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ATTORNEYS

RECEIVED

DEC 31 2013

STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

Richard J. Brockman  
Direct Dial: (205) 458-9445  
Email: rjb@johnstonbarton.com

December 31, 2013

**Via Hand Delivery**

Alva Lambert, Esq.  
Executive Director  
Alabama State Health Planning  
And Development Agency  
RSA Tower  
100 North Union Street, Suite 870  
Montgomery, Alabama 36104

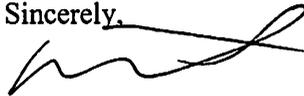
**Re: Notice of Request for Project Modification  
Cahaba River Health & Rehabilitation, LLC [formerly known as  
Holding Operations I, LLC, d/b/a Vestavia Health and Rehabilitation,  
LLC]  
Project Number: AL-2012-26  
CON-2603-NH**

Dear Mr. Lambert:

Pursuant to CON Rule § 410-1-10-.03, I enclose an original and two (2) copies of the Notice of Request for Project Modification for CON-2603-NH, Project Number AL-2012-26, together with a check for the required filing fee specified under CON rule § 40-1-10-.03(1)(b) of \$5,040, which is an amount equal to 25% of the original filing fee. A copy of this modification request has been served on all parties of record.

Please contact me if you have any questions or if we can provide you with any additional information.

Sincerely,



Richard J. Brockman  
One of the Attorneys for the Applicants

Enclosures

W0975584.DOC

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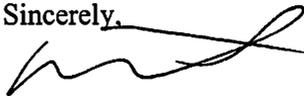
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Alva Lambert, Esq.  
Executive Director  
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RSA Tower  
100 North Union Street, Suite 870  
Montgomery, Alabama 36104

**Re: Notice of Request for Project Modification  
Cahaba River Health & Rehabilitation, LLC [formerly known as  
Vestavia Health and Rehabilitation, LLC]  
Project Number: AL-2012-26  
CON-2063-NH**

Dear Mr. Lambert:

Pursuant to Alabama Certificate of Need Program Rules and Regulations ("CON Rules") § 410-1-10-.03, please accept this letter as a Notice of Request for Project Modification for the above referenced certificate of need ("CON"). In accordance with the CON Rules, a copy of this request has been served on all parties of record.

**Background:**

1. On or about April 4, 2012, the above Holding Realty I, LLC and its affiliate, Holding Operations I, LLC, doing business as Vestavia Health & Rehabilitation, LLC (the "Vestavia Applicants") filed their application for CON to the Alabama State Health Planning and Development Agency ("SHPDA") to construct a 120-bed replacement nursing facility in the city of Vestavia Hills, Jefferson County, Alabama. The project was deemed complete and assigned Project Number AL-2012-26 ("Vestavia CON Application"). Contemporaneous with the filing of the Vestavia CON, affiliates of the applicant, Holding Realty II, LLC, and Holding Operations II, LLC, doing business as Hoover Health & Rehabilitation, LLC (the "Hoover Applicants"), also filed their CON application to construct a 118-bed replacement nursing facility in the Jefferson County city of Hoover, Alabama. That project was deemed complete and assigned Project Number AL-2012-27 (the "Hoover CON Application").
2. The aggregate 238-nursing facility beds for the Hoover CON Application and the Vestavia CON Application were to be transferred from the Jefferson County Nursing

Home (known as Ketona), which facility was due to be closed. The parent of the Hoover Applicants and Vestavia Applicants (NHS Holding, LLC), was the winning bidder for the rights to construct replacement facilities for Ketona, which was due to be closed by Jefferson County.

3. On or about May 21, 2012, Rebound, LLC d/b/a HealthSouth Lakeshore Rehabilitation Hospital, an affiliate of HealthSouth Corporation, and HealthSouth of Alabama, LLC, (collectively "Lakeshore" or "HealthSouth") filed an opposition to the Hoover CON Application and the Vestavia CON Application, and requested a contested case. The Honorable B. Saxon Main was appointed to hear the contested case.
4. After many days of contested case proceedings, and submission of proposed orders, the parties settled their differences and, on January 31, 2013, Judge Main issued a stipulated order in both cases, which by operation of law became the ruling of SHPDA's CON Review Board without further proceedings.
5. On February 15, 2013, SHPDA issued CON Number 2603, in favor of Holding Realty I, LLC permitting it to construct a 120-bed replacement nursing facility in Jefferson County, Alabama on property specified within the city limits of Vestavia Hills, Alabama. Total project cost approved was \$26,565,220.
6. After a lengthy design process and required submission of plans to the City of Vestavia Hills, and Alabama Department of Public Health ("ADPH")<sup>1</sup>, it is determined that for reasons set forth below, the project costs have increased to \$30,857,677, or an increase of approximately 16.2%<sup>2</sup>

**Proposed Project Modification:**

1. The names of the applicants were changed to reflect the project name as follows:
  - a. The applicant/fee owner/landlord, Holding Realty I, LLC, is now Cahaba River Realty, LLC.
  - b. The proposed tenant/operator/licensee, Holding Operations I, LLC d/b/a Vestavia Health & Rehabilitation, LLC, is now , Cahaba River Health & Rehabilitation, LLC.
  - c. The project was called Vestavia Health & Rehabilitation and is now Cahaba River Health & Rehabilitation.

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<sup>1</sup> The actual comments received from ADPH were for the Hoover project, but the building interior designs for Hoover and Vestavia are virtual mirrors of each other.

<sup>2</sup> A similar Project Modification is being filed for the Hoover CON.

2. <sup>3</sup>Predevelopment costs (to prepare for the site work) - were estimated at \$25,000. The actual costs are \$250,000. This increase is a result of:
  - a. Alabama Department of Environmental Management (ADEM) requiring additional surface water (rain and storm) preparation before it can discharge to a nearby tributary of the Cahaba River.
  - b. City of Vestavia Hills is requiring the delivery access to be re-routed.
3. Site work - was estimated to be \$500,000. The new costs are estimated to be \$600,000. This increase is a result of:
  - a) City of Vestavia Hills requiring the extension of the road in front of the facility 390 feet to reach Caldwell Mill Road.
  - b) Additional parking.
4. Site acquisition – was estimated to be \$2 million. Actual site acquisition costs were \$1.6 million for a savings of \$400,000.
5. Construction cost was estimated to be \$8,421,375. The newly revised costs are \$10,650,000. The increase is a result of:
  - a. City of Vestavia’s architectural review committee’s required changes to the exterior to meet its planned urban (or unit) development (“PUD”). The land for this project was acquired from the City and was a part of a larger parcel. The city adopted a PUD for the larger parcel’s development and after a change in administration the committee presented new design requirement for the building’s design for its façade, roof type, landscaping, sidewalks, common sitting areas, and common signage. These were intended to create a connected neighborhood feel to the entire parcel’s use.
  - b. Square footage of building was increased from 76,130 to slightly below 90,000 square feet. This increase creates better pathways and accommodates almost 200 plan sheet revisions received from ADPH<sup>4</sup>. (See, Schedule B showing the original architect’s estimates and Schedule C showing the revised architect’s estimates).
  - c. The ADPH comments required changes to every element in the building, including electrical, structural, mechanical, and service placements.

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<sup>3</sup> See Schedule A attached showing a comparison by category of the submitted Construction related costs and the modified costs.

<sup>4</sup> The Vestavia plans were just recently sent to ADPH. As the designs are similar, ADPH comments received for the Hoover CON project were incorporated into the Vestavia CON project.

- d. While the initial design had energy saving features such as energy efficient heating and air conditioning units ("HVAC") and window and wall assembly, it was determined to use later developed features that allow even greater energy savings.
  - e. The lender is requiring a construction bond which will add approximately \$87,000 to the construction cost.
  - f. Changes in material costs driven by a recovering economy are adding almost 12% to the estimated costs.
6. Interest during construction was estimated to be \$245,625. Actual interest during construction is estimated to be \$620,000.
  7. Attorney and consulting fees were estimated to be \$75,000. Due to the protracted contested case litigation, these costs were \$500,000.
  8. Furniture, fixtures, and equipment were estimated to be \$1,125,000. A better grade of equipment is being used, increasing these costs to approximately \$2 million. These include ergonomically designed resident furniture, mar resistant furnishings, more energy efficient kitchen equipment, and furnishings with better durability. (See Schedule D containing a listing of the FF&E).
  9. First year's operating expenses were estimated in 2012 to be \$9,415,220. To accommodate the delay caused by the litigation and design issues, these expenses are projected to increase by a modest 3%, to \$9,697,677. (See Schedule E showing a comparison of the originally submitted first two years' revenues and expenses and the revised first two years' revenues and expenses)

Based on the foregoing and the schedules and exhibits attached, we respectfully request the CON Review Board's approval of the modifications for this very important project.

Alva Lambert, Esq.  
Project Modification Vestavia Health and Rehabilitation, LLC  
December 31, 2013  
Page 5 of 5

Please contact me if you have any questions or if we can provide you with any additional information.

Sincerely,



Richard J. Brockman  
One of the Attorneys for the Applicants

Enclosures

**CERTIFICATE OF SERVICE**  
**CON Number 2603-NH – Holding Realty I, LLC (Vestavia)**  
**Project Modification**

In accordance with CON Rule 410-1-10-.03, I hereby certify that I have served a copy of the foregoing Petition for Project Modification upon the listed parties of record by placing the same in the United States Mail, postage prepaid and properly addressed, on this 31st day of December 2013.

**Attorney for The Alabama Health Planning and Development Agency**

Mark D. Wilkerson, Esquire  
Wilkerson & Bryan, PC  
P.O. Box 830  
405 South Hull Street  
Montgomery, Alabama 36104

**Attorneys for Rebound, LLC d/b/a HealthSouth  
Lakeshore Rehabilitation Hospital  
HealthSouth Corporation  
HealthSouth of Alabama, LLC**

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Shannon Holliday, Esquire  
Copeland Franco, Attorneys at Law  
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P.O. Box 347  
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Kelli Robinson, Esquire  
Sirote & Permutt, PC  
2311 Highland Avenue South  
Birmingham, Alabama 35205

John Whittington, Esquire  
Executive Vice President/General Counsel  
HealthSouth Corporation  
3660 Grandview Parkway, Suite 200  
Birmingham, Alabama 35243

**Attorneys for Applicant**

Loretta J. Skelton, Esquire  
P. O. Box 26214  
Birmingham, Alabama 35260

P. Michael Cole, Esquire  
Richard J.R. Raleigh, Jr., Esquire  
Wilmer & Lee, PA  
P.O. Box 2168  
100 Washington Street, Suite 200  
Huntsville, Alabama 35804

P.O. Box 710  
315 West Market Street  
Athens, Alabama 35612



---

Richard J. Brockman

One of the Attorneys for Applicants

Cahaba River Health Realty, LLC (formerly known as Holding Realty I, LLC)

and

Cahaba River Health & Rehabilitation, LLC (formerly known as Holding Operations, I, d/b/a  
Vestavia Health & Rehabilitation, LLC)

Of Counsel

Johnston Barton Proctor & Rose, LLP  
569 Brookwood Village, Suite 901  
Birmingham Alabama 35209  
(205) 458-9400

# Schedule A

**II. COST (Cahaba River Health and Rehabilitation, LLC f/k/a Vestavia Health and Rehabilitation, LLC CON 2603-NH)**

**A. Construction (includes modernization expansion)**

	Approved CON 2603NH	Modification	Increase (Decrease)
1. Predevelopment	\$ 25,000	250,000	225,000
2. Site Acquisition	2,000,000	1,600,000	(400,000)
3. Site Development	500,000	600,000	100,000
4. Construction	8,421,375	10,650,000	2,228,625
5. Architect and Engineering Fees	558,000	745,000	187,000
6. Renovation			
7. Interest during time period of construction	245,625	615,000	369,375
8. Attorney and consultant fees	75,000	500,000	425,000
9. Bond Issuance Costs			
10. Other _____			
11. Other _____			
<b>TOTAL COST OF CONSTRUCTION</b>	<b>\$11,825,000</b>	<b>14,960,000</b>	<b>3,135,000</b>

**B. Purchase**

1. Facility	\$4,200,000	4,200,000	-0-
2. Major Medical Equipment			
3. Other Equipment	1,125,000	2,000,000	875,000
<b>TOTAL COST OF PURCHASE</b>	<b>\$5,325,000</b>	<b>6,200,000</b>	<b>875,000</b>

**C. Lease**

1. Facility Cost Per Year \_\_\_\_ x \_\_\_\_ Years= \$
2. Equipment Cost per Month  
\_\_\_\_\_ x \_\_\_\_\_ Months =
3. Land-only Lease Cost per Year  
\_\_\_\_\_ x \_\_\_\_\_ Years

TOTAL COST OF LEASE(s) \$ \_\_\_\_\_  
(compute according to generally accepted accounting principles)

Cost if Purchased \$ \_\_\_\_\_

**D. Services**

1. \_\_\_\_\_ New Service
2. \_\_\_\_\_ Expansion
3. \_\_\_\_\_ Reduction or Termination
4. \_\_\_\_\_ x \_\_\_\_\_ Other (Replacement Facility)

FIRST YEAR ANNUAL OPERATING COST \$9,415,220      9,697,677      282,457

**E. Total Cost of this Project (Total A through D)  
(Should equal V-C on page A-4)**

\$ 26,565,220      30,857,677      4,292,457

IV. COST (continued) (Cahaba River Health and Rehabilitation, LLC f/k/a Vestavia Health and Rehabilitation, LLC CON 2603-NH)

	Approved CON 1975-NH	Modification	Increase (Decrease)
<b>F. Proposed Finance Charges</b>			
1. Total Amount to Be Financed	\$13,720,000	16,300,000	2,580,000
2. Anticipated Interest Rates	Market	3.75%	None
3. Term of Loan	20 years	None	None
4. Method of Calculating Interest on Principal Payment	Amortization	None	None

V. ANTICIPATED SOURCE OF FUNDING

A. Federal

1. Grants
2. Loans

B. Non-Federal

1. Commercial Loan	\$13,720,000	16,300,000	2,580,000
2. Tax-exempt Revenue Bonds			
3. General Obligation Bonds			
4. New Earning and Revenues	9,415,220	9,697,677	282,457
5. Charitable Fund Raising			
6. Cash on Hand	3,430,000	4,860,000	1,430,000
7. Other			
<b>C. TOTAL (should equal IV-E on page A-3)</b>	<b>\$26,565,220</b>	<b>30,857,677</b>	<b>4,292,457</b>

VI. TIMETABLE

A. Modified Projected Start/Purchase Date	On or before June, 2014
B. Modified Projected Completion Date	15 months from commencement

**PART THREE: CONSTRUCTION OR RENOVATION ACTIVITIES (Project 2012-26 Vestavia as Originally Submitted)**

Complete the following if construction/renovation is involved in this project. Indicate N/A for any questions not applicable.

I. ARCHITECT: Dave Reese, AIA

Firm TurnerBatson Architects, P.C.

Address 1950 Stonegate Drive, Suite 200

City/State/Zip Birmingham, Alabama 35242

Contact Person Dave Reese

Telephone (205) 403-6201

Architect's Project Number 2549

II. ATTACH SCHEMATICS AND THE FOLLOWING INFORMATION

A. Describe the proposed construction/renovation

The proposed construction consists of a new 120 bed facility including a Rehabilitation unit, Skilled Nursing unit and Dementia unit. Full service kitchen and laundry areas are to be included in the facility. There are 94 sleeping rooms with a mix of suites, private and semi-private rooms, each with its own restroom/shower (except the memory care unit will have central shower facilities to promote safety). Each unit will include separate dining and living space for the residents. Two fully enclosed courtyards and several fenced outdoor gardens will be available for the residents of the facility. Draft schematics are attached as Exhibit 5. The rendered elevation of Vestavia Health Care is shown in Exhibit 6. In addition a site layout is included as Exhibit 7.

The drives around the building provide convenient access for residents and their families as well as employees, deliveries and emergency vehicles.

B. Total gross square footage to be constructed/renovated 76,130 SF

C. Net useable square footage (not including stairs, elevators, corridors, toilets) 47,915 SF

D. Acres of land to be purchased or leased N/A

E. Acres of land owned on site 6.8 acres

F. Anticipated amount of time for construction or renovations 14 (months)

G. Cost per square foot \$ 129.05

H. Cost per bed (if applicable) \$ 81,875

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**DEMENTIA/ MEMORY CARE**

6 SEMI-PRIVATE ROOMS  
12 PRIVATE ROOMS  
24 TOTAL BEDS

**REHABILITATION**

6 SUITES  
10 SEMI-PRIVATE ROOMS  
34 PRIVATE ROOMS  
60 TOTAL BEDS

**LONG TERM CARE**

10 SEMI-PRIVATE ROOMS  
16 PRIVATE ROOMS  
38 TOTAL BEDS

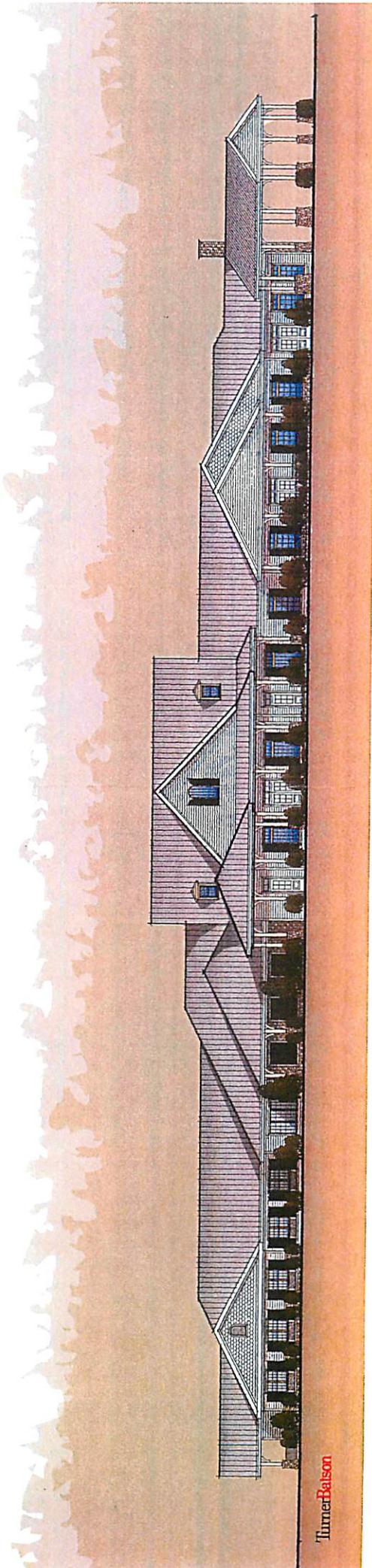
**VESTAVIA HEALTH CARE**

120 BEDS  
SCALE. 1/16"=1'-0"  
76,130 SQ. FT

EXHIBIT

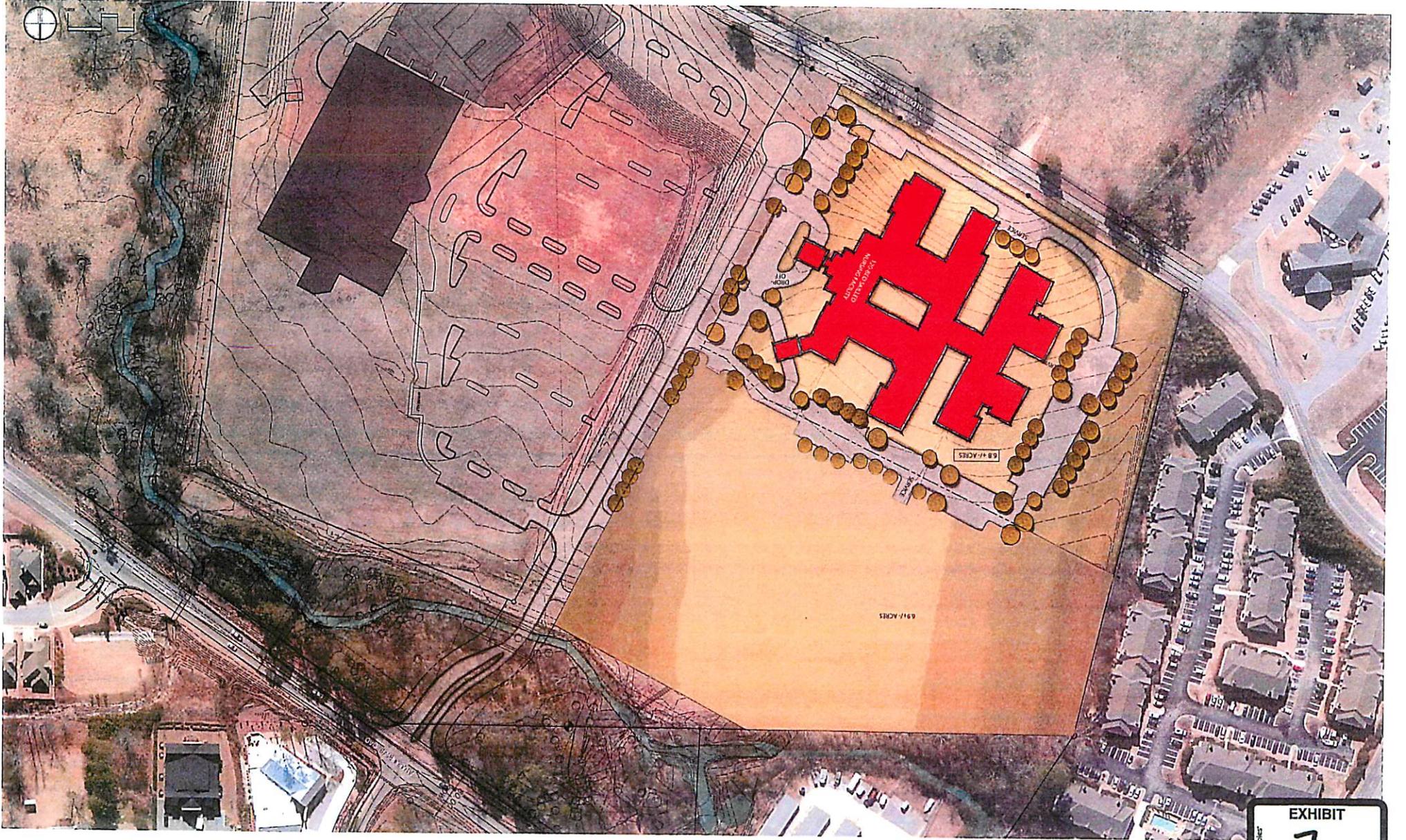
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tabbics



TurnerBalsan

EXHIBIT  
6



**PART THREE: CONSTRUCTION OR RENOVATION ACTIVITIES ((Project 2012-26 Vestavia as Modified)**

Complete the following if construction/renovation is involved in this project. Indicate N/A for any questions not applicable.

I. ARCHITECT: Dave Reese, AIA

Firm TurnerBatson Architects, P.C.

Address 1950 Stonegate Drive, Suite 200

City/State/Zip Birmingham, Alabama 35242

Contact Person Dave Reese

Telephone (205) 403-6201

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The drives around the building provide convenient access for residents and their families as well as employees, deliveries and emergency vehicles.

B. Total gross square footage to be constructed/renovated 90,238SF

C. Net useable square footage (not including stairs, elevators, corridors, toilets) 62,135 SF

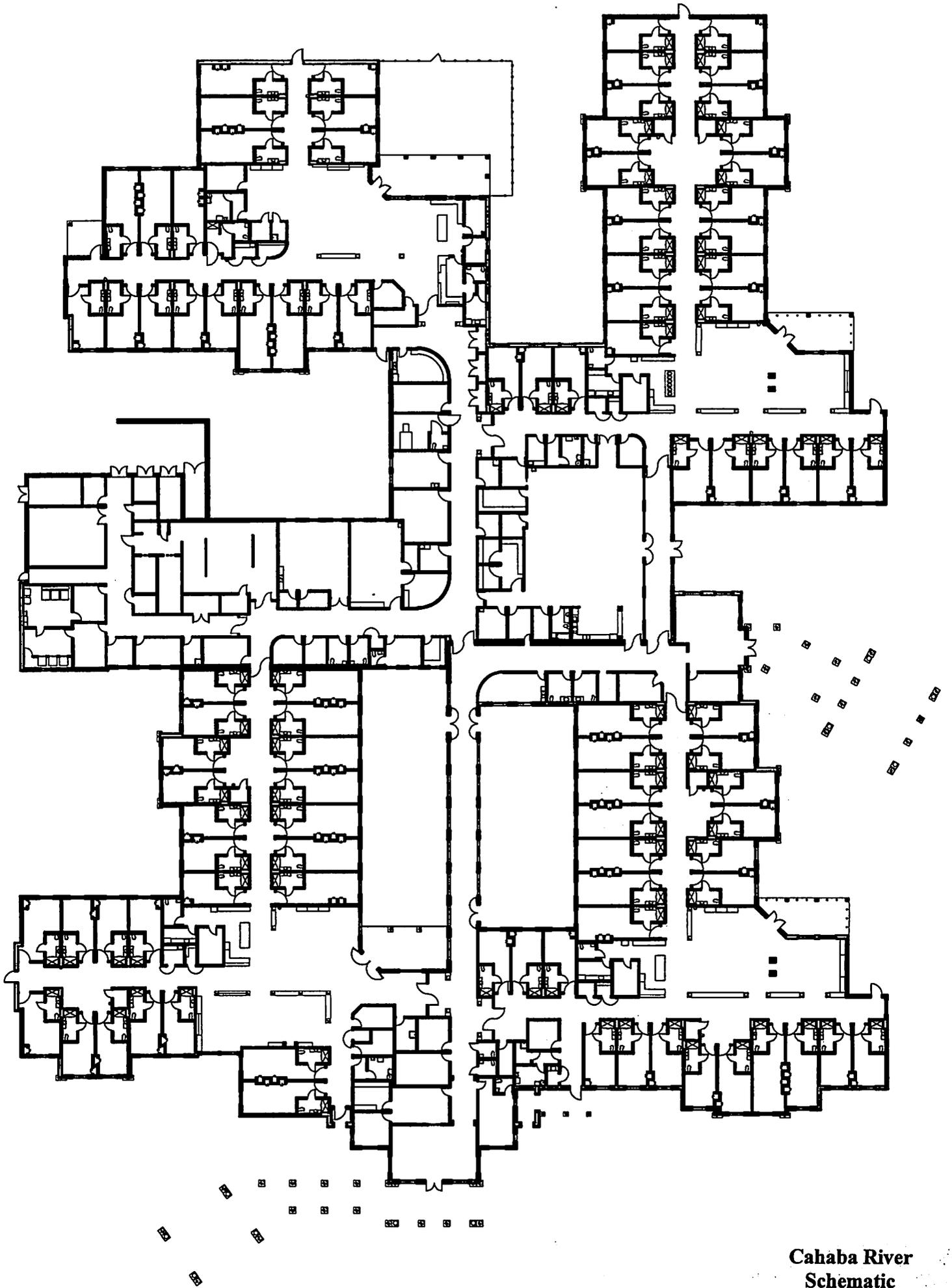
D. Acres of land to be purchased or leased N/A

E. Acres of land owned on site 8 acres

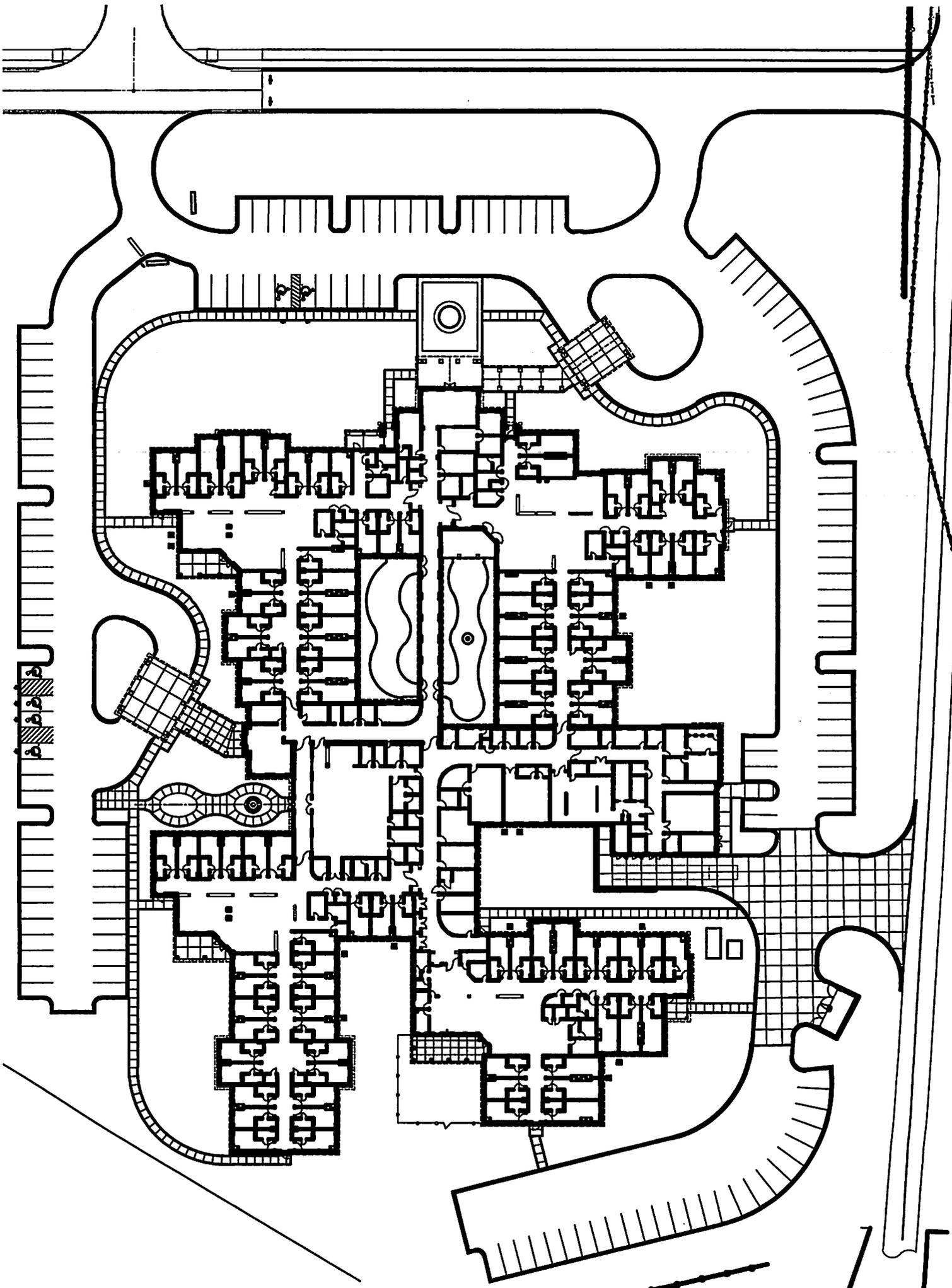
F. Anticipated amount of time for construction or renovations 14 (months)

G. Cost per square foot \$ 129.05

H. Cost per bed (if applicable) \$ 81,875



Cahaba River  
Schematic



CAHAYA RIVER SITE PLAN

# Schedule D

NHS			
Cahaba River Health & Rehabilitation	Quantity	Unit Price	Total Price
<b>Dining Room 1 Rehab (2 Wings)</b>			
Dining Table	19	\$649.00	\$12,331.00
Chairs	72	\$300.00	\$21,600.00
Assessories	1	\$1,500.00	\$7,000.00
<b>Dining Room 2 Long Term</b>			
Dining Table	9	\$649.00	\$5,841.00
Chairs	36	\$300.00	\$10,800.00
Assessories	1	\$1,500.00	\$3,500.00
<b>Dining Room 3 Memory Care</b>			
Dining Table	6	\$649.00	\$3,894.00
Chairs	24	\$300.00	\$7,200.00
Assessories	1	\$1,500.00	\$3,500.00
<b>Dining Room 4</b>			
Table			
Chairs			
Assessories			
<b>Livingroom 1 Long Term Living</b>			
Sofa	2	\$1,150.00	\$2,300.00
Upholstered Chair	10	\$800.00	\$8,000.00
Coffee Table	2	\$541.00	\$1,082.00
Side Table	3	\$511.00	\$1,533.00
Sofa Table / Buffet	1	\$725.00	\$725.00
Assessories			\$3,500.00
<b>Livingroom 2 Rehab Living</b>			
Sofa	2	\$1,150.00	\$2,300.00
Upholstered Chair	20	\$800.00	\$16,000.00
Coffee Table	2	\$541.00	\$1,082.00
Side Table	6	\$511.00	\$3,066.00
Assessories	1	\$1,500.00	\$7,000.00
<b>Livingroom 3 Memory Care</b>			
Sofa	2	\$1,150.00	\$2,300.00
Upholstered Chair	10	\$800.00	\$8,000.00
Coffee Table	2	\$541.00	\$1,082.00
Side Table	3	\$511.00	\$1,533.00
Sofa Table	1	\$725.00	\$725.00
Assessories			\$3,500.00
<b>Outdoor Living Spaces</b>			
Furniture			\$18,000.00
Assessories			\$8,500.00
<b>Lobby 1</b>			

Sofa	2	\$1,150.00	\$2,300.00
Upholstered Chair	6	\$800.00	\$4,800.00
Coffee Table	1	\$541.00	\$541.00
Side Table	3	\$511.00	\$1,533.00
Sofa Table / Buffet	2	\$725.00	\$1,450.00
Assessories			\$5,500.00
<b>NHS</b>			
<b>GREEN VALLEY</b>			
	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>Lobby 2 Rehab</b>			
Sofa	2	\$1,150.00	\$2,300.00
Upholstered Chair	5	\$800.00	\$4,000.00
Coffee Table	1	\$541.00	\$541.00
Side Table	3	\$511.00	\$1,533.00
Sofa Table / Buffet	2	\$725.00	\$1,450.00
Assessories			\$5,500.00
<b>Laundry</b>			
washer	2	\$4,975.00	\$9,950.00
dryer	3	\$1,125.00	\$3,375.00
Misc			\$2,500.00
Linens			\$17,500.00
<b>Activities Room</b>			
Supplies / Games			\$4,750.00
Furniture			\$5,500.00
<b>Admin office</b>			
L-Shaped Desk	1	\$5,000.00	\$5,000.00
Bookcase	1		\$0.00
Work Chair	1		\$0.00
Guest Chair	1		\$0.00
Assessories			\$0.00
<b>DON Office</b>			
L-Shaped Desk	1	\$5,000.00	\$5,000.00
Bookcase	1		\$0.00
Work Chair	1		\$0.00
Guest Chair	1		\$0.00
Assessories			\$0.00
<b>FS office</b>			
L-Shaped Desk	1	\$5,000.00	\$5,000.00
Bookcase	1		\$0.00
Work Chair	1		\$0.00
Guest Chair	1		\$0.00
Assessories			\$0.00
<b>Admission Cor. Office</b>			
L-Shaped Desk	1	\$5,000.00	\$5,000.00
Bookcase	1		\$0.00
Work Chair	1		\$0.00

Guest Chair	1		\$0.00
Assessories			\$0.00
<b>other offices</b>			
L-Shaped Desk	9	\$5,000.00	\$45,000.00
Bookcase	9		\$0.00
Work Chair	9		\$0.00
Guest Chair	9		\$0.00
Assessories			\$0.00
<b>Receptionist</b>			
Upholstered Chair	2	\$800.00	\$1,600.00
Side Table	1	\$511.00	\$511.00
Assessories			\$0.00
<b>NHS</b>	<b>Quantity</b>	<b>Unit Price</b>	<b>Total Price</b>
<b>Confernece Room Lg</b>			
10' Table	1	\$3,250.00	\$3,250.00
Chairs	10	\$389.00	\$3,890.00
Side Chairs	2	\$625.00	\$1,250.00
Side Table	1	\$249.00	\$249.00
Assessories			\$1,500.00
<b>Confernece Room Sm</b>			
48" Round Table	2	\$2,100.00	\$4,200.00
Chairs	8	\$389.00	\$3,112.00
Assessories			\$1,500.00
<b>Parlor</b>			
Sofa	1	\$1,150.00	\$1,150.00
Upholstered Chair	4	\$800.00	\$3,200.00
Coffee Table	1	\$541.00	\$541.00
Side Table	3	\$511.00	\$1,533.00
Sofa Table / Buffet	1	\$720.00	\$720.00
Game Table	1	\$625.00	\$625.00
Table Chairs	4	\$279.00	\$1,116.00
Assessories			\$0.00
<b>Rehab Gym</b>			
Kitchen Table	1	\$589.00	\$589.00
Kitchen Chairs	4	\$294.00	\$1,176.00
Equipment			\$41,500.00
<b>Nurse Station</b>			
Task Chairs	12	\$189.00	\$2,268.00
Assessories			\$0.00
<b>Therapists</b>			
Task Chairs	17	\$189.00	\$3,213.00
Assessories			\$0.00
<b>Breakroom</b>			





## VESTAVIA

V. A. ORGANIZATION FINANCIAL INFORMATION

STATEMENT OF INCOME AND EXPENSE	HISTORICAL DATA (Give information for last 3 years for which complete data are available)			PROJECTED DATA PER APPLICATION (First 2 years after completion of project)		MODIFIED PROJECTED DATA (First 2 years after completion of project)	
	2009 (Total)	2010 (Total)	2011 (Total)	Y1 (Total)	Y2 (Total)	Y1 (Total)	Y2 (Total)
Revenue from Services to Patients							
Inpatient Services							
Routine (nursing service areas)	14,587,857	9,028,997	9,788,797	8,564,327	10,355,561	8,821,257	10,666,228
Other	107,444	428,716	308,467	335,913	318,828	345,990	328,393
Outpatient Services							
Emergency Services							
Gross Patient Revenue	14,587,857	9,028,997	9,788,797	8,900,240	10,674,389	9,167,247	10,994,621
Deductions from Revenue							
Contractual Adjustments							
Discount/Miscellaneous Allowances	1,099,532	296,530	776,429	N/A	N/A	N/A	N/A
Total Deductions	1,099,532	296,530	776,429	N/A	N/A	N/A	N/A
NET PATIENT REVENUE (Gross patient revenue less deductions)	13,595,769	9,754,243	9,320,835	8,900,240	10,674,389	9,167,247	10,994,621
Other Operating Revenue				6,000	6,000	6,180	6,180
<b>NET OPERATING REVENUE</b>	<b>13,595,769</b>	<b>9,754,243</b>	<b>9,320,835</b>	<b>8,906,240</b>	<b>10,680,389</b>	<b>9,173,427</b>	<b>11,000,801</b>
OPERATING EXPENSES							
Salaries, Wages, and Benefits	7,918,090	6,476,728	5,805,961	3,868,466	4,530,848	3,984,520	4,666,773
Physician Salaries and Fees	46,200	58,800	50,400				
Supplies and other	767,950	617,687	905,636	189,415	242,827	195,097	250,112
Uncompensated Care (less recoveries) per State Health Plan 410-2-2-.06(d)							
Other Expenses	3,367,955	5,175,225	4,742,875	3,413,270	3,783,651	3,515,668	3,897,161
Total Operating Expenses	12,100,195	12,328,440	11,504,872	7,471,151	8,557,326	7,695,285	8,814,046

**VESTAVIA PROJECT CONTINUED**

NON-OPERATING EXPENSES							
Taxes	452,191	452,190	452,200	180,000	180,000	185,400	185,400
Depreciation	1,122	1,635	1,635	932,317	932,317	960,287	960,287
Mortgage Interest				831,759	809,897	856,705	834,193
Rent Expense	16,104	20,446	54,887	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Insurance	90,075	31,747	1,009	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Non-Operating Expenses	559,492	506,018	509,731	1,944,069	1,922,214	2,002,392	1,979,880
<b>TOTAL EXPENSES (Operating &amp; Capital)</b>	13,002,859	12,834,458	12,014,603	9,415,220	10,479,540	9,697,677	10,793,926
Operating Income (Loss)	592,910	-3,627,809	-3,678,412	-508,980	200,849	-524,250	206,875
Other Revenue (Expense) -- Net							
NET INCOME (Loss)	592,910	-3,627,809	-3,678,412	-508,980	200,849	-524,250	206,875
Projected Capital Expenditure	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>				
Interest	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>				