14, 2010

℠ ARROS, TEMPS-75, TEMPS-65 and TEMPS-50 are each a Service Mark of B.C. Ziegler and Company.

MATURITY SCHEDULES

THE SERIES 2010A BONDS

Dated: Date of Delivery **Due: May 15, as shown below**

The Series 2010A Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010A Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

Due May 15	Principal Amount	Interest Rate	Price	Yield	CUSIP
2020	$ 4,725,000	8.000%	100.000%	8.000%	45200F3D9
2030	18,590,000	8.000	97.567	8.250	45200F3E7
2040	40,365,000	8.125	96.999	8.400	45200F3F4
2045	45,435,000	8.250	97.758	8.450	45200F3C1

THE SERIES 2010B BONDS

Dated: Date of Delivery **Due: May 15, 2020**

The Series 2010B Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010B Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

Principal Amount	Interest Rate	Price	CUSIP
$7,875,000	7.75%	100.00%	45200F3G2

THE SERIES 2010C BONDS

Dated: Date of Delivery **Due: May 15, 2045**

The Series 2010C Bonds initially will bear interest at the rate set forth below until the Initial Rate Change Date set forth below.

Amount	Initial Interest Rate	Price	Initial Rate Change Date	CUSIP
$5,000,000	7.50%	100.00%	November 15, 2016	45200F3H0

The Series 2010C Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. From and after the Initial Rate Change Date and each subsequent Rate Change Date thereafter, the Series 2010C Bonds will bear interest at a rate and for a period determined in accordance with the Tax-Exempt Bond Indenture. Interest on the Series 2010C Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010. On each Rate Change Date, the holders of outstanding Series 2010C Bonds may tender such Series 2010C Bonds to the Tax-Exempt Bond Trustee for purchase at a price equal to the principal amount thereof, subject to the availability of sufficient moneys therefor. The maximum rate payable on the Series 2010C Bonds will be 15% per annum.

THE SERIES 2010D-1 BONDS

Dated: Date of Delivery **Due: August 15, 2016**

The Series 2010D-1 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-1 Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

$10,275,000 7.25% Term Bonds; Price: 100.00% CUSIP: 45200F3J6

THE SERIES 2010D-2 BONDS

Dated: Date of Delivery **Due: November 15, 2015**

The Series 2010D-2 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-2 Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

$15,350,000 7.00% Term Bonds; Price: 100.00% CUSIP: 45200F3K3

THE SERIES 2010D-3 BONDS

Dated: Date of Delivery **Due: August 15, 2015**

The Series 2010D-3 Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010D-3 Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

$15,275,000 6.25% Term Bonds; Price: 100.00% CUSIP: 45200F3L1

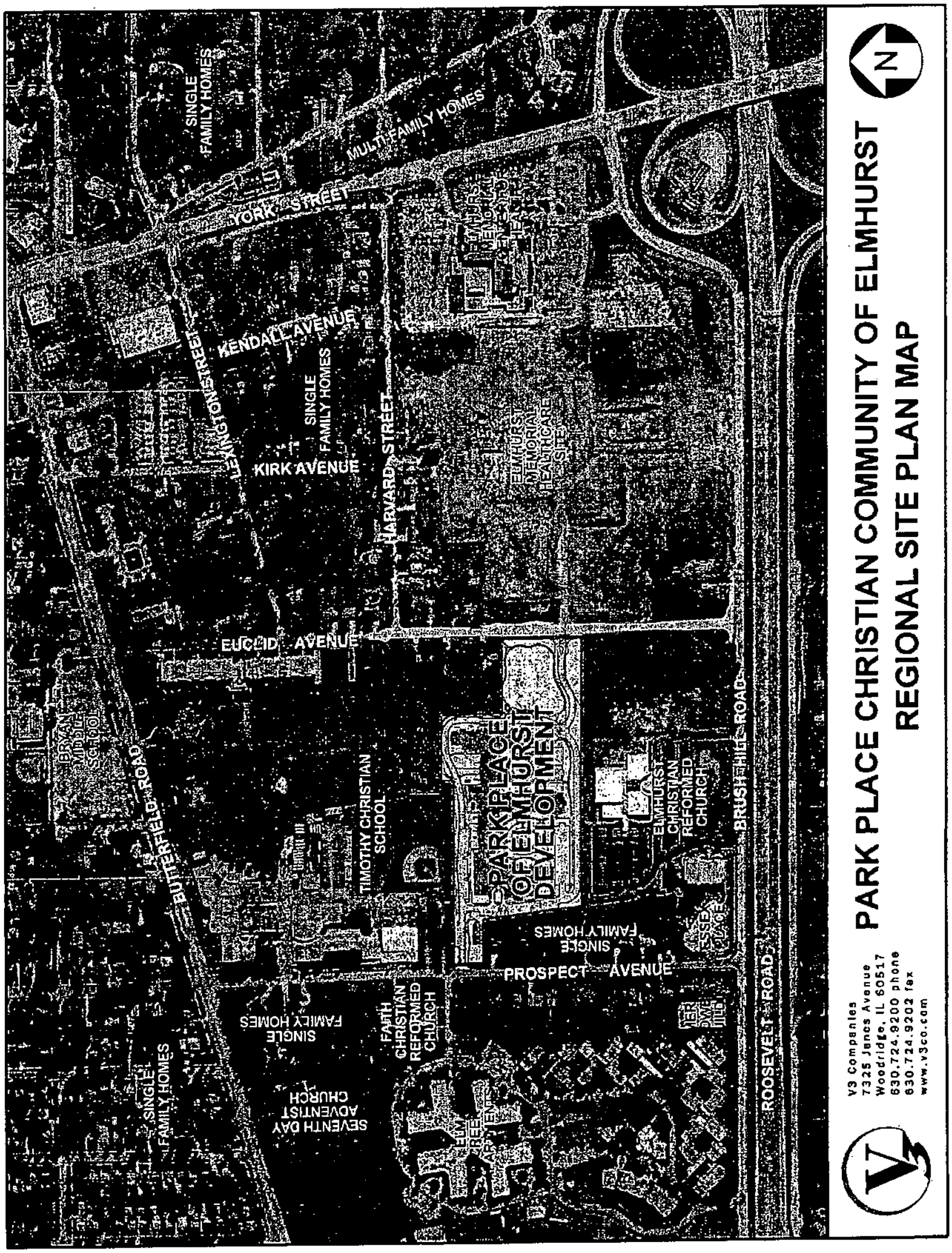
THE SERIES 2010E BONDS

Dated: Date of Delivery **Due: May 15, 2015**

The Series 2010E Bonds will be issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010E Bonds will be payable on each May 15 and November 15, commencing on November 15, 2010.

$12,650,000 8.625% Term Bonds; Price: 100.00% CUSIP: 45200F3M9

Artist's Rendering of Park Place Christian Community of Elmhurst


PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
REGIONAL SITE PLAN MAP
N
V3 Companies
7325 Janes Avenue
Woodridge, IL 60517
630.724.9200 phone
630.724.9202 fax
www.v3co.com
YORK STREET
MULTI-FAMILY HOMES
SINGLE FAMILY HOMES
KENDALL AVENUE
LEXINGTON STREET
SINGLE FAMILY HOMES
KIRK AVENUE
HARVARD STREET
ELMHURST MEMORIAL HEALTHCARE SITE
EUCLID AVENUE
BRYAN MIDDLE SCHOOL
BUTTERFIELD ROAD
TIMOTHY CHRISTIAN SCHOOL
PARK PLACE OF ELMHURST DEVELOPMENT
ELMHURST CHRISTIAN REFORMED CHURCH
BRUSH HILL ROAD
SINGLE FAMILY HOMES
PROSPECT AVENUE
FAITH CHRISTIAN REFORMED CHURCH
SINGLE FAMILY HOMES
SEVENTH DAY ADVENTIST CHURCH
SINGLE FAMILY HOMES
ROOSEVELT ROAD

CERTIFICATE OF THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY

I, the undersigned, Executive Director of the Illinois Finance Authority (the "Authority"), in accordance with the delegation of authority contained in Resolution Number 2009-10-15 (the "Resolution") of the Authority adopted on October 14, 2009 do hereby certify, approve and confirm on behalf of the Authority as follows:

1. The Authority has duly authorized the execution, issuance and sale of (i) $109,115,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010A (Park Place of Elmhurst Project) (the "Series 2010A Bonds"), (ii) $7,875,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010B (Park Place of Elmhurst Project) (the "Series 2010B Bonds"), (iii) $5,000,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010C (Park Place of Elmhurst Project) (Accelerated Redemption Reset Option Securities (ARROS^SM)) (the "Series 2010C Bonds"), (iv) $10,275,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-1 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75^SM)) (the "Series 2010D-1 Bonds"), (v) $15,350,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-2 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65 ^SM)) (the "Series 2010D-2 Bonds"), (vi) $15,275,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2010D-3 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50 ^SM)) (the "Series 2010D-3 Bonds" and, together with the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2010D-1 Bonds and the Series 2010D-2 Bonds, the "Tax-Exempt Bonds") and (vii) $12,650,000 in aggregate principal amount of Illinois Finance Authority Taxable Revenue Bonds, Series 2010E (Park Place of Elmhurst Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) (the "Series 2010E Bonds" and, together with the Tax-Exempt Bonds, the "Series 2010 Bonds"). In connection with the issuance of the Series 2010 Bonds, the Authority has also authorized the execution and delivery, or the acceptance or approval, of certain related documents, including the Bond Trust Indenture dated as of May 1, 2010 (the "Tax-Exempt Bond Indenture") between the Authority and Wells Fargo Bank, N.A., as bond trustee (the "Bond Trustee"), relating to the Tax-Exempt Bonds, the Bond Trust Indenture dated as of May 1, 2010 (the "Taxable Bond Indenture" and, together with the Tax-Exempt Bond Indenture, the "Bond Indentures") between the Authority and the Bond Trustee, relating to the Series 2010E Bonds, the Bond Purchase Agreement dated May 14, 2010 (the "Purchase Contract") among the Authority, B.C. Ziegler and Company d/b/a Ziegler Capital Markets (the "Purchaser"), Timothy Place, NFP, an Illinois not for profit corporation (the "Corporation") and Christian Healthcare Foundation, NFP, an Illinois not for profit corporation (the "Foundation" and, together with the Corporation, the "Borrowers"), pursuant to the terms set forth in the Resolution.

2. The Authority has duly executed the Purchase Contract pursuant to which (i) the Series 2010A Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $104,465,440.20 (reflecting a purchase price equal to the principal amount of such Series 2010A Bonds, less original issue discount of $2,682,301.05 less the underwriter's discount of $1,967,258.75), (ii) the Series 2010B Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of

$7,660,406.25 (reflecting a purchase price equal to the principal amount of such Series 2010B Bonds, less the underwriter's discount of $214,593.75), (iii) the Series 2010C Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $4,851,250.00 (reflecting a purchase price equal to the principal amount of such Series 2010C Bonds, less the underwriter's discount of $148,750.00), (iv) the Series 2010D-1 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $10,120,693.75 (reflecting a purchase price equal to the principal amount of such Series 2010D-1 Bonds, less the underwriter's discount of $154,306.25), (v) the Series 2010D-2 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $15,126,962.50 (reflecting a purchase price equal to the principal amount of such Series 2010D-2 Bonds, less the underwriter's discount of $223,037.50), (vi) the Series 2010D-3 Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $15,057,006.25 (reflecting a purchase price equal to the principal amount of such Series 2010D-3 Bonds, less the underwriter's discount of $217,993.75) and (vii) the Series 2010E Bonds shall be issued and sold by the Authority and purchased by the Purchaser at the aggregate purchase price of $12,650,000.00.

3. The Authority shall loan the proceeds of the Series 2010 Bonds to the Borrowers in order to assist the Borrowers in providing the funds necessary to (i) pay or reimburse the Borrowers for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain "projects", including the construction and equipping of a continuing care retirement community known as Park Place of Elmhurst (the "Project"); (ii) refinance certain taxable indebtedness of the Borrowers incurred to pay a portion of the costs related to the Project; (iii) fund a debt service reserve fund; (iv) pay a portion of the interest on the Series 2010 Bonds; (v) provide working capital; and (vi) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds.

4. The Series 2010 Bonds shall be issued under and secured by and shall have the terms and provisions set forth in the Bond Indentures and as described below, in the aggregate principal amount of $175,540,000, all within the parameters set forth in the Resolution.

5. The Series 2010A Bonds shall be initially dated May 27, 2010, and shall consist of Series 2010A Bonds bearing interest at the following interest rates and maturing on May 15 of the following years in the following principal amounts:

Principal Amount	Interest Rate	Maturity Date (May 15)
$4,725,000	8.000%	2020
18,590,000	8.000	2030
40,365,000	8.125	2040
45,435,000	8.250	2045

6. The Series 2010A Bonds shall be subject to mandatory bond sinking fund redemption or maturity on each May 15 of the years and in the respective principal amounts set forth below:

May 15 of the Year	Principal Amount	May 15 of the Year	Principal Amount
2016	$470,000	2031	$2,770,000
2017	945,000	2032	2,995,000
2018	1,020,000	2033	3,240,000
2019	1,100,000	2034	3,500,000
2020	1,190,000*	2035	3,785,000
2021	1,285,000	2036	4,095,000
2022	1,385,000	2037	4,425,000
2023	1,500,000	2038	4,785,000
2024	1,615,000	2039	5,175,000
2025	1,745,000	2040	5,595,000*
2026	1,885,000	2041	6,050,000
2027	2,035,000	2042	6,550,000
2028	2,200,000	2043	7,090,000
2029	2,375,000	2044	7,675,000
2030	2,565,000*	2045	18,070,000*

* Maturity

7. The Series 2010B Bonds shall be issued in the aggregate principal amount of $7,875,000, shall be dated May 27, 2010, and shall bear interest at 7.750% and mature on May 15, 2020.

8. The Series 2010C Bonds shall be issued in the aggregate principal amount of $5,000,000, shall be dated May 27, 2010, shall mature on May 15, 2045 and shall bear interest at the Initial Interest Rate of 7.500% per annum with an Initial Rate Change Date of November 15, 2016. On the Initial Rate Change Date and on each respective Rate Change Date thereafter, the interest rate on the Series 2010C Bonds shall be determined in accordance with the provisions of the Tax-Exempt Bond Indenture

9. The Series 2010D-1 Bonds shall be issued in the aggregate principal amount of $10,275,000, shall be dated May 27, 2010, and shall bear interest at 7.250% and mature on August 15, 2016.

10. The Series 2010D-2 Bonds shall be issued in the aggregate principal amount of $15,350,000, shall be dated May 27, 2010, and shall bear interest at 7.000% and mature on November 15, 2015.

11. The Series 2010D-3 Bonds shall be issued in the aggregate principal amount of $15,275,000, shall be dated May 27, 2010, and shall bear interest at 6.250% and mature on August 15, 2015.

12. The Series 2010E Bonds shall be issued in the aggregate principal amount of $12,650,000, shall be dated May 27, 2010, and shall bear interest at 8.625% and mature on May 15, 2015.

13. The Series 2010 Bonds shall be subject to optional and extraordinary redemption and be payable all as set forth in the Bond Indentures.

14. The Series 2010 Bonds shall be subject to mandatory tender for purchase as set forth in the Bond Indentures.

15. The Series 2010C Bonds shall be subject to optional tender for purchase as set forth in the Tax-Exempt Bond Indenture.

All capitalized terms used herein and not defined herein shall have the meanings given to them in the Resolution and the Bond Indentures.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 27th day of May, 2010.

ILLINOIS FINANCE AUTHORITY

By: ______________________
Executive Director

RECEIPT FOR PURCHASE PRICE

The Illinois Finance Authority (the "Authority") hereby acknowledges receipt from B.C. Ziegler and Company d/b/a Ziegler Capital Markets of the sum of $169,931,758.95 (consisting of $175,540,000.00 in full payment of the purchase price of the Authority's (a) $109,115,000 Revenue Bonds, Series 2010A (Park Place of Elmhurst Project) issued under the Bond Trust Indenture dated as of May 1, 2010 (the "Tax-Exempt Bond Indenture") between the Authority and Wells Fargo Bank, National Association, as bond trustee (the "Bond Trustee"), (b) $7,875,000 Revenue Bonds, Series 2010B (Park Place of Elmhurst Project) issued under the Tax-Exempt Bond Indenture, (c) $5,000,000 Revenue Bonds, Series 2010C (Park Place of Elmhurst Project) (Accelerated Redemption Reset Option Securities (ARROS℠)) issued under the Tax-Exempt Bond Indenture, (d) $10,275,000 Revenue Bonds, Series 2010D-1 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-75℠)) issued under the Tax-Exempt Bond Indenture, (e) $15,350,000 Revenue Bonds, Series 2010D-2 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-65℠)) issued under the Tax-Exempt Bond Indenture, (f) $15,275,000 Revenue Bonds, Series 2010D-3 (Park Place of Elmhurst Project) (Tax-Exempt Mandatory Paydown Securities (TEMPS-50℠)) issued under the Tax-Exempt Bond Indenture, and (g) $12,650,000 Taxable Revenue Bonds, Series 2010E (Park Place of Elmhurst Project) (Taxable Mandatory Paydown Securities (Taxable MPS)) issued under the Bond Trust Indenture dated as of May 1, 2010 (the "Taxable Bond Indenture") between the Authority and the Bond Trustee, all dated as of May 27, 2010), less underwriter's discount of $2,682,301.05 and less original issue discount of $2,682,301.05.

DATED this 27th day of May, 2010.

ILLINOIS FINANCE AUTHORITY

By: ______________________
Executive Director

Schedule 2

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Statement of Operations Information

Year ended December 31, 2010

	PLS Obligated Group	Elmhurst Obligated Group	Other Affiliates	Eliminations	Consolidated
Revenues:					
Net resident service revenue	$ 77,485,692	—	804,096	(239,902)	78,049,886
Other revenue	2,969,239	—	9,891,856	(6,621,506)	6,239,589
Total revenues	80,454,931	—	10,695,952	(6,861,408)	84,289,475
Expenses:					
Salaries and wages	33,803,769	—	6,511,400	—	40,315,169
Employee benefits	5,891,894	—	1,406,969	—	7,298,863
Purchased services	8,247,496	98,224	485,919	—	8,831,639
Food and dietary	3,722,871	—	68,279	—	3,791,150
Supplies and other	15,924,927	24,607	880,835	(5,553,783)	11,276,586
Utilities	2,153,402	10,901	210,595	—	2,374,898
Insurance	3,179,953	—	41,856	—	3,221,809
Repairs and maintenance	1,778,578	873	91	—	1,779,542
Interest	2,846,608	—	203,518	—	3,050,126
Depreciation and amortization	3,774,549	147,532	265,950	(12,500)	4,175,531
Provision for bad debts	1,467,313	—	1,500	—	1,468,813
Total expenses	82,791,360	282,137	10,076,912	(5,566,283)	87,584,126
Income (loss) from operations	(2,336,429)	(282,137)	619,040	(1,295,125)	(3,294,651)
Nonoperating gains (losses):					
Investment income	1,105,790	667,709	—	—	1,773,499
Gain on sale of land	—	—	850,354	(850,354)	—
Unrestricted contributions	1,195,472	—	—	—	1,195,472
Costs of fund-raising activities	(287,360)	—	—	—	(287,360)
Net nonoperating gains (losses)	2,013,902	667,709	850,354	(850,354)	2,681,611
Revenue and gains in excess (deficient) of expenses and losses	(322,527)	385,572	1,469,394	(2,145,479)	(613,040)
Other changes in unrestricted net assets:					
Change in fair value of interest rate swap agreements	440,141	—	—	—	440,141
Capital contributions	—	1,000,000	—	(1,000,000)	—
Equity transfers	25,080	(1,690,409)	1,665,329	—	—
Increase (decrease) in unrestricted net assets	$ 142,694	(304,837)	3,134,723	(3,145,479)	(172,899)

See accompanying independent auditors' report.

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Financial Statements and Schedules

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Rest Haven Illiana Christian Convalescent Home:

We have audited the accompanying consolidated balance sheets of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries (the Corporations) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries as of December 31, 2010 and 2009, and the results of their consolidated operations, changes in net assets, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2010 consolidating information included in schedules 1 and 2 is presented for purposes of additional analysis of the 2010 consolidated financial statements rather than to present the financial position and results of operations of the individual corporations. The 2010 consolidating information has been subjected to the auditing procedures applied in the basic audit of the 2010 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 consolidated financial statements taken as a whole.

KPMG LLP

May 27, 2011

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Balance Sheets

December 31, 2010 and 2009

Assets		**2010**	**2009**
Current assets:			
Cash and cash equivalents	$	12,129,834	11,404,814
Short-term investments		10,100,932	9,069,404
Resident accounts receivable, net of allowance for doubtful accounts of approximately $2,207,000 in 2010 and $1,031,000 in 2009		10,847,731	10,690,820
Other receivables		1,895,397	1,883,102
Prepaid expenses, inventories, and other		468,307	727,998
Total current assets		35,442,201	33,776,138
Land, buildings, and equipment, net of accumulated depreciation		107,913,897	80,741,125
Costs of acquiring initial continuing-care contracts		6,107,343	4,894,520
Assets whose use is limited		118,406,768	—
Ground lease receivables		2,054,990	1,916,421
Investments in joint ventures		112,000	112,000
Investments and other assets		1,248,684	754,874
Deferred financing costs, net		4,630,717	227,941
Total assets	$	275,916,600	122,423,019

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	2010	2009
Current liabilities:		
Current installments of long-term debt	$ 6,463,875	8,490,715
Long-term debt subject to short-term remarketing arrangements	3,219,000	17,895,000
Accounts payable	7,940,105	9,512,113
Accrued liabilities	4,719,048	4,168,489
Accrued interest payable	717,720	60,224
Resident notes and deposits	5,812,654	5,896,455
Total current liabilities	28,872,402	46,022,996
Construction payables	3,789,642	—
Charitable gift annuity contracts	88,437	93,437
Deferred revenue from entrance fees	3,153,849	3,397,422
Other long-term liabilities	1,433,641	1,206,685
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements	219,865,192	53,577,425
Total liabilities	257,203,163	104,297,965
Net assets:		
Unrestricted	17,629,835	17,802,734
Temporarily restricted	1,083,602	322,320
Total net assets	18,713,437	18,125,054
Total liabilities and net assets	$ 275,916,600	122,423,019

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Operations

Years ended December 31, 2010 and 2009

		2010	2009
Revenues:			
Net resident service revenue	$	78,049,886	78,948,687
Other revenue		6,239,589	5,797,325
Total revenues		84,289,475	84,746,012
Expenses:			
Salaries and wages		40,315,169	40,749,057
Employee benefits		7,298,863	7,030,079
Purchased services		8,831,639	9,123,381
Food and dietary		3,791,150	4,503,538
Supplies and other		11,276,586	12,074,945
Utilities		2,374,898	2,165,489
Insurance		3,221,809	2,517,863
Repairs and maintenance		1,779,542	1,710,651
Interest		3,050,126	1,698,031
Depreciation and amortization		4,175,531	4,202,818
Provision for bad debts		1,468,813	540,764
Impairments of costs of acquiring initial continuing-care contracts		—	2,949,621
Total expenses		87,584,126	89,266,237
Loss from operations		(3,294,651)	(4,520,225)
Nonoperating gains (losses):			
Investment income		1,773,499	1,554,533
Unrestricted contributions		1,195,472	660,141
Costs of fund-raising activities		(287,360)	(307,807)
Net nonoperating gains		2,681,611	1,906,867
Revenue and gains deficient of expenses and losses		(613,040)	(2,613,358)
Other changes in unrestricted net assets:			
Change in fair value of interest rate swap agreements		440,141	227,028
Decrease in unrestricted net assets	$	(172,899)	(2,386,330)

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2010 and 2009

		2010	2009
Decrease in unrestricted net assets	$	(172,899)	(2,386,330)
Temporarily restricted net assets:			
Contributions		761,740	166,950
Interest income		124	132
Net assets released from restrictions for operations		(582)	(2,720)
Increase in temporarily restricted net assets		761,282	164,362
Change in net assets		588,383	(2,221,968)
Net assets at beginning of year		18,125,054	20,347,022
Net assets at end of year	$	18,713,437	18,125,054

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

		2010	2009
Cash flows from operating activities:			
Change in net assets	$	588,383	(2,221,968)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		4,175,531	4,202,818
Provision for bad debts		1,468,813	540,764
Change in net unrealized gains and losses on short-term investments and assets limited as to use		42,431	(2,814,264)
Impairments		—	2,949,621
Net proceeds (refunds) from entrance fees		101,000	(65,000)
Amortization of deferred entrance fees		(344,573)	(75,663)
Change in fair value of interest rate swap agreements		(440,141)	(227,028)
Changes in assets and liabilities:			
Resident accounts receivable		(1,625,724)	(414,824)
Ground lease and other receivables		(150,864)	(762,795)
Prepaid expenses, inventories, and other		259,691	(183,920)
Accounts payable		(1,572,008)	1,595,028
Accrued liabilities		550,559	1,383,110
Accrued interest and other		1,319,593	(423,519)
Net cash provided by operating activities		4,372,691	3,482,360
Cash flows from investing activities:			
Net change in short-term investments and assets limited as to use		(119,480,727)	4,802,408
Net change in investments and other assets		(493,810)	(59,113)
Acquisition of land, buildings, and equipment		(27,358,467)	(5,515,660)
Costs of acquiring initial continuing-care contracts		(1,212,823)	(1,373,898)
Net cash used in investing activities		(148,545,827)	(2,146,263)
Cash flows from financing activities:			
Draws on lines of credit		200,000	5,387,091
Repayment of long-term debt obligations		(24,098,308)	(39,421,571)
Proceeds from issuance of long-term debt		172,952,699	31,089,820
Payments for bond issue costs		(4,602,970)	(226,941)
Net issuance (refunds) of resident notes and deposits		(83,801)	813,465
Proceeds received under capital funding agreement		530,536	1,927,439
Net cash provided by (used in) financing activities		144,898,156	(430,697)
Net change in cash and cash equivalents		725,020	905,400
Cash and cash equivalents at beginning of year		11,404,814	10,499,414
Cash and cash equivalents at end of year	$	12,129,834	11,404,814
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	2,763,713	1,718,914
Supplemental disclosure of noncash transactions:			
Assets acquired under capital leases	$	299,598	—

See accompanying notes to consolidated financial statements.

(1) Organization and Purposes

Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services (Providence) is a not-for-profit Illinois corporation whose purpose is to provide nursing and residential living arrangements for the aged, including skilled nursing and rehabilitation services, home healthcare, townhome living, independent living, and assisted living. Providence is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Providence Management and Development Company, Inc. (PMDC), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. PMDC provides real estate development, construction, marketing, and management services to the long-term care industry.

Home Aid Health Network, Inc. d/b/a Providence @ Home – Zeeland (Homecare), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. Homecare provides home health services to persons in their residences.

Providence Healthcare Foundation, NFP (the Foundation), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation seeks to support and advance Christian care and services to the elderly and infirm by supporting health-related research, the development of a continuum of appropriate living arrangements, and programs and services to support a quality of life for those who suffer from disabilities and age-related illnesses and infirmities.

Christian Living Campus, NFP (the Campus), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Campus seeks to furnish healthcare and retirement living facilities for the proper care and treatment of the elderly. Providence transferred the assets of the South Holland campus, consisting of 462 units, to the Campus in May 2006. The operations remain under Providence.

Providence Development Group LLC (PDG), a wholly owned subsidiary of Providence, seeks to develop new independent and assisted living facilities for the aged and holds the real estate and activity of such projects until construction commences.

Haven Park Christian Housing and Nursing Association of Zeeland, NFP d/b/a Providence Healthcare and Rehabilitation Center – Zeeland (Haven Park) is a wholly owned subsidiary of Providence. Haven Park is a not-for-profit Michigan corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Haven Park provides nursing and living arrangements for the aged, including skilled nursing and rehabilitation services.

Royal Park Place II, LLC is a wholly owned subsidiary of Haven Park whose purpose is to own and rent independent living units to seniors in Michigan.

Timothy Place, NFP d/b/a Park Place of Elmhurst, Inc. (Park Place of Elmhurst), Park Place Christian Community of St. John, Inc., and Hudsonville Park Place, Inc. are wholly owned subsidiaries of Providence, which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Park Place Realty Group, LLC is a wholly owned subsidiary of Providence whose purpose is to resell independent living units in Michigan. Such entities, excluding Park Place of Elmhurst, have had no significant activities, but may be utilized for future development or other activities. Park Place of Elmhurst, with the assistance of a developer, is currently developing a senior living community in Elmhurst, Illinois, which will consist of approximately 173 independent living apartments with common support areas, 76 assisted living and memory support apartments, and 37 skilled nursing beds. Upon completion of construction, which began in May 2010, Park Place of Elmhurst will own and operate the community.

The accompanying consolidated financial statements include the accounts of all of the above-noted entities (collectively referred to as the Corporations). All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The following significant accounting policies of the Corporations are utilized in presenting the consolidated financial statements:

- In June 2009, the Financial Accounting Standards Board (FASB) issued an accounting standard that established the Accounting Standards Codification (ASC or the Codification) to become the single source of authoritative accounting principles. The standard also provides the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are represented in conformity with accounting principles generally accepted in the United States of America. All guidance contained in the Codification carries an equal level of authority. The Codification is not intended to change generally accepted accounting principles, but is expected to simplify accounting research by reorganizing current generally accepted accounting principles into specific accounting topics. The Corporations adopted this accounting standard in 2009. The adoption of this accounting standard, which was subsequently codified in ASC Topic 105, *Generally Accepted Accounting Principles*, had no impact on the Corporations' consolidated financial position, results of operations, or liquidity.
- The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- Cash and cash equivalents include demand deposits and money market funds, excluding those held by investment managers and classified as short-term investments.
- Assets whose use is limited include assets held by a trustee and limited as to use in accordance with the requirements of bond indenture agreements.

- Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, changes in unrealized gains and losses on trading securities, interest, and dividends) is included in revenues and gains deficient of expenses and losses, unless the income is restricted by donor or law, in which case investment income is recorded directly to temporarily or permanently restricted net assets. The Corporations have designated all their investments as trading securities.

- The Corporations apply the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 5).

  In conjunction with the application of ASC Topic 820, the Corporations apply the measurement provisions of Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, to certain investments in private funds that do not have readily determinable fair values. This guidance amends ASC Topic 820 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent.

  In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amends ASC Subtopic 820-10, *Fair Value Measurements and Disclosures*, to provide additional disclosure requirements for transfers into and out of Levels 1 and 2 and for activity in Level 3 and to clarify other existing disclosure requirements. The Corporations implemented ASU 2010-06 for the year ended December 31, 2010.

- The Corporations have adopted the provisions of ASC Subtopic 825-10, *Financial Instruments – Overall*, which give the Corporations the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Corporations' management has not elected to measure any additional eligible financial assets or financial liabilities at fair value subsequent to the adoption of ASC Subtopic 825-10.

- Inventories comprise gift shop and kitchen stock at the various facilities and are stated at the lower of cost or market. Cost is determined by using the most recent price, which approximates the first-in, first-out method.

- Land, buildings, and equipment are stated at cost or, if donated, at fair value at date of donation, less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Interest cost incurred on borrowed funds during the period of construction is capitalized as a component of the cost of acquiring those assets.

- The Corporations evaluate long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. When such assets are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset.

- Costs of acquiring initial continuing-care contracts (the Costs) consist principally of marketing and advertising costs incurred directly in relation to the initial acquisition of continuing-care contracts. In accordance with ASC Subtopic 340-20, *Capitalized Advertising Costs*, the Corporations capitalize costs incurred in connection with direct response advertising whose primary purpose is to secure deposits from residents who are shown to have responded specifically to the advertising. Such advertising costs include newspaper, magazine, television, radio, brochures, and other costs. The Costs will be amortized using the straight-line method over the expected stays at the respective communities of the first resident groups, beginning in the first period in which revenues associated with the Costs are earned. Upon occupancy of the first resident group, additional costs will be expensed as incurred. In 2009, the Corporations impaired $2,949,621 of previously capitalized costs of acquiring initial continuing-care contracts, which are reported as such in the accompanying 2009 consolidated statement of operations and which relate to certain development projects that have been temporarily placed on hold.

- Income taxes of for-profit subsidiaries are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled.

- The Corporations account for uncertain tax positions in accordance with ASC Subtopic 740-10, *Income Taxes – Overall*, which addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, the Corporations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest, and penalties on income taxes and accounting in interim periods, and requires increased disclosures. As of December 31, 2010 and 2009, the Corporations do not have a liability for any unrecognized tax benefits.

- Deferred financing costs represent issuance and credit enhancement costs for outstanding long-term debt. Deferred financing costs have been amortized on the bonds outstanding method over the respective lives of the bonds and the credit enhancement facilities. Amortization of $200,194 and

$196,175 in 2010 and 2009, respectively, has been included as a component of depreciation and amortization expense in the accompanying consolidated statements of operations.

- Deferred revenue from entrance fees represents unamortized entrance fees refundable to the extent of reoccupancy proceeds received from residents and is amortized to revenue using the straight-line method over 40 years, which is the estimated useful life of the facility. Upon death or termination of a resident contract, the resident is to receive an amount equal to the entrance payment of the resident who subsequently takes over occupancy of the unit, less a transaction fee of 10% of the entrance payment and any amounts still owed to Providence.

- The Corporations account for derivatives and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging*, which requires that all derivative instruments be recorded on the consolidated balance sheets at their respective fair values.

  For all hedging relationships, the Corporations formally document the hedging relationship and their risk management objective and strategy for undertaking the hedge, the hedging instrument, the item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets.

  The Corporations also formally assess, both at the hedge's inception and on a quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded as other changes in unrestricted net assets to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported as a component of interest expense.

  The Corporations would discontinue hedge accounting prospectively should it be determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item; the derivative expires or is sold, terminated, or exercised; or management determines that designation of the derivative as a hedging instrument is no longer appropriate. In situations in which hedge accounting is discontinued, the Corporations will continue to carry the derivative at its fair value in the consolidated balance sheet and recognize any subsequent changes in its fair value as an expense component in the consolidated statements of operations.

- The consolidated statements of operations include revenue and gains deficient of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of resident care and community support services are reported as revenue and expenses. Transactions incidental to the provision of resident care and community support services are reported as nonoperating gains and losses. Changes in unrestricted net assets, which are excluded from revenue and gains deficient of expenses and losses, consistent with industry practice, include the change in the fair value of a derivative instrument that is highly effective and is designated and qualifies as a hedging instrument.

- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are reported as nonoperating gains. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Net assets released from restriction for operating purposes are included with other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported directly within the consolidated statement of operations.
- Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2010 and 2009 principally represent amounts restricted for the purpose of providing scholarships for the professional training of Providence employees and pledges restricted to fund future construction projects of senior living facilities.
- Certain 2009 amounts have been reclassified to conform to the 2010 consolidated financial statement presentation.

(3) Charity Care

Providence and Haven Park provide care to residents who meet certain criteria under their charity care policy without charge or at amounts less than their established rates. Such residents are identified based on financial information obtained from the resident and subsequent analyses. Providence and Haven Park also consider the difference between the cost of caring for residents assisted by Medicaid and the amounts reimbursed for these residents as charity care. In addition, Providence and Haven Park also report the costs associated with pastoral care as charity care. The following information presents the level of charity care provided during the years ended December 31, 2010 and 2009:

		2010	2009
Charges forgone for non-Medicaid residents	$	319,953	367,652
Excess of cost over reimbursement for services provided to Medicaid residents		6,590,537	5,860,414
Pastoral care		281,949	158,400
	$	7,192,439	6,386,466

(4) Investments

The Corporations report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. The Corporations are a shareholder in one and three privately held mutual funds for the years ended December 31, 2010 and 2009, respectively. These funds invest in publicly traded securities and funds that use various types of debt and equity securities in their investment strategies. A summary of the composition of the Corporations' investment portfolio, which is reported as short-term investments and assets limited as to use, at December 31, 2010 and 2009 is as follows:

		2010	2009
Short-term investments:			
Cash and cash equivalents	$	279,660	789,186
U.S. government agency securities		268	293
Privately held mutual funds		1,536,708	1,393,693
Publicly traded mutual funds/common stocks		8,284,296	6,886,232
Total short-term investments		10,100,932	9,069,404
Assets limited as to use:			
Cash and cash equivalents		17,425,577	—
U.S. government and U.S. agency securities		2,807,757	—
Corporate bonds		98,173,434	—
Total assets limited as to use		118,406,768	—
Total	$	128,507,700	9,069,404

The composition of investment return on the Corporations' investment portfolio for the years ended December 31, 2010 and 2009 is as follows:

		2010	2009
Investment and dividend income	$	315,655	276,718
Net realized gains (losses) on sale of investments		1,500,399	(1,536,317)
Net change in unrealized gains and losses during the holding period		(42,431)	2,814,264
	$	1,773,623	1,554,665

Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2010 and 2009 as follows:

		2010	2009
Nonoperating gains:			
Investment income	$	1,773,499	1,554,533
Change in net assets:			
Interest income earned on temporarily restricted investments		124	132
	$	1,773,623	1,554,665

Investment income for 2010 above excludes $1,197,382 of investment income earned on the proceeds of certain tax-exempt borrowings associated with the Park Place of Elmhurst project, which were offset against the related capitalized interest cost of the tax-exempt borrowings, in accordance with ASC Subtopic 835-20, *Interest – Capitalization of Interest* (note 6).

The Corporations invest in various investment securities. Investment securities are exposed to various risks such as investment rate, credit, and overall market volatility risks due to the level of risk associated with certain investment securities. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

(5) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by the Corporations in estimating the fair value of their financial instruments:

- *Cash and cash equivalents, resident accounts receivable, accounts payable, and accrued expenses*: The carrying amount reported in the consolidated balance sheets approximates fair value because of the short maturities of these instruments.
- *Short-term investments and assets limited as to use*: Fair values are estimated based on prices provided by investment managers and custodian banks. Common stocks, quoted mutual funds, and direct U.S. government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. U.S. agency securities, corporate bonds, and privately held mutual funds are measured using other observable inputs. The carrying value equals fair value.

The Corporations elected to apply the concepts of ASC Subtopic 820-10 to their privately held mutual fund investments using net asset value as a practical expedient in estimating fair value. Changes in market conditions and the future economic environment may impact the net asset value of the funds and consequently the fair value of the Corporations' interest in the funds. The net asset value of the funds was approximately $1,536,708 and $1,393,693 at December 31, 2010 and 2009, respectively. These funds have quarterly redemption features and are classified as Level 2 in the fair value hierarchy.

- *Interest rate swap agreements*: The fair value of interest rate swaps is determined using pricing models developed based on the SIFMA swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Corporations. The carrying value equals fair value.

- *Long-term debt*: The fair value of fixed-rate long-term debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Corporations for debt of the same remaining maturities. For variable-rate debt, carrying amounts approximate fair value.

The following table presents the carrying amounts and estimated fair values of the Corporation's financial instruments not carried at fair value at December 31, 2010 and 2009:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	$ 229,548,067	231,028,889	79,963,140	79,963,140

(b) *Fair Value Hierarchy*

The Corporations adopted ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Topic ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Providence has the ability to access at the measurement date.

- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2010:

	Total fair value	Fair value measurements at December 31, 2010 using		
		Level 1	Level 2	Level 3
Cash and cash equivalents	$ 12,129,834	12,129,834	—	—
Short-term investments:				
Cash and cash equivalents	279,660	279,660	—	—
U.S. government agency securities	268	—	268	—
Privately held mutual funds	1,536,708	—	1,536,708	—
Publicly traded mutual funds/common stocks	8,284,296	8,284,296	—	—
Total short-term investments	10,100,932	8,563,956	1,536,976	—
Assets limited as to use:				
Cash and cash equivalents	17,425,577	17,425,577	—	—
U.S. government and U.S. agency securities	2,807,757	724,519	2,083,238	—
Corporate bonds	98,173,434	—	98,173,434	—
Total assets limited as to use	118,406,768	18,150,096	100,256,672	—
Total	$ 140,637,534	38,843,886	101,793,648	—

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2009:

	Total fair value	Fair value measurements at December 31, 2009 using		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 11,404,814	11,404,814	—	—
Short-term investments:				
Cash and cash equivalents	789,186	789,186	—	—
U.S. government U.S. agency securities	293	—	293	—
Privately held mutual funds	1,393,693	—	1,393,693	—
Publicly traded mutual funds/common stocks	6,886,232	6,886,232	—	—
Total short-term investments	9,069,404	7,675,418	1,393,986	—
Total	$ 20,474,218	19,080,232	1,393,986	—
Liabilities:				
Other long-term liabilities – interest rate derivative	$ 440,141	—	440,141	—

The Corporations' accounting policy is to recognize transfers between levels of the fair value hierarchy in the year of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the year ended December 31, 2010.

(6) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2010 and 2009 is as follows:

	2010		2009	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	$ 20,346,526	—	6,533,859	—
Land improvements	4,421,332	3,261,915	4,415,376	3,064,147
Buildings and fixtures	84,226,711	41,319,417	83,362,354	39,182,182
Equipment	28,035,826	24,832,211	27,393,161	23,800,551
Construction in progress	40,297,045	—	25,083,255	—
	$ 177,327,440	69,413,543	146,788,005	66,046,880

The Corporations are currently engaged in various construction and renovation projects primarily to be financed through operations, donor contributions, short-term investments, and assets limited as to use. At December 31, 2010, construction in progress related primarily to construction of the Park Place of Elmhurst project.

Interest cost is capitalized as a component of significant capital projects. Interest income earned on any project-specific borrowed funds is offset against interest cost capitalized. A summary of interest cost capitalized for the years ended December 31, 2010 and 2009 is as follows:

	2010	2009
Gross interest cost capitalized	$ 8,343,040	987,105
Investment income on borrowed funds held by trustee	1,197,382	—
Net interest cost capitalized	$ 7,145,658	987,105

Effective February 26, 2004, Providence entered into an agreement to purchase approximately 30 acres of land from Elmwood Farms L.L.C. (Elmwood) for $880,000, with the intention of developing the land. Providence paid $240,000 as a down payment for such land in 2004, and the remainder was paid over 6 years. On April 23, 2009, Hudsonville Park Place, Inc. entered into a second agreement to purchase an additional parcel of land from Elmwood for $200,000. The remaining amounts to be paid on these parcels of land of $200,000 and $340,000 at December 31, 2010 and 2009, respectively, have been included in long-term debt in the accompanying consolidated balance sheets.

(7) Net Resident Service Revenue and Accounts Receivable

Net resident service revenue is reported at the estimated net realizable amounts from responsible private parties, third-party payors, government agencies, and others for services rendered. Providence and Haven Park have agreements with third-party payors that provide for reimbursement at amounts different from their established rates. Estimated contractual adjustments arising under third-party reimbursement programs represent the differences between Providence and Haven Park's billings at established rates and the amounts reimbursed by third-party payors, principally Medicaid and Medicare. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Providence has obtained Medicaid certification for a portion of its nursing beds and receives an all-inclusive per diem rate for Medicaid-eligible residents. To the extent that charges or related costs incurred for services rendered to Medicaid beneficiaries exceed the per diem rates, they are not recoverable from the Medicaid program or its beneficiaries. Medicaid reimbursement methodologies and payment rates are subject to change based on the amount of funding available to the States of Illinois and Michigan Medicaid programs, respectively, and any such changes could have a significant effect on the Corporations' revenues.

Providence has also obtained Medicare certification for certain of its skilled nursing beds. Providence is reimbursed by Medicare under a prospective payment system based primarily upon a clinical classification system for Medicare residents.

(8) Concentration of Credit Risk

Providence and Haven Park grant credit, generally without collateral, to their self-pay residents as well as those that are insured under third-party payor agreements. The mix of receivables from residents and third-party payors as of December 31, 2010 and 2009 is as follows:

	2010	2009
Medicare	47%	47%
Medicaid	14	20
Private	19	19
Other	20	14
	100%	100%

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(9) Long-Term Debt

A summary of long-term debt at December 31, 2010 and 2009 is as follows:

		2010	2009
Michigan Strategic Fund Weekly Adjustable Rate Demand Revenue Bonds, Series 2004A, effective interest rate of 2.83% and 3.33% in 2010 and 2009, respectively, mandatory annual sinking fund redemption through 2034	$	8,585,000	8,780,000
Illinois Finance Authority Weekly Adjustable Rate Demand Revenue Bonds, Series 2004B, effective interest rate of 2.83% and 3.33% in 2010 and 2009, respectively, partially advance refunded in 2009, mandatory annual sinking fund redemption beginning 2024 through 2032		2,845,000	2,845,000
Illinois Finance Authority Weekly Adjustable Rate Demand Revenue Bonds, Series 2004C, effective interest rate of 2.83% and 3.33% in 2010 and 2009, respectively, mandatory annual sinking fund redemption through 2034		6,465,000	6,615,000
Commercial loan, 6.00% fixed interest rate, principal due monthly through May 5, 2014, secured by certain property		3,229,616	3,324,655
Commercial loan, 6.43% fixed interest rate, principal due monthly through October 10, 2015, secured by deposits and property		2,125,414	2,206,541
Illinois Finance Authority Revenue Bonds, Series 2009A, fixed interest rate resets December 15, 2012 and every three years thereafter, 4.19% fixed interest rate until December 15, 2012 reset date, principal due monthly through maturity date of November 15, 2034, secured by certain property under the Master Trust Indenture		18,006,297	18,459,880
Illinois Finance Authority Revenue Bonds, Series 2009B, fixed interest rate resets December 15, 2012 and every three years thereafter, 4.23% fixed interest rate until December 15, 2012 reset date, principal due monthly through maturity date of November 15, 2034, secured by certain property under the Master Trust Indenture		9,004,238	9,229,940
Line of credit, $1,000,000 line, due October 15, 2011, effective interest rate of 5.50% and 5.40% in 2010 and 2009, respectively, secured by certain property and other assets		1,000,000	1,000,000
Line of credit, $4,000,000 line, due October 15, 2011, effective interest rate of 4.50% and 3.37% in 2010 and 2009, respectively, secured under the Master Trust Indenture		4,000,000	3,800,000

		2010	2009
Line of credit, $11,000,000 line, refinanced with bond proceeds May 26, 2010, effective interest rate of 6.07% in 2010 and 2009, respectively, secured by certain property	$	—	10,500,000
Line of credit, $1,000,000 line, repaid May 26, 2010, effective interest rate of 6.24% and 6.50% in 2010 and 2009, respectively, secured by certain property		—	125,000
Illinois Finance Authority Revenue Bonds, Series 2010A, fixed interest rates ranging from 8.00% to 8.25%, mandatory monthly sinking fund redemption beginning June 2015 through May 2045		109,115,000	—
Illinois Finance Authority Revenue Bonds, Series 2010B, fixed interest rate of 7.75%, monthly principal payments due monthly beginning June 2019 through May 2020		7,875,000	—
Illinois Finance Authority Revenue Bonds, Series 2010C, initial fixed interest rate of 7.50% with subsequent annual interest rate resets commencing November 15, 2016, monthly principal payments due beginning June 2044 through May 2045		5,000,000	—
Illinois Finance Authority Revenue Bonds, Series 2010D-1, fixed interest rate of 7.25%, monthly principal payments due beginning September 2015 through August 2016		10,275,000	—
Illinois Finance Authority Revenue Bonds, Series 2010D-2, fixed interest rate of 7.00%, monthly principal payments due beginning December 2014 through November 2015		15,350,000	—
Illinois Finance Authority Revenue Bonds, Series 2010D-3, fixed interest rate of 6.25%, monthly principal payments due beginning September 2014 through August 2015		15,275,000	—
Illinois Finance Authority Revenue Bonds, Series 2010E, fixed interest rate of 8.625%, monthly principal payments due beginning June 2014 through May 2015		12,650,000	—
Direct obligation notes, unsecured		601,706	591,707
Capital funding agreement, repaid in 2010		—	11,844,947
Other long-term obligations		766,497	640,470
Total long-term debt		232,168,768	79,963,140
Less current installments of long-term debt		6,463,875	8,490,715

		2010	2009
Less long term debt subject to short-term remarketing arrangements	$	3,219,000	17,895,000
Less original issue discount, net		2,620,701	—
Long-term debt, net of current installments	$	219,865,192	53,577,425

Providence, the Foundation, and the Campus, collectively referred to as the PLS Obligated Group, entered into a master trust indenture (PLS Master Trust Indenture) dated as of October 1, 2004. Haven Park was added to the PLS Obligated Group as of March 1, 2007. On October 1, 2009, the Foundation withdrew as a member of the PLS Obligated Group. The purpose of the PLS Master Trust Indenture is to provide a mechanism to be able to issue indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The PLS Master Trust Indenture provides for other legal entities to become members of the PLS Obligated Group for the payment of obligations and the performance of all covenants contained therein, provided they meet certain restrictions. The PLS Master Trust Indenture also requires members to make payments on debt issued by other members of the Obligated Group if such other members are unable to satisfy their obligations under the PLS Master Trust Indenture.

The PLS Obligated Group pledged a security interest in the gross revenues of each member of the PLS Obligated Group and the mortgages of certain properties of Providence with an approximate net book value of approximately $49,764,886 at December 31, 2010 as collateral on borrowings under the PLS Master Trust Indenture.

In November 2004, the Michigan Strategic Fund issued $9,585,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004A, on behalf of the PLS Obligated Group. Concurrent with such issuance, the Illinois Finance Authority (Authority) issued $33,170,000 and $7,245,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004B and 2004C, respectively, on behalf of the PLS Obligated Group. The Series 2004A bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Michigan Strategic Fund and Bank of New York, National Association, Chicago, Illinois (BNY), as bond trustee. The Series 2004B and 2004C bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Authority and BNY, as bond trustee. The Series 2004A, 2004B, and 2004C bonds were issued pursuant to the PLS Master Trust Indenture.

The PLS Obligated Group also maintains irrevocable transferable letters of credit for the Series 2004A, 2004B, and 2004C bonds issued by commercial banks as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of November 1, 2004 for the Series 2004A bonds, and October 1, 2004 for the Series 2004B and 2004C bonds. The letters of credit for the Series 2004A, 2004B, and 2004C bonds expire January 28, 2014. The Series 2004A, 2004B, and 2004C bonds are accelerable in the event the letters of credit are not extended by the commercial banks.

The Series 2004A, 2004B, and 2004C bonds currently bear interest at a weekly adjustable rate, such interest rate being the lowest rate that, in the judgment of the remarketing agent, would enable the bonds to be remarketed at par plus any accrued interest on the first day of the weekly rate period. The bonds may be converted at the option of the PLS Obligated Group, subject to certain restrictions, to fixed annual rates of interest. Holders of the Series 2004A, 2004B, and 2004C bonds have a put option that allows them to require redemption of the bonds prior to maturity. The PLS Obligated Group has an agreement with an underwriter to remarket any bonds based on the exercise of put options.

In December 2009, the PLS Obligated Group issued revenue bonds through the Authority with two separate commercial banks, totaling $27,689,820, herein referred to as Illinois Finance Authority Revenue Bonds, Series 2009A and Series 2009B. The proceeds from the issuance of the bonds were utilized to advance refund a portion of the Series 2004B bonds. Under the provisions of the loan agreements, the PLS Obligated Group is required to make monthly principal and fixed-rate interest payments of $99,824 and $50,134 for the Series 2009A and 2009B bonds, respectively, until December 15, 2012, at which point and every three-years thereafter on December 15, the fixed interest rates will reset in accordance with the terms of the loan agreements. At each reset date and for the subsequent three year period, the reset rate will be the lesser of (i) the interest rate per annum equal to the product of (a) a designated percentage defined in the loan agreements and (b) the three-year Treasury swap rate plus 400 basis points per annum (adjusted rate) and (ii) a maximum rate of 12%; provided that the adjusted rate shall not be less than a pre-tax equivalent interest rate of 6.25% per annum. The Series 2009A and 2009B bonds are secured by the PLS Master Trust Indenture and are afforded the collateral protections of the revenues and the property of the PLS Obligated Group. Beginning with the December 15, 2015 interest rate reset date and on every interest rate reset date thereafter, the PLS Obligated Group has the option to redeem the bonds or request that the commercial banks continue to hold them for an additional interest period. The commercial banks likewise have the option to either continue to hold the bonds for another interest period or request that the PLS Obligated Group repurchase the bonds.

The PLS Obligated Group also maintains a $4,000,000 variable-rate line of credit with a commercial bank, which was originally executed in 2005 and is secured under the PLS Master Trust Indenture. Outstanding draws on the line of credit were $4,000,000 and $3,800,000 as of December 31, 2010 and 2009, respectively. The line of credit expires on October 15, 2011.

Park Place of Elmhurst and the Foundation, collectively referred to as the Elmhurst Obligated Group, entered into a master trust indenture (Elmhurst Master Trust Indenture) dated as of May 1, 2010. The purpose of the Elmhurst Master Trust Indenture is to provide a mechanism to be able to issue indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The Elmhurst Master Trust Indenture provides for other legal entities to become members of the Elmhurst Obligated Group for the payment of obligations and the performance of all covenants contained therein, provided they meet certain restrictions. The Elmhurst Master Trust Indenture also requires members to make payments on debt issued by other members of the Elmhurst Obligated Group if such other members are unable to satisfy their obligations under the Elmhurst Master Trust Indenture.

The Elmhurst Obligated Group pledged a security interest in the gross revenues of each member of the Elmhurst Obligated Group, as well as a first mortgage lien on the real property on which the Elmhurst senior living community is being constructed and a security interest in the personal property and fixtures located in said community, as collateral on borrowings under the Elmhurst Master Trust Indenture.

On May 27, 2010, the Authority issued $175,540,000 of Illinois Finance Authority Revenue Bonds, Series 2010A-E (Series 2010A-E bonds) on behalf of the Elmhurst Obligated Group, the proceeds of which are being used to finance construction of a senior living community in Elmhurst, Illinois. The Series 2010A-E bonds were issued under Bond Trust Indentures dated May 1, 2010 between the Authority and Wells Fargo Bank, National Association, as bond trustee. The Series 2010A-E bonds were issued pursuant to the Elmhurst Master Trust Indenture, and contain optional and mandatory redemption provisions whereby the bonds are callable for redemption at various dates prior to their stated maturities.

During January 2006, Providence entered into a development plan with Greystone Development Company II, LP (Greystone) to create a retirement living community in Elmhurst, Illinois. To provide initial financing for the Elmhurst development plan project, capital funding of up to $12,400,000 was provided through a Greystone and B.C. Ziegler partnership on a nonrecourse basis. The return for the capital funding was 75% payable on the first $6,000,000 and 40% payable on the next $6,400,000 at the time permanent long-term financing was secured for the development project, with the exception of $4,000,000, which is payable upon Greystone meeting certain other requirements. Amounts borrowed by Providence under the capital funding agreement were $11,844,947 at December 31, 2009 and have been included within long-term debt in the accompanying 2009 consolidated balance sheet. All amounts borrowed by Providence, inclusive of the portion of the return of capital totaling $3,055,556 earned by Greystone at the time permanent long-term financing was secured, were repaid on May 27, 2010 with proceeds from the issuance of the Series 2010A-E bonds.

On January 6, 2006, PDG entered into a nonrevolving variable-rate line-of-credit agreement with a commercial bank. The $11,000,000 line of credit, which was reduced to $10,500,000 on March 30, 2010, was utilized for the purchase of land for development in Elmhurst, Illinois. The line of credit, which expired on June 5, 2010, was repaid in full on May 27, 2010 with a portion of the proceeds from the issuance of the Series 2010A-E Bonds and is classified as long-term debt in the accompanying 2009 consolidated balance sheet.

In September 2002, a commercial bank provided Providence with a commercial loan in an amount equal to $3,758,000. Proceeds of the loan were used to construct the Corporations' primary corporate offices located in Tinley Park, Illinois. Under the provisions of the loan agreement, the Corporations are required to make monthly principal and interest payments at a fixed interest rate of 6.25% through October 10, 2015. The monthly principal and interest payments are fixed at an amount equal to $17,142, with a balloon payment of approximately $1,750,224 due on October 10, 2015. The loan is secured by a mortgage on the corporate office property having a net book value of $4,108,651 at December 31, 2010.

In November 1999, the Michigan Strategic Fund issued $4,000,000 of Variable Rate Demand Limited Obligation Revenue and Refunding Bonds, Series 1999 (Series 1999 bonds), on behalf of Haven Park. The Series 1999 bonds were issued under a Bond Trust Indenture dated February 1, 1999 between the Michigan Strategic Fund and Michigan National Bank, National Association, Grand Rapids, Michigan, as bond trustee. Haven Park maintained an irrevocable transferable letter of credit for the Series 1999 bonds issued by a commercial bank as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of February 1, 1999. The letter of credit expired on February 15, 2009 and was not renewed. As a result, the Corporations entered into a $3,400,000 five-year loan with a commercial bank on April 1, 2009 to refinance the Series 1999 bonds. The commercial loan is payable in monthly principal and interest payments of $24,359, including interest at 6.0%, with a balloon payment of $1,926,940 on May 5, 2014, and is secured under the Master Trust Indenture.

In August 2009, PDG entered into a $1,000,000 revolving variable-rate line-of-credit agreement with a commercial bank. The line of credit expires on October 15, 2011, is guaranteed by Providence, and is secured by a mortgage on certain property and an assignment of rents.

Scheduled annual principal repayments on long-term debt based on the scheduled redemptions according to the Master Trust Indenture, as modified by optional and mandatory redemption provisions existing for certain long-term debt obligations, are as follows:

2011	$	6,463,875
2012		49,787,416
2013		19,592,395
2014		4,215,962
2015		31,207,416
Thereafter		120,901,704
	$	232,168,768

Providence's Series 2004A-C bonds are variable-rate demand obligations that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying letters of credit. Repayment of the principal is due in equal quarterly installments, commencing on the first to occur of the January 1, April 1, July 1, or October 1 immediately succeeding the date on which the letters of credit are drawn, with the entire unpaid principal amount, and accrued interest thereon, due on the first day of the calendar month immediately preceding the expiration date of the letters of credit, which is currently January 28, 2014.

Aggregate scheduled principal repayments on long-term debt, assuming the Series 2004A-C variable-rate demand obligations being put back to the PLS Obligated Group on May 27, 2011, the date the consolidated financial statements were available to be issued, and corresponding draws being made on the underlying letters of credit are as follows:

2011	$ 9,682,875
2012	56,565,416
2013	26,355,395
2014	3,800,962
2015	30,772,416
Thereafter	104,991,704
	$ 232,168,768

(10) Derivative Instruments and Hedging Activities

Providence has interest rate related derivative instruments to manage its exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than cash flow hedging purposes.

By using derivative financial instruments to hedge exposures to changes in interest rates, Providence exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Providence, which creates credit risk for Providence. When the fair value of a derivative instrument is negative, Providence owes the counterparty, and therefore, it does not possess credit risk. Providence minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Providence management also mitigates risk through annual reviews of its derivative position in the context of its total blended cost of capital.

On December 16, 2005, Providence entered into an interest rate swap agreement, designated as a cash flow hedge, with a financial institution. Providence entered into the agreement to effectively convert a portion of its variable-rate debt from a variable to a fixed rate. Under this agreement, Providence received a variable rate of return, based upon the monthly BMA Municipal Swap Index, on a notional amount of $14,000,000, and was obligated to pay the financial institution a fixed rate of return of 3.72% on the same notional amount.

Changes in the fair value of the interest rate swap agreements that effectively offset the variability of cash flows associated with variable-rate, long-term debt obligations are reported as a component of other changes in unrestricted net assets. These amounts subsequently are reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings. Ineffective changes in fair value of the interest rate swaps designated as hedging instruments are reported within interest expense. No amounts were recorded for the years ended December 31, 2010 and 2009 representing cash flow hedge ineffectiveness.

The net interest rate differential paid by Providence as a result of the interest rate swap agreements of approximately $484,115 and $457,833 has been recognized as an addition to interest expense in the accompanying 2010 and 2009 consolidated statements of operations, respectively. The fair value of the interest rate swap agreements was a liability of $440,141 at December 31, 2009 and is included with other long-term liabilities in the accompanying 2009 consolidated balance sheet. The change in fair value of the interest rate swap agreements amounted to $440,141 and $227,028 for the years ended December 31, 2010 and 2009, respectively. The agreement expired on December 16, 2010.

(11) Charitable Gift Annuity Contracts

Charitable gift annuity contracts represent notes issued by Providence that have interest payable semiannually at either a fixed rate or at a rate of prime plus 1%. The principal of the notes is contributed to Providence upon the death of the resident holding the note. Charitable gift annuity contracts are reported as liabilities and are reclassified to income upon the death of the annuitant.

(12) Management Agreements

The Corporations have agreements with various retirement and nursing facilities to manage their daily operations. The agreements are renewable annually and generally can be terminated with notice. Revenue attributable to such agreements amounted to approximately $820,000 in 2010 and $860,000 in 2009 and is included with other revenue.

(13) Retirement Plans

Providence sponsors a 403(b) plan for its employees, whereas employees of for-profit corporations are eligible for a 401(k) plan. The plans cover substantially all of the Corporations' full-time employees who have met certain eligibility qualifications. For 2010, Providence matched the employee's contribution, fifty cents on the dollar, up to the first 3%, then twenty-five cents on the dollar up to a maximum of 5%. For 2009, Providence matched the employee's contribution, dollar for dollar, up to the first 3%, then fifty cents on the dollar up to a maximum of 5%. Employer contributions for all plans of approximately $228,000 and $493,000 in 2010 and 2009, respectively, have been recognized as employee benefits expense in the accompanying consolidated statements of operations. The Corporations fund their contributions on a current basis.

(14) Ground Leases

Providence owns approximately 50 acres at its Village Woods facility in Crete, Illinois. Approximately 12 acres are subject to a 99-year Lease and Easement Agreement for the operation of a golf course with an unrelated party. In addition, approximately 23 acres are subject to a 99-year ground lease with the owners of townhomes built on the property. Providence also owns approximately 11.3 acres of land at its Victorian Courts Senior Townhome Development that are subject to 99-year ground leases with the owners of the townhomes built on the property. Ground lease rentals for the townhomes are set at 1% of the townhomes' sales price for each year of occupancy and are payable at the time of resale. Providence is recognizing revenue on ground leases at the rate of 1% per year based upon the initial purchase price of the townhomes. Providence periodically evaluates the recoverability of ground lease receivables based on recent sales prices for townhomes and their original purchase prices. Ground lease income recognized in 2010 and 2009 approximated $189,000 and $221,000, respectively, and is included with other revenue.

(15) Income Taxes

The components of the provision for income taxes for 2010 and 2009 of the for-profit subsidiaries, which are included with supplies and other expenses, are as follows:

		2010	2009
Current income tax expense:			
Federal	$	6,569	—
State		14,139	9,011
Total current income tax expense	$	20,708	9,011

Deferred tax assets and liabilities consist of the following at December 31, 2010 and 2009:

		2010	2009
Deferred tax assets:			
Charitable contributions	$	36,256	54,028
Net operating loss carryforward		785,533	1,051,595
Total deferred tax assets		821,789	1,105,623
Less valuation allowance		688,936	953,678
Deferred tax assets, net of valuation allowance		132,853	151,945
Deferred tax liabilities:			
Depreciation		(103,782)	(122,874)
Other		(29,071)	(29,071)
Total deferred tax liabilities		(132,853)	(151,945)
Net deferred tax liabilities	$	—	—

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. At December 31, 2010, a valuation allowance is considered necessary as management believes that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the full net operating loss carryforward.

(16) Health Resources Alliance, Inc.

Health Resources Alliance, Inc. (HRA), of which Providence is a founding member, operates a company that provides pharmacy services to long-term care providers in northern Illinois, including Providence facilities. Effective April 1, 2003, Midwest Senior Care Network (MSCN), a wholly owned subsidiary of HRA, converted a $65,000 prepaid service deposit of Providence into equity of MSCN. Simultaneous with the equity conversion, HRA distributed the outstanding common stock of MSCN in equal shares to its members, including Providence. Providence has a one-fifteenth equity interest in MSCN. The investment in MSCN is included in investments in joint ventures in the accompanying 2010 and 2009 consolidated balance sheets and is being accounted for using the cost method.

(17) Commitments and Contingencies

(a) Professional and General Liability Self-Insurance

Through December 31, 2001, the Corporations maintained professional liability insurance through commercial insurance policies. Effective January 1, 2002, the Corporations entered into a contractual agreement to form Caring Communities Insurance Program (Caring Communities), a self-insurance administrator, which, through its risk-sharing provisions, provided the Corporations insurance coverage for professional and comprehensive general liability exposure. Caring Communities was a multi-organizational insurance company for long-term care organizations incorporated under the laws of the Cayman Islands, which had elected to be taxed as a U.S. corporation.

Effective January 1, 2008, Caring Communities became a wholly owned subsidiary of Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), a District of Columbia insurer. At that date, the Corporations' aggregate capital contributions to Caring Communities of $318,692 were exchanged for a charter capital account of the same value with CCrRRG. The Corporations' investment in CCrRRG of $318,692 at December 31, 2010 and 2009, respectively, is included in investments and other assets and is being accounted for using the cost method.

Caring Communities will continue to provide the Corporations with claims-made insurance coverage for claims reported before January 1, 2008. Effective January 1, 2008, CCrRRG now provides the Corporations with claims-made insurance coverage using a combination of self-insured retentions and excess commercial insurance coverage. CCrRRG engages a professional actuarial consultant for the determination of premiums to be assessed to participants under the plan of coverage. As a self-insurance administrator, CCrRRG enables risk sharing among participating long-term care organizations. The Corporations are required to pay assessed premiums and are subject to a per claim self-insured retention of $150,000 in 2010 and $35,000 in 2009. Under the Corporations' insurance policies, prior to January 1, 2008, Caring Communities could retroactively assess participants for up to twice their annual premium per coverage year based upon adverse participant-specific claims experience as defined in the policy; however, the January 1, 2008 policy with CCrRRG does not contain such a provision. Based upon the Corporations' historical claims experience and exposure to date with Caring Communities and CCrRRG, no reserves have been established at December 31, 2010 or 2009 for either retroactive premium assessments or tail exposures.

(b) ***Litigation***

The Corporations are involved in litigation arising in the ordinary course of business. General liability claims have been asserted against the Corporations and are currently in various stages of litigation. Additional claims may be asserted against the Corporations arising from services through December 31, 2010. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporations' consolidated financial position or results from operations.

(c) ***Regulatory Investigations***

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of long-term care providers. The Corporations are subject to these regulatory efforts. Management is currently unaware of any regulatory matters that may have a material adverse effect on the Corporations' consolidated financial position or results of operations.

(d) ***Medicare and Medicaid Reimbursement***

Providence and Haven Park participate as providers under the Medicare program. Federal legislation routinely includes provisions to change Medicare reimbursement mechanisms and reimbursement levels. Recently enacted healthcare reform and other Medicare legislation may have an adverse effect on Providence and Haven Park's net resident service revenues.

Medicaid payment methodologies and rates may be subject to modification based on the amount of funding available to the State of Illinois and State of Michigan Medicaid programs, for Providence and Haven Park, respectively.

(e) ***Employee Health Insurance***

The Corporations maintain a self-insurance program for employee healthcare coverage, combining various levels of self-insured retentions and excess coverage. The Corporations' provision for employee health insurance expenses includes estimates of known claims as well as claims incurred but not reported as of fiscal year-end.

(18) Asbestos Removal Costs

ASC Subtopic 410-20, *Asset Retirement Obligations,* requires the current recognition of a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the entity. The Illinois "Commercial and Public Building Asbestos Abatement Act" requires the controlled removal or encapsulation of asbestos by a licensed contractor in commercial and public buildings, including renovation and partial or complete demolition activities, such legislation being applicable to Providence.

ASC Subtopic 410-20 requires an asset retirement obligation (ARO) liability be recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. The initially capitalized ARO long-lived asset is depreciated over the remaining useful lives of the facilities.

The Corporations are legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of existing facilities. The estimated asbestos removal liability at December 31, 2010 and 2009 was $515,477 and $502,431 and has been included in other long-term liabilities in the accompanying 2010 and 2009 consolidated balance sheets, respectively. The net book value of the ARO long-lived asset at December 31, 2010 and 2009 was $75,703 and $84,936, respectively. The ARO liability has been discounted using a rate of 3%.

(19) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, the Corporations evaluated subsequent events after the consolidated balance sheet date of December 31, 2010 through May 27, 2011, which was the date the consolidated financial statements were available to be issued.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2010

Assets	PLS Obligated Group	Elmhurst Obligated Group	Other Affiliates	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 5,840,768	6,080,131	208,935	—	12,129,834
Short-term investments	10,100,932	—	—	—	10,100,932
Resident accounts receivable, net of allowance for doubtful accounts of approximately $2,207,000	10,496,006	—	351,725	—	10,847,731
Other receivables	1,201,719	—	1,971,717	(1,278,039)	1,895,397
Prepaid expenses, inventories, and other	234,535	79,276	154,496	—	468,307
Total current assets	27,873,960	6,159,407	2,686,873	(1,278,039)	35,442,201
Land, buildings, and equipment, net of accumulated depreciation	51,127,342	52,924,379	7,223,780	(3,361,604)	107,913,897
Costs of acquiring initial continuing-care contracts	—	6,107,343	—	—	6,107,343
Assets whose use is limited	—	115,806,768	2,600,000	—	118,406,768
Ground lease receivables	2,054,990	—	—	—	2,054,990
Investments in joint ventures	112,000	—	—	—	112,000
Investments and other assets	1,248,684	—	1,000,000	(1,000,000)	1,248,684
Deferred financing costs, net	258,310	4,372,407	—	—	4,630,717
Total assets	$ 82,675,286	185,370,304	13,510,653	(5,639,643)	275,916,600

(Continued)

Schedule 1

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2010

Liabilities and Net Assets (Deficit)	PLS Obligated Group	Elmhurst Obligated Group	Other Affiliates	Eliminations	Consolidated
Current liabilities:					
Current installments of long-term debt	$ 5,236,049	—	1,227,826	—	6,463,875
Long-term debt subject to short-term remarketing arrangements	3,219,000	—	—	—	3,219,000
Accounts payable	7,848,144	—	562,375	(470,414)	7,940,105
Accrued liabilities	3,358,247	2,653,498	523,937	(1,816,634)	4,719,048
Accrued interest payable	173,536	544,184	—	—	717,720
Resident notes and deposits	44,136	5,768,518	—	—	5,812,654
Total current liabilities	19,879,112	8,966,200	2,314,138	(2,287,048)	28,872,402
Construction payables	—	3,789,642	—	—	3,789,642
Charitable gift annuity contracts	88,437	—	—	—	88,437
Deferred revenue from entrance fees	3,153,849	—	—	—	3,153,849
Other long-term liabilities	1,433,641	—	—	—	1,433,641
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements	44,553,816	172,919,299	2,392,077	—	219,865,192
Total liabilities	69,108,855	185,675,141	4,706,215	(2,287,048)	257,203,163
Net assets (deficit):					
Unrestricted	12,512,829	(304,837)	8,774,438	(3,352,595)	17,629,835
Temporarily restricted	1,053,602	—	30,000	—	1,083,602
Total net assets (deficit)	13,566,431	(304,837)	8,804,438	(3,352,595)	18,713,437
Total liabilities and net assets (deficit)	$ 82,675,286	185,370,304	13,510,653	(5,639,643)	275,916,600

See accompanying independent auditors' report.

Schedule 2

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Statement of Operations Information

Year ended December 31, 2010

	PLS Obligated Group	Elmhurst Obligated Group	Other Affiliates	Eliminations	Consolidated
Revenues:					
Net resident service revenue	$ 77,485,692	—	804,096	(239,902)	78,049,886
Other revenue	2,969,239	—	9,891,856	(6,621,506)	6,239,589
Total revenues	80,454,931	—	10,695,952	(6,861,408)	84,289,475
Expenses:					
Salaries and wages	33,803,769	—	6,511,400	—	40,315,169
Employee benefits	5,891,894	—	1,406,969	—	7,298,863
Purchased services	8,247,496	98,224	485,919	—	8,831,639
Food and dietary	3,722,871	—	68,279	—	3,791,150
Supplies and other	15,924,927	24,607	880,835	(5,553,783)	11,276,586
Utilities	2,153,402	10,901	210,595	—	2,374,898
Insurance	3,179,953	—	41,856	—	3,221,809
Repairs and maintenance	1,778,578	873	91	—	1,779,542
Interest	2,846,608	—	203,518	—	3,050,126
Depreciation and amortization	3,774,549	147,532	265,950	(12,500)	4,175,531
Provision for bad debts	1,467,313	—	1,500	—	1,468,813
Total expenses	82,791,360	282,137	10,076,912	(5,566,283)	87,584,126
Income (loss) from operations	(2,336,429)	(282,137)	619,040	(1,295,125)	(3,294,651)
Nonoperating gains (losses):					
Investment income	1,105,790	667,709	—	—	1,773,499
Gain on sale of land	—	—	850,354	(850,354)	—
Unrestricted contributions	1,195,472	—	—	—	1,195,472
Costs of fund-raising activities	(287,360)	—	—	—	(287,360)
Net nonoperating gains (losses)	2,013,902	667,709	850,354	(850,354)	2,681,611
Revenue and gains in excess (deficient) of expenses and losses	(322,527)	385,572	1,469,394	(2,145,479)	(613,040)
Other changes in unrestricted net assets:					
Change in fair value of interest rate swap agreements	440,141	—	—	—	440,141
Capital contributions	—	1,000,000	—	(1,000,000)	—
Equity transfers	25,080	(1,690,409)	1,665,329	—	—
Increase (decrease) in unrestricted net assets	$ 142,694	(304,837)	3,134,723	(3,145,479)	(172,899)

See accompanying independent auditors' report.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Financial Statements and Schedules

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Rest Haven Illiana Christian Convalescent Home:

We have audited the accompanying consolidated balance sheets of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries (the Corporations) as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in net assets, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2009 consolidating information included in schedules 1 and 2 is presented for purposes of additional analysis of the 2009 consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets of the individual corporations. The 2009 consolidating information has been subjected to the auditing procedures applied in the audit of the 2009 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 consolidated financial statements taken as a whole.

KPMG LLP

May 28, 2010

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Balance Sheets

December 31, 2009 and 2008

Assets		2009	2008
Current assets:			
Cash and cash equivalents	$	11,404,814	10,499,414
Short-term investments		9,069,404	11,057,548
Resident accounts receivable, net of allowance for doubtful accounts of approximately $1,031,000 in 2009 and $1,482,000 in 2008		10,690,820	10,816,760
Other receivables		1,883,102	1,316,577
Prepaid expenses, inventories, and other		727,998	566,961
Total current assets		33,776,138	34,257,260
Land, buildings, and equipment, net of accumulated depreciation		80,741,125	79,232,108
Costs of acquiring initial continuing-care contracts		4,894,520	6,470,243
Deferred income taxes		151,945	.130,063
Ground lease receivables		1,916,421	1,720,151
Investments in joint ventures		112,000	112,000
Investments and other assets		754,874	695,761
Deferred financing costs, net		227,941	196,174
Total assets	$	122,574,964	122,813,760

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets		2009	2008
Current liabilities:			
Current installments of long-term debt	$	8,490,715	19,302,859
Long-term debt subject to short-term remarketing arrangements		17,895,000	25,639,286
Accounts payable		9,512,113	7,917,085
Accrued liabilities		4,168,489	2,785,379
Accrued interest payable		60,224	80,340
Resident notes and deposits		5,896,455	5,082,990
Total current liabilities		46,022,996	60,807,939
Deferred income taxes		151,945	130,063
Charitable gift annuity contracts		93,437	227,319
Deferred revenue from entrance fees		3,397,422	3,538,085
Other long-term liabilities		1,206,685	1,725,116
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements		53,577,425	36,038,216
Total liabilities		104,449,910	102,466,738
Net assets:			
Unrestricted		17,802,734	20,189,064
Temporarily restricted		322,320	157,958
Total net assets		18,125,054	20,347,022
Total liabilities and net assets	$	122,574,964	122,813,760

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Operations

Years ended December 31, 2009 and 2008

		2009	2008
Revenues:			
Net resident service revenue	$	78,948,687	79,122,286
Other revenue		5,797,325	5,337,203
Total revenues		84,746,012	84,459,489
Expenses:			
Salaries and wages		40,749,057	36,779,853
Employee benefits		7,030,079	6,513,736
Purchased services		9,401,598	9,745,037
Food and dietary		4,503,538	9,183,790
Supplies and other		12,104,535	12,132,452
Utilities		2,165,489	2,671,555
Insurance		2,517,863	1,936,643
Repairs and maintenance		1,710,651	1,854,958
Interest		1,698,031	2,489,098
Depreciation and amortization		4,202,818	4,692,230
Provision for bad debts		540,764	648,844
Impairments of costs of acquiring initial continuing-care contracts		2,949,621	—
Total expenses		89,574,044	88,648,196
Loss from operations		(4,828,032)	(4,188,707)
Nonoperating gains (losses):			
Investment income (loss)		1,554,533	(3,446,214)
Designation of investments as trading securities		—	855,331
Unrestricted contributions		660,141	815,371
Net nonoperating gains (losses)		2,214,674	(1,775,512)
Revenue and gains deficient of expenses and losses		(2,613,358)	(5,964,219)
Other changes in unrestricted net assets:			
Designation of investments as trading securities		—	(855,331)
Change in fair value of interest rate swap agreements		227,028	(297,404)
Net assets released from restriction for purchases of building and equipment		—	17,835
Decrease in unrestricted net assets	$	(2,386,330)	(7,099,119)

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2009 and 2008

		2009	2008
Decrease in unrestricted net assets	$	(2,386,330)	(7,099,119)
Temporarily restricted net assets:			
Contributions		166,950	17,835
Interest income		132	378
Net assets released from restriction for purchases of building and equipment		—	(17,835)
Net assets released from restrictions for operations		(2,720)	(10,266)
Increase (decrease) in temporarily restricted net assets		164,362	(9,888)
Change in net assets		(2,221,968)	(7,109,007)
Net assets at beginning of year		20,347,022	27,456,029
Net assets at end of year	$	18,125,054	20,347,022

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008

		2009	2008
Cash flows from operating activities:			
Change in net assets	$	(2,221,968)	(7,109,007)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		4,202,818	4,692,230
Provision for bad debts		540,764	648,844
Change in net unrealized gains and losses on short-term investments		(2,814,264)	3,985,245
Impairments		2,949,621	—
Net refunds from entrance fees		(65,000)	(317,200)
Amortization of deferred entrance fees		(75,663)	(131,988)
Change in fair value of interest rate swap agreements		(227,028)	297,404
Changes in assets and liabilities:			
Resident accounts receivable		(414,824)	(2,399,448)
Ground lease and other receivables		(762,795)	152,074
Prepaid expenses, inventories, and other		(183,920)	112,848
Accounts payable		1,595,028	2,717,199
Accrued liabilities		1,383,110	332,650
Accrued interest and other		(423,519)	(273,403)
Net cash provided by operating activities		3,482,360	2,707,448
Cash flows from investing activities:			
Net change in short-term investments		4,802,408	1,792,794
Net change in investments and other assets		(59,113)	(47,556)
Acquisition of land, buildings, and equipment		(5,515,660)	(6,589,248)
Costs of acquiring initial continuing-care contracts		(1,373,898)	(2,476,616)
Net cash used in investing activities		(2,146,263)	(7,320,626)
Cash flows from financing activities:			
Draws on lines of credit		5,387,091	5,690,081
Repayment of long-term debt and capital lease obligations		(39,421,571)	(4,251,989)
Proceeds from issuance of long-term debt		31,089,820	—
Payment of bond issue costs		(226,941)	—
Issuance of resident notes and deposits		813,465	2,613,968
Proceeds under capital funding agreement		1,927,439	2,347,909
Net cash provided by (used in) financing activities		(430,697)	6,399,969
Net change in cash and cash equivalents		905,400	1,786,791
Cash and cash equivalents at beginning of year		10,499,414	8,712,623
Cash and cash equivalents at end of year	$	11,404,814	10,499,414
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	1,718,914	2,257,131

See accompanying notes to consolidated financial statements.

(1) Organization and Purposes

Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services (Providence) is a not-for-profit Illinois corporation whose purpose is to provide nursing and residential living arrangements for the aged, including skilled nursing and rehabilitation services, home healthcare, townhome living, independent living, and assisted living. Providence is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Providence Management and Development Company, Inc. (PMDC), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. PMDC provides real estate development, construction, marketing, and management services to the long-term care industry.

Home Aid Health Network, Inc. d/b/a Providence @ Home – Zeeland (Homecare), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. Homecare provides home health services to persons in their residences.

Providence Healthcare Foundation, NFP (the Foundation), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation seeks to support and advance Christian care and services to the elderly and infirm by supporting health-related research, the development of a continuum of appropriate living arrangements, and programs and services to support a quality of life for those who suffer from disabilities and age-related illnesses and infirmities.

Christian Living Campus, NFP (the Campus), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Campus seeks to furnish healthcare and retirement living facilities for the proper care and treatment of the elderly. Providence transferred the assets of the South Holland campus, consisting of 462 units, to the Campus in May 2006. The operations remain under Providence.

Providence Development Group LLC (PDG), a wholly owned subsidiary of Providence, seeks to develop new independent and assisted living facilities for the aged and holds the real estate and activity of such projects until construction commences.

Haven Park Christian Housing and Nursing Association of Zeeland, NFP d/b/a Providence Healthcare and Rehabilitation Center – Zeeland (Haven Park) is a wholly owned subsidiary of Providence. Haven Park is a not-for-profit Michigan corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Haven Park provides nursing and living arrangements for the aged, including skilled nursing and rehabilitation services.

Royal Park Place II, LLC is a wholly owned subsidiary of Haven Park whose purpose is to own and rent independent living units to seniors in Michigan.

Timothy Place, NFP d/b/a Park Place of Elmhurst, Inc. (Park Place of Elmhurst), Park Place Christian Community of St. John, Inc., and Hudsonville Park Place, Inc. are wholly owned subsidiaries of Providence, which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Park Place Realty Group, LLC is a wholly owned subsidiary of Providence whose purpose is to resell independent living units in Michigan. Such entities, excluding Park Place of Elmhurst, have had no significant activities, but may be utilized for future development or other activities. Park Place of Elmhurst, with the assistance of a developer, is currently developing a senior living community in Elmhurst, Illinois, which will consist of approximately 173 independent living apartments with common support areas, 76 assisted living and memory support apartments, and 37 skilled nursing beds. Upon completion of construction, which is expected to begin June 2010, Park Place of Elmhurst will own and operate the community.

The accompanying consolidated financial statements include the accounts of all of the above-noted entities (collectively referred to as the Corporations). All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The following significant accounting policies of the Corporations are utilized in presenting the consolidated financial statements:

- In June 2009, the Financial Accounting Standards Board (FASB) issued an accounting standard that established the Accounting Standards Codification (ASC or the Codification) to become the single source of authoritative accounting principles. The standard also provides the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are represented in conformity with generally accepted accounting principles in the United States. All guidance contained in the Codification carries an equal level of authority. The Codification is not intended to change generally accepted accounting principles, but is expected to simplify accounting research by reorganizing current generally accepted accounting principles into specific accounting topics. The Corporations adopted this accounting standard in 2009. The adoption of this accounting standard, which was subsequently codified in ASC Topic 105, *Generally Accepted Accounting Principles*, had no impact on the Corporations' financial position, results of operations, or liquidity.
- The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- The consolidated statements of operations include revenue and gains deficient of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of resident care and community support services are reported as revenue and expenses. Transactions incidental to the provision of resident care and community support services are reported as nonoperating gains and losses. Changes in unrestricted net assets, which are excluded from revenue and gains deficient of expenses and losses, consistent with industry practice, include change in the

fair value of derivative instruments that are highly effective and are designated and qualify as hedging instruments; the reclassification of investments designated as trading securities; and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets).

- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are reported as nonoperating gains. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Net assets released from restriction for operating purposes are included with other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported directly within the consolidated statement of operations.

- Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2009 and 2008 principally represent amounts restricted for the purpose of providing scholarships for the professional training of Providence employees and pledges restricted to fund future construction projects of senior living facilities.

- On January 1, 2008, the Corporations adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 5).

  On January 1, 2009, the Corporations adopted the provisions of ASC Topic 820 related to fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis.

- Effective January 1, 2008, the Corporations adopted the fair value option provisions of ASC Subtopic 825-10, *Financial Instruments – Overall*, which gives the Corporations the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in income. The Corporations' management has not elected to measure any additional eligible financial assets or financial liabilities at fair value subsequent to the adoption of ASC Subtopic 825-10.

- Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues

(Continued)

and gains deficient of expenses and losses, unless the income is restricted by donor or law, in which case investment income is recorded directly to temporarily or permanently restricted net assets. Unrealized gains and losses on restricted assets are recorded directly to unrestricted net assets unless specifically restricted by donor, in which case the unrealized gains or losses are recorded directly to temporarily or permanently restricted net assets. Effective January 1, 2008, the Corporations designated all its investments, which had historically been designated as nontrading securities, as trading securities. As a result of the designation, accumulated unrealized gains previously recorded directly to unrestricted net assets were reclassified to investment income (loss) in the accompanying 2008 consolidated financial statements.

- The Corporations account for derivatives and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging*, which requires that all derivative instruments be recorded on the consolidated balance sheets at their respective fair values.

  For all hedging relationships, the Corporations formally document the hedging relationship and their risk management objective and strategy for undertaking the hedge, the hedging instrument, the item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets.

  The Corporations also formally assess, both at the hedge's inception and on a quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded as other changes in unrestricted net assets to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported as a component of interest expense.

  The Corporations would discontinue hedge accounting prospectively should it be determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item; the derivative expires or is sold, terminated, or exercised; or management determines that designation of the derivative as a hedging instrument is no longer appropriate. In situations in which hedge accounting is discontinued, the Corporations will continue to carry the derivative at its fair value in the consolidated balance sheet and recognize any subsequent changes in its fair value as an expense component in the consolidated statements of operations.

- Cash and cash equivalents include demand deposits and money market funds, excluding those held by investment managers and classified as short-term investments.

- Land, buildings, and equipment are stated at cost or, if donated, at fair value at date of donation, less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Interest cost incurred on borrowed funds during the period of construction is capitalized as a component cost of acquiring those assets.

(Continued)

- Income taxes of for-profit subsidiaries are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled.

- The Corporations account for uncertain tax positions in accordance with ASC Subtopic 740-10, *Income Taxes – Overall*, which addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, the Corporations may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest, and penalties on income taxes and accounting in interim periods and requires increased disclosures. As of December 31, 2009 and 2008, respectively, the Corporations do not have a liability for any unrecognized tax benefits.

- Inventories comprise gift shop and kitchen stock at the various facilities and are stated at the lower of cost or market. Cost is determined by using the most recent price, which approximates the first-in, first-out method.

- Deferred financing costs represent issuance and credit enhancement costs for outstanding long-term debt. Deferred financing costs have been amortized on the straight-line method over the respective lives of the bonds and the credit enhancement facilities. Amortization of $196,175 and $610,601 in 2009 and 2008, respectively, has been included as a component of depreciation and amortization expense in the accompanying consolidated statement of operations.

- Deferred revenue from entrance fees represents unamortized entrance fees refundable to the extent of reoccupancy proceeds received from residents and is amortized to revenue using the straight-line method over 40 years, which is the estimated useful life of the facility. Upon death or termination of a resident contract, the resident is to receive an amount equal to the entrance payment of the resident who subsequently takes over occupancy of the unit, less a transaction fee of 10% of the entrance payment and any amounts still owed to Providence.

- Costs of acquiring initial continuing-care contracts (the Costs) consist principally of marketing and advertising costs incurred directly in relation to the initial acquisition of continuing-care contracts. In accordance with ASC Subtopic 340-20, *Capitalized Advertising Costs*, the Corporations capitalize costs incurred in connection with direct response advertising whose primary purpose is to secure deposits from residents who are shown to have responded specifically to the advertising. Such advertising costs include newspaper, magazine, television, radio, brochures, and other costs. The Costs will be amortized using the straight-line method over the expected stays at the respective communities of the first resident groups, beginning in the first period in which revenues associated with the Costs are earned. Upon occupancy of the first resident group, additional costs will be expensed as incurred. In 2009, the Corporations wrote off $2,949,621 of marketing and advertising costs that had previously been capitalized, primarily related to its planned community in St. John, Indiana, as development of this senior living community and various other projects were discontinued until market conditions improve.

- Providence evaluates long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. When such assets are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset.
- Certain 2008 amounts have been reclassified to conform to the 2009 consolidated financial statement presentation.

(3) Charity Care

Providence and Haven Park provide care to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such residents are identified based on financial information obtained from the resident and subsequent analyses. Providence and Haven Park also consider the difference between the cost of caring for residents assisted by Medicaid and the amounts reimbursed for these residents as charity care. In addition, Providence and Haven Park also reports the costs associated with pastoral care as charity care. The following information presents the level of charity care provided during the years ended December 31, 2009 and 2008:

		2009	2008
Charges forgone for non-Medicaid residents	$	367,652	224,929
Excess of cost over reimbursement for services provided to Medicaid residents		5,860,414	6,372,630
Pastoral care		158,400	222,484
	$	6,386,466	6,820,043

(4) Investments

The Corporations report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. The Corporations are a shareholder in three privately held mutual funds. These funds invest in publicly traded securities and funds that use various types of debt and equity securities in their investment strategies. A summary of the composition of the Corporations' investment portfolio, all of which is reported as short-term investments, at December 31, 2009 and 2008 is as follows:

		2009	2008
Cash and cash equivalents	$	789,186	1,163,440
U.S. government agency securities		293	309
Privately held mutual funds		1,393,693	1,119,025
Publicly traded mutual funds/common stocks		6,886,232	8,774,774
	$	9,069,404	11,057,548

The composition of investment return on the Corporations' investment portfolio for the years ended December 31, 2009 and 2008 is as follows:

		2009	2008
Investment and dividend income	$	276,718	332,455
Net realized gains (losses) on sale of investments		(1,536,317)	206,954
Net change in unrealized gains and losses during the holding period		2,814,264	(3,985,245)
	$	1,554,665	(3,445,836)

Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2009 and 2008 as follows:

		2009	2008
Nonoperating gains:			
Designation of investments as trading securities	$	—	855,331
Investment income (loss)		1,554,533	(3,446,214)
Change in net assets:			
Interest income earned on temporarily restricted investments		132	378
Designation of investments as trading securities		—	(855,331)
	$	1,554,665	(3,445,836)

The Corporations invest in various investment securities. Investment securities are exposed to various risks such as investment rate, credit, and overall market volatility risks due to the level of risk associated with certain investment securities. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

(5) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by the Corporations in estimating the fair value of its financial instruments:

- *Cash and cash equivalents, accounts payable, and accrued expenses*: The carrying amount reported in the consolidated balance sheets approximates fair value because of the short maturities of these instruments.
- *Short-term investments*: Fair values are estimated based on prices provided by investment managers and custodian banks. Common stocks, quoted mutual funds, and direct U.S. government obligations, are measured using quoted market prices at the reporting date multiplied by the quantity held. U.S. Agency securities and privately held mutual funds are measured using other observable inputs. The carrying value equals fair value.

  The Corporations elected to apply the concepts of ASC Subtopic 820-10 to its alternative investments using net asset value as a practical expedient in estimating fair value. Changes in market conditions and the future economic environment may impact the net asset value of the funds and consequently the fair value of the Corporations' interest in the funds. The net asset value of the funds was approximately $301,270 at December 31, 2009. The Corporations had no such investments at December 31, 2008. These funds have quarterly redemption features and are classified as Level 2 in the fair value hierarchy.
- *Interest rate swap agreements*: The fair value of interest rate swaps is determined using pricing models developed based on the SIFMA swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Corporations. The carrying value equals fair value.
- *Long-term debt*: Fixed rate long-term debt obligations, consisting of Direct Note Obligations, Series 2009B and 2009C, were issued on December 29, 2009. Carrying amounts of these fixed rate long-term debt obligations approximate fair value at December 31, 2009. For variable rate debt, carrying amounts approximate fair value.

(b) ***Fair Value Hierarchy***

The Corporations adopted ASC Topic 820 on January 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Topic ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Providence has the ability to access at the measurement date.
- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2009:

	Total fair value	Fair value measurements at December 31, 2009 using		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents				
RA13	$ 11,404,814	11,404,814	—	—
Short-term investments	9,069,404	7,675,418	1,393,986	—
Total	$ 20,474,218	19,080,232	1,393,986	—
Liabilities:				
Interest rate derivatives	$ 440,140	—	440,140	—

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008:

	Total fair value	Fair value measurements at December 31, 2008 using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 10,499,414	10,499,414	—	—
Short-term investments	11,057,548	9,938,214	1,119,334	—
Total	$ 21,556,962	20,437,628	1,119,334	—
Liabilities:				
Interest rate derivatives	$ 667,168	—	667,168	—

(6) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2009 and 2008 is as follows:

	2009 Cost	2009 Accumulated depreciation	2008 Cost	2008 Accumulated depreciation
Land	$ 6,533,859	—	6,100,876	—
Land improvements	4,415,376	3,064,147	4,402,697	2,860,977
Buildings and fixtures	83,362,354	39,182,182	82,134,813	36,411,127
Equipment	27,393,161	23,800,551	26,545,819	22,777,511
Construction in progress	25,083,255	—	22,097,518	—
	$ 146,788,005	66,046,880	141,281,723	62,049,615

The Corporations are currently engaged in various construction and renovation projects primarily to be financed through operations, donor contributions, and short-term investments. There are no significant outstanding contractual commitments related to these projects at December 31, 2009.

Interest cost is capitalized as a component of significant capital projects. Interest costs of $987,105 and $805,959 were capitalized during the years ended December 31, 2009 and 2008, respectively.

Effective February 26, 2004, Providence entered into an agreement to purchase approximately 30 acres of land from Elmwood Farms L.L.C. (Elmwood) for $880,000, with the intention of developing the land. Providence paid $240,000 as a down payment for such land in 2004, and the remainder is being paid over 6 years. On April 23, 2009, Hudsonville Park Place, Inc. entered into a second agreement to purchase an additional parcel of land from Elmwood for $200,000. The remaining amounts to be paid on these parcels of land of $340,000 and $240,000 at December 31, 2009 and 2008, respectively, have been included as a component of other long-term obligations included in long-term debt in the accompanying consolidated balance sheets.

(7) Net Resident Service Revenue and Accounts Receivable

Net resident service revenue is reported at the estimated net realizable amounts from responsible private parties, third-party payors, government agencies, and others for services rendered. Providence and Haven Park have agreements with third-party payors that provide for reimbursement at amounts different from its established rates. Estimated contractual adjustments arising under third-party reimbursement programs represent the differences between Providence and Haven Park's billings at established rates and the amounts reimbursed by third-party payors, principally Medicaid and Medicare. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Providence has obtained Medicaid certification for a portion of its nursing beds and receives an all-inclusive per diem rate for Medicaid-eligible residents. To the extent that charges or related costs incurred for services rendered to Medicaid beneficiaries exceed the per diem rates, they are not recoverable from the Medicaid program or its beneficiaries. Medicaid reimbursement methodologies and payment rates are subject to change based on the amount of funding available to the State of Illinois and Michigan Medicaid programs, respectively, and any such changes could have a significant effect on the Corporations' revenues.

Providence has also obtained Medicare certification for certain of its skilled nursing beds. Providence is reimbursed by Medicare under a prospective payment system based primarily upon a clinical classification system for Medicare residents.

(8) Concentration of Credit Risk

Providence and Haven Park grant credit, generally without collateral, to its self-pay residents as well as those that are insured under third-party payor agreements. The mix of receivables from residents and third-party payors as of December 31, 2009 and 2008 is as follows:

	2009	2008
Medicare	47%	47%
Medicaid	20	23
Private	19	17
Other	14	13
	100%	100%

(9) Long-Term Debt

A summary of long-term debt at December 31, 2009 and 2008 is as follows:

		2009	2008
Weekly Adjustable Rate Demand Revenue Bonds, Series 2004A, effective interest rate of 3.33% and 4.48% in 2009 and 2008, respectively, mandatory annual sinking fund redemption through 2034	$	8,780,000	8,970,000
Weekly Adjustable Rate Demand Revenue Bonds, Series 2004B, effective interest rate of 3.33% and 4.48% in 2009 and 2008, respectively, partially advance refunded in 2009, mandatory annual sinking fund redemption beginning 2024 through 2032		2,845,000	30,850,000
Weekly Adjustable Rate Demand Revenue Bonds, Series Series 2004C, effective interest rate of 3.33% and 4.48% in 2009 and 2008, respectively, mandatory annual sinking fund redemption through 2034		6,615,000	6,755,000
Variable Rate Demand Limited Obligation Revenue and Refunding Bonds, Series 1999, effective interest rate of 3.83% for 2008, advance refunded through issuance of commercial loan on April 1, 2009		—	3,420,000
Commercial loan, 6.00% fixed interest rate, principal due monthly through May 5, 2014, secured by certain property		3,324,655	—
Commercial loan, 6.43% fixed interest rate, principal due October 10, 2010, secured by deposits and property		2,206,541	2,286,554
Direct Note Obligation, Series 2009B, fixed interest rate resets December 15, 2012 and every three years thereafter, 4.19% fixed interest rate until December 15, 2012 reset date, principal due monthly through maturity date of November 15, 2034, secured by certain property under the Master Trust Indenture		18,459,880	—
Direct Note Obligation, Series 2009C, fixed interest rate resets December 15, 2012 and every three years thereafter, 4.23% fixed interest rate until December 15, 2012 reset date, principal due monthly through maturity date of November 15, 2034, secured by certain property under the Master Trust Indenture		9,229,940	—
Line of credit, $1,000,000 line, due October 15, 2010, effective interest rate of 5.40% and 5.63% in 2009 and 2008, respectively, secured by certain property and other assets		1,000,000	1,000,000

		2009	2008
Line of credit, $4,000,000 line, due October 15, 2010, effective interest rate of 3.37% and 5.27% in 2009 and 2008, respectively, secured under the Master Trust Indenture		3,800,000	3,865,791
Line of credit, $11,000,000 line, refinanced with bond proceeds May 26, 2010, effective interest rate of 6.07% and 5.56% in 2009 and 2008, respectively, secured by certain property		10,500,000	10,937,909
Line of credit, $2,500,000 line, effective interest rate of interest rate of 5.04% in 2008, paid in February 2009		—	2,245,000
Line of credit, $1,000,000 line, due August 4, 2010, effective interest rate of 6.50% in 2009, secured by certain property		125,000	—
Direct obligation notes, unsecured		591,707	481,130
Capital funding agreement		11,844,947	9,917,508
Other long-term obligations		640,470	251,469
Total long-term debt		79,963,140	80,980,361
Less current installments of long-term debt		8,490,715	19,302,859
Less long term debt subject to short-term remarketing arrangements		17,895,000	25,639,286
Long-term debt, net of current installments	$	53,577,425	36,038,216

Providence, the Foundation, and the Campus, collectively referred to as the PLS Obligated Group, entered into a master trust indenture (PLS Master Trust Indenture) dated as of October 1, 2004. Haven Park was added to the PLS Obligated Group as of March 1, 2007. On October 1, 2009, the Foundation withdrew as a member of the PLS Obligated Group. The purpose of the PLS Master Trust Indenture is to provide a mechanism to be able to issue indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The PLS Master Trust Indenture provides for other legal entities to become members of the PLS Obligated Group for the payment of obligations and the performance of all covenants contained therein, providing they meet certain restrictions. The PLS Master Trust Indenture also requires members to make payments on debt issued by other members of the Obligated Group if such other members are unable to satisfy their obligations under the PLS Master Trust Indenture.

The PLS Obligated Group pledged a security interest in the gross revenues of each member of the PLS Obligated Group and the mortgages of certain properties of Providence with an approximate net book value of approximately $52,044,170 at December 31, 2009 as collateral on borrowings under the PLS Master Trust Indenture.

In November 2004, the Michigan Strategic Fund issued $9,585,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004A, on behalf of the PLS Obligated Group. Concurrent with such issuance, the Illinois Finance Authority (Authority) issued $33,170,000 and $7,245,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004B and 2004C, respectively, on behalf of the PLS Obligated Group. The Series 2004A bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Michigan Strategic

Fund and Bank of New York, National Association, Chicago, Illinois (BNY), as bond trustee. The Series 2004B and 2004C bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Authority and BNY, as bond trustee. The Series 2004A, 2004B, and 2004C bonds were issued pursuant to the PLS Master Trust Indenture.

The PLS Obligated Group also maintains irrevocable transferable letters of credit for the Series 2004A, 2004B, and 2004C bonds issued by commercial banks as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of November 1, 2004 for the Series 2004A bonds, and October 1, 2004 for the Series 2004B and 2004C bonds. The letters of credit for the Series 2004A, 2004B and 2004C bonds expire January 28, 2011. The Corporations have received notice from the commercial banks that the letters of credit will not be renewed at time of expiration. The Series 2004A, 2004B, and 2004C bonds are accelerable in the event the letters of credit are not extended by the commercial banks.

The Series 2004A, 2004B, and 2004C bonds currently bear interest at a weekly adjustable rate, such interest rate being the lowest rate that, in the judgment of the remarketing agent, would enable the bonds to be remarketed at par plus any accrued interest on the first day of the weekly rate period. The bonds may be converted at the option of the PLS Obligated Group, subject to certain restrictions, to fixed annual rates of interest. Holders of the Series 2004A, 2004B, and 2004C bonds have a put option that allows them to require redemption of the bonds prior to maturity. The PLS Obligated Group has an agreement with an underwriter to remarket any bonds based on the exercise of put options.

In December 2009, the PLS Obligated Group issued direct note obligations with two separate commercial banks, totaling $27,689,820, herein referred to as Direct Note Obligation, Series 2009B and Direct Note Obligation, Series 2009C, respectively. The proceeds from the issuance of the Direct Note Obligations were utilized to advance refund a portion of the Series 2004B bonds. Under the provisions of the Direct Note Obligation agreements, the PLS Obligated Group is required to make monthly principal and fixed rate interest payments of $99,824 and $50,134 for the Series 2009B and 2009C obligations, respectively, until December 15, 2012, at which point and every three years thereafter on December 15, the fixed interest rates will reset in accordance with the terms of the loan agreements. At each reset date and for the subsequent three year period, the reset rate will be the lesser of (i) the interest rate per annum equal to the product of (a) a designated percentage defined in the loan agreements and (b) the three year Treasury swap rate plus 400 basis points per annum (adjusted rate) and (ii) a maximum rate of 12%; provided that the adjusted rate shall not be less than a pre-tax equivalent interest rate of 6.25% per annum. The Direct Note Obligations are secured by the PLS Master Trust Indenture and are afforded the collateral protections of the revenues and the property of the PLS Obligated Group.

The PLS Obligated Group also maintains a $4,000,000 variable rate line of credit with a commercial bank, which was originally executed in 2005 and is secured under the Master Trust Indenture. Outstanding draws on the line of credit were $3,800,000 and $3,865,791 as of December 31, 2009 and 2008, respectively. The line of credit expires on October 15, 2010.

Park Place of Elmhurst and the Foundation, collectively referred to as the Elmhurst Obligated Group, entered into a master trust indenture (Elmhurst Master Trust Indenture) dated as of May 1, 2010. The purpose of the Elmhurst Master Trust Indenture is to provide a mechanism to be able to issue indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The Elmhurst Master Trust Indenture provides for other legal entities to become members of the Elmhurst Obligated Group for the payment of obligations and the performance of all covenants contained therein, providing they meet certain restrictions. The Elmhurst Master Trust Indenture also requires members to make payments on debt issued by other members of the Elmhurst Obligated Group if such other members are unable to satisfy their obligations under the Elmhurst Master Trust Indenture.

The Elmhurst Obligated Group pledged a security interest in the gross revenues of each member of the Elmhurst Obligated Group, as well as a first mortgage lien on the real property on which the Elmhurst senior living community is being constructed and a security interest in the personal property and fixtures located in said community, as collateral on borrowings under the Elmhurst Master Trust Indenture.

On May 27, 2010, the Authority issued $175,540,000 of Illinois Finance Authority Revenue Bonds, Series 2010A-E on behalf of the Elmhurst Obligated Group, the proceeds of which will be used to finance construction of a senior living community in Elmhurst, Illinois. The Series 2010A-E bonds were issued under Bond Trust Indentures dated May 1, 2010 between the Authority and Wells Fargo Bank, National Association, as bond trustee. The Series 2010A-E bonds were issued pursuant to the Elmhurst Master Trust Indenture.

During January 2006, Providence entered into a development plan with Greystone Development Company II, LP (Greystone) to create a retirement living community in Elmhurst, Illinois. To provide initial financing for the Elmhurst development plan project, capital funding of up to $12,400,000 will be provided through a Greystone and B.C. Ziegler partnership on a nonrecourse basis. The return for the capital funding is 75% payable on the first $6,000,000 and 40% payable on the next $6,400,000 at the time permanent long-term financing is secured for the development project, with the exception of $4,000,000, which is payable upon Greystone meeting certain other requirements. Amounts borrowed by Providence under the capital funding agreement were $11,844,947 and $9,917,508 at December 31, 2009 and 2008, respectively, and have been included within long-term debt in the accompanying consolidated balance sheets.

On January 6, 2006, PDG entered into a nonrevolving variable rate line-of-credit agreement with a commercial bank. The $11,000,000 line of credit, which was reduced to $10,500,000 on March 30, 2010, was utilized for the purchase of land for development in Elmhurst, Illinois. The line of credit, which had an outstanding balance of $10,500,000 on December 31, 2009, was paid on May 27, 2010 with a portion of the proceeds from the issuance of $175,540,000 Illinois Finance Authority Bonds, Series 2010A-E, and is classified as long-term debt in the accompanying 2009 consolidated balance sheet.

In September 2002, TCF National Bank provided Providence with a commercial loan in an amount equal to $3,758,000. Proceeds of the loan were used to construct the Corporations' primary corporate offices located in Tinley Park, Illinois. Under the provisions of the loan agreement, the Corporations are required to make monthly principal and interest payments at a variable rate equal to the five-year U.S. Treasury

Note bill rate plus 250 basis points through October 10, 2010. The monthly principal and interest payments are fixed at an amount equal to $18,892, with a balloon payment of approximately $2,108,000 due on October 10, 2010. The loan is secured by a mortgage on the corporate office property having a net book value of $4,070,956 at December 31, 2009.

In November 1999, the Michigan Strategic Fund issued $4,000,000 of Variable Rate Demand Limited Obligation Revenue and Refunding Bonds, Series 1999, on behalf of Haven Park. The Series 1999 bonds were issued under a Bond Trust Indenture dated February 1, 1999 between the Michigan Strategic Fund and Michigan National Bank, National Association, Grand Rapids, Michigan, as bond trustee. Haven Park maintained an irrevocable transferable letter of credit for the Series 1999 bonds issued by a commercial bank as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of February 1, 1999. The letter of credit expired on February 15, 2009 and was not renewed. As a result, the Corporations entered into a $3,400,000 five-year loan with a commercial bank on April 1, 2009 to refinance the Series 1999 bonds. The commercial loan is payable in monthly principal and interest payments of $24,552, including interest at 6.0%, with a balloon payment of $1,926,940 on May 5, 2014, and is secured under the Master Trust Indenture.

In August 2009, PDG entered into a $1,000,000 revolving variable rate line-of-credit agreement with a commercial bank. The line of credit expires on August 4, 2010, is guaranteed by Providence, and is secured by a mortgage on certain property and an assignment of rents.

Scheduled annual principal repayments on long-term debt based on the scheduled redemptions according to the Master Trust Indenture are as follows:

2010	$ 8,490,715
2011	1,321,998
2012	1,373,767
2013	1,228,353
2014	1,286,596
Thereafter	66,261,711
	$ 79,963,140

Providence's Series 2004 bonds are variable rate demand obligations that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying letters of credit. Repayment of the principal is due in equal quarterly installments, commencing on the first to occur of the January 1, April 1, July 1, or October 1 immediately succeeding the date on which the letters of credit are drawn, with the entire unpaid principal amount, and accrued interest thereon, due on the first day of the calendar month immediately preceding the expiration date of the letters of credit, which is currently January 28, 2011.

Scheduled annual principal repayments on long-term debt based on the variable rate demand obligations being put back and corresponding draws being made on the underlying letters of credit are as follows:

2010	$	26,385,715
2011		961,998
2012		993,767
2013		833,353
2014		871,596
Thereafter		49,916,711
	$	79,963,140

(10) Derivative Instruments and Hedging Activities

Providence has interest-rate-related derivative instruments to manage its exposure on its variable rate debt instruments and does not enter into derivative instruments for any purpose other than cash flow hedging purposes.

By using derivative financial instruments to hedge exposures to changes in interest rates, Providence exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Providence, which creates credit risk for Providence. When the fair value of a derivative instrument is negative, Providence owes the counterparty, and therefore, it does not possess credit risk. Providence minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Providence management also mitigates risk through annual reviews of its derivative position in the context of its total blended cost of capital.

On December 16, 2005, Providence entered into an interest rate swap agreement with a financial institution, which expires on December 16, 2010 and which is designated as a cash flow hedge. Providence entered into the agreement to effectively convert a portion of its variable rate debt from a variable to a fixed rate. Under this agreement, Providence receives a variable rate of return, based upon the monthly BMA Municipal Swap Index, on a notional amount of $14,000,000, and is obligated to pay the financial institution a fixed rate of return of 3.72% on the same notional amount.

Changes in the fair value of the interest rate swap agreements that effectively offset the variability of cash flows associated with variable-rate, long-term debt obligations are reported as a component of other changes in unrestricted net assets. These amounts subsequently are reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings. Ineffective changes in fair value of the interest rate swaps designated as hedging instruments are reported within interest expense. No amounts were recorded for the years ended December 31, 2009 and 2008 representing cash flow hedge ineffectiveness.

The net interest rate differential paid by Providence as a result of the interest rate swap agreements of approximately $457,833 and $193,041 has been recognized as an addition to interest expense in the accompanying 2009 and 2008 consolidated statements of operations, respectively. The fair value of the interest rate swap agreements was a liability of $440,140 and $667,168 at December 31, 2009 and 2008, respectively, and is included with accrued liabilities and with other long-term liabilities in the accompanying 2009 and 2008 consolidated balance sheets, respectively. The change in fair value of the interest rate swap agreements amounted to $227,028 and $(297,404) in 2009 and 2008, respectively.

(11) Charitable Gift Annuity Contracts

Charitable gift annuity contracts represent notes issued by Providence that have interest payable semiannually at either a fixed rate or at a rate of prime plus 1%. The principal of the notes is contributed to Providence upon the death of the resident holding the note. Charitable gift annuity contracts are reported as liabilities and are reclassified to income upon the death of the annuitant.

(12) Management Agreements

The Corporations have agreements with various retirement and nursing facilities to manage their daily operations. The agreements are renewable annually and generally can be terminated with notice. Revenue attributable to such agreements amounted to approximately $860,000 in 2009 and $480,000 in 2008 and is included with other revenue.

(13) Retirement Plans

Providence sponsors a 403(b) plan for its employees, whereas employees of for-profit corporations are eligible for a 401(k) plan. The plans cover substantially all of the Corporations' full-time employees who have met certain eligibility qualifications. Providence matches the employee's contribution, dollar for dollar, up to the first 3%, then fifty cents on the dollar up to a maximum of 5%. Employer contributions for all plans of approximately $493,000 and $452,000 in 2009 and 2008, respectively, have been recognized as employee benefits expense in the accompanying consolidated statements of operations. The Corporations fund their contributions on a current basis.

(14) Ground Leases

Providence owns approximately 50 acres at its Village Woods facility in Crete, Illinois. Approximately 12 acres are subject to a 99-year Lease and Easement Agreement for the operation of a golf course with an unrelated party. In addition, approximately 23 acres are subject to a 99-year ground lease with the owners of townhomes built on the property. Providence also owns approximately 11.3 acres of land at its Victorian

Courts Senior Townhome Development that are subject to 99-year ground leases with the owners of the townhomes built on the property. Ground lease rentals for the townhomes are set at 1% of the townhomes' sales price for each year of occupancy and are payable at the time of resale. Providence is recognizing revenue on ground leases at the rate of 1% per year based upon the initial purchase price of the townhomes. Providence periodically evaluates the recoverability of ground lease receivables based on recent sales prices for townhomes and their original purchase prices. Ground lease income recognized in 2009 and 2008 approximated $221,000 and $225,000, respectively, and is included with other revenue.

(15) Income Taxes

The components of the provision for income taxes for 2009 and 2008 of the for-profit subsidiaries, which are included with supplies and other expenses, are as follows:

	2009	2008
Income tax expense:		
Current:		
Federal	$ —	—
State	9,011	—
Current income tax expense	9,011	—
Deferred:		
Federal	—	—
State	—	—
Deferred income tax expense	—	—
Total	$ 9,011	—

Deferred tax assets and liabilities consist of the following at December 31, 2009 and 2008:

		2009	2008
Deferred tax assets:			
Charitable contributions		54,028	53,265
Net operating loss carryforward		1,051,595	865,644
Total deferred tax assets		1,105,623	918,909
Less valuation allowance		953,678	788,846
Deferred tax assets, net of valuation allowance		151,945	130,063
Deferred tax liabilities:			
Depreciation		(122,874)	(100,992)
Other		(29,071)	(29,071)
Total deferred tax liabilities		(151,945)	(130,063)
Net deferred tax liabilities	$	—	—

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. At December 31, 2009, a valuation allowance is considered necessary as management believes that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the full net operating loss carryforward.

(16) Commitments and Contingencies

(a) *Professional and General Liability Self-Insurance*

Through December 31, 2001, the Corporations maintained professional liability insurance through commercial insurance policies. Effective January 1, 2002, the Corporations entered into a contractual agreement to form Caring Communities Insurance Program (Caring Communities), a self-insurance administrator, which, through its risk-sharing provisions, provided the Corporations insurance coverage for professional and comprehensive general liability exposure. Caring Communities was a multi-organizational insurance company for long-term care organizations incorporated under the laws of the Cayman Islands, which had elected to be taxed as a U.S. corporation.

Effective January 1, 2008, Caring Communities became a wholly owned subsidiary of Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), a District of Columbia insurer. At that date, the Corporations' aggregate capital contributions to Caring Communities of $318,692 were exchanged for a charter capital account of the same value with CCrRRG. The Corporations' investment in CCrRRG of $318,692 at December 31, 2009 and 2008, respectively, is included in investments and other assets and is being accounted for using the cost method.

Caring Communities will continue to provide the Corporations with claims-made insurance coverage for claims reported before January 1, 2008. Effective January 1, 2008 CCrRRG now provides the Corporations with claims-made insurance coverage using a combination of self-insured retentions and excess commercial insurance coverage. CCrRRG engages a professional actuarial consultant for the determination of premiums to be assessed to participants under the plan of coverage. As a self-insurance administrator, CCrRRG enables risk sharing among participating long-term care organizations. The Corporations are required to pay assessed premiums and are subject to a per claim self-insured retention of $35,000 in 2009 and 2008. Effective January 1, 2010, the Corporations per claim self-insured retention was increased to $150,000. Under the Corporations' insurance policies prior to January 1, 2008, Caring Communities could retroactively assess participants for up to twice their annual premium per coverage year based upon adverse participant-specific claims experience as defined in the policy; however, the January 1, 2008 policy with CCrRRG does not contain such a provision. Based upon the Corporations' historical claims experience and exposure to date with Caring Communities and CCrRRG, no reserves have been established at December 31, 2009 or 2008 for either retroactive premium assessments or tail exposures.

(b) ***Litigation***

The Corporations are involved in litigation arising in the ordinary course of business. General liability claims have been asserted against the Corporations and are currently in various stages of litigation. Additional claims may be asserted against the Corporations arising from services through December 31, 2009. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporations' financial position or results from operations.

(c) ***Regulatory Investigations***

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. The Corporations are subject to these regulatory efforts. Management is currently unaware of any regulatory matters that may have a material adverse effect on the Corporations' financial position or results of operations.

(d) ***Health Resources Alliance, Inc.***

Health Resources Alliance, Inc. (HRA), of which Providence is a founding member, operates a company that provides pharmacy services to long-term care providers in northern Illinois, including Providence facilities. Effective April 1, 2003, Midwest Senior Care Network (MSCN), a wholly owned subsidiary of HRA, converted a $65,000 prepaid service deposit of Providence into equity of MSCN. Simultaneous with the equity conversion, HRA distributed the outstanding common stock of MSCN in equal shares to its members, including Providence. Providence has a one-fifteenth equity interest in MSCN. The investment in MSCN is included in investments in joint ventures in the accompanying 2009 and 2008 consolidated balance sheets and is being accounted for using the cost method.

(e) Medicare and Medicaid Reimbursement

Providence and Haven Park participate as providers under the Medicare program. Federal legislation routinely includes provisions to change Medicare reimbursement mechanisms and reimbursement levels. Recently enacted healthcare reform and other Medicare legislation may have an adverse effect on Providence and Haven Park's net resident service revenues.

Medicaid payment methodologies and rates may be subject to modification based on the amount of funding available to the State of Illinois and State of Michigan Medicaid programs, for Providence and Haven Park, respectively.

(f) Employee Health Insurance

The Corporations maintain a self-insurance program for employee healthcare coverage, combining various levels of self-insured retentions and excess coverage. The Corporations' provision for employee health insurance expenses include estimates of known claims as well as claims incurred but not reported as of fiscal year-end.

(17) Asbestos Removal Costs

ASC Subtopic 410-20, *Asset Retirement Obligations*, requires the current recognition of a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the entity. The Illinois "Commercial and Public Building Asbestos Abatement Act" requires the controlled removal or encapsulation of asbestos by a licensed contractor in commercial and public buildings, including renovation and partial or complete demolition activities, such legislation being applicable to Providence.

ASC Subtopic 410-20 requires an asset retirement obligation (ARO) liability be recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. The initially capitalized ARO long-lived asset is depreciated over the remaining useful lives of the facilities.

The Corporations are legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of existing facilities. The estimated asbestos removal liability at December 31, 2009 and 2008 was $540,328 and $504,499 and has been included in other long-term liabilities in the accompanying 2009 and 2008 consolidated balance sheets, respectively. The net book value of the ARO long-lived asset at December 31, 2009 and 2008 was $84,936 and $94,170, respectively. The ARO liability has been discounted using a rate of 3%.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, the Corporations evaluated subsequent events after the consolidated balance sheet date of December 31, 2009 through May 28, 2010, which was the date the financial statements were available to be issued.

On May 27, 2010, the Authority issued $175,540,000 of Illinois Finance Authority Revenue Bonds, Series 2010A-E on behalf of the Elmhurst Obligated Group (note 9).

Schedule 1

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2009

Assets	Obligated Group	Other affiliates	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	$ 5,658,861	5,745,953	—	11,404,814
Short-term investments	9,069,404	—	—	9,069,404
Resident accounts receivable, net of allowance for doubtful accounts of approximately $1,031,000	10,446,418	244,402	—	10,690,820
Other receivables	946,187	1,020,471	(83,556)	1,883,102
Prepaid expenses, inventories, and other	561,043	166,955	—	727,998
Total current assets	26,681,913	7,177,781	(83,556)	33,776,138
Land, buildings, and equipment, net of accumulated depreciation	53,482,389	27,658,736	(400,000)	80,741,125
Costs of acquiring initial contracts	—	4,894,520	—	4,894,520
Deferred income taxes	—	151,945	—	151,945
Ground lease receivables	1,916,421	—	—	1,916,421
Investments in joint ventures	112,000	—	—	112,000
Investments and other assets	368,253	386,621	—	754,874
Deferred financing costs, net	227,941	—	—	227,941
Total assets	$ 82,788,917	40,269,603	(483,556)	122,574,964

Schedule 1

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2009

Liabilities and Net Assets		Obligated Group	Other affiliates	Eliminations	Consolidated
Current liabilities:					
Current installments of long-term debt	$	5,018,704	3,472,011	—	8,490,715
Long-term debt subject to short-term remarketing arrangements		17,895,000	—	—	17,895,000
Accounts payable		8,656,841	855,272	—	9,512,113
Accrued liabilities		2,593,630	1,689,768	(114,909)	4,168,489
Accrued interest payable		—	60,224	—	60,224
Resident notes and deposits		—	5,896,455	—	5,896,455
Total current liabilities		34,164,175	11,973,730	(114,909)	46,022,996
Deferred income taxes		—	151,945	—	151,945
Charitable gift annuity contracts		93,437	—	—	93,437
Deferred revenue from entrance fees		3,397,422	—	—	3,397,422
Other long-term liabilities		540,328	666,357	—	1,206,685
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements		31,032,478	22,544,947	—	53,577,425
Total liabilities		69,227,840	35,336,979	(114,909)	104,449,910
Net assets:					
Unrestricted		13,268,757	4,902,624	(368,647)	17,802,734
Temporarily restricted		292,320	30,000	—	322,320
Total net assets		13,561,077	4,932,624	(368,647)	18,125,054
Total liabilities and net assets	$	82,788,917	40,269,603	(483,556)	122,574,964

See accompanying independent auditors' report.

Schedule 2

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Statement of Operations Information

Year ended December 31, 2009

	Obligated Group	Other affiliates	Eliminations	Consolidated
Revenues:				
Net resident service revenue	$ 78,416,325	754,464	(222,102)	78,948,687
Other revenue	3,130,630	8,633,713	(5,967,018)	5,797,325
Total revenues	81,546,955	9,388,177	(6,189,120)	84,746,012
Expenses:				
Salaries and wages	34,643,481	6,105,576	—	40,749,057
Employee benefits	5,640,480	1,389,599	—	7,030,079
Purchased services	8,916,492	485,106	—	9,401,598
Food and dietary	4,433,259	70,279	—	4,503,538
Supplies and other	17,161,546	1,132,109	(6,189,120)	12,104,535
Utilities	1,977,988	187,501	—	2,165,489
Insurance	2,398,584	119,279	—	2,517,863
Repairs and maintenance	1,710,499	152	—	1,710,651
Interest	1,490,430	207,601	—	1,698,031
Depreciation and amortization	3,935,945	279,373	(12,500)	4,202,818
Provision for bad debts	539,264	1,500	—	540,764
Impairments of costs of acquiring initial continuing-care contracts	—	2,949,621	—	2,949,621
Total expenses	82,847,968	12,927,696	(6,201,620)	89,574,044
Loss from operations	(1,301,013)	(3,539,519)	12,500	(4,828,032)
Nonoperating gains (losses):				
Investment income (loss)	1,657,059	(102,526)	—	1,554,533
Unrestricted contributions	660,141	—	—	660,141
Net nonoperating gains (losses)	2,317,200	(102,526)	—	2,214,674
Revenue and gains in excess (deficient) of expenses and losses	1,016,187	(3,642,045)	12,500	(2,613,358)
Other changes in unrestricted net assets:				
Change in fair value of interest rate swap agreements	227,028	—	—	227,028
Equity transfers	(500,000)	500,000	—	—
Increase (decrease) in unrestricted net assets	$ 743,215	(3,142,045)	12,500	(2,386,330)

See accompanying independent auditors' report.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Financial Statements and Schedules

December 31, 2008 and 2007

(With Independent Auditors' Report Thereon)

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Rest Haven Illiana Christian Convalescent Home:

We have audited the accompanying consolidated balance sheets of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries (the Corporations) as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rest Haven Illiana Christian Convalescent Home, d/b/a Providence Life Services, and subsidiaries as of December 31, 2008 and 2007, and the results of their operations, changes in net assets, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 5 to the consolidated financial statements, the Corporations adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, as of January 1, 2008.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2008 consolidating information included in schedules 1 and 2 is presented for purposes of additional analysis of the 2008 consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets of the individual corporations. The 2008 consolidating information has been subjected to the auditing procedures applied in the audit of the 2008 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 consolidated financial statements taken as a whole.

KPMG LLP

December 21, 2009

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Balance Sheets

December 31, 2008 and 2007

Assets		2008	2007
Current assets:			
Cash and cash equivalents	$	10,499,414	8,712,623
Short-term investments		11,057,548	16,835,587
Resident accounts receivable, net of allowance for doubtful accounts of approximately $1,482,000 in 2008 and $1,299,000 in 2007		10,816,760	9,066,156
Other receivables		1,316,577	1,627,661
Prepaid expenses, inventories, and other		566,961	658,011
Total current assets		34,257,260	36,900,038
Land, buildings, and equipment, net of accumulated depreciation		79,232,108	76,724,489
Costs of acquiring initial continuing-care contracts		6,470,243	3,993,627
Deferred income taxes		130,063	151,861
Ground lease receivables		1,720,151	1,561,141
Investments in joint ventures		112,000	112,000
Investments and other assets		695,761	648,205
Deferred financing costs, net		196,174	806,775
Total assets	$	122,813,760	120,898,136

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets		2008	2007
Current liabilities:			
Current installments of long-term debt	$	19,302,859	16,604,385
Long-term debt subject to short-term remarketing arrangements		25,639,286	14,901,667
Accounts payable		7,917,085	5,199,886
Accrued liabilities		2,785,379	2,452,729
Accrued interest payable		80,340	221,247
Resident notes and deposits		5,082,990	2,469,022
Total current liabilities		60,807,939	41,848,936
Deferred income taxes		130,063	151,861
Charitable gift annuity contracts		227,319	227,319
Deferred revenue from entrance fees		3,538,085	3,987,273
Other long-term liabilities		1,725,116	1,538,410
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements		36,038,216	45,688,308
Total liabilities		102,466,738	93,442,107
Net assets:			
Unrestricted		20,189,064	27,288,183
Temporarily restricted		157,958	167,846
Total net assets		20,347,022	27,456,029
Total liabilities and net assets	$	122,813,760	120,898,136

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Operations

Years ended December 31, 2008 and 2007

		2008	2007
Revenues:			
Net resident service revenue	$	79,122,286	76,051,584
Other revenue		5,337,203	6,963,985
Total revenues		84,459,489	83,015,569
Expenses:			
Salaries and wages		36,779,853	33,786,108
Employee benefits		6,513,736	5,547,663
Purchased services		9,745,037	9,215,468
Food and dietary		9,183,790	8,886,788
Supplies and other		12,132,452	12,093,308
Utilities		2,671,555	2,382,669
Insurance		1,936,643	1,801,775
Repairs and maintenance		1,854,958	1,442,014
Interest		2,489,098	3,129,407
Depreciation and amortization		4,692,230	4,242,245
Provision for bad debts		648,844	678,568
Total expenses		88,648,196	83,206,013
Loss from operations		(4,188,707)	(190,444)
Nonoperating gains (losses):			
Investment income (loss)		(3,446,214)	1,358,560
Designation of investments as trading securities		855,331	—
Gain on sale of land		—	66,500
Unrestricted contributions		815,371	916,453
Net nonoperating gains (losses)		(1,775,512)	2,341,513
Revenue and gains in excess (deficient) of expenses and losses		(5,964,219)	2,151,069
Other changes in unrestricted net assets:			
Change in net unrealized gains and losses on other-than-trading securities		—	(265,995)
Designation of investments as trading securities		(855,331)	—
Change in fair value of interest rate swap agreements		(297,404)	(255,931)
Net assets released from restriction for purchases of building and equipment		17,835	75,500
Increase (decrease) in unrestricted net assets	$	(7,099,119)	1,704,643

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2008 and 2007

	2008	2007
Increase (decrease) in unrestricted net assets	$ (7,099,119)	1,704,643
Temporarily restricted net assets:		
Contributions	17,835	77,500
Interest income	378	2,517
Net assets released from restriction for purchases of building and equipment	(17,835)	(75,500)
Net assets released from restrictions for operations	(10,266)	(15,463)
Decrease in temporarily restricted net assets	(9,888)	(10,946)
Change in net assets	(7,109,007)	1,693,697
Net assets at beginning of year	27,456,029	25,762,332
Net assets at end of year	$ 20,347,022	27,456,029

See accompanying notes to consolidated financial statements.

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidated Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	$ (7,109,007)	1,693,697
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,692,230	4,242,245
Provision for bad debts	648,844	678,568
Gain on sale of land	—	(66,500)
Net refunds from entrance fees	(317,200)	(81,751)
Amortization of deferred entrance fees	(131,988)	(126,000)
Change in net unrealized gains and losses on other-than-trading securities	—	265,995
Change in fair value of interest rate swap agreements	297,404	255,931
Changes in assets and liabilities:		
Resident accounts receivable	(2,399,448)	(2,613,562)
Ground lease and other receivables	152,074	(272,072)
Prepaid expenses, inventories, and other	112,848	9,996
Accounts payable	2,717,199	1,137,440
Accrued liabilities	332,650	(530,025)
Accrued interest and other	(273,403)	(147,200)
Net cash provided by (used in) operating activities	(1,277,797)	4,446,762
Cash flows from investing activities:		
Net change in short-term investments	5,778,039	(584,342)
Net change in investments and other assets	(47,556)	182,064
Acquisition of land, buildings, and equipment	(6,589,248)	(9,609,416)
Costs of acquiring initial continuing-care contracts	(2,476,616)	(2,409,105)
Cash proceeds from sale of land	—	116,067
Net cash used in investing activities	(3,335,381)	(12,304,732)
Cash flows from financing activities:		
Draws on lines of credit	5,690,081	12,588,619
Repayment of long-term debt and capital lease obligations	(4,251,989)	(5,719,242)
Repayment of direct note obligations	—	(44,577)
Issuance of resident notes and deposits	2,613,968	2,404,798
Proceeds under capital funding agreement	2,347,909	3,519,087
Net cash provided by financing activities	6,399,969	12,748,685
Net change in cash and cash equivalents	1,786,791	4,890,715
Cash and cash equivalents at beginning of year	8,712,623	3,821,908
Cash and cash equivalents at end of year	$ 10,499,414	8,712,623
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 3,063,090	3,170,415

See accompanying notes to consolidated financial statements.

(1) Organization and Purposes

Rest Haven Illiana Christian Convalescent Home d/b/a Providence Life Services (Providence) is a not-for-profit Illinois corporation whose purpose is to provide nursing and residential living arrangements for the aged, including skilled nursing and rehabilitation services, home healthcare, townhome living, independent living, and assisted living. Providence is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Providence Management and Development Company, Inc. (PMDC), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. PMDC provides real estate development, construction, marketing, and management services to the long-term care industry.

Home Aid Health Network, Inc. d/b/a Providence @ Home – Zeeland (Homecare), a wholly owned subsidiary of Providence, is a for-profit Illinois business corporation. Homecare provides home health services to persons in their residences.

Providence Healthcare Foundation, NFP (the Foundation), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation seeks to support and advance Christian care and services to the elderly and infirm by supporting health-related research, the development of a continuum of appropriate living arrangements, and programs and services to support a quality of life for those who suffer from disabilities and age-related illnesses and infirmities.

Christian Living Campus, NFP (the Campus), a wholly owned subsidiary of Providence, is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Campus seeks to furnish healthcare and retirement living facilities for the proper care and treatment of the elderly. Providence transferred the assets of the South Holland campus, consisting of 462 units, to the Campus in May 2006. The operations remain under Providence.

Providence Development Group LLC (PDG), a wholly owned subsidiary of Providence, seeks to develop new independent and assisted living facilities for the aged and holds the real estate and activity of such projects until construction commences.

Effective December 31, 2006, Haven Park Christian Housing and Nursing Association of Zeeland, NFP d/b/a Providence Healthcare and Rehabilitation Center – Zeeland (Haven Park) entered into an affiliation agreement with Providence whereby Haven Park became a wholly owned subsidiary of Providence. Haven Park is a not-for-profit Michigan corporation as described in Section 501(c)(3) of the Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Haven Park provides nursing and living arrangements for the aged, including skilled nursing and rehabilitation services.

Royal Park Place II, LLC is a wholly owned subsidiary of Haven Park whose purpose is to own and rent independent living units to seniors in Michigan.

Timothy Place, NFP, Park Place Christian Community of St. John, Inc., and Hudsonville Park Place are wholly owned subsidiaries of Providence, which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Park Place Realty Group, LLC is a wholly owned subsidiary of Providence whose purpose is to resell independent living units in Michigan. Such entities have had no significant activities, but may be utilized for future development or other activities.

The accompanying consolidated financial statements include the accounts of all of the above-noted entities (collectively referred to as the Corporations). All significant intercompany balances and transactions have been eliminated in consolidation.

(2) Summary of Significant Accounting Policies

The following significant accounting policies of the Corporations are utilized in presenting the consolidated financial statements:

- The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- The consolidated statements of operations include revenue and gains in excess (deficient) of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of resident care and community support services are reported as revenue and expenses. Transactions incidental to the provision of resident care and community support services are reported as nonoperating gains and losses. Changes in unrestricted net assets, which are excluded from revenue and gains in excess (deficient) of expenses and losses, consistent with industry practice, include changes in net unrealized gains and losses on other-than-trading securities; change in the fair value of derivative instruments that are highly effective and are designated and qualify as hedging instruments; transfers from affiliated not-for-profits for other than goods or services; and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets).
- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are reported as nonoperating gains. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Net assets released from restriction for operating purposes are included with other revenue. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported directly within the consolidated statement of operations.

- Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2008 and 2007 principally represent amounts restricted for the purpose of providing scholarships for the professional training of Providence employees.
- On January 1, 2008, the Corporations adopted the provisions of Financial Accounting Standards Board (FASB) Statement No. 157 (Statement 157), *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Statement 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Statement 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 5).
- Effective January 1, 2008, the Corporations adopted the provisions of FASB Statement No. 159 (Statement 159), *The Fair Value Option for Financial Assets and Financial Liabilities*. Statement 159 gives Providence the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Corporations' management did not elect any additional eligible financial assets or financial liabilities at fair value, and as a result, adoption of Statement 159 did not have an effect on the results of operations or financial position of the Corporations.
- Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues and gains in excess of expenses and losses, unless the income is restricted by donor or law, in which case investment income is recorded directly to temporarily or permanently restricted net assets. Unrealized gains and losses on investments are excluded from revenue and gains in excess (deficient) of expenses and losses unless the investments are trading securities. Unrealized gains and losses on restricted assets are recorded directly to unrestricted net assets unless specifically restricted by donor, in which case the unrealized gains or losses are recorded directly to temporarily or permanently restricted net assets. A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value, which is included in the consolidated statement of operations, with a new cost basis for the security established. Effective December 31, 2007, Providence recorded all unrealized losses as other-than-temporary, as they may not have the ability to hold such investments until market price recovery, and therefore, such losses have been included in investment income in the accompanying 2007 consolidated financial statements. Effective January 1, 2008, Providence designated all its investments, which had historically been designated as nontrading securities, as trading securities. As a result of the designation, accumulated unrealized gains previously recorded directly to unrestricted net assets were reclassified to investment income (loss) in the accompanying 2008 consolidated financial statements.

- Providence accounts for derivatives and hedging activities in accordance with FASB Statement No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended, which requires that all derivative instruments be recorded on the consolidated balance sheets at their respective fair values.

  For all hedging relationships, Providence formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheets.

  Providence also formally assesses, both at the hedge's inception and on a quarterly basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded as other changes in unrestricted net assets to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as a cash flow hedge is reported as a component of interest expense.

  Providence would discontinue hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item; the derivative expires or is sold, terminated, or exercised; or management determines that designation of the derivative as a hedging instrument is no longer appropriate. In situations in which hedge accounting is discontinued, Providence will continue to carry the derivative at its fair value in the consolidated balance sheet and recognize any subsequent changes in its fair value as an expense component in the consolidated statements of operations.

- Cash and cash equivalents include demand deposits and money market funds.

- Land, buildings, and equipment are stated at cost or, if donated, at fair value at date of donation, less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Interest cost incurred on borrowed funds during the period of construction is capitalized as a component cost of acquiring those assets. The Corporations' capitalized interest cost of $749,493 in 2008 and $486,134 in 2007.

- Income taxes of for-profit subsidiaries are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled.

- Providence accounts for uncertain tax positions in accordance with FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under FIN 48, Providence must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. At the date of adoption, and as of December 31, 2008, Providence does not have a liability for unrecognized tax benefits.

- Inventories comprise gift shop and kitchen stock at the various facilities and are stated at the lower of cost or market. Cost is determined by using the most recent price, which approximates the first-in, first-out method.

- Deferred financing costs represent issuance and credit enhancement costs for outstanding long-term debt. Deferred financing costs have been amortized on the straight-line method over the respective lives of the bonds and the credit enhancement facilities. Amortization of $610,601 and $67,147 in 2008 and 2007, respectively, has been included as a component of depreciation and amortization expense in the accompanying consolidated statement of operations.

- Deferred revenue from entrance fees represents unamortized entrance fees refundable to the extent of reoccupancy proceeds received from residents and is amortized to revenue using the straight-line method over 40 years, which is the estimated useful life of the facility. Upon death or termination of a resident contract, the resident is to receive an amount equal to the entrance payment of the resident who subsequently takes over occupancy of the unit, less a transaction fee of 10% of the entrance payment and any amounts still owed to Providence.

- Costs of acquiring initial continuing-care contracts (the Costs) consist principally of marketing and advertising costs incurred directly in relation to the initial acquisition of continuing-care contracts. In accordance with Statement of Position 93-7, *Reporting on Advertising Costs*, the Corporations capitalize costs incurred in connection with direct response advertising whose primary purpose is to secure deposits from residents who are shown to have responded specifically to the advertising. Such advertising costs include newspaper, magazine, television, radio, brochures, and other costs. The Costs will be amortized using the straight-line method over the expected stays at the respective communities of the first resident groups, beginning in the first period in which revenues associated with the Costs are earned. Upon occupancy of the first resident group, additional costs will be expensed as incurred.

- Providence evaluates long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. When such assets are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset.
- Certain 2007 amounts have been reclassified to conform to the 2008 consolidated financial statement presentation.

(3) Charity Care

Providence provides care to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such residents are identified based on financial information obtained from the resident and subsequent analyses. Providence also considers the difference between the cost of caring for residents assisted by Medicaid and the amounts reimbursed for these residents as charity care. In addition, Providence also reports the costs associated with pastoral care as charity care. The following information presents the level of charity care provided during the years ended December 31, 2008 and 2007:

	2008	2007
Charges forgone for non-Medicaid residents	$ 224,929	254,200
Excess of cost over reimbursement for services provided to Medicaid residents	6,372,630	5,969,400
Pastoral care	222,484	194,400
	$ 6,820,043	6,418,000

(4) Investments

The Corporations report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. The Corporations are a shareholder in three privately held mutual funds. These funds invest in publicly traded securities and funds that use various types of debt and equity securities in their investment strategies. Realized gains and losses on these funds are included in investment income. A summary of the composition of the Corporations' investment portfolio, all of which is reported as short-term investments, at December 31, 2008 and 2007 follows:

		2008	2007
Cash and cash equivalents	$	1,163,440	3,979,053
U.S. government agency securities		309	336
Privately held mutual funds		1,119,025	1,571,837
Publicly traded mutual funds/common stocks		8,774,774	11,284,361
	$	11,057,548	16,835,587

The composition of investment return on the Corporations' investment portfolio for the years ended December 31, 2008 and 2007 is as follows:

		2008	2007
Investment and dividend income	$	332,455	419,693
Net realized gains on sale of investments		206,954	1,340,398
Other-than-temporary declines in investments		—	(399,014)
Net change in unrealized gains and losses during the holding period		(3,985,245)	(265,995)
	$	(3,445,836)	1,095,082

Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2008 and 2007 as follows:

	2008	2007
Nonoperating gains:		
Designation of investments as trading securities	$ 855,331	—
Investment income (loss)	(3,446,214)	1,358,560
Change in net assets:		
Interest income earned on temporarily restricted investments	378	2,517
Change in net unrealized gains and losses on other-than-trading securities	—	(265,995)
Designation of investments as trading securities	(855,331)	—
	$ (3,445,836)	1,095,082

(5) **Fair Value Measurements**

(a) ***Fair Value of Financial Instruments***

The following methods and assumptions were used by the Corporations in estimating the fair value of its financial instruments:

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, accounts payable, and accrued expenses.
- Short-term investments: Common stocks, quoted mutual funds, and direct U.S. government obligations, are measured using quoted market prices at the reporting date multiplied by the quantity held. U.S. Agency securities and privately held mutual funds are measured using other observable inputs. The carrying value equals fair value.
- Interest rate swap agreements: The fair value of interest rate swaps is determined using pricing models developed based on the SIFMA swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Corporations. The carrying value equals fair value.

(b) ***Fair Value Hierarchy***

The Corporations adopted Statement 157 on January 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Statement 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Providence has the ability to access at the measurement date.
- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008:

	December 31, 2008	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Short-term investments	$ 11,057,548	9,938,214	1,119,334	—
Liabilities:				
Interest rate derivatives	$ 667,168	—	667,168	—

(6) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2008 and 2007 follows:

	2008		2007	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	$ 6,100,876	—	6,008,592	—
Land improvements	4,402,697	2,860,977	4,209,437	2,662,874
Buildings and fixtures	82,134,813	36,411,127	80,086,255	33,668,289
Equipment	26,545,819	22,777,511	25,785,521	21,847,477
Construction in progress	22,097,518	—	18,813,324	—
	$ 141,281,723	62,049,615	134,903,129	58,178,640

The Corporations are currently engaged in various construction and renovation projects primarily to be financed through operations, donor contributions, and short-term investments. There are no significant outstanding commitments related to these projects at December 31, 2008.

Effective February 26, 2004, Providence entered into an agreement to purchase approximately 30 acres of land from Elmwood Farms L.L.C. for $880,000, with the intention of developing the land. Providence paid $240,000 as a down payment for such land in 2004, and the remainder is to be paid over 6 years. The remaining amounts to be paid of $240,000 and $340,000 at December 31, 2008 and 2007, respectively, have been included as a component of other long-term obligations included in long-term debt in the accompanying consolidated balance sheets.

(7) Net Resident Service Revenue and Accounts Receivable

Net resident service revenue is reported at the estimated net realizable amounts from responsible private parties, third-party payors, government agencies, and others for services rendered. Providence has agreements with third-party payors that provide for reimbursement at amounts different from its established rates. Estimated contractual adjustments arising under third-party reimbursement programs represent the differences between Providence's billings at established rates and the amounts reimbursed by third-party payors, principally Medicaid and Medicare. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Providence has obtained Medicaid certification for a portion of its nursing beds and receives an all inclusive per diem rate for Medicaid-eligible residents. To the extent that charges or related costs incurred for services rendered to Medicaid beneficiaries exceed the per diem rates, they are not recoverable from the Medicaid program or its beneficiaries. Medicaid reimbursement methodologies and payment rates are subject to change based on the amount of funding available to the State of Illinois Medicaid program and any such changes could have a significant effect on the Corporations' revenues.

Providence has also obtained Medicare certification for certain of its skilled nursing beds. Providence is reimbursed by Medicare under a prospective payment system based primarily upon a clinical classification system for Medicare residents.

(8) Concentration of Credit Risk

Providence grants credit, generally without collateral, to its self-pay residents as well as those that are insured under third-party payor agreements. The mix of receivables from residents and third-party payors as of December 31, 2008 and 2007 is as follows:

	2008	2007
Medicare	47%	46%
Medicaid	23	25
Private	17	14
Other	13	15
	100%	100%

(9) Long-Term Debt

A summary of long-term debt at December 31, 2008 and 2007 is as follows:

	2008	2007
Weekly Adjustable Rate Demand Revenue Bonds, Series 2004A, effective interest rate of 5.63% and 5.52% in 2008 and 2007, respectively, mandatory annual sinking fund redemption through 2034	$ 8,970,000	9,150,000
Weekly Adjustable Rate Demand Revenue Bonds, Series 2004B, effective interest rate of 5.63% and 5.52% in 2008 and 2007, respectively, mandatory annual sinking fund redemption through 2034	30,850,000	31,470,000
Weekly Adjustable Rate Demand Revenue Bonds, Series Series 2004C, effective interest rate of 5.63% and 5.52% in 2008 and 2007, respectively, mandatory annual sinking fund redemption through 2034	6,755,000	6,890,000
Variable Rate Demand Limited Obligation Revenue and Refunding Bonds, 3.83% and 4.99% at December 31, 2008 and 2007, respectively, mandatory annual sinking fund redemption through 2029, replaced with commercial loan April 1, 2009	3,420,000	3,500,000
Commercial loan, 6.43% fixed interest rate, principal due October 10, 2010, secured by deposits and property	2,286,554	2,366,909

		2008	2007
Line of credit, $1,000,000 line, due October 15, 2010, effective interest rate of 5.63% and 7.95% in 2008 and 2007, respectively, secured by certain property and other assets	$	1,000,000	990,710
Line of credit, $4,000,000 line, due October 15, 2010, effective interest rate of 5.27% and 7.76% in 2008 and 2007, respectively, secured under the Master Trust Indenture		3,865,791	4,000,000
Line of credit, $11,000,000 line, due January 5, 2010, effective interest rate of 5.56% and 8.08% in 2008 and 2007, respectively, secured by certain property		10,937,909	9,352,909
Line of credit, $2,500,000 line, due February 15, 2009, effective interest rate of 5.04% and 7.62% in 2008 and 2007, respectively, secured by certain property, paid February 2009		2,245,000	995,000
Direct obligation notes, unsecured		481,130	481,130
Capital funding agreement		9,917,508	7,569,599
Other long-term obligations		251,469	428,103
Total long-term debt		80,980,361	77,194,360
Less current installments of long-term debt		19,302,859	16,604,385
Less long term debt subject to short-term remarketing arrangements		25,639,286	14,901,667
Long-term debt, net of current installments	$	36,038,216	45,688,308

Providence, the Foundation, and the Campus, collectively referred to as the Obligated Group, entered into a master trust indenture (Master Trust Indenture) dated as of October 1, 2004. Haven Park was added to the Obligated Group as of March 1, 2007. The purpose of the Master Trust Indenture is to provide a mechanism to be able to issue indebtedness in order to secure the financing or refinancing of facilities and for other lawful proper corporate purposes. The Master Trust Indenture provides for other legal entities to become members of the Obligated Group for the payment of obligations and the performance of all covenants contained therein, providing they meet certain restrictions. The Master Trust Indenture also requires members to make payments on debt issued by other members of the Obligated Group if such other members are unable to satisfy their obligations under the Master Trust Indenture.

The Obligated Group pledged a security interest in the gross revenues of each member of the Obligated Group and the mortgages of certain properties of Providence with an approximate net book value of approximately $53,251,000 at December 31, 2008 as collateral on borrowings under the Master Trust Indenture.

During January 2006, Providence entered into a development plan with Greystone Development Company II, LP (Greystone) to create a retirement living community in Elmhurst, Illinois. To provide initial financing for the Elmhurst development plan project, capital funding of up to $10,300,000 will be provided through a Greystone and B.C. Ziegler partnership on a nonrecourse basis. The return for the capital funding is 75% payable on the first $6,000,000 and 40% payable on the next $4,300,000 at the time permanent long-term financing is secured for the development project. Amounts borrowed by Providence under the capital funding agreement as of December 31, 2008 were $9,917,508 and have been included within long-term debt in the accompanying 2008 consolidated balance sheet.

On January 6, 2006, PDG entered into a nonrevolving variable rate line-of-credit agreement with a commercial bank. The $11,000,000 line of credit is to be utilized for the purchase of land for development in Elmhurst, Illinois. The line of credit is guaranteed by Providence and is secured by certain property and a purchase option on certain real estate. Interest on the line of credit is payable monthly until the maturity date of January 5, 2010.

On June 19, 2007, PDG entered into a revolving line-of-credit agreement with a commercial bank. The $2,500,000 line of credit was to be utilized for the development of land in Saint John, Indiana. The line of credit was guaranteed by Providence and was secured by a mortgage on certain property having a net book value of $1,173,000 as of December 31, 2008. Interest on the line of credit was payable monthly until the maturity date of February 15, 2009, at which time the outstanding balance of $2,245,000 was paid off using cash and investments.

In November 2004, the Michigan Strategic Fund issued $9,585,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004A, on behalf of the Obligated Group. Concurrent with such issuance, the Illinois Finance Authority (Authority) issued $33,170,000 and $7,245,000 of Weekly Adjustable Rate Revenue Bonds, Series 2004B and 2004C, respectively, on behalf of the Obligated Group. The Series 2004A bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Michigan Strategic Fund and Bank of New York, National Association, Chicago, Illinois (BNY), as bond trustee. The Series 2004B and 2004C bonds were issued under a Bond Trust Indenture dated November 1, 2004 between the Authority and BNY, as bond trustee. The Series 2004A, 2004B, and 2004C bonds were issued pursuant to the Master Trust Indenture.

The Obligated Group also maintains irrevocable transferable letters of credit for the Series 2004A, 2004B, and 2004C bonds issued by commercial banks as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of November 1, 2004 for the Series 2004A bonds, and October 1, 2004 for the Series 2004B and 2004C bonds. The original letters of credit expired on November 18, 2009 for the Series 2004A bonds, and November 1, 2009 for the Series 2004B and 2004C bonds; however, the Obligated Group has received letters extending the letters of credit to November 1, 2010. The Corporations have received notice from the commercial banks that the letters of credit will not be renewed at time of expiration. The Series 2004A, 2004B, and 2004C bonds are accelerable in the event the letters of credit are not extended by the commercial banks.

The Series 2004A, 2004B, and 2004C bonds currently bear interest at a weekly adjustable rate, such interest rate being the lowest rate that, in the judgment of the remarketing agent, would enable the bonds to be remarketed at par plus any accrued interest on the first day of the weekly rate period. The bonds may be converted at the option of the Obligated Group, subject to certain restrictions, to fixed annual rates of interest. Holders of the Series 2004A, 2004B, and 2004C bonds have a put option that allows them to require redemption of the bonds prior to maturity. The Obligated Group has an agreement with an underwriter to remarket any bonds based on the exercise of put options.

The Obligated Group also maintains a $4,000,000 variable rate line of credit with a commercial bank, which was originally executed in 2005 and is secured under the Master Trust Indenture. Outstanding draws on the line of credit were $3,865,791 and $4,000,000 as of December 31, 2008 and 2007, respectively. The line of credit expires on October 15, 2010.

In September 2002, TCF National Bank provided Providence with a commercial loan in an amount equal to $3,758,000. Proceeds of the loan were used to construct the Corporations' primary corporate offices located in Tinley Park, Illinois. Under the provisions of the loan agreement, the Corporations are required to make monthly principal and interest payments at a variable rate equal to the five-year U.S. Treasury Note bill rate plus 250 basis points through October 10, 2010. The monthly principal and interest payments are fixed at an amount equal to $18,892, with a balloon payment of approximately $2,108,000 due on October 10, 2010. The loan is secured by a mortgage on the corporate office property having a net book value of approximately $4,375,000 at December 31, 2008.

In November 1999, the Michigan Strategic Fund issued $4,000,000 of Weekly Adjustable Rate Revenue Bonds, Series 1999, on behalf of Haven Park. The Series 1999 bonds were issued under a Bond Trust Indenture dated February 1, 1999 between the Michigan Strategic Fund and Michigan National Bank, National Association, Grand Rapids, Michigan, as bond trustee. Haven Park maintained an irrevocable transferable letter of credit for the Series 1999 bonds issued by a commercial bank as additional security for the bonds. The initial credit facility was issued pursuant to the terms of a reimbursement agreement dated as of February 1, 1999. The letter of credit expired on February 15, 2009 and was not renewed. As a result, the Corporations entered into a $3,400,000 five-year loan with a commercial bank on April 1, 2009 to refinance the Series 1999 bonds. The loan is payable in monthly principal and interest payments of $24,552, including interest at 6%, through May 5, 2014 and is secured by a mortgage on certain property having a net book value of $5,778,000 at the date of financing in 2009.

In August 2009, PDG entered into a revolving variable rate line-of-credit agreement with a commercial bank. The $1,000,000 line of credit is to be utilized for the development of land in Saint John, Indiana. The line of credit expires on August 4, 2010, is guaranteed by Providence, and is secured by a mortgage on certain property and an assignment of rents.

Scheduled annual principal repayments on long-term debt based on the scheduled redemptions according to the Master Trust Indenture are as follows:

2009	$	19,302,859
2010		3,461,883
2011		1,165,295
2012		1,226,481
2013		1,283,048
Thereafter		54,540,795
	$	80,980,361

Providence's Series 2004 bonds are variable rate demand obligations that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying letters of credit. Repayment of the principal is due in equal quarterly installments, commencing on the first to occur of the January 1, April 1, July 1 or October 1 immediately succeeding the date on which the letters of credit are drawn, with the entire unpaid principal amount, and accrued interest thereon, due on the first day of the calendar month immediately preceding the expiration date of the letters of credit, which is currently November 1, 2010.

Scheduled annual principal repayments on long-term debt based on the variable rate demand obligations being put back and corresponding draws being made on the underlying letters of credit are as follows:

2009	$	44,942,145
2010		22,402,597
2011		100,295
2012		106,481
2013		113,048
Thereafter		13,315,795
	$	80,980,361

(10) Derivative Instruments and Hedging Activities

Providence has interest rate related derivative instruments to manage its exposure on its variable rate debt instruments and does not enter into derivative instruments for any purpose other than cash flow hedging purposes.

By using derivative financial instruments to hedge exposures to changes in interest rates, Providence exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Providence, which creates credit risk for Providence. When the fair value of a derivative instrument is negative, Providence owes the counterparty, and therefore, it does not possess credit risk. Providence minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Providence management also mitigates risk through annual reviews of its derivative position in the context of its total blended cost of capital.

On July 22, 2002, Haven Park entered into an interest rate swap agreement with a financial institution, which expired on July 1, 2007 and which was designated as a cash flow hedge. Haven Park entered into the agreement to effectively convert a portion of its variable rate debt from a variable to a fixed rate. Under this agreement, Haven Park received a variable rate of return, based upon the monthly BMA Municipal Swap Index, on a notional amount of $2,000,000, and was obligated to pay the financial institution a fixed rate of return of 3.56% on the same notional amount.

On December 16, 2005, Providence entered into an additional interest rate swap agreement with a financial institution, which expires on December 16, 2010 and which is designated as a cash flow hedge. Providence entered into the agreement to effectively convert a portion of its variable rate debt from a variable to a fixed rate. Under this agreement, Providence receives a variable rate of return, based upon the monthly BMA Municipal Swap Index, on a notional amount of $14,000,000, and is obligated to pay the financial institution a fixed rate of return of 3.72% on the same notional amount.

Changes in the fair value of the interest rate swap agreements that effectively offset the variability of cash flows associated with variable-rate, long-term debt obligations are reported as a component of other changes in unrestricted net assets. These amounts subsequently are reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings. Ineffective changes in fair value of the interest rate swaps designated as hedging instruments are reported within interest expense. No amounts were recorded for the years ended December 31, 2008 and 2007 representing cash flow hedge ineffectiveness.

The net interest rate differential paid by Providence as a result of the interest rate swap agreements of approximately $193,041 and $15,902 has been recognized as an addition to interest expense in the accompanying 2008 and 2007 consolidated statements of operations, respectively. The fair value of the interest rate swap agreements was a liability of $667,168 and $369,764 at December 31, 2008 and 2007, respectively, and is included with other long-term liabilities in the accompanying 2008 and 2007 consolidated balance sheets. The change in fair value of the interest rate swap agreements amounted to $(297,404) and $(255,931) in 2008 and 2007, respectively.

(11) Charitable Gift Annuity Contracts

Charitable gift annuity contracts represent notes issued by Providence that have interest payable semiannually at either a fixed rate or at a rate of prime plus 1%. The principal of the notes is contributed to Providence upon the death of the resident holding the note. Charitable gift annuity contracts are reported as liabilities and are reclassified to income upon the death of the annuitant.

(12) Management Agreements

The Corporations have agreements with various retirement and nursing facilities to manage their daily operations. The agreements are renewable annually and generally can be terminated with notice. Revenue attributable to such agreements amounted to approximately $480,000 in 2008 and $831,000 in 2007 and is included with other revenue.

(13) Retirement Plans

Providence sponsors a 403(b) plan for its employees, whereas employees of for-profit corporations are eligible for a 401(k) plan. The plans cover substantially all of the Corporations' full-time employees who have met certain eligibility qualifications. Providence matches the employee's contribution, dollar for dollar, up to the first 3%, then fifty cents on the dollar up to a maximum of 5%. Employer contributions for all plans of approximately $452,000 and $515,000 in 2008 and 2007, respectively, have been recognized as employee benefits expense in the accompanying consolidated statements of operations. The Corporations fund their contributions on a current basis.

(14) Ground Leases

Providence owns approximately 50 acres at its Village Woods facility in Crete, Illinois. Approximately 12 acres are subject to a 99-year Lease and Easement Agreement for the operation of a golf course with an unrelated party. In addition, approximately 23 acres are subject to a 99-year ground lease with the owners of townhomes built on the property. Providence also owns approximately 11.3 acres of land at its Victorian Courts Senior Townhome Development that are subject to 99-year ground leases with the owners of the townhomes built on the property. Ground lease rentals for the townhomes are set at 1% of the townhomes' sales price for each year of occupancy and are payable at the time of resale. Providence is recognizing revenue on ground leases at the rate of 1% per year based upon the initial purchase price of the townhomes. Providence periodically evaluates the recoverability of ground lease receivables based on recent sales prices for townhomes and their original purchase prices. Ground lease income recognized in 2008 and 2007 approximated $225,000 and $374,000, respectively, and is included with other revenue.

(15) Income Taxes

The components of the provision for income taxes for 2008 and 2007 of the for-profit subsidiaries, which are included with supplies and other expenses, are as follows:

	2008	2007
Income tax expense (benefit):		
Current:		
Federal	$ —	—
State	—	(4,432)
Current income tax expense	—	(4,432)
Deferred:		
Federal	—	—
State	—	—
Deferred income tax expense	—	—
Total	$ —	(4,432)

Deferred tax assets and liabilities consist of the following at December 31, 2008 and 2007:

	2008	2007
Deferred tax assets:		
Bad debts	$ —	4,898
Charitable contributions	53,265	42,134
Net operating loss carryforward	865,644	471,368
Total deferred tax assets	918,909	518,400
Less valuation allowance	788,846	366,539
Deferred tax assets, net of valuation allowance	130,063	151,861
Deferred tax liabilities:		
Depreciation	(100,992)	(122,790)
Other	(29,071)	(29,071)
Total deferred tax liabilities	(130,063)	(151,861)
Net deferred tax liabilities	$ —	—

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. At December 31, 2008, a valuation allowance is considered necessary as management believes that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize the full net operating loss carryforward.

(16) Commitments and Contingencies

(a) *Professional and General Liability Self-Insurance*

Through December 31, 2001, the Corporations maintained professional liability insurance through commercial insurance policies. Effective January 1, 2002, the Corporations entered into a contractual agreement to form Caring Communities Insurance Program (Caring Communities), a self-insurance administrator, which, through its risk-sharing provisions, provided the Corporations insurance coverage for professional and comprehensive general liability exposure. Caring Communities was a multi-organizational insurance company for long-term care organizations incorporated under the laws of the Cayman Islands, which had elected to be taxed as a U.S. corporation.

Effective January 1, 2008, Caring Communities became a wholly owned subsidiary of Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), a District of Columbia insurer. At that date, the Corporations' aggregate capital contributions to Caring Communities of $318,692 were exchanged for a charter capital account of the same value with CCrRRG. The Corporations' investment in CCrRRG at December 31, 2008 and Caring Communities at December 31, 2007 of $318,692 are included in investments and other assets and are being accounted for using the cost method.

Caring Communities will continue to provide the Corporations with claims-made insurance coverage for claims reported before January 1, 2008. Effective January 1, 2008 CCrRRG now provides the Corporations with claims-made insurance coverage using a combination of self-insured retentions and excess commercial insurance coverage. CCrRRG engages a professional actuarial consultant for the determination of premiums to be assessed to participants under the plan of coverage. As a self-insurance administrator, CCrRRG enables risk sharing among participating long-term care organizations. The Corporations are required to pay assessed premiums and are subject to a per claim self-insured retention. Under the Corporations' insurance policies prior to January 1, 2008, Caring Communities could retroactively assess participants for up to twice their annual premium per coverage year based upon adverse participant-specific claims experience as defined in the policy; however, the January 1, 2008 policy with CCrRRG does not contain such a provision. Based upon the Corporations' historical claims experience and exposure to date with Caring Communities and CCrRRG, no reserves have been established at December 31, 2008 or 2007 for either retroactive premium assessments or tail exposures.

(b) Litigation

The Corporations are involved in litigation arising in the ordinary course of business. General liability claims have been asserted against the Corporations and are currently in various stages of litigation. Additional claims may be asserted against the Corporations arising from services through December 31, 2008. In consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporations' financial position or results from operations.

(c) Regulatory Investigations

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. The Corporations are subject to these regulatory efforts. Management is currently unaware of any regulatory matters that may have a material adverse effect on the Corporations' financial position or results of operations.

(d) Health Resources Alliance, Inc.

Health Resources Alliance, Inc. (HRA), of which Providence is a founding member, operates a company that provides pharmacy services to long-term care providers in northern Illinois, including Providence facilities. Effective April 1, 2003, Midwest Senior Care Network (MSCN), a wholly owned subsidiary of HRA, converted a $65,000 prepaid service deposit of Providence into equity of MSCN. Simultaneous with the equity conversion, HRA distributed the outstanding common stock of MSCN in equal shares to its members, including Providence. Providence has a one-fifteenth equity interest in MSCN. The investment in MSCN is included in investments in joint ventures in the accompanying 2008 and 2007 consolidated balance sheets and is being accounted for using the cost method.

(e) Medicare Reimbursement

Federal legislation routinely includes provisions to modify Medicare payment mechanisms to providers. Changes in Medicare reimbursement as a result of the Centers for Medicare and Medicaid Services' implementation of the provisions of Medicare legislation may have an adverse effect on Providence's net resident service revenue.

(f) Employee Health Insurance

The Corporations maintain a self-insurance program for employee healthcare coverage, combining various levels of self-insured retentions and excess coverage. The Corporations' provision for employee health insurance expenses include estimates of known claims as well as claims incurred but not reported as of fiscal year-end.

(17) Asbestos Removal Costs

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 requires the current recognition of a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the entity. The Illinois "Commercial and Public Building Asbestos Abatement Act" requires the controlled removal or encapsulation of asbestos by a licensed contractor in commercial and public buildings, including renovation and partial or complete demolition activities, such legislation being applicable to Providence.

FIN 47 requires an asset retirement obligation (ARO) liability be recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. The initially capitalized ARO long-lived asset is depreciated over the remaining useful lives of the facilities. Providence adopted FIN 47 effective as of December 31, 2005.

Providence is legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of existing facilities. The estimated asbestos removal liability at December 31, 2008 and 2007 was $504,499 and $487,902 and has been included in other long-term liabilities in the accompanying 2008 and 2007 consolidated balance sheets, respectively. The net book value of the ARO long-lived asset at December 31, 2008 and 2007 was $94,170 and $103,403, respectively. The ARO liability has been discounted using a rate of 3%.

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2008

Assets		Obligated Group	Other affiliates	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$	5,373,561	5,125,853	—	10,499,414
Short-term investments		7,220,934	3,836,614	—	11,057,548
Resident accounts receivable, net of allowance for doubtful accounts of approximately $1,482,000		10,816,760	—	—	10,816,760
Other receivables		753,268	813,063	(249,754)	1,316,577
Prepaid expenses, inventories, and other		321,494	246,892	(1,425)	566,961
Total current assets		24,486,017	10,022,422	(251,179)	34,257,260
Land, buildings, and equipment, net of accumulated depreciation		54,763,939	24,880,669	(412,500)	79,232,108
Costs of acquiring initial contracts		—	6,470,243	—	6,470,243
Deferred income taxes		—	130,063	—	130,063
Ground lease receivables		1,720,151	—	—	1,720,151
Investments in joint ventures		112,000	—	—	112,000
Investments and other assets		369,109	326,652	—	695,761
Deferred financing costs, net		196,174	—	—	196,174
Total assets	$	81,647,390	41,830,049	(663,679)	122,813,760

(Continued)

Schedule 1

REST HAVEN ILLIANA CHRISTIAN CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Balance Sheet Information

December 31, 2008

Liabilities and Net Assets	Obligated Group	Other affiliates	Eliminations	Consolidated
Current liabilities:				
Current installments of long-term debt	$ 4,929,342	14,373,517	—	19,302,859
Long-term debt subject to short-term remarketing arrangements	25,639,286	—	—	25,639,286
Accounts payable	6,631,565	1,620,372	(334,852)	7,917,085
Accrued liabilities	2,362,624	507,391	(84,636)	2,785,379
Accrued interest payable	80,340	—	—	80,340
Resident notes and deposits	44,011	5,038,979	—	5,082,990
Total current liabilities	39,687,168	21,540,259	(419,488)	60,807,939
Deferred income taxes	—	130,063	—	130,063
Charitable gift annuity contracts	227,319	—	—	227,319
Deferred revenue from entrance fees	3,538,085	—	—	3,538,085
Other long-term liabilities	1,171,667	553,449	—	1,725,116
Long-term debt, net of current installments and long-term debt subject to short-term remarketing arrangements	23,773,293	12,264,923	—	36,038,216
Total liabilities	68,397,532	34,488,694	(419,488)	102,466,738
Net assets:				
Unrestricted	13,121,900	7,311,355	(244,191)	20,189,064
Temporarily restricted	127,958	30,000	—	157,958
Total net assets	13,249,858	7,341,355	(244,191)	20,347,022
Total liabilities and net assets	$ 81,647,390	41,830,049	(663,679)	122,813,760

See accompanying independent auditors' report.

Schedule 2

REST HAVEN ILLIANA CHRISTIAN
CONVALESCENT HOME
d/b/a Providence Life Services

Consolidating Statement of Operations Information

Year ended December 31, 2008

	Obligated Group	Other affiliates	Eliminations	Consolidated
Revenues:				
Net resident service revenue	$ 78,570,726	861,232	(309,672)	79,122,286
Other revenue	2,917,562	7,311,489	(4,891,848)	5,337,203
Total revenues	81,488,288	8,172,721	(5,201,520)	84,459,489
Expenses:				
Salaries and wages	31,212,067	5,567,786	—	36,779,853
Employee benefits	5,094,909	1,418,827	—	6,513,736
Purchased services	9,155,272	589,765	—	9,745,037
Food and dietary	9,133,986	49,804	—	9,183,790
Supplies and other	15,720,525	1,613,447	(5,201,520)	12,132,452
Utilities	2,461,203	210,352	—	2,671,555
Insurance	1,858,344	78,299	—	1,936,643
Repairs and maintenance	1,854,958	—	—	1,854,958
Interest	2,286,307	202,791	—	2,489,098
Depreciation and amortization	4,381,867	322,863	(12,500)	4,692,230
Provision for bad debts	647,583	1,261	—	648,844
Total expenses	83,807,021	10,055,195	(5,214,020)	88,648,196
Loss from operations	(2,318,733)	(1,882,474)	12,500	(4,188,707)
Nonoperating gains (losses):				
Investment income (loss)	(2,282,829)	(1,163,385)	—	(3,446,214)
Designation of investments as trading securities	855,331	—	—	855,331
Unrestricted contributions	815,371	—	—	815,371
Net nonoperating losses	(612,127)	(1,163,385)	—	(1,775,512)
Revenue and gains deficient of expenses and losses	(2,930,860)	(3,045,859)	12,500	(5,964,219)
Other changes in unrestricted net assets:				
Designation of investments as trading securities	(855,331)	—	—	(855,331)
Change in fair value of interest rate swap agreements	(297,404)	—	—	(297,404)
Equity transfers	(5,000,000)	5,000,000	—	—
Net assets released from restriction for purchases of buildings and equipment	17,835	—	—	17,835
Increase (decrease) in unrestricted net assets	$ (9,065,760)	1,954,141	12,500	(7,099,119)

See accompanying independent auditors' report.

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2008 Rest Haven Illiana Christian Convalescent Home	Norms for LTC	Variance
Current Ratio:			
Current Assets / Current Liabilities	24,486 / 39,687		
= Current Ratio	0.62	1.50	(0.88)
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income / Net Operating Revenue	(2,931) / 81,488		
= Net Excess Margin	-3.60%	2.50%	-6.1%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund / Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	54,342 / 54,342 + 13,122		
= Projected Debt to Total Capitalization	80.56%	80.00%	0.55%
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp / Maximum Annual Debt Service	(2,931) + 4,382 + 2,286 / 3,912		
= Projected Debt Service Coverage	0.96	1.50	(0.54)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds / Operating Expenses - Depreciation/365	12,594 / (83,807 - 4,382) / 365		
= Days Cash on Hand	[illegible]	75	(17)
Cushion Ratio:			
Cash and Investments + Board Designated Funds / Maximum Annual Debt Service	12,594 / 3,912		
= Cushion Ratio	3.2	3.0	0.9

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2009 Rest Haven Illiana Christian Convalescent Home	Norms for LTC	Variance
Current Ratio:			
Current Assets	26,682		
Current Liabilities	34,164		
= Current Ratio	0.78	1.50	(0.72)
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income	1,016		
Net Operating Revenue	81,547		
= Net Excess Margin	1.25%	2.50%	-1.3%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	53,946		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	53,946 + 13,269		
= Projected Debt to Total Capitalization	80.26%	80.00%	0.26%
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp	1,016 + 3,936 + 1,490		
Maximum Annual Debt Service	2,641		
= Projected Debt Service Coverage	2.44	1.50	0.94
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	14,728		
Operating Expenses - Depreciation/365	(82,848 - 3,936) / 365		
= Days Cash on Hand	68	75	(7)
Cushion Ratio:			
Cash and Investments + Board Designated Funds	14,728		
Maximum Annual Debt Service	2,641		
= Cushion Ratio	5.6	3.0	0.0

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2010 Rest Haven Illiana Christian Convalescent Home	Norms for LTC	Variance
Current Ratio:			
Current Assets	27,874		
Current Liabilities	19,879		
= Current Ratio	1.40	1.50	(0.10)
Net Margin %age or Net Excess Margin (in Thousands):			
Net Income	(323)		
Net Operating Revenue	80,455		
= Net Excess Margin	-0.40%	2.50%	-2.9%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	53,009		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	53,009 + 12,513		
= Projected Debt to Total Capitalization	80.90%	80.00%	0.90%
Projected Debt Service Coverage (in Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp	(323) + 3,775 + 2,847		
Maximum Annual Debt Service	4,066		
= Projected Debt Service Coverage	1.55	1.50	0.05
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	15,942		
Operating Expenses - Depreciation/365	(82,791 - 3,774) / 365		
= Days Cash on Hand	74	75	(1)
Cushion Ratio:			
Cash and Investments + Board Designated Funds	15,942		
Maximum Annual Debt Service	4,066		
= Cushion Ratio	3.9	3.0	0.9

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2015 Rest Haven Illiana Christian Convalescent Home	Norms for LTC	RHICCH Variance
Current Ratio:			
Current Assets / Current Liabilities	26,113 / 15,382		
= Current Ratio	1.70	1.50	0.20
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income / Net Operating Revenue	1,316 / 84,559		
= Net Excess Margin	1.56%	2.50%	-0.9%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund / Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	33,757 / 30,538+ 14,577		
= Projected Debt to Total Capitalization	64.28%	80.00%	-15.72%
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp / Maximum Annual Debt Service	1,316 + 2,556 + 1,994 / 5,171		
= Projected Debt Service Coverage	1.18	1.50	(0.32)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds / Operating Expenses - Depreciation/365	13,613 / (85,581 - 2,556) / 365		
= Days Cash on Hand	59.85	75	(15)
Cushion Ratio:			
Cash and Investments + Board Designated Funds / Maximum Annual Debt Service	13,613 / 5,171		
= Cushion Ratio	2.6	3.0	0.9

ATTACHMENT-41

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2010 Timothy Place, NFP Christian Healthcare Foundation, NFP	Norms for LTC	PPCCoE Variance
Current Ratio:			
Current Assets / Current Liabilities	6,159 / 6,966		
= Current Ratio	0.89	1.50	(0.61)
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income / Net Operating Revenue	386 / 0		
= Net Excess Margin	#DIV/0!	2.50%	#DIV/0!
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund / Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	172,919 - 14,613 / 172,919 - 14,613 - 305		
= Projected Debt to Total Capitalization	100.19%	80.00%	20.19%
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp / Maximum Annual Debt Service	386 + 148 + 0 / 9,763		
= Projected Debt Service Coverage	0.05	1.50	(1.45)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds / Operating Expenses - Depreciation/365	6,080 / (282 - 148) / 365		
= Days Cash on Hand	16,487	75	16,412
Cushion Ratio:			
Cash and Investments + Board Designated Funds / Maximum Annual Debt Service	6,080 / 9,763		
= Cushion Ratio	0.6	3.0	0.9

ALL INPUT AMOUNTS ($) ARE EXPRESSED IN THOUSANDS

	2015 Timothy Place, NFP Christian Healthcare Foundation, NFP	Norms for LTC	PPCCoE Variance
Current Ratio:			
Current Assets	3,068		
Current Liabilities	2,859		
= Current Ratio	1.07	1.50	(0.43)
Net Margin %age or Net Excess Margin (In Thousands):			
Net Income	16		
Net Operating Revenue	23,719		
= Net Excess Margin	0.07%	2.50%	-2.4%
Projected Debt to Total Capitalization (1):			
Long Term Debt - Debt Service Reserve Fund	108,645 - 9,763		
Long Term Debt - Debt Service Reserve Fund + Unrestricted Fund Balance	53,009 + 12,513		
= Projected Debt to Total Capitalization	136.12%	80.00%	56.12%
Projected Debt Service Coverage (In Thousands):			
Net Income + Depreciation/Amortization Exp + Interest Exp	16 + 4,359 + 8,881		
Maximum Annual Debt Service	9,763		
= Projected Debt Service Coverage	1.37	1.50	(0.13)
Days Cash on Hand:			
Cash and Investments + Board Designated Funds	23,620		
Operating Expenses - Depreciation/365	(23,190 - 4,359) / 365		
= Days Cash on Hand	458	75	383
Cushion Ratio:			
Cash and Investments + Board Designated Funds	23,620		
Maximum Annual Debt Service	9,763		
= Cushion Ratio	6.9	3.0	0.9

PROVIDENCE
Life Services

January 12, 2012

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

Re: Park Place Christian Community of Elmhurst Permit Application – Certification Section 1120.140(a)

Dear Ms. Avery:

In compliance with Section 1120.140(a) of the Review Board Rules, we hereby certify that 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.

Sincerely,

Rest Haven Illiana Christian Convalescent Home

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Gina Elberson
Signature of Notary Public

OFFICIAL SEAL
GINA ELBERSON
Notary Public - State of Illinois
My Commission Expires Apr 29, 2014

18601 North Creek Drive, Suite A · Tinley Park, Illinois 60477
708.342.8100 *phone* · 708.342.8000 *fax* · www.providencelifeservices.com

PARK PLACE

of Elmhurst

A LIFE CARE COMMUNITY

January 12, 2012

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Administrator
Illinois Health Facilities and Services Review Board
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Timothy Place, NFP

Ray W. Hemphill
Executive Vice President

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Signature of Notary Public

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Information Center
360 West Butterfield Road
Suite 100 • Elmhurst, IL 60126
(630) 333-4343
Fax (630) 333-4340
www.ParkPlaceElmhurst.com

Offering the Best LIFE CARE in Chicago

Park Place Christian Community of Elmhurst is a distinct subsidiary of Rest Haven Christian Services, which has served area seniors for more than 90 years.

PROVIDENCE HEALTHCARE FOUNDATION

January 12, 2012

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Illinois Health Facilities and Services Review Board
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With You, for You!

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PROVIDENCE
Life Services

January 12, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2^{nd} Floor
Springfield, Illinois 62761

Re: Park Place Christian Community of Elmhurst Permit Application – Conditions of Debt Financing

Dear Ms. Avery:

In compliance with Section 1120.140(b) of the Review Board Rules, we have explored various alternatives for financing the Project and determined that the proposed plan of debt financing provides the lowest net cost form of debt available for the Project.

The Project involves no lease of equipment or facilities.

Sincerely,

Rest Haven Illiana Christian Convalescent Home

William DeYoung
Chief Financial Officer

Notarization:
Subscribed and sworn to before me
this 12 day of January, 2012

Gina Elberson

Signature of Notary Public

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Seal

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Park Place Christian Community of Elmhurst
Reasonableness of Project and Related Costs

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. $ (A x C)	Mod. $ (B x E)	
Department/Area	New	Mod.	New	Circ.*	Mod.	Circ.*			
Nursing	$151.77		14,704				$2,231,686		$2,231,686
Administration	$151.77		358				$54,268		$54,268
Chapel/Clergy	$151.77		177				$26,858		$26,858
Living/Dining/Activity	$151.77		3,202				$485,981		$485,981
Barber/Beauty	$151.77		207				$31,417		$31,417
Home Health Office	$151.77		33				$5,057		$5,057
Laundry	$151.77		48				$7,331		$7,331
Training/Education	$151.77		90				$13,641		$13,641
Kitchen	$151.77		1,688				$256,169		$256,169
Employee Lounge	$151.77		748				$113,527		$113,527
PT/OT	$151.77		177				$26,858		$26,858
Housekeeping	$151.77		40				$6,071		$6,071
Storage	$151.77		871				$132,195		$132,195
Mechanical/Electrical	$151.77		1,368				$207,627		$207,627
Elevator/Stairs	$151.77		730	2.49%			$110,795		$110,795
Shared Elevators/Stairs	$151.77		112	0.38%			$17,041		$17,041
Corridors	$151.77		4,765	16.25%			$723,206		$723,206
Contingency	$1.19		29,318				$34,791		$34,791
TOTAL	$152.96	0	29,318	19.13%	0	0	$4,484,520	$0	$4,484,520

Park Place Christian Community of Elmhurst
Reasonableness of Project and Related Costs

D. Projected Operating Costs - Clinical (dollars in thousands)

Expenses:	2015
Salaries	1,198
Benefits	300
Supplies	67
Total Operating Expenses	2,262
Number of Patient Days	12,155
Cost per Patient Day	$186

	2015
EXPENSES	
Administrative Services	0
Activities Services	(37)
Assisted Living Services	0
Nursing Services	(1,565)
Building and Ground Maintenance	(43)
Dining Services	(441)
Emergency System Services	(8)
Housekeeping and Laundry Services	(44)
Transportation Services	(9)
Utilities	(70)
Insurance	(31)
Catered Living	0
Management Fees	0
Marketing Services	(12)
Pastoral Services	(1)
TOTAL OPERATING EXPENSES	($2,262)
Number of Patient Days	12,155
Cost per Patient Day	$186
Cost per Patient Day excluding Utilities and Insurance	$178

E. Total Effect of the Project on Capital Costs - Clinical (dollars in thousands)

	2015
EXPENSES	
Depreciation & Amortization	234
Interest Expense	478
TOTAL OPERATING EXPENSES	$712
Number of Patient Days	12,155
Cost per Patient Day	$59

PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
SAFETY NET IMPACT STATEMENT

Safety Net Information per PA 96-0031			
CHARITY CARE			
	2009	**2010**	**2011**
Charity (# of patients)	N/A	N/A	N/A
Charity (cost in dollars)	$ N/A	$ N/A	$N/A
MEDICAID			
	2009	**2010**	**2011**
Medicaid (# of patients)	N/A	N/A	N/A
Medicaid (revenue)	$ N/A	$ N/A	$N/A

Part of Providence Life Services' mission as a Christian organization is to "serve the indigent and those with limited resources." Auditors' reports for last year show that Providence is fulfilling this mission – providing over $7 million in uncompensated care in 2010. Providence considers it an honor to provide healthcare services to seniors who have outlived their financial resources. This isn't always easy. Providence welcomes people who depend on Medicaid, but reimbursement falls significantly short of the actual cost of care. Providence does not compromise the quality of care provided to residents which makes it extremely difficult to serve all of our seniors and remain fiscally sound. You will note from the close operating margins that the goal is viability and not financial gain.

Providence actively pursues fundraising to support the cost of residents without ample financial resources. Our annual report shows the generous contributions we receive, particularly from those in our associated faith community, which helps us to offset the considerable losses from providing Medicaid services.

One option that some organizations resort to is reducing quality. By giving a lower quality of care, some organizations can still serve people without risking their future viability. That option, however, is not palatable to Providence. Instead, Providence chooses to maintain high standards of care for all clients regardless of financial means. The Christian teachings that guide Providence instruct us to treat the rich and poor with equal dignity. Providing quality care for those less fortunate is therefore fundamental to Providence's mission.

For each Medicaid-dependent person we serve in an Illinois Providence nursing home, the actual cost of care greatly exceeds Medicaid payments. In 2010 the actual difference between Medicaid payments and our costs (not charges) was over $7,000,000. Providence works diligently to identify and employ strategies to offset these deficits. By allowing open admissions, particularly during the start up period, Park Place can mitigate a portion of these losses, while also allowing Medicaid services that would not otherwise be available at this facility. Being good stewards of our own resources is essential to our Christian heritage. However, that alone is insufficient to overcome this sizable challenge.

LIFE | Abundant

Providence Life Services | 2011 Annual Report

The grace of our Lord

was poured out on me abundantly,

along with the faith and love

that are in Christ Jesus.

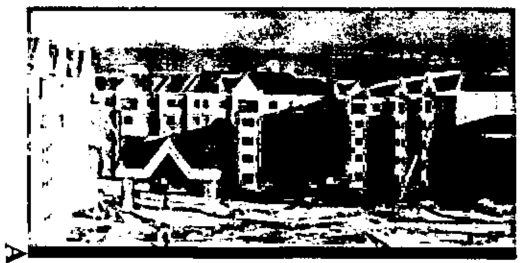
1 TIMOTHY 1:14 (NIV)

LIFE | *Abundant*

"I have come that they may have life," our Lord tells us in John 10:10, "and that they may have it more abundantly." That promise of abundance may take us by surprise, but it is absolutely characteristic of our God. He is abundantly generous, expansive in love, overflowing in mercy, teeming with life. He wants so much more for us than what we can even imagine!

Providence has always been about enhancing life. Each year's Annual Report gives us an opportunity to look back and remember the lives we've touched, the relationships we've enriched, and the joys we've shared. At the end of 2011, we are celebrating such highlights as these:

Park Place of Elmhurst (Illinois) represents new ministry opportunities for Providence Life Services. Our first "Life Care" community, Park Place will offer residents a vibrant lifestyle at a locked-in rate, with guaranteed access to assisted living, memory support, or skilled nursing in the future as new health needs arise. Construction is nearly complete, and the first residents are scheduled to move in by early 2012.



Providence At Home has begun extending their reach — in 2011 they stretched their service area to include Chicago's western suburbs, and further growth is anticipated.

Holland Home completed the transformation of their fourth floor lobby area into a warm, welcoming fellowship foyer, adding a special dining venue off the main hallway. The change has given residents and their families more comfortable places to socialize and enjoy each other's company.

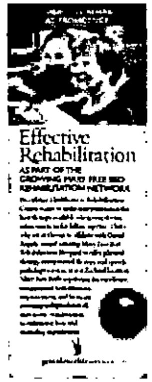
Starting this spring, ***Village Woods*** began partnering with Providence At Home to offer nursing services to Independent Living residents. With these additional services, we were able to offer greater levels of care to residents who might not otherwise be able to live on their own safely.

Providence Healthcare & Rehabilitation Center of South Holland formalized an arrangement with Ingalls Health Systems, who now provides rehabilitation services at our location, as well as laboratory, x-ray, and physician services. Providence and Ingalls are working closely together to analyze hospital readmission rates and develop clinical pathways designed to minimize hospital recidivism, which benefits not only our patients but also both our organizations.

Mission

To enhance the lives of those we serve in the name of Jesus Christ

Providence Healthcare & Rehabilitation Center of Zeeland formalized an arrangement with Mary Free Bed, the largest rehabilitation hospital in Michigan. Providence will become part of the Mary Free Bed network.



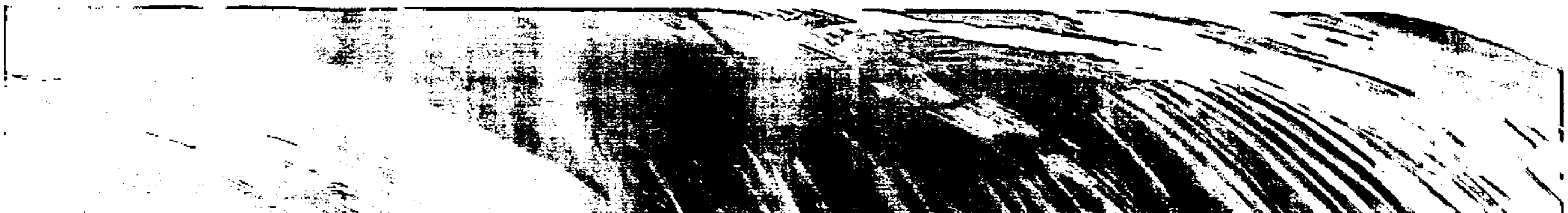
Many of the rooms in our ***skilled nursing communities*** have been converted to private accommodations and enhanced with new décor and furniture, including flat-screen TVs. Responses from the people we serve indicate that they find the atmosphere more conducive to recovery. Stop by sometime and see what we've done!

Thank you for joining us in this ministry partnership. Because of your faithfulness and generosity, Providence Life Services is able to provide skilled nursing care, assisted living services, independent living options, and in-home assistance to thousands of seniors each year, from 14 locations, in 3 states — all in the name of a compassionate Christ.

As you look through this year's Annual Report, we pray that you will join us in praising God for the abundant life He has made available, and the abundant opportunities to share that life with others.

RICHARD VAN HATTEM, *Chair*

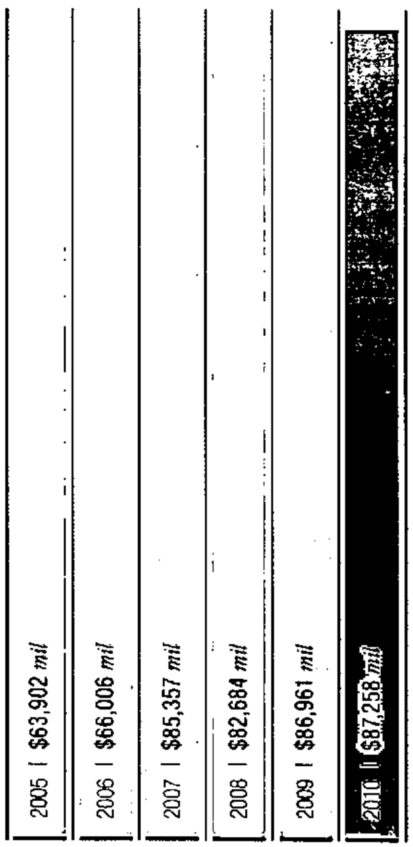
RICHARD C. SCHUTT, *CEO*



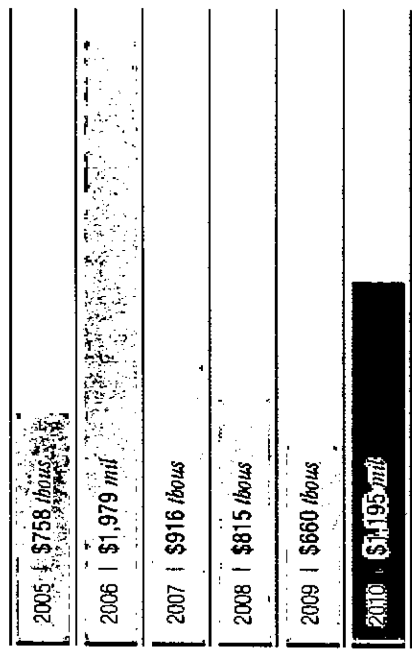
FINANCIAL *Information*

Providence Life Services is able to provide a variety of services to thousands of people because of the abundant generosity of a broad Christian family.

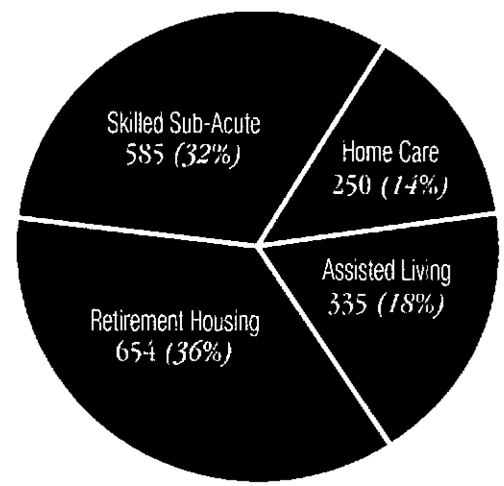
REVENUE *from all Sources*



DONATIONS *from faithful partners*



CURRENT CAPACITY BY ***Service Provision***



TOTAL CLIENTS SERVED IN 2010: *4,730*

Combined BALANCE SHEETS *(dollars in thousands)*

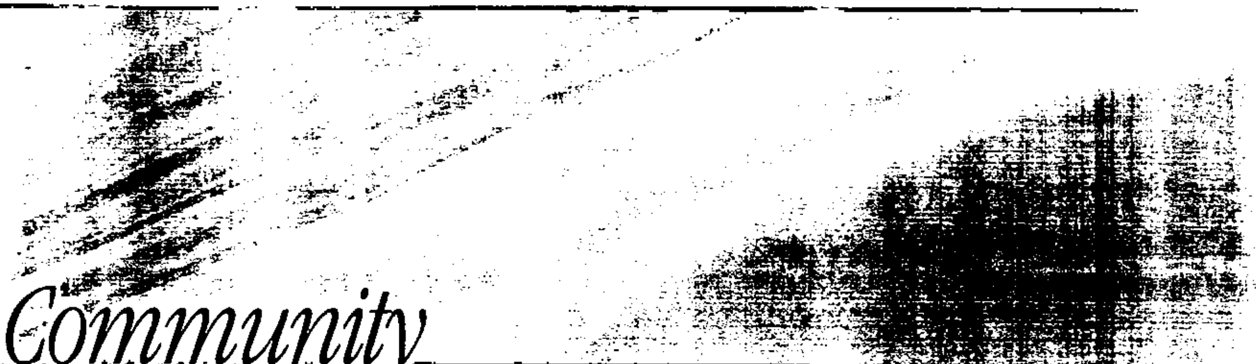
Assets	12/31/10	12/31/09
Cash and Cash Equivalents	$12,130	$11,405
Short-term Investments	10,101	9,069
Resident Accounts Receivable Net of Allowance	10,848	10,691
Property Plant and Equipment, Net	114,021	85,636
Assets whose use is Limited	118,407	
Other Assets	10,410	5,774
Total Assets	$275,917	$122,575
Liabilities and Net Assets		
Accounts Payable and Accrued Expenses	$24,502	$21,090
Deposits from Residents	3,153	3,397
Current/Long-Term Debt	229,548	79,963
Total Liabilities	$257,203	$104,450
Net Assets		
Unrestricted	$17,630	$17,803
Temporarily Restricted	1,084	322
Total Net Assets	$18,714	$18,125
Total Liabilities And Net Assets	$275,917	$122,575

Combined STATEMENT OF OPERATIONS *(dollars in thousands)*

Operating Revenues	12/31/10	12/31/09
Net Patient Service Revenue	$78,050	$78,949
Other Revenue	6,240	5,797
Total Operating Revenues	$84,290	$84,746
Operating Expenses		
Cost of Resident Care	$79,176	$83,132
Interest Expense	3,050	1,698
Depreciation and Amortization	4,176	4,203
Other	1,469	541
Total Operating Expenses	$87,871	$89,574
Gain/Loss From Operations	($3,581)	($4,828)
Contributions	1,195	660
Investment Income	1,774	1,555
Revenue and Gains Deficient of Expenses and Losses	($612)	($2,613)

The selected financial information of Providence Life Services as of and for the years ended December 31, 2010 and 2009, has been derived from consolidated financial statements.

A copy of our audited financial statements and the independent auditors' report thereon may be obtained by contacting Bill De Young, Chief Financial Officer, at 708.342.8100.



GENEROUS *Community*

It's good to be in community with people who find it just as rewarding to give as to receive. This year, Providence Life Services received generous donations from the following individuals, families, churches, businesses, and ministries:

GIFTS RECEIVED
10|1|2010 - 9|30|2011

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Mrs. Sharon Aardema
Mr. Timothy Abbring
Mr. and Mrs. Nick Ahrens
Alliance Pharmacy Services & Alliance Rehab
Allied Waste (Groen Waste Services)
Ms. Janet Almen
Amber Mechanical Contractors
Mrs. Lois Amptmeyer
Mrs. Lenora Anker
Ms. Jacqueline Archer
Arch Consultants
Mr. and Mrs. Donald Arnell
Mr. and Mrs. Roland Arnell
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Assurance Agency, Ltd.
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Mr. and Mrs. Richard Baas
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Ms. Joanne Bantsolas
Mr. and Mrs. Marcus W. Barnes
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Mrs. Betty Beenes
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Mr. and Mrs. Harry Beezhold
Mr. and Mrs. Robert Beintum
Mrs. Dorothy Beishuizen
Mr. and Mrs. Thomas Beishuizen
Mrs. Mary Bell
Ms. Kristy Bello
Mrs. Julie Benda
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Ms. Judy Bettenhausen
Mr. and Mrs. Al Bilthouse
Mr. and Mrs. Eli Birnbaum
Mrs. Eve Bishir
Mr. and Mrs. John Bishir
Ms. Sharon L. Black
Mr. and Mrs. Roger Blummer
Mr. and Mrs. Terry Blummer
Ms. Helen Bodinet
Ms. Marianne Bodtke
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Mrs. Jennie Boerema
Mr. and Mrs. Marvin Boerema
Mr. John Boeringa
Mr. Edward N. Boersma
Mr. and Mrs. Henry Boersma, Jr.
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Mrs. Grace Bolt
Mrs. Mae Bolt
Mr. and Mrs. Timothy Bolt
Mrs. Janet Boomsma
Mrs. Mariellen Boomsma
Mrs. Lois Boonstra
Ms. Danette Borns
Mrs. Susan Bortel
Mr. and Mrs. Alvin A. Bosma
Mr. and Mrs. Andrew Bosma
Ms. Ruth M. Bosman
Mr. and Mrs. Kevin Botma
Ms. Anita Boyd
Mr. and Mrs. Robert Brakrog
Brandsma Family Foundation
Mrs. Debra Brandy
Ms. Shirley Braxton
Mrs. Tammi Braxton
Mrs. Carol Breems
Mr. and Mrs. Kenneth M. Brink
Mrs. Carol A. Brooks
Mr. and Ms. Richard Brouwer
Mrs. Cheryl Brown
Ms. Stefanie Bruinsma
Mr. and Mrs. Fred Buck
Rev. John Bucka
Ms. Amy L. Buikema
Mr. and Mrs. Edward Buikema
Mr. and Mrs. Edwin Buikema
Mrs. Gert Buikema
Mr. and Mrs. Kevin Buikema
Mr. and Mrs. Robert H. Buikema
Mrs. Ruth Buikema
Mr. and Mrs. Timothy J. Buikema
Mr. and Mrs. William Buikema, Jr.
Mr. and Mrs. William R. Buikema, Sr.
Mrs. Yvonne Buikema
Mr. and Mrs. Kenneth Bulthuis
Mr. and Mrs. Rick Bulthuis
Mrs. Tillie Bulthuis
Ms. Carol Burgeson Yundt
Business Only Broadband
Mrs. Bernice Bussema
Mr. and Mrs. Thomas Bytwork
C.W. Transport
Calvary Reformed Church of Orland Park
Calvin Christian Reformed Church
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Mrs. Carol Candell
Ms. Virginia Cano
Ms. Maria Caporizzo
Mr. Steven Cappadonia and Ms. Mary Buikema
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Mrs. Dorothea Carlson
Mr. and Mrs. Greg Carlson
Mrs. Cheryl Carr
Ms. Kymberlee Carr
Mrs. June Cavanaugh
Chicago Disposal, Inc.
Cimco-Comcast
Ms. Mary Anne Clairmont
Ms. Hyun Clark
Mrs. Kathy Clark
Classis Illiana

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Mr. and Mrs. Russell Clousing
Ms. Rose M. Cogler
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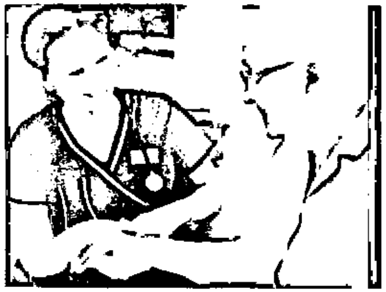
Community Christian Church of Lemont
Dr. and Mrs. Edwin Cook
Mrs. Mina Cook
Mr. and Mrs. Richard Cook
Mr. George Cooper
Mr. and Mrs. Kenneth E. Cooper
Mrs. Sandra J. Cooper
Cornerstone Protestant Reformed Church - Dyer
Crete Reformed Church
Mrs. Beth Cunningham
Daniel Paul Chairs, LLC



Mr. and Mrs. Wayne David
Mrs. Jean Davids
Mr. and Mrs. John Davids
Mr. Dale Davidson and Ms. Phyllis Swanson
Mr. and Mrs. Daniel Davis
Ms. Colleen Davison
Mr. and Mrs. Andrew De Boer
Mr. and Mrs. Jack De Boer
Mrs. Janice De Boer
Mr. and Mrs. Paul and Dorothy De Boer
Mr. and Mrs. Paul and Pam De Boer
Mr. and Mrs. Richard De Boer
Mr. and Mrs. Richard K. De Boer
Mr. and Mrs. Henry De Bruin
Mrs. Henrietta De Graff
Mr. and Mrs. Roger De Graff
Mr. and Mrs. Warren De Graff
Mr. and Mrs. Douglas De Groot
Madelyn De Groot Estate
Ms. Millie De Groot

Mr. and Mrs. Nick De Groot
Dr. George A. De Jong
Mr. and Mrs. Jacob De Jong
Ms. Jennifer De Vries
Mr. and Mrs. Marvin H. De Vries
Mr. Sid De Vries
Mr. and Mrs. Bill and Kathy De Young
Mr. and Mrs. Bill and Elaine De Young
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Mr. and Mrs. John E. De Young, Jr.
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Mr. Albert J. Decker
Ms. Debra L. Decker
Mr. and Mrs. Art Deckinga
Mr. and Mrs. John Deckinga
Mrs. Lorraine Deckinga
Mr. and Mrs. John DeMarchi
Mr. and Mrs. Dale Derks
Mr. and Mrs. Barry Dickerson
Mrs. Pat Diekman
Mr. Andrew Diepstra
Dr. and Mrs. Albert Diepstra
Mr. Edward Dik
Mr. Carl L. Dinges
Mr. and Mrs. Brian Dobben
Mrs. Margaret Dokter
Mr. and Mrs. Melvin Dokter
Mr. and Mrs. Edward Donnelly
Mr. and Mrs. Henry Doorn
Mr. and Mrs. James Doorn
Dr. and Mrs. Shane Doot
Mr. and Mrs. Bill Dowgiallo

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Mrs. Beth Dreyer
Dunhill Tuxedos
Mrs. Henrietta Dwarshuis
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Mr. and Mrs. Ben Dykstra
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Mr. and Mrs. John Dykstra
Mrs. Michelle Dykstra
Mr. and Mrs. Richard Dykstra
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eHealth Data Solutions
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Mr. James Eizenga
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Mr. and Mrs. John Evenhouse
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Faith Christian Reformed Church - Tinley Park
Faith Church in Dyer
Dr. and Mrs. Craig M. Feenstra
First Christian Reformed Church of Highland
First Christian Reformed Church of South Holland
First Financial Bank NA - Schererville
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First Reformed Church of Lansing
First United Reformed Church of Oak Lawn
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Mrs. Mary Ann Gouwens
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Grace Reformed Church
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Ms. Annie Gras
Great Lakes Roofing & Construction Co. Inc.
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Mr. and Mrs. Fred Hoekstra
Mr. and Mrs. George and Sharon Hoekstra

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Mr. and Mrs. Howard Hoff
Mrs. Kim Hoff
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Mr. and Mrs. Terry Hofmeyer
Mrs. Louise Hofstra
Ms. Patricia Hogan
Mr. John Hohm
Mr. and Mrs. David Hoitsma
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Mr. Donald Holwerda
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Ms. Mary Ellen Houston

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Mr. and Mrs. Peter Huizenga
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Mr. and Mrs. Fred W. Huizinga
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Miss Debra J. Hulford
Mr. Elmer Hurt
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Ivanhoe - New Hope Church
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Mr. and Mrs. Robert J. Iwema
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Mr. and Mrs. Mathew James
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Ms. Melanie Jongsma
Joseph J. Duffy Co.
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Mr. and Mrs. Richard Kooy
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Mr. and Mrs. Don Koster

Mr. and Mrs. Ronald Kovar
Mrs. Anita Kozlowski
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Kramer-Leonard Office Products - Mark Groen
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Kronos, Inc.
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Ms. Juliana Kruse
Ms. Mary A. Kruse
Mrs. Hilda Kuiken
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Mr. Harold Landt
Laner Muchin - Tom Bradley
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Mr. and Mrs. Michael Larson
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Mr. and Mrs. David Lavin
Mr. Tim Lawler
Ms. Joan Lawson
Mr. Clarence Leenswaart
Mr. and Mrs. Bruce Leep
Mr. and Mrs. E. Kenneth Leep
Mr. and Mrs. Jack Legrand
Mr. and Mrs. Thomas Lemmenes
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Mrs. Donna Leo
Mr. and Mrs. John Leo

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Mrs. Paula Levine
Ms. Stephanie Lilly
Mr. and Mrs. John Lindemulder
Mrs. Lisa M. Liskiewicz
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Mr. and Mrs. David Lorenz
Ms. Clara Loving
Mr. and Mrs. Rolando Luciano
Mrs. Darlene Macelli
Mrs. Barbara Maenner
Mrs. Joanne Marchione
Ms. Lenore S. Marema
Marianjoy Rehab Hospital
Martin-Whalen Office Solutions
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Ms. Lorraine Matuszak
Mrs. Terri Maxeiner
Mr. Kevin May
MB Financial Bank - South Holland
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Mrs. Janis McHugh
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Mr. Vincent McLean
Ms. Anne McNicholas
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Mr. and Mrs. Glenn Medema
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Ms. Martena Meier
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Mr. and Mrs. George Metanias
Mrs. Laura Meter
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Mr. and Mrs. Edward Meyer
Mrs. Florence Meyer
Mr. and Mrs. Charles Michaels

Mrs. Judith A. Miner
Mr. and Mrs. Richard A. Molenhouse
Mr. and Mrs. Rick Molenhouse
Momence Orthodox Presbyterian Church
Ms. Marilyn Mondane
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Mr. and Mrs. Jeff Mukamal
Mr. and Mrs. Thomas Muller
Ms. Francine Myers
Myers, Carden & Sax, LLC
Mrs. April R. Narjes

000269

ATTACHMENT-43

GENEROUS *Community*

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Mr. and Mrs. Robert Neiman
Mr. and Mrs. Harry Nelson
Mr. and Mrs. Kurt W. Nelson
Ms. Nakia Nicholson
Mrs. Diane Nielsen
Mr. Richard Nolden
Ms. Doris Norman
Mr. Joseph Nowak
Oak Glen United Reformed Church
Oak Worth Plumbing
Ms. Judith Oakley-Montag
Ms. Ethel F. Olthof
Mr. and Mrs. Scott Olthof

Mr. and Mrs. James Olthoff
Mr. and Mrs. William Ooms
Mr. and Mrs. Richard Oost
Mr. and Mrs. Jack Oostendorp
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Mr. and Mrs. Larry J. Otte
Ms. Cornelia J. Ottenhoff
Ms. Barbara Otto
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Mrs. Grace Ozinga
Mrs. Hilda Ozinga
Mr. Martin Ozinga, Jr.
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Mr. and Mrs. Ralph Paarlberg
Mr. Joe Pacholski
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Mr. and Mrs. John Pappas
Mr. Robert Parker
Ms. Ruth Pastoor
Mr. Stephen Pasztor
Peace Village
Perkins & Will
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Mr. Ronald Peters
Ms. Emeline Pickands
Mrs. Candy Piersma
Mr. and Mrs. Donald Piersma
Mr. and Mrs. Robert Piersma
Ms. Gail Playford
Mr. George R. Pluister
Mr. and Mrs. Ron Pongracz
Mr. and Mrs. Craig Porter
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Mr. Richard L. Post
Mrs. Gert Price
Mr. Mark Pridgeon and Ms. Mackenzi Huyser
Mr. and Mrs. Ralph Prince
Prinsco II, LLC
Protestant Reformed Church of Crete
Providence Bank
Providence Life Services Auxiliary of Downers Grove
Providence Life Services Auxiliary of Palos Heights
Providence Life Services Holland Home Ladies Circle
Providence Management and Development Corp.
ProviNET Solutions
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Mr. and Mrs. Daniel Quist
Ms. Bonnie Rauch
Mrs. Kristine J. Ravesloot
Mrs. Gloria Reece
Mr. Randy Reinsma
Ms. Marilyn Renk
Ms. Noelle Repetto
Mr. and Mrs. Steven P. Reusz
Mrs. Deborah Ricchio
Mr. and Mrs. Dan Ridder
Mr. James Ridder
Mr. John Ridder
Mr. and Mrs. Andrew M. Ridderhoff
Ms. Jeanne Rieker
Ms. Elaine Rigan
Mr. and Mrs. John Riley, Jr.
Mrs. Judith Rivera
Mr. and Mrs. Scott Roelofs
Ms. Robbie Romanoff
Mr. and Mrs. Edward Rosenwinkel
Mrs. Grace Rosenwinkel
Mr. and Mrs. John Rosier
Mr. and Mrs. Dennis Rosinski
Ms. Judith Rot
Mr. and Mrs. Raymond Rozendal
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Ruff, Weidenaar & Reidy, Ltd.
Mrs. Crisanta Ruisz
Ms. Sandra K. Rusnak
Ryan Companies
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Ms. Marilyn Rzab
Mr. and Mrs. Lee Saeger
Ms. Kelly Sanchez
Mr. Joe Sannosardo
Mr. and Mrs. Donald A. Santefort
Mr. George Schaaf
Mr. and Mrs. Philip Schaafsma, Sr.
Ms. Wilma Schaafsma
Mr. and Mrs. Luke Schaap
Mr. and Mrs. Richard Schaeffer
Schepel Buick, GMC, Cadillac
Mr. and Mrs. Dennis Scholtens
Mr. and Mrs. Earl C. Scholtens
Mrs. June Scholtens
Mr. and Mrs. Ken Schoon
Mr. and Mrs. Peter J. Schurman
Mr. and Mrs. David Schutt
Mrs. Dorothy B. Brink Schutt
Mrs. Joan L. Schutt
Mrs. Linda Schutt
Mr. and Mrs. Richard Schutt, Sr.
Mr. and Mrs. Richard C. Schutt
Mr. and Mrs. Calvin Scott
Ms. Carol G. Scott
Ms. Janet Search
Mr. and Mrs. Richard Seifert
Ms. Dolores Shaffer
Mr. and Mrs. Dean Sheldon
Ms. Brandy Shifteh
Mr. and Mrs. Jack Shoemaker
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Mr. and Mrs. Bernard Slinkman
Mrs. Jeanette Sluis
Mr. and Mrs. Brian Sluiter
Mr. and Mrs. Clarence Smit
Mr. and Mrs. James and Cynthia Smit
Mr. and Mrs. James and Karen Smit
Mr. Robert Smit
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Ms. Catherine Solle
Ms. Mary T. Soule
Southland Mortgage, Inc.
Southwest Printing
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Ms. Joanne Steif-Nazimek
Stepping Stone Financial, Inc.
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Mrs. Morna Stewart

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Mr. and Mrs. Arnold J. Stolte
Stolte Enterprises, Inc.
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Mr. and Mrs. Ronald Tazelaar
TCF Foundation
TCF National Bank
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Ms. Megan Tengerstrom
Mr. and Mrs. Tony TenKate

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Mr. and Mrs. Henry Terpstra
Mr. and Mrs. Keith R. Terpstra
Mr. and Mrs. William C. Terpstra
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ATTACHMENT-43

QUALITY *Leadership*

We are grateful to the godly men and women who share their business skills and leadership gifts in direct oversight of this ministry.

Providence has been blessed with leaders who not only have the spiritual gift of leadership, but who also bring various backgrounds and varied experiences — all of which enriches their time in the Providence board room. They deeply care about the types of services we offer and the quality we guarantee. They ask pointed questions, make eloquent arguments, and cast passionate votes throughout their length of service. In fact, it may be surprising to realize that these committed, gifted professionals are serving as *volunteers*, generously donating their time and talent to ensure that Providence is meeting the needs of today as well as preparing for the needs of tomorrow.

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ATTACHMENT-43

MINISTRY *Need*

Our parents and grandparents are living longer, healthier lives — and we're grateful for that! Medical advances and God's blessing have overcome life-threatening diseases and made it possible for people to enjoy more years in greater comfort than ever before.

The only concern that accompanies this blessing is the possibility that some of our seniors will outlive their resources and run out of money. Recent economic challenges don't help the situation — seniors' funds have diminished in value, and they have less time to recover.

Some reach a point where they are eligible for Medicaid. But our Medicaid reimbursement rate does not cover the actual costs for quality care.

Unwilling to reduce the quality of our care in order to save money, Providence depends on a broad family of caring Christians to meet these needs. Thanks to the faithful gifts of a generous family, we can overcome the shortfalls our residents face. In fact, last year this ministry gave $7 million in free care — which would not be possible without your gifts.

- $250 will help to subsidize 3 days of care
- $500 will help subsidize at least 1 week of care
- $1,500 will help provide at least 3 weeks of care

Will you make a gift again today?

Your support will allow us to step in and help people whose resources have been depleted. Your contributions will provide the quality care they need and deserve. And your partnership will ensure that all God's people are treated with dignity, respect, and Christian compassion.

www.ProvidenceLifeServices.com/Give

They will celebrate your abundant goodness

and joyfully sing of your righteousness.

PSALM 145:7 (NIV)

www.ProvidenceLifeServices.com

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PARK PLACE CHRISTIAN COMMUNITY OF ELMHURST
CON APPLICATION
CHARITY CARE INFORMATION

CHARITY CARE			
	2009	**2010**	**2011***
Net Patient Revenue	N/A	N/A	N/A
Amount of Charity Care (charges)	N/A	N/A	N/A
Cost of Charity Care	N/A	N/A	N/A

Park Place is scheduled to open later in calendar year 2012. It is anticipated that the vast majority of residents will enter the facility through Independent Living under a life care contract that provides each life care resident with the care they may require, including skilled care, for life. Consequently, it is not anticipated that the facility will provide "charity care" as such term is defined by the State and the projected free care is zero. Therefore, the projected ratio of charity care to net patient revenue by the end of its second year of operation is not applicable. With the removal of the CCRC variance Park Place will now be able to accept Medicaid residents, although most beds must be available to life care contract holders.

The facility's projected patient mix by payer source is as follows:

Private Pay	67.6%
Medicare	27.0%
Medicaid	5.4%
Total	100%

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