

In March, the Board of Directors approved going forward with exploring the acquisition of Little Angels Center for Exceptional Care. In order to communicate the reasons for the decision, the following are some FAQs (Frequently Asked Questions) regarding the process:

What is Little Angels?

Little Angels was founded in 1958 in Elgin by the Wasmond family to serve children with severe and profound developmental disabilities. This is very similar to what the Haverkampfs did in Northlake in 1954 (moving to Bloomingdale in 1957). Little Angels is designated as a Medically Complex/Developmental Disabilities provider which is identical to the Marklund Philip Center in Bloomingdale.

How many do they serve?

Little Angels provides services to 57 clients at its five-acre facility, operating on a \$7 million budget. Located on the eastern edge of Elgin, its campus includes the Pat Wasmond Home and the Cathy Freeman Center for Developmental Training. Marklund serves a total of 117 clients (plus 11 community clients and 44 students), operating on a \$20 million budget.

Why explore the acquisition of Little Angels?

There are a number of reasons that it makes sense to go through the exploration process:

(1) Most important, we have a very similar culture with both organizations having been started by founding families seeking to service individuals with severe and profound disabilities.

(2) Marklund and Little Angels know each other very well and have worked together for years as part of the Skilled Pediatrics Group.

(3) Combining both operations would increase our total revenue by 35% to \$27 million and allow us to spread the administrative costs of the combined organization and we are anticipating that the larger scale would give us opportunities for more efficiencies.

(4) It would give us new capabilities since Little Angels has both IV therapy and limited vent care, neither of which we currently offer.

(5) As our clients in Geneva age, it would give us more options as their potential medical conditions become more complex.

(6) Little Angels is in good fiscal shape with positive net revenue, positive net assets and a facility that appears to be in very good shape.

(7) Fundraising at Little Angels is doing well but they have only done this formally for a few years while Marklund has had an extensive development program for decades.

(8) We feel there could be opportunities for us to expand the Marklund Day School through children who are residents at Little Angels.

So why does Little Angels want to do this since it sounds like they are in good shape?

Little Angels has approximately \$3 million of long term debt that would be difficult to retire with its current operations. Marklund is completely debt free. In addition, the regulatory world that we operate in is only becoming more complex. Little Angels has not had the resources to transition to electronic medical records which Marklund was able to do about two years ago. They also do not have some of the senior management positions that we have such as a Director of Human Resources, Director of Talent Management & Acquisition, a Chief Financial Officer or a Director of Marketing and Communications. With day-to-day management taking so much of their attention, it has been difficult for Little Angels to develop a comprehensive strategic plan. Marklund is currently finishing the first year of its second three-year strategic plan.

Will there be any changes to staffing at Marklund?

There will be no changes to the current staffing at Marklund.

How did we come up with the funds for this?

There will be no funds transferred in the acquisition. Marklund will be receiving the assets and liabilities of Little Angels.

What will the combined organization be called?

It will continue to be called Marklund. Just as we have the Marklund Hyde Center in Geneva and the Marklund Philip Center in Bloomingdale, we are anticipating that the expanded organization will include the Marklund Little Angels Center in Elgin.

When do you anticipate this happening?

We are still in the due diligence stage. If this continues to go forward, as expected, and the final acquisition is good for BOTH organizations, we anticipate this process being finalized by the Board of Directors of Marklund and Little Angels by September.

Please feel free to call (or email) me if you have any questions.

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