



Public Health and Health Planning Council

Project # 132316-E
Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center

County: Queens
Purpose: Establishment

Program: Residential Health Care Facility
Acknowledged: December 12, 2013

Executive Summary

Description

Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center (Hendon Garden), a for-profit entity, proposes to be established as the new operator of Episcopal Health Services, Inc., d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home, a voluntary not-for-profit corporation. The facility is a 163-bed residential health care facility (RHCF) located at 17-11 Brookhaven Avenue, Far Rockaway, (Queens County).

Ownership of the operations before and after the requested change is as follows:

<u>Current Operator</u> Episcopal Health Services, Inc., d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home	<u>Proposed Operator</u> Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center	
	Michael Melnicke	80%
	Leo Friedman	20%

One of the proposed new operators, Michael Melnicke presently has ownership interest in the following Nursing Homes: Park House Care Center, LLC; Rockaway Care Center, LLC; Hudson View Care Center, Inc., d/b/a Regency Extended Care Center; Caton Park Nursing Home; Sunshine Care Corporation d/b/a Hempstead Park Nursing Home. Their financial summaries are presented as BFA Attachments D through H. The proposed members are also receivers of Peninsula General Nursing Home Corporation d/b/a Peninsula Center for Extended Care and Rehabilitation, and under CON 122219, the Public Health and Planning Council (PHHPC) on 08/01/13, contingently approved them to become the operators

(its new name will be Cardiff Bay Center, LLC d/b/a Cardiff Bay Center for Rehabilitation and Nursing). Its financial summary is presented as BFA Attachments I.

DOH Recommendation
Contingent Approval

Need Summary
Bishop Charles Waldo MacLean Episcopal Nursing Home's utilization was 91.0% in 2010, 85.0% in 2011, and 76.4% in 2012. Since the facility reopened its closed 40-bed unit, occupancy has risen to 92.6% (unaudited) through September 2013. It is anticipated that this percentage will be maintained.

The change in ownership will not result in any change in beds or services.

Program Summary
No negative information has been received concerning the character and competence of the proposed applicants identified as new members.

No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application.

Financial Summary
Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center will acquire the RHCF operating assets for \$4,000,000, which will be funded as follows: \$800,000 from members' equity and a 10-year term loan of \$3,200,000, with a 20-year

amortization schedule at a 5.75% interest rate. There are no project costs associated with this application

Subject to the above noted contingencies, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Budget:	Revenues:	\$14,116,907
	Expenses:	<u>\$12,965,841</u>
	Gain:	\$1,151,066

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Health Systems Management

Approval contingent upon:

1. The submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
 - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
 - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
 - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy; and
 - d. Submit an annual report for two years to the DOH, which demonstrates substantial progress with the implement of the plan. The plan should include but not be limited to:
 - Information on activities relating to a-c above;
 - Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
 - Other factors as determined by the applicant to be pertinent.

The DOH reserves the right to require continued reporting beyond the two year period. [RNR]

3. Submission of a loan commitment, acceptable to the Department. [BFA]
4. Submission of a working capital loan commitment, acceptable to the Department. [BFA]
5. Submission of a photocopy of an executed Certificate of Amendment of the Articles of Organization of Hendon Garden Center, LLC, acceptable to the Department. [CSL]
6. Submission of a photocopy of an executed amended and restated operating agreement of Hendon Garden Center, LLC, acceptable to the Department. [CSL]
7. Submission of a photocopy of the executed assignment and assumption of lease between Episcopal Health Services, Inc. and Hendon Garden Center, LLC, acceptable to the Department. [BFA, CSL]
8. Submission of a photocopy of an executed Certificate of Amendment of the Certificate of Incorporation of Episcopal Health Services, Inc., acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within two years from the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

April 10, 2014

Need Analysis

Background

Hendon Garden Center LLC, d/b/a Hendon Garden Nursing and Rehabilitation Center, seeks approval to become the established operator of Bishop Charles Waldo MacLean Episcopal Nursing Home. Bishop Charles Waldo MacLean Episcopal Nursing Home is an existing 163-bed Article 28 residential health care facility located at 17-11 Brookhaven Avenue, Far Rockaway, 11691, in Queens County.

Analysis

There is currently a need of 8,663 beds in the New York City Region, as indicated in Table 1 below. However, the overall occupancy for the New York City Region is 94.8% for 2012, as indicated in Table 2.

Table 1: RHCN Need –New York City Region

2016 Projected Need	51,071
Current Beds	42,330
Beds Under Construction	78
Total Resources	42,408
Unmet Need	8,663

Bishop Charles Waldo MacLean Episcopal Nursing Home's utilization was 91.0% in 2010, 85.0% in 2011, and 76.4% in 2012. The utilization for this facility has declined in previous years due to the closure of a 40-bed unit in anticipation of admitting acute patients from Peninsula Hospital. However, Peninsula Hospital did not close as anticipated, and the facility did not begin readmitting residents until September 2012.

Table 2: Bishop Charles Waldo MacLean Episcopal Nursing Home/Queens County/New York City Region Occupancy

Facility/County/Region	2010	2011	2012
Bishop Charles Waldo MacLean Episcopal NH	91.0%	85.0%	76.4%
Queens County	94.7%	94.4%	94.0%
New York City Region	95.4%	94.8%	94.8%

Access

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, or of the Health Systems Agency area Medicaid admissions percentage, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department. An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patient's admissions is at least 75% of the planning area percentage or Health Systems Agency percentage, whichever is applicable.

Bishop Charles Waldo MacLean Episcopal Nursing Home's Medicaid admissions of 44.3% in 2011 and 74.9% in 2012 exceeded the Queens County 75% rates of 30.4% in 2011 and 29.7% in 2012.

Conclusion

Approval of this application will result in the maintenance of necessary community resource that provides needed services to the Medicaid population.

Recommendation

From a need perspective, contingent approval is recommended.

<h2 style="margin: 0;">Program Analysis</h2>
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Program Description

	EXISTING	PROPOSED
Facility Name	Bishop Charles Waldo MacLean Episcopal Nursing Home	Hendon Garden Nursing and Rehabilitation Center
Address	17-11 Brookhaven Avenue Far Rockaway, NY 116	Same
RHCF Capacity	163	Same
ADHC Program Capacity	N/A	Same
Type of Operator	Voluntary	Proprietary
Class of Operator	Corporation	LLC
Operator	Episcopal Health Services, Inc.	Hendon Garden Center LLC Managing Member: Michael Melnicke 80% Member: Leopold Friedman 20%

Character and Competence - Background

Facilities Reviewed

Nursing Homes

Park Nursing Home	01/2004 to present
Rockaway Care Center	01/2004 to present
Regency Extended Care Center	01/2004 to present
Caton Park Nursing Home	01/2004 to present
Hempstead Park Nursing Home	01/2004 to present

Nursing Homes in Receivership

Peninsula Center for Extended Care and Rehabilitation	01/2013 to present
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Licensed Home Care Services Agency (LHCSA)

Ultimate Care, Inc.	02/2010 to present
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Individual Background Review

Michael Melnicke is a licensed nursing home administrator in the states of New York and Connecticut and is considered to be in good standing. He lists his current employment as the receiver of Peninsula Center for Extended Care and Rehabilitation. Mr. Melnicke discloses the following ownership interests:

Park Nursing Home	1987 to present
Rockaway Care Center	1992 to present
Regency Extended Care Center	1993 to present
Caton Park Nursing Home	1994 to present
Hempstead Park Nursing Home	1998 to present
Peninsula Center for Extended Care and Rehabilitation	01/2013 to present

Leopold Friedman is the Chief Executive Officer of Advanced Care Staffing, Inc., a healthcare staffing agency. He is also the receiver of Peninsula Center for Extended Care and Rehabilitation. Mr. Friedman discloses the following ownership interests:

Peninsula Center for Extended Care and Rehabilitation	01/2013 to present
Ultimate Care, Inc.	02/2010 to present

Character and Competence - Analysis

No negative information has been received concerning the character and competence of the applicants.

A review of operations for Park Nursing Home for the period identified above reveals that the facility was fined \$6,000 pursuant to a Stipulation and Order for surveillance findings on May 14, 2008. Deficiencies were found under 10 NYCRR 415.12 - Quality of Care, 10 NYCRR 415.15(b)(1)(i)&(ii) – Medical Services: Physician Services; and 10 NYCRR 415.18(a) – Pharmacy Services

A review of the Regency Extended Care Center for the period identified above reveals that the facility was fined \$2,000 pursuant to a Stipulation and Order for surveillance findings on November 17, 2005. Deficiencies were found under 10 NYCRR 415.12 – Quality of Care.

A review of the Hempstead Park Nursing Home for the period identified above reveals that the facility was fined \$10,000 pursuant to a Stipulation and Order for surveillance findings on January 9, 2009. Deficiencies were found under 10 NYCRR 415.12 — Quality of Care.

The facility was also fined \$8,000 pursuant to a Stipulation and Order for surveillance findings on September 28, 2011. Deficiencies were found under 10 NYCRR 415.4(b) – Mistreatment/Neglect, Policies and Procedures; 10 NYCRR 415.4(b)(1)(ii) – Investigate/Report, Allegations; 10 NYCRR 415.5(g)(1)(i–xv) – Medically Related Social Services; and 10 NYCRR 415.26 – Administration.

A review of operations for the Park Nursing Home, Regency Extended Care Center, and Hempstead Park Nursing Home for the period identified above, results in a conclusion of substantially consistent high level of care since there were no repeat enforcements.

A review of operations for the Rockaway Care Center, Caton Park Nursing Home, and Peninsula Center for Extended Care and Rehabilitation for the periods identified above, results in a conclusion of substantially consistent high level of care since there were no enforcements.

A review of Ultimate Care, Inc. reveals that a substantially consistent high level of care has been provided since there were no enforcements.

Project Review

No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application. The facility is in compliance with CMS 2013 sprinkler mandates.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Asset Purchase Agreement

The applicant has submitted an executed asset purchase agreement for the purchase of the operating interest, the terms of which are summarized as follows:

Date:	August 24, 2012
Seller:	Episcopal Health Services, Inc. d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home

Purchaser:	Hendon Garden Center, LLC d/b/a Hendon Garden Nursing and Rehabilitation Center
Purchased Assets	Transfer, assign, and convey all title and interest in purchased assets free and clear of all liens, claims, assessments, security interests, mortgages and other encumbrances.
Excluded Assets	The name Bishop MacLean, trademarks or trade names, proprietary manuals, refunds, claims, and overpayments, retroactive rate increases, all assets not used in operations, balance sheets accounts (assets limited to use and other assets), and all donations and bequests.
Assumed Liabilities-Operations:	Assumed contracts including the Real Property Lease (with consent to assignment), those on the closing statement, and working capital loans.
Purchase Price	\$4,000,000
Payment of Purchase Price:	\$ 400,000 escrow deposit at sign of agreement \$3,600,000 due at closing

The purchase price is proposed to be satisfied as follows:

Equity	\$ 800,000
Loan - 5.75%, 10-year term (20 year amortization)	<u>3,200,000</u>
Total	\$4,000,000

A letter of interest has been provided by Meridian Capital Group, LLC in regards to the above noted loan. BFA Attachment A is the proposed members' net worth summary, which reveals sufficient resources to meet the equity requirement. It is noted that liquid resources may not be available in proportion to the proposed ownership interest. Michael Melnicke has provided an affidavit stating that he is willing to contribute resources disproportionate to his membership interest.

Michael Melnicke has furnished an affidavit making a commitment to personally fund the balloon payment on the proposed loan should terms acceptable to the Department of Health be unavailable at the time of refinancing.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility.

Lease Agreement

Episcopal Health Services, Inc., d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home occupies the premise under the terms of the amended executed lease agreement, of which are summarized as follows:

Date:	April 1, 2012 (effective as of January 1, 2014)
Premises:	163-Bed RHCF located at 17-11Brookhaven Avenue, Far Rockaway, NY 11691
Owner/Landlord:	G & F Associates (a partnership)
Lessee:	Episcopal Health Services, Inc. d/b/a Bishop Charles Waldo Maclean Episcopal Nursing
Term:	Nine years & eight months – Two 5-year renewal options
Rent:	\$650,000 per year 01/1/14 through 12/31/2018 \$700,000 per year 01/01/19 through 12/31/2019
Provisions:	Taxes, utilities, insurance, and maintenance

Episcopal Health Services, Inc., in accordance with Section 2.6.1 (A) of the Asset Purchase Agreement, will assign the lease agreement with G&F Associates, an unrelated partnership and current landlord of the facility, from Bishop Charles Waldo Maclean Episcopal Nursing to Hendon Garden Center LLC.

The lease arrangement is an arm's length agreement. Medicaid capital reimbursement for the proposed applicant will change from the existing not-for-profit Article 28A methodology to the proprietary reimbursement methodology of return on/of equity.

It should be noted, the application states that Hendon Garden Center LLC has formed a new realty entity called Brookhaven Avenue, LLC, and they expect to purchase the real property from G &F Associates in the near future.

Operating Budget

The applicant has provided an operating budget, in 2014 dollars, for the first year of operations subsequent to the change in ownership. The budget is summarized below:

	<u>PER DIEM</u>	<u>TOTAL</u>
Revenues:		
Medicaid	\$219.62	\$10,447,983
Medicare	472..07	2,056,939
Private Pay & Other	350.00	1,018,090
Assessment Revenue		<u>593,895</u>
Total Revenues:		<u>\$14,116,907</u>
Expenses:		
Operating		\$12,010,142
Capital		<u>955,699</u>
Total Expenses:		\$12,965,841
Net Income:		<u>\$1,151,066</u>
RHFC Utilization (patient days)		55,108
RHFC Occupancy		92.63%

The following is noted with respect to the submitted RHCF operating budget:

- RHCF expenses include lease rental
- RHCF Medicaid revenues are based on the 4/01/2013 rates
- RHCF Medicare revenues were based upon the 2012 rates (2013 rate is higher)
- RHCF private pay revenues are based on 2012 rates (2013 rate is higher)
- RHCF projected utilization is 92.63%. Utilization as reported on the DOH website as of January 8, 2014 was 97.5%. Average utilization for the periods from 2006 through 2010 was 94.18% while utilization for periods from 2011 through 2012 averaged 76.7% as the results of the effects of Hurricanes Irene and Sandy.
- Breakeven utilization is projected at 83.4%.
- RHCF utilization by payor source is anticipated as follows:

Medicaid Fee-for-Service	86.33%
Medicare Fee-for-Service	7.91%
Private/Other	5.76%

Capability and Feasibility

Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center proposes to acquire the operating interest of Episcopal Health Services, Inc. d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home for \$4,000,000. The members will contribute \$800,000, in equity and enter into a loan for \$3,200,000 with Meridian Capital Group, LLC at the above stated terms. There are no project costs associated with this proposal.

The working capital requirement is estimated at \$2,160,974 and is based on two months of the first year expenses; half or \$ 1,080,487 will be satisfied from the members equity. The remaining \$1,080,487 will be satisfied through a self-amortizing 18-month term loan at a 3.25% interest rate with Meridian Capital Group, LLC. Review of BFA Attachment A, summary of net worth, indicates sufficient resources to satisfy the projects' equity requirements. It is also noted that liquid resources may not be available in proportion to ownership interest; therefore, Michael Melnicke has provided an affidavit stating he is willing to contribute resources disproportionate to his membership interest on behalf of Leo Friedman.

BFA Attachments B is the pro-forma balance sheets for Hendon Garden Center LLC d/b/a Hendon Garden Nursing and Rehabilitation Center, which shows the entity will start off with \$1,880,487 in equity. Total assets include \$4,000,000 in goodwill, which is not a liquid resource, nor is it recognized for Medicaid reimbursement. If goodwill was eliminated from the equation, then the total net assets would become a negative \$2,119,513.

The submitted budget indicates that net income of \$1,151,066 would be generated in the first year after change in ownership. The following is a comparison of 2012 historical and projected revenue and expense:

Projected Income	\$ 14,116,907
Projected Expense	<u>12,965,841</u>
Projected Net Income	\$1,151,066
Annual 2012 Income	\$11,196,275
Annual 2012 Expense	<u>14,407,292</u>
Annual 2012 Net Income (Loss)	(\$3,211,017)
Incremental Net Income (Loss)	<u>\$4,362,083</u>

The projected increase of \$2,920,632 in income is the results of bringing the occupancy to the levels achieved before Hurricanes Irene and Sandy. As shown on BFA Attachment C, in 2012 the facility occupancy was 76.2%, or 45,462 inpatient days at an average rate of \$246.28. The applicant expects utilization to increase by 9,646 inpatients days, primarily from an increase in Medicaid inpatient days of 8,813, bringing the occupancy to 92.63%. The first year average projected inpatient day rate is \$245.39 plus assessments.

Expenses are expected to decline by a net \$1,441,451 primarily from a reduction in the following: decline in fringe benefits of \$940,278, going from 44.2% of wages to 25.6%; a net reduction of \$86,190 between professional fees and salaries and wages, and a reduction of \$818,581 in administrative expenses. The facility will no longer be subject to Episcopal Health Services, Inc. overhead. The \$818,581 reduction was offset by other increases, bringing the net reduction to \$414,983. The budget appears to be reasonable.

Staff notes that with the expected 2014 implementation of managed care for nursing home residents, Medicaid reimbursement is expected to change from a state-wide price with cost-based capital component payment methodology to a negotiated reimbursement methodology. Facility payments will be the result of negotiations between the managed long term care plans and the facility. At this point in time, it cannot be determined what financial impact this change in reimbursement methodology will have on this project.

As shown on BFA Attachment C, Episcopal Health Services, Inc. d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home for the years 2010 through 2012, the RHC had an average negative net asset position of \$2,526,431, average negative working capital position of \$1,350,564, and generated an average operating loss of \$3,561,954. The operating losses during 2011 and 2012 were magnified due to the added costs and lower occupancy as the results of effects of Hurricanes Irene and Sandy. The applicant provided a September 30, 2013 internal income statement showing the facility generated an operating surplus of \$2,303,000 on revenues of \$13,858,000. Average occupancy during the period from 2010 through 2012 was 81.44%.

As shown on BFA Attachment D, Park House Care Center, LLC for the period from 2011 through September 30, 2013, the RHCf had an average negative working capital position of \$1,788,152, average negative net asset position, which turned to a positive \$934,833 as of September 30, 2013, and generated an average operating surplus of \$412,465. The \$439,630 loss in 2011 was primarily due to a net reduction in the Medicaid rate, which totaled approximately \$556,130 for the year. The average occupancy for the period was 93.61%.

As shown on BFA Attachment E, Rockaway Care Center, LLC for the period from 2011 through September 30, 2013, the RHCf had an average negative working capital position of \$2,469,598, a positive average net asset position of \$843,185, and generated an average operating surplus of \$974,069. Negative working capital is attributed to loan related to super storm Sandy renovations. These loan funds have temporarily been listed as current liability. The average occupancy for the period was 79.37%.

As shown on BFA Attachment F, Hudson View Care Center, Inc. d/b/a Regency Extended Care Center for the period from 2011 through September 30, 2013, the RHCf had an average negative working capital position of \$4,945,090, an average negative net asset position, which turn to a positive \$132,713 as of September 30, 2013. During this time frame, the facility generated an average operating surplus of \$3,078,982. The negative working capital is attributed to borrowed funds to finance recent sprinkler construction, as well as a dialysis project (CON 082111) presently under construction. The average occupancy for the period was 97.77%.

As shown on BFA Attachment G, Caton Park Nursing Home for the period from 2011 through September 30, 2013, the RHCf had an average positive working capital position of \$366,505, a positive net asset position of \$1,018,344, and generated an average operating surplus of \$567,255. The average occupancy for the period was 98.02%.

As shown on BFA Attachment H, Sunshine Care Corporation d/b/a Hempstead Park Nursing Home for the period from 2011 through September 30, 2013, the RHCf had a negative working capital position of \$9,293,828, a negative net asset position of \$7,817,648, and generated an average operating surplus of \$1,003,085. Per the applicant the negative net assets stems from longstanding issues (seven year ago), prior to the current ownership taking over operations of the RHCf. The operator expects to reduce the negative net assets over time through continuing to generate positive operating results. The average occupancy for the period was 92.01%.

As shown on BFA Attachment I, Cardiff Bay Center, LLC d/b/a Cardiff Bay Center for Rehabilitation and Nursing (entered into receivership agreement and Asset Purchase Agreement for Peninsula Center for Extended Care and Rehabilitation, which was contingently approved under CON 122219 by the Public Health and Planning Council 08/01/13). According to the applicant, the monthly average census from August 2012 to February 3, 2013, ranged from 162 to 181 residents, or about 81% to 90.5% occupancy. This was due in part to having residents from RHCf facilities impacted by Hurricane Sandy temporarily relocated to the facility. For the months of March and June 2013, the occupancy dipped below 80% as the results of the residents displaced by Hurricane Sandy returning to their original RHCf. Since July 2013, the facility has experienced an increase in occupancy. During the first nine months of 2013, the facility generated operating surplus of \$85,544, had \$113,477 in net assets, and slight negative working capital of \$202,452.

Based on the preceding, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, contingent approval is recommended.

Attachments

BFA Attachment A	Net Worth of Proposed Members, Hendon Garden Center, LLC d/b/a Hendon Garden Nursing and Rehabilitation Center
BFA Attachment B	Pro-forma Balance Sheet, Hendon Garden Center, LLC d/b/a Hendon Garden Nursing and Rehabilitation Center
BFA Attachment C	Episcopal Health Services, Inc., d/b/a Bishop Charles Waldo Maclean Episcopal Nursing Home
BFA Attachment D	Financial Summary, Park House Care Center, LLC
BFA Attachment E	Financial Summary, Rockaway Care Center, LLC
BFA Attachment F	Financial Summary, Hudson View Care Center, Inc. d/b/a Regency Extended Care Center
BFA Attachment G	Financial Summary, Caton Park Nursing Home
BFA Attachment H	Financial Summary, Sunshine Care Corporation d/b/a Hempstead Park Nursing Home
BFA Attachment I	Financial Summary, Cardiff Bay Center, LLC d/b/a Cardiff Bay Center for Rehabilitation and Nursing

HENDON GARDEN CENTER, LLC
Doing Business As
HENDON GARDEN NURSING AND REHABILITATION CENTER

PRO FORMA BALANCE SHEET

ASSETS

Working Capital	\$2,160,973
Accounts Receivable (Net of Acquisition)	\$0
Goodwill	\$4,000,000
Inventories	\$0
Prepaid Expenses	\$0
Resident Funds	\$0
TOTAL ASSETS	<u><u>\$6,160,973</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Acquisition Loans	\$3,200,000
Working Capital Loan	\$1,080,487
Resident Funds	\$0
TOTAL LIABILITIES	<u><u>\$4,280,487</u></u>

MEMBER EQUITY \$1,880,487

**TOTAL LIABILITIES AND
MEMBER EQUITY** \$6,160,973

Project 132316
Attachment C

Financial Summary

Episcopal Health Services, Inc
d/b/a/ Bishop Charles Waldo Maclean Episcopal Nursing Home

FISCAL PERIOD ENDED	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
ASSETS - CURRENT	\$3,238,031	\$1,797,960	\$2,375,562
ASSETS - FIXED AND OTHER	1,008,469	884,623	812,774
LIABILITIES - CURRENT	6,994,815	3,006,508	1,461,923
LIABILITIES - LONG-TERM	0	<u>1,518,239</u>	<u>4,715,226</u>
EQUITY	(\$2,748,315)	(\$1,842,164)	(\$2,988,813)
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INCOME	\$11,196,275	\$11,207,965	\$12,465,406
EXPENSE	<u>14,407,292</u>	<u>15,693,998</u>	<u>15,454,219</u>
Total Net Income (Loss)	(\$3,211,017)	(\$4,486,033)	(\$2,988,813)
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NUMBER OF BEDS	163	163	163
PERCENT OF OCCUPANCY (DAYS)	76.20%	77.16%	90.97%
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PERCENT OCCUPANCY (DAYS):			
MEDICAID	85.26%	86.25%	88.61%
MEDICARE	7.25%	7.81%	6.36%
PRIVATE/OTHER	7.50%	5.94%	5.03%
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Average Working Capital	(\$1,350,564)		
Average Net Assets	(\$2,526,431)		
Average Net Income (Loss)	(\$3,561,954)		
Average Occupancy	81.44%		

Project 132316
Attachment D

Financial Summary

Park House Care Center, LLC

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$3,067,131	\$2,395,898	\$2,638,263
ASSETS - FIXED AND OTHER	3,015,719	1,378,546	1,287,086
LIABILITIES - CURRENT	4,823,797	4,201,901	4,440,049
LIABILITIES - LONG-TERM	<u>324,220</u>	<u>324,220</u>	<u>1,072,494</u>
EQUITY	\$934,833	(\$751,677)	(\$1,587,194)
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INCOME	\$10,139,209	\$12,121,685	\$11,805,359
EXPENSE	<u>8,897,702</u>	<u>11,686,168</u>	<u>12,244,989</u>
NET INCOME	\$1,241,507	\$435,517	(\$439,630)
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NUMBER OF BEDS	196	196	196
PERCENT OF OCCUPANCY (DAYS)	88.87%	95.25%	96.71%
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PERCENT OCCUPANCY (DAYS):			
MEDICAID	97.00%	97.53%	96.22%
MEDICARE	2.75%	2.14%	2.61%
PRIVATE/OTHER	0.25%	0.33%	1.17%
Average Working Capital	(\$1,788,152)		
Average Net Assets	(\$468,013)		
Average Net Income (Loss)	\$412,465		
Average Occupancy	93.61%		

Project 132316
Attachment E

Financial Summary

Rockaway Care Center, LLC

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$3,881,114	\$3,074,710	\$2,699,269
ASSETS - FIXED AND OTHER	6,362,091	2,448,827	1,991,638
LIABILITIES - CURRENT	8,377,292	4,439,291	4,247,304
LIABILITIES - LONG-TERM	<u>211,695</u>	<u>416,238</u>	<u>236,273</u>
EQUITY	\$1,654,218	\$668,008	\$207,330
<hr/>			
INCOME	\$11,744,626	\$16,296,008	\$16,694,917
EXPENSE	<u>9,803,317</u>	<u>15,372,118</u>	<u>16,637,908</u>
NET INCOME	\$1,941,309	\$923,890	\$57,009
<hr/>			
NUMBER OF BEDS	228	228	228
PERCENT OF OCCUPANCY (DAYS)	70.59%	82.22%	85.30%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	94.68%	95.06%	93.37%
MEDICARE	3.00%	3.36%	4.83%
PRIVATE/OTHER	2.31%	1.58%	1.79%
Average Working Capital	(\$2,469,598)		
Average Net Assets	\$843,185		
Average Net Income (Loss)	\$974,069		
Average Occupancy	79.37%		

Project 132316
Attachment F

Financial Summary

Hudson View Care Center, Inc.
d/b/a Regency Extended Care Center

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$5,749,663	\$5,818,000	\$4,098,148
ASSETS - FIXED AND OTHER	7,785,258	3,460,000	7,326,615
LIABILITIES - CURRENT	12,213,873	8,854,000	9,433,207
LIABILITIES - LONG-TERM	<u>1,188,335</u>	<u>1,297,000</u>	<u>3,413,044</u>
EQUITY	\$132,713	(\$873,000)	(\$1,421,488)
<hr/>			
INCOME	\$20,936,124	\$29,132,000	\$27,160,573
EXPENSE	<u>18,082,506</u>	<u>23,985,000</u>	<u>25,924,245</u>
NET INCOME	\$2,853,618	\$5,147,000	\$1,236,328
<hr/>			
NUMBER OF BEDS	315	315	315
PERCENT OF OCCUPANCY (DAYS)	97.26%	98.34%	97.71%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	91.51%	91.44%	92.20%
MEDICARE	5.00%	5.85%	6.04%
PRIVATE/OTHER	3.49%	2.71%	1.76%
<hr/>			
Average Working Capital	(\$4,945,090)		
Average Net Assets	(\$720,592)		
Average Net Income (Loss)	\$3,078,982		
Average Occupancy	97.77%		

Project 132316
Attachment G

Financial Summary

Caton Park Nursing Home

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$2,362,958	\$2,047,000	\$3,154,198
ASSETS - FIXED AND OTHER	832,435	693,000	723,455
LIABILITIES - CURRENT	1,537,246	1,742,000	3,185,396
LIABILITIES -LONG-TERM	<u>95,927</u>	<u>96,000</u>	<u>101,446</u>
EQUITY	\$1,562,220	\$902,000	\$590,811
<hr/>			
INCOME	\$9,089,310	\$10,320,000	\$10,511,203
EXPENSE	<u>7,879,340</u>	<u>9,987,000</u>	<u>10,352,409</u>
NET INCOME	\$1,209,970	\$333,000	\$158,794
<hr/>			
NUMBER OF BEDS	119	119	119
PERCENT OF OCCUPANCY (DAYS)	97.73%	99.45%	96.89%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	84.66%	82.35%	82.47%
MEDICARE	9.02%	12.71%	12.62%
PRIVATE/OTHER	6.31%	4.94%	4.90%
<hr/>			
Average Working Capital	\$366,505		
Average Net Assets	\$1,018,344		
Average Net Income (Loss)	\$567,255		
Average Occupancy	98.02%		

Project 132316
Attachment H

Financial Summary

Sunshine Care Corporation
d/b/a Hempstead Park Nursing Home

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$3,058,241	\$4,170,000	\$3,459,178
ASSETS - FIXED AND OTHER	2,695,349	2,466,000	5,910,477
LIABILITIES - CURRENT	8,431,852	14,435,000	15,702,052
LIABILITIES - LONG-TERM	<u>4,262,209</u>	<u>557,000</u>	<u>1,824,076</u>
EQUITY	(\$6,940,471)	(\$8,356,000)	(\$8,156,473)
<hr/>			
INCOME	\$15,906,245	\$19,573,000	\$20,705,153
EXPENSE	<u>14,460,750</u>	<u>18,745,000</u>	<u>19,969,394</u>
NET INCOME	\$1,445,495	\$828,000	\$735,759
<hr/>			
NUMBER OF BEDS	251	251	251
PERCENT OF OCCUPANCY (DAYS)	95.58%	90.40%	90.04%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	89.40%	89.46%	91.13%
MEDICARE	5.13%	4.66%	5.35%
PRIVATE/OTHER	5.47%	5.88%	3.52%
<hr/>			
Average Working Capital	(\$9,293,828)		
Average Net Assets	(\$7,817,648)		
Average Net Income (Loss)	\$1,003,085		
Average Occupancy	92.01%		

Project 132316
Attachment I

Financial Summary

Cardiff Bay Center, LLC
d/b/a Cardiff Bay Center for Rehabilitation and Nursing
f/k/a Peninsula Center for Extended Care and Rehabilitation

FISCAL PERIOD ENDED	<u>9/30/2013</u>	<u>12/31/2011</u>
ASSETS - CURRENT	\$3,072,856	\$2,651,812
ASSETS - FIXED AND OTHER	315,929	2,322,299
LIABILITIES - CURRENT	3,275,308	21,223,554
LIABILITIES - LONG-TERM	<u>0</u>	<u>1,190,684</u>
EQUITY	\$113,477	(\$17,440,127)
<hr/>		
INCOME	\$9,893,775	\$14,894,013
EXPENSE	<u>9,808,231</u>	<u>19,107,800</u>
Operating Surplus or (Loss)	\$85,544	(\$4,213,787)
Other Revenue		
1199 Duplication of Benefits	\$0	(\$1,895,419)
Bankruptcy Fees	<u>\$0</u>	<u>(\$804,687)</u>
Total Net Income (Loss)	\$85,544	(\$6,913,893)
<hr/>		
NUMBER OF BEDS	200	200
PERCENT OF OCCUPANCY (DAYS)	79.13%	82.73%
<hr/>		
PERCENT OCCUPANCY (DAYS):		
MEDICAID	85.80%	84.44%
MEDICARE	4.82%	3.92%
PRIVATE/OTHER	9.39%	11.64%
<hr/>		
Working Capital as of 09/30/13	(\$202,452)	
Net Assets as of 09/30/13	\$113,477	
Net Income (Loss) as of 09/30/13	\$85,544	
Average Occupancy	80.93%	