

**REPORT
ON THE
HOME OFFICE AUDIT**

**FIVE STAR QUALITY CARE, INC.
NEWTON, MASSACHUSETTS**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section—Sacramento
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Robert G. Kvick
Audit Supervisor: Gary Diffenderffer
Auditor: Stephan Fukasawa**



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

June 17, 2013

Lori Nelson
Reimbursement Manager
Five Star Quality Care, Inc.
10850 West Belmont Avenue
Littleton, CO 80127

FIVE STAR QUALITY CARE, INC.
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the Summary of Audited Home Office Costs to Health Care Facilities represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Summary of Audited Home Office Costs to Health Care Facilities and Supporting Schedules
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

Lori Nelson
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If you have questions regarding this report, you may call the Audits Section—
Sacramento at (916) 650-6994.

Original Signed By

Robert G. Kwick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

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SUMMARY OF AUDITED HOME OFFICE CAPITAL AND NONCAPITAL RELATED COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		CAPITAL RELATED (SCHEDULE 3) 1	NONCAPITAL RELATED (SCHEDULE 3-1) 2	TOTAL AUDITED H.O. COSTS (COLUMN 1 + 2) 3	
		FROM	TO				
<u>HEALTH CARE FACILITIES</u>							
1.	LANCASTER CONVALESCENT CENTER	1760437628	01/01/11	12/31/11	\$19,114	\$338,486	\$357,600
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	01/01/11	12/31/11	19,352	328,676	348,028
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	01/01/11	12/31/11	21,995	370,262	392,257
4.	VAN NUYS HEALTHCARE CENTER	1447205117	01/01/11	12/31/11	8,753	136,106	144,859
5.		0			0	0	0
6.		0			0	0	0
7.		0			0	0	0
8.		0			0	0	0
9.		0			0	0	0
10.		0			0	0	0
11.		0			0	0	0
12.		0			0	0	0
13.		0			0	0	0
14.		0			0	0	0
15.		0			0	0	0
16.		0			0	0	0
17.		0			0	0	0
18.		0			0	0	0
19.		0			0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	VARIOUS	VARIOUS	2,735,688	36,259,276	38,994,964
SUBTOTAL (LINES 1 THROUGH 20)					\$2,804,901	\$37,432,806	\$40,237,707
<u>OTHER COMPONENTS</u>							
21.		0			\$0	\$0	\$0
22.		0			0	0	0
23.		0			0	0	0
24.		0			0	0	0
25.		0			0	0	0
26.		0			0	0	0
27.		0			0	0	0
28.		0			0	0	0
29.		0			0	0	0
30.		0			0	0	0
31.		0			0	0	0
32.		0			0	0	0
33.		0			0	0	0
34.		0			0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	VARIOUS	VARIOUS	194,824	2,785,971	2,980,794
SUBTOTAL (LINES 21 THROUGH 35)					\$194,824	\$2,785,971	\$2,980,795
GRAND TOTAL					\$2,999,725	\$40,218,777	\$43,218,502

COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		REPORTED HOME OFFICE COSTS (SCH. 9) 1	AUDITED H.O. COSTS (SCH. 3 & 3-1) 2	VARIANCE (COLUMN 2-1) 3	
		FROM	TO				
<u>HEALTH CARE FACILITIES</u>							
1.	LANCASTER CONVALESCENT CENTER	1760437628	01/01/11	12/31/11	\$493,597	\$357,600	(\$135,997)
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	01/01/11	12/31/11	488,136	348,028	(140,108)
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	01/01/11	12/31/11	549,640	392,257	(157,383)
4.	VAN NUYS HEALTHCARE CENTER	1447205117	01/01/11	12/31/11	208,329	144,859	(63,470)
5.		0			0	0	0
6.		0			0	0	0
7.		0			0	0	0
8.		0			0	0	0
9.		0			0	0	0
10.		0			0	0	0
11.		0			0	0	0
12.		0			0	0	0
13.		0			0	0	0
14.		0			0	0	0
15.		0			0	0	0
16.		0			0	0	0
17.		0			0	0	0
18.		0			0	0	0
19.		0			0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	VARIOUS	VARIOUS	51,177,491	38,994,964	(12,182,527)

SUBTOTAL (LINES 1 THROUGH 20)

\$52,917,193 \$40,237,708 (\$12,679,485)

OTHER COMPONENTS

21.		0			\$0	\$0	\$0
22.		0			0	0	0
23.		0			0	0	0
24.		0			0	0	0
25.		0			0	0	0
26.		0			0	0	0
27.		0			0	0	0
28.		0			0	0	0
29.		0			0	0	0
30.		0			0	0	0
31.		0			0	0	0
32.		0			0	0	0
33.		0			0	0	0
34.		0			0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	VARIOUS	VARIOUS	4,432,743	2,980,794	(1,451,949)

SUBTOTAL (LINES 21 THROUGH 35)

\$4,432,743 \$2,980,794 (\$1,451,949)

GRAND TOTAL

\$57,349,936 \$43,218,502 (\$14,131,434)

SUMMARY ALLOCATION OF HOME OFFICE COSTS - CAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT CAPITAL COSTS (SCHEDULE 7) 1	FUNCTIONAL CAPITAL COSTS (SCHEDULE 5) 2	POOLED CAPITAL COSTS (SCHEDULE 4) 3	TOTAL CAPITAL COSTS (COL. 1 TO 3)	
		FROM	TO					
<u>HEALTH CARE FACILITIES</u>								
1.	LANCASTER CONVALESCENT CENTER	1760437628	01/01/11	12/31/11	\$0	\$0	\$19,114	\$19,114
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	01/01/11	12/31/11	0	0	19,352	19,352
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	01/01/11	12/31/11	0	0	21,995	21,995
4.	VAN NUYS HEALTHCARE CENTER	1447205117	01/01/11	12/31/11	0	0	8,753	8,753
5.		0			0	0	0	0
6.		0			0	0	0	0
7.		0			0	0	0	0
8.		0			0	0	0	0
9.		0			0	0	0	0
10.		0			0	0	0	0
11.		0			0	0	0	0
12.		0			0	0	0	0
13.		0			0	0	0	0
14.		0			0	0	0	0
15.		0			0	0	0	0
16.		0			0	0	0	0
17.		0			0	0	0	0
18.		0			0	0	0	0
19.		0			0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	VARIOUS	VARIOUS	297,870	0	2,437,818	2,735,688
SUBTOTAL (LINES 1 THROUGH 20)					\$297,870	\$0	\$2,507,031	\$2,804,901
<u>OTHER COMPONENTS</u>								
21.		0			\$0	\$0	\$0	\$0
22.		0			0	0	0	0
23.		0			0	0	0	0
24.		0			0	0	0	0
25.		0			0	0	0	0
26.		0			0	0	0	0
27.		0			0	0	0	0
28.		0			0	0	0	0
29.		0			0	0	0	0
30.		0			0	0	0	0
31.		0			0	0	0	0
32.		0			0	0	0	0
33.		0			0	0	0	0
34.		0			0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	VARIOUS	VARIOUS	0	0	194,824	194,824
SUBTOTAL (LINES 21 THROUGH 35)					\$0	\$0	\$194,824	\$194,824
GRAND TOTAL					\$297,870	\$0	\$2,701,855	\$2,999,725

(To Schedule 1 & 2)

SUMMARY ALLOCATION OF HOME OFFICE COSTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT COSTS (SCH. 7-1) 1	FUNCTIONAL COSTS (SCH. 5-1) 2	POOLED COSTS (SCH. 4) 3	TOTAL NONCAPITAL COSTS (COL. 1 TO 3)	
		FROM	TO					
<u>HEALTH CARE FACILITIES</u>								
1.	LANCASTER CONVALESCENT CENTER	1760437628	01/01/11	12/31/11	\$0	\$102,050	\$236,436	\$338,486
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	01/01/11	12/31/11	0	89,291	239,385	328,676
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	01/01/11	12/31/11	0	98,189	272,073	370,262
4.	VAN NUYS HEALTHCARE CENTER	1447205117	01/01/11	12/31/11	0	27,838	108,268	136,106
5.		0			0	0	0	0
6.		0			0	0	0	0
7.		0			0	0	0	0
8.		0			0	0	0	0
9.		0			0	0	0	0
10.		0			0	0	0	0
11.		0			0	0	0	0
12.		0			0	0	0	0
13.		0			0	0	0	0
14.		0			0	0	0	0
15.		0			0	0	0	0
16.		0			0	0	0	0
17.		0			0	0	0	0
18.		0			0	0	0	0
19.		0			0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	VARIOUS	VARIOUS	0	6,103,768	30,155,508	36,259,276
SUBTOTAL (LINES 1 THROUGH 20)					\$0	\$6,421,136	\$31,011,670	\$37,432,806
<u>OTHER COMPONENTS</u>								
21.		0			\$0	\$0	\$0	\$0
22.		0			0	0	0	0
23.		0			0	0	0	0
24.		0			0	0	0	0
25.		0			0	0	0	0
26.		0			0	0	0	0
27.		0			0	0	0	0
28.		0			0	0	0	0
29.		0			0	0	0	0
30.		0			0	0	0	0
31.		0			0	0	0	0
32.		0			0	0	0	0
33.		0			0	0	0	0
34.		0			0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	VARIOUS	VARIOUS	(10,699)	386,721	2,409,949	2,785,971
SUBTOTAL (LINES 21 THROUGH 35)					(\$10,699)	\$386,721	\$2,409,949	\$2,785,971
GRAND TOTAL					(\$10,699)	\$6,807,857	\$33,421,619	\$40,218,777

(To Schedule 1 & 2)

POOLED ALLOCATION OF HOME OFFICE COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	TOTAL COST (SCH. G, COL. 1) 1	CAPITAL (SCH. 8) 2	NONCAPITAL (SCH. 8) 3	TOTAL POOLED (COL. 2 + 3) 4	
HEALTH CARE FACILITIES						
		(Adj. 18)				
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$8,046,146	\$19,114	\$236,436	\$255,549
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	8,146,518	19,352	239,385	258,737
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	9,258,926	21,995	272,073	294,068
4.	VAN NUYS HEALTHCARE CENTER	1447205117	3,684,476	8,753	108,268	117,021
5.		0	0	0	0	0
6.		0	0	0	0	0
7.		0	0	0	0	0
8.		0	0	0	0	0
9.		0	0	0	0	0
10.		0	0	0	0	0
11.		0	0	0	0	0
12.		0	0	0	0	0
13.		0	0	0	0	0
14.		0	0	0	0	0
15.		0	0	0	0	0
16.		0	0	0	0	0
17.		0	0	0	0	0
18.		0	0	0	0	0
19.		0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	1,026,222,686	2,437,818	30,155,508	32,593,326
SUBTOTAL (LINES 1 THROUGH 20)			\$1,055,358,752	\$2,507,031	\$31,011,670	\$33,518,702
OTHER COMPONENTS						
21.		0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0
23.		0	0	0	0	0
24.		0	0	0	0	0
25.		0	0	0	0	0
26.		0	0	0	0	0
27.		0	0	0	0	0
28.		0	0	0	0	0
29.		0	0	0	0	0
30.		0	0	0	0	0
31.		0	0	0	0	0
32.		0	0	0	0	0
33.		0	0	0	0	0
34.		0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	82,013,004	194,824	2,409,949	2,604,772
SUBTOTAL (LINES 21 THROUGH 35)			\$82,013,004	\$194,824	\$2,409,949	\$2,604,772
GRAND TOTAL			\$1,137,371,756	\$2,701,855	\$33,421,619	\$36,123,474
(To Schedule 3) (To Schedule 3-1)						
MULTIPLIER				0.002376	0.029385	

FUNCTIONAL ALLOCATION OF EXPENSES TO
CHAIN COMPONENTS - CAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Old Cap. Related- Buildings & 1.00	1.01	Old Cap. Related- Movable 2.00	2.01	New Cap. Related- Buildings & 4.00	4.01
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS							
21.		0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO
CHAIN COMPONENTS - CAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	New Cap. Related- Movable 5.00	5.01	Insurance Premiums 7.00	Taxes and Licenses - Not INCM 8.00	Other 9.00	AUDITED TOTAL CAPITAL
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS							
21.		0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Salaries of Officers 11	Salaries & Wages of Others 12	Payroll Taxes 13	Employee Benefits-Payroll Related 14	Employee Benefits- Nonpayroll 15	Profit Sharing/Pensio n Plans 16	Legal Fees 17
HEALTH CARE FACILITIES								
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0	0
5.		0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS								
21.		0	0	0	0	0	0	0
22.		0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Auditing & Accounting Fees 18	Utilities 19	Communication s 20	Travel & Entertainment 21	Transportation 22	Cleaning Office & Admin Supplies 23	Minor Equipment Expensed 24
HEALTH CARE FACILITIES								
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0	0
5.		0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS								
21.		0	\$0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Repairs & Maintenance 25	Dues & Subscriptions 26	Contributions 27	Insurance Premium-Non Capital Related 28	Taxes & Licenses - Non Capital Related 29	Interest Expense 30	Other Consulting 31
HEALTH CARE FACILITIES								
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0	0
5.		0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS								
21.		0	\$0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Other Recruitment & Marketing 32	Other Education/Semi nars 33	Training/Emplo yee Programs 34	Other Director Fees/ Expense 35	Other Corp Rehab Expense 35.01	Corp Clinical Wages, Taxes 35.02	35.03	
HEALTH CARE FACILITIES									
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$71,896	\$30,154	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	58,761	30,530	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	63,490	34,699	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	14,030	13,808	0
5.		0	0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	2,374,818	3,728,950	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$2,582,994	\$3,838,142	\$0
OTHER COMPONENTS									
21.		0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	386,721	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$386,721	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$2,969,715	\$3,838,142	\$0

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	35.04	35.05	35.06	35.07	35.08	AUDITED TOTAL NONCAPITAL
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$102,050
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	89,291
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	98,189
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	27,838
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	6,103,768
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$6,421,136
OTHER COMPONENTS							
21.		0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	386,721
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$386,721
GRAND TOTAL			\$0	\$0	\$0	\$0	\$6,807,857

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - CAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	New Cap. Related- (Statistics) 5.00 (Adj.)	(Statistics) 5.01 (Adj.)	Insurance Premiums (Statistics) 7.00 (Adj.)	Taxes and Licenses - Not (Statistics) 8.00 (Adj.)	Other (Statistics) 9.00 (Adj.)
HEALTH CARE FACILITIES						
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0
5.		0	0	0	0	0
6.		0	0	0	0	0
7.		0	0	0	0	0
8.		0	0	0	0	0
9.		0	0	0	0	0
10.		0	0	0	0	0
11.		0	0	0	0	0
12.		0	0	0	0	0
13.		0	0	0	0	0
14.		0	0	0	0	0
15.		0	0	0	0	0
16.		0	0	0	0	0
17.		0	0	0	0	0
18.		0	0	0	0	0
19.		0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0	0
OTHER COMPONENTS						
21.		0	0	0	0	0
22.		0	0	0	0	0
23.		0	0	0	0	0
24.		0	0	0	0	0
25.		0	0	0	0	0
26.		0	0	0	0	0
27.		0	0	0	0	0
28.		0	0	0	0	0
29.		0	0	0	0	0
30.		0	0	0	0	0
31.		0	0	0	0	0
32.		0	0	0	0	0
33.		0	0	0	0	0
34.		0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0	0
GRAND TOTAL			0	0	0	0
TOTAL STATISTICS			0	0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Salaries of Officers (Statistics) 11.00 (Adj.)	Salaries & Wages of (Statistics) 12.00 (Adj.)	Payroll Taxes (Statistics) 13.00 (Adj.)	Employee Benefits-Payroll (Statistics) 14.00 (Adj.)	Employee Benefits- (Statistics) 15.00 (Adj.)	Profit Sharing/Pensio (Statistics) 16.00 (Adj.)
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0	0	0
OTHER COMPONENTS							
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0	0	0
GRAND TOTAL			0	0	0	0	0
TOTAL STATISTICS			0	0	0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Legal Fees (Statistics) 17.00 (Adj.)	Auditing & Accounting (Statistics) 18.00 (Adj.)	Utilities (Statistics) 19.00 (Adj.)	Communication s (Statistics) 20.00 (Adj.)	Travel & Entertainment (Statistics) 21.00 (Adj.)	Transportation (Statistics) 22.00 (Adj.)
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0	0	0
OTHER COMPONENTS							
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0	0	0
GRAND TOTAL			0	0	0	0	0
TOTAL STATISTICS			0	0	0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Cleaning Office & Admin (Statistics) 23.00 (Adj.)	Minor Equipment (Statistics) 24.00 (Adj.)	Repairs & Maintenance (Statistics) 25.00 (Adj.)	Dues & Subscriptions (Statistics) 26.00 (Adj.)	Contributions (Statistics) 27.00 (Adj.)	Insurance Premium-Non (Statistics) 28.00 (Adj.)
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0	0	0
OTHER COMPONENTS							
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0	0	0
GRAND TOTAL			0	0	0	0	0
TOTAL STATISTICS			0	0	0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Taxes & Licenses - Non (Statistics) 29.00 (Adj.)	Interest Expense (Statistics) 30.00 (Adj.)	Other Consulting (Statistics) 31.00 (Adj.)	Other Recruitment & (Statistics) 32.00 (Adj.)	Other Education/Semi (Statistics) 33.00 (Adj.)	Training/Empl oee Programs (Statistics) 34.00 (Adj.)
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0	0	0
OTHER COMPONENTS							
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0	0	0
GRAND TOTAL			0	0	0	0	0
TOTAL STATISTICS			0	0	0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	Other Director Fees/ Expense (Statistics) 35.00 (Adj.)	Other Corp Rehab Expense (Rehab Exp) 35.01 (Adj.)	Corp Clinical Wages, Taxes (Operating Exp) 35.02 (Adj. 19)	(Statistics) 35.03 (Adj.)	(Statistics) 35.04 (Adj.)	(Statistics) 35.05 (Adj.)
HEALTH CARE FACILITIES							
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	1,009,389	8,046,146	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	824,982	8,146,518	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	891,380	9,258,926	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	196,972	3,684,476	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	33,341,588	995,011,009	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	36,264,311	1,024,147,075	0	0
OTHER COMPONENTS							
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
26.		0	0	0	0	0	0
27.		0	0	0	0	0	0
28.		0	0	0	0	0	0
29.		0	0	0	0	0	0
30.		0	0	0	0	0	0
31.		0	0	0	0	0	0
32.		0	0	0	0	0	0
33.		0	0	0	0	0	0
34.		0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	5,429,420	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	5,429,420	0	0	0
GRAND TOTAL			0	41,693,731	1,024,147,075	0	0
TOTAL STATISTICS			0	41,693,731	1,024,147,075	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$2,969,715	\$3,838,142	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.071227	0.003748	0.000000	0.000000

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

<u>HEALTH CARE FACILITIES</u>		PROVIDER NPI	(Statistics) 35.06 (Adj.)	(Statistics) 35.07 (Adj.)	(Statistics) 35.08 (Adj.)
1.	LANCASTER CONVALESCENT CENTER	1760437628	0	0	0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0
5.		0	0	0	0
6.		0	0	0	0
7.		0	0	0	0
8.		0	0	0	0
9.		0	0	0	0
10.		0	0	0	0
11.		0	0	0	0
12.		0	0	0	0
13.		0	0	0	0
14.		0	0	0	0
15.		0	0	0	0
16.		0	0	0	0
17.		0	0	0	0
18.		0	0	0	0
19.		0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			0	0	0
<u>OTHER COMPONENTS</u>					
21.		0	0	0	0
22.		0	0	0	0
23.		0	0	0	0
24.		0	0	0	0
25.		0	0	0	0
26.		0	0	0	0
27.		0	0	0	0
28.		0	0	0	0
29.		0	0	0	0
30.		0	0	0	0
31.		0	0	0	0
32.		0	0	0	0
33.		0	0	0	0
34.		0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			0	0	0
GRAND TOTAL			0	0	0
TOTAL STATISTICS			0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$0	\$0
UNIT COST MULTIPLIER			0.000000	0.000000	0.000000

DIRECT ALLOCATION OF CAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	REPORTED TOTAL (SCH. E)	New Cap Rel Costs - Blg 4.00 (Adj. 3)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	AUDITED TOTAL
<u>HEALTH CARE FACILITIES</u>								
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0	0
5.		0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	179,389	118,481	0	0	0	297,870
SUBTOTAL (LINES 1 THROUGH 20)			\$179,389	\$118,481	\$0	\$0	\$0	\$297,870
<u>OTHER COMPONENTS</u>								
21.		0	\$0	\$0	\$0	\$0	\$0	\$0
22.		0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$179,389	\$118,481	\$0	\$0	\$0	\$297,870

(To Schedule 3)

DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI							AUDITED TOTAL
		(Adj.)						
HEALTH CARE FACILITIES								
1.	LANCASTER CONVALESCENT CENTER	1760437628	\$0	\$0	\$0	\$0	\$0	\$0
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	0	0	0	0	0	0
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	0	0	0	0	0	0
4.	VAN NUYS HEALTHCARE CENTER	1447205117	0	0	0	0	0	0
5.		0	0	0	0	0	0	0
6.		0	0	0	0	0	0	0
7.		0	0	0	0	0	0	0
8.		0	0	0	0	0	0	0
9.		0	0	0	0	0	0	0
10.		0	0	0	0	0	0	0
11.		0	0	0	0	0	0	0
12.		0	0	0	0	0	0	0
13.		0	0	0	0	0	0	0
14.		0	0	0	0	0	0	0
15.		0	0	0	0	0	0	0
16.		0	0	0	0	0	0	0
17.		0	0	0	0	0	0	0
18.		0	0	0	0	0	0	0
19.		0	0	0	0	0	0	0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	0	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 20)			\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS								
21.		0	0	0	0	0	0	0
22.		0	0	0	0	0	0	0
23.		0	0	0	0	0	0	0
24.		0	0	0	0	0	0	0
25.		0	0	0	0	0	0	0
26.		0	0	0	0	0	0	0
27.		0	0	0	0	0	0	0
28.		0	0	0	0	0	0	0
29.		0	0	0	0	0	0	0
30.		0	0	0	0	0	0	0
31.		0	0	0	0	0	0	0
32.		0	0	0	0	0	0	0
33.		0	0	0	0	0	0	0
34.		0	0	0	0	0	0	0
35.	ALL OTHER COMPONENTS	VARIOUS	0	0	0	0	0	(10,699)
SUBTOTAL (LINES 21 THROUGH 35)			\$0	\$0	\$0	\$0	\$0	(\$10,699)
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	(\$10,699)

(To Schedule 3-1)

TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.FISCAL PERIOD ENDED:
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED POOLED ALLOC. (SCH. B, COL 8)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED POOLED COSTS
CAPITAL-RELATED COSTS - OLD					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
CAPITAL-RELATED COSTS - NEW					
4.00	New Cap. Related-Buildings & Fixtures	\$1,733,002	1	(\$841,729)	\$891,273
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	1,898,396	2,3	(87,814)	1,810,582
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	<u>\$3,631,398</u>		<u>(\$929,543)</u>	<u>\$2,701,855</u>
OTHER CAPITAL-RELATED COSTS					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
NON CAPITAL-RELATED COSTS					
11.00	Salaries of Officers	\$2,682,707			\$2,682,707
12.00	Salaries & Wages of Others	15,971,759			15,971,759
13.00	Payroll Taxes	1,308,641		0	1,308,641
14.00	Employee Benefits-Payroll Related	2,959,903	4-6	(1,540,656)	1,419,247
15.00	Employee Benefits-Nonpayroll Related	30,557		0	30,557
16.00	Profit Sharing/Pension Plans	117,548		0	117,548
17.00	Legal Fees	1,786,204	7-11	(1,316,650)	469,554
18.00	Auditing & Accounting Fees	1,800,575	12	(247,115)	1,553,460
19.00	Utilities	3,138		0	3,138
20.00	Communications	755,566		0	755,566
21.00	Travel & Entertainment	3,032,288	13	(253,989)	2,778,299
22.00	Transportation	22,171	13	(325)	21,846
23.00	Cleaning Office & Admin Supplies	950,820		0	950,820
24.00	Minor Equipment Expensed	15,143		0	15,143
25.00	Repairs & Maintenance	261,313		0	261,313
26.00	Dues & Subscriptions	106,072		0	106,072
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	5,308		0	5,308
29.00	Taxes & Licenses - Non Capital Related	750,559		0	750,559
30.00	Interest Expense	2,665,563	14	(2,665,563)	0
31.00	Other Consulting	10,711,016	12, 15-17	(7,296,074)	3,414,942
32.00	Other Recruitment & Marketing	440,678		0	440,678
33.00	Other Education/Seminars	160,786		0	160,786
34.00	Training/Employee Programs	0		0	0
35.00	Other Director Fees/ Expense	203,676		0	203,676
35.01	Other Corp Rehab Expense	0		0	0
35.02	Corp Clinical Wages, Taxes	0		0	0
35.03		0		0	0
35.04		0		0	0
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	<u>\$46,741,991</u>		<u>(\$13,320,372)</u>	<u>\$33,421,619</u>
37.00	TOTAL ALLOWABLE EXPENSES	<u>\$50,373,389</u>		<u>(\$14,249,915)</u>	<u>\$36,123,474</u> (To Sch. 4)
38.00	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	TOTAL EXPENSES	<u>\$50,373,389</u>		<u>(\$14,249,915)</u>	<u>\$36,123,474</u>

TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.FISCAL PERIOD ENDED:
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED DIRECT ALLOC. (SCH. B, COL 6)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED DIRECT COSTS
CAPITAL-RELATED COSTS - OLD					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
CAPITAL-RELATED COSTS - NEW					
4.00	New Cap. Related-Buildings & Fixtures	\$179,389		\$0	\$179,389
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	0	3	118,481	118,481
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	<u>\$179,389</u>		<u>\$118,481</u>	<u>\$297,870</u>
OTHER CAPITAL-RELATED COSTS					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
NON CAPITAL-RELATED COSTS					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries & Wages of Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits-Payroll Related	0		0	0
15.00	Employee Benefits-Nonpayroll Related	0		0	0
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	0		0	0
18.00	Auditing & Accounting Fees	0		0	0
19.00	Utilities	0		0	0
20.00	Communications	0		0	0
21.00	Travel & Entertainment	0		0	0
22.00	Transportation	0		0	0
23.00	Cleaning Office & Admin Supplies	0		0	0
24.00	Minor Equipment Expensed	(10,699)		0	(10,699)
25.00	Repairs & Maintenance	0		0	0
26.00	Dues & Subscriptions	0		0	0
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	0		0	0
29.00	Taxes & Licenses - Non Capital Related	0		0	0
30.00	Interest Expense	0		0	0
31.00	Other Consulting	0		0	0
32.00	Other Recruitment & Marketing	0		0	0
33.00	Other Education/Seminars	0		0	0
34.00	Training/Employee Programs	0		0	0
35.00	Other Director Fees/ Expense	0		0	0
35.01	Other Corp Rehab Expense	0		0	0
35.02	Corp Clinical Wages, Taxes	0		0	0
35.03		0		0	0
35.04		0		0	0
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	<u>(\$10,699)</u>		<u>\$0</u>	<u>(\$10,699)</u>
37.00	TOTAL ALLOWABLE EXPENSES	<u>\$168,690</u>		<u>\$118,481</u>	<u>\$287,171</u>
					(To Sch. 7, 7-1)
38.00	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	TOTAL EXPENSES	<u>\$168,690</u>		<u>\$118,481</u>	<u>\$287,171</u>

TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.FISCAL PERIOD ENDED:
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS (SCH. B, COL 7)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED FUNCTIONAL COSTS
CAPITAL-RELATED COSTS - OLD					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
CAPITAL-RELATED COSTS - NEW					
4.00	New Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	0		0	0
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
OTHER CAPITAL-RELATED COSTS					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
NON CAPITAL-RELATED COSTS					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries & Wages of Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits-Payroll Related	0		0	0
15.00	Employee Benefits-Nonpayroll Related	0		0	0
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	0		0	0
18.00	Auditing & Accounting Fees	0		0	0
19.00	Utilities	0		0	0
20.00	Communications	0		0	0
21.00	Travel & Entertainment	0		0	0
22.00	Transportation	0		0	0
23.00	Cleaning Office & Admin Supplies	0		0	0
24.00	Minor Equipment Expensed	0		0	0
25.00	Repairs & Maintenance	0		0	0
26.00	Dues & Subscriptions	0		0	0
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	0		0	0
29.00	Taxes & Licenses - Non Capital Related	0		0	0
30.00	Interest Expense	0		0	0
31.00	Other Consulting	0		0	0
32.00	Other Recruitment & Marketing	0		0	0
33.00	Other Education/Seminars	0		0	0
34.00	Training/Employee Programs	0		0	0
35.00	Other Director Fees/ Expense	0		0	0
35.01	Other Corp Rehab Expense	2,969,715			2,969,715
35.02	Corp Clinical Wages, Taxes	3,838,142		0	3,838,142
35.03		0		0	0
35.04		0		0	0
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	<u>\$6,807,857</u>		<u>\$0</u>	<u>\$6,807,857</u>
37.00	TOTAL ALLOWABLE EXPENSES	<u>\$6,807,857</u>		<u>\$0</u>	<u>\$6,807,857</u>
(To Sch. 6, 6-1)					
38.00	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
TOTAL EXPENSES		<u>\$6,807,857</u>		<u>\$0</u>	<u>\$6,807,857</u>

REPORTED HOME OFFICE COSTS

HOME OFFICE NAME:
FIVE STAR QUALITY CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

	PROVIDER NPI	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT ALLOCATION		FUNCTIONAL ALLOCATION		POOLED ALLOCATION		TOTAL ALLOCATION HOME OFFICE COSTS	
		FROM	TO	CAPITAL RELATED COSTS (SCH. E)	NON-CAPITAL RELATED COSTS (SCH. E-1)	CAPITAL RELATED COSTS (SCH. F)	NON-CAPITAL RELATED COSTS (SCH. F-1)	CAPITAL RELATED COSTS (SCH. G)	NON-CAPITAL RELATED COSTS (SCH. G)		
HEALTH CARE FACILITIES											
1.	LANCASTER CONVALESCENT CENTER	1760437628	01/01/11	12/31/11				\$104,166	\$28,074	\$361,357	\$493,597
2.	LA SALETTE HEALTH & REHABILITATION	1679528988	01/01/11	12/31/11				91,620	28,584	367,932	488,136
3.	THOUSAND OAKS HEALTHCARE CENTER	1134174501	01/01/11	12/31/11				100,693	32,364	416,583	549,640
4.	VAN NUYS HEALTHCARE CENTER	1447205117	01/01/11	12/31/11				28,898	12,935	166,496	208,329
5.											0
6.											0
7.											0
8.											0
9.											0
10.											0
11.											0
12.											0
13.											0
14.											0
15.											0
16.											0
17.											0
18.											0
19.											0
20.	OTHER HEALTH CARE FACILITIES	VARIOUS	VARIOUS	VARIOUS	179,389			6,095,759	3,236,993	41,665,350	51,177,491
SUBTOTAL (LINES 1 THROUGH 20)					\$179,389	\$0	\$0	\$6,421,136	\$3,338,950	\$42,977,718	\$52,917,193
OTHER COMPONENTS											
21.											\$0
22.											0
23.											0
24.											0
25.											0
26.											0
27.											0
28.											0
29.											0
30.											0
31.											0
32.											0
33.											0
34.											0
35.	ALL OTHER COMPONENTS	VARIOUS	VARIOUS	VARIOUS		(10,699)		386,721	292,448	3,764,273	4,432,743
SUBTOTAL (LINES 21 THROUGH 35)					\$0	(\$10,699)	\$0	\$386,721	\$292,448	\$3,764,273	\$4,432,743
GRAND TOTAL					\$179,389	(\$10,699)	\$0	\$6,807,857	\$3,631,398	\$46,741,991	\$57,349,936

Provider Name							Fiscal Period			Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		19
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	COST REPORT										
		Work Sheet	Part	Title	Line	Col.						
ADJUSTMENTS TO REPORTED POOLED COSTS												
1	8	B			4.00	8	New Cap. Related Costs - Bldg To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Section 1011.5	\$1,733,002	(\$841,729)	\$891,273		
2	8	B			5.00	8	New Cap. Related Costs - Movable To reconcile the provider's reported depreciation expense to the lapsing depreciation schedule. 42 CFR 413.20, 413.24, and 413.134 CMS Pub. 15-1, Sections 102 and 2304	\$1,898,396	\$30,667	\$1,929,063 *		
3	8	B			5.00	8	New Cap. Related Costs - Movable	* \$1,929,063	(\$118,481)	\$1,810,582		
	8	B			5.00	6	New Cap. Related Costs - Movable	0	118,481	118,481		
	7	E			20.00	4	Other Health Care Facilities To reclassify depreciation expense directly identifiable to specific entities. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2150.3 and 2307A	179,389	118,481	297,870		
4	8	B			14.00	8	Employee Benefits - Payroll To reconcile the provider's reported self-insured health allocation to paid claims and administrative fees. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2162, 2162.3, 2162.6, 2162.7, 2300, and 2304	\$2,959,903	(\$572,462)			
5							To eliminate amortized stock grant expense for shares awarded to provider employees. The stock option and stock award program does not meet the requirements of CMS Pub 15-1, section 2140ff. 42 CFR 413.5, 413.9 et seq., 413.20, and 413.24 et seq. CMS Pub. 15-1, Sections 2102.1, 2140 et seq., and 2304		(761,786) (\$1,334,248)	\$1,625,655 *		

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		19
Report References												
COST REPORT												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
ADJUSTMENTS TO REPORTED POOLED COSTS												
6	8	B			14.00	8	Employee Benefits - Payroll To eliminate non-employee stock grant expense which is not reasonable, necessary, proper, prudent, or a fringe benefit. 42 CFR 413.9(C)(3) CMS Pub. 15-1 Sections 2102.1, 2102.2, 2103, and 2144.1	*	\$1,625,655	(\$206,408)	\$1,419,247	
7	8	B			17.00	8	Legal Fees To eliminate pooled legal fees not related to general home office activities. 42 CFR 405.2468(a) and 413.9(b)(2) CMS Pub. 15-1, Sections 2102.3 and 2135.2		\$1,786,204	(\$1,146,423)		
8							To reconcile Sullivan & Worcester legal fees to eliminate all case matters not related to the home office. 42 CFR 405.2468(a) and 413.9(b)(2) CMS Pub. 15-1, Sections 2102.3 and 2135.2			(11,599)		
9							To eliminate fees for services relating to stock maintenance items. 42 CFR 413.5 and 413.9(b)(2) CMS Pub. 15-1, Sections 2102.3 and 2134.9			(54,806)		
10							To eliminate legal fees not related to patient care and for insufficient documentation. 42 CFR 405.2468(a) and 413.9(b)(2) CMS Pub. 15-1, Sections 2102.3 and 2135.2			(91,948)		
11							To eliminate legal fees in connection with a fair hearing against any government agency or department. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14126.023(a)(3)(C)			(11,874) (\$1,316,650)	\$469,554	
*Balance carried forward from prior/to subsequent adjustments												

Provider Name							Fiscal Period			Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		19
Report References												
COST REPORT												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
ADJUSTMENTS TO REPORTED POOLED COSTS												
12	8	B			18.00	8	Auditing & Accounting Fees			\$1,800,575	(\$247,115)	\$1,553,460
	8	B			31.00	8	Other Consulting			10,711,016	(6,797,070)	3,913,946 *
							To eliminate related party shared service fees due to insufficient documentation supporting the services rendered or the expense reported has been reduced to cost. 42 CFR 413.5 and 413.9 CMS Pub 15-1, Sections 2102.1, 2103, 2404.2F, and 2150					
13	8	B			21.00	8	Travel & Entertainment			\$3,032,288	(\$253,989)	\$2,778,299
	8	B			22.00	8	Transportation			22,171	(325)	21,846
							To eliminate travel expenses incurred by marketing personnel. 42 CFR 413.5, 413.9, and 413.24 CMS Pub. 15-1, Sections 2136.2, 2300, and 2304					
14	8	B			30.00	8	Interest Expense			\$2,665,563	(\$2,665,563)	\$0
							To eliminate interest expense due to insufficient documentation supporting the necessity for borrowing. 42 CFR 413.20, 413.24, and 413.153 CMS Pub. 15-1, Sections 202.2, 2300, and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		19
Report References												
COST REPORT												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
ADJUSTMENTS TO REPORTED POOLED COSTS												
15	8	B			31.00	8	Other Consulting		*	\$3,913,946		
							To eliminate marketing consulting vendors from pooled costs. 42 CFR 413.5, 413.9, and 413.24 CMS Pub. 15-1, Sections 2136.2 and 2304				(\$251,554)	
16							To eliminate a prepaid consulting contract for the former CEO due to insufficient documentation supporting the necessity of service, relationship to patient care, and duties performed. 42 CFR 413.5, 413.9, and 413.20 CMS Pub. 15-1, Sections 2105.1, 2300, and 2304				(104,500)	
17							To eliminate REIT Management Fees due to insufficient documentation supporting the services rendered. 42 CFR 413.5, 413.9, and 413.20 CMS Pub. 15-1, Sections 2105.1, 2300, and 2304				(142,950)	
											(\$499,004)	\$3,414,942

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		19
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
COST REPORT										
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.				
ADJUSTMENT TO REPORTED POOLED STATISTICS										
18	4	G	II		1.00	1	Lancaster Healthcare Center (Total Cost)	7,872,699	173,447	8,046,146
	4	G	II		2.00	1	La Salette Health & Rehab	8,016,360	130,158	8,146,518
	4	G	II		3.00	1	Thousand Oaks Healthcare Center	9,076,015	182,911	9,258,926
	4	G	II		4.00	1	Van Nuys Healthcare Center	3,627,325	57,151	3,684,476
	4	G	II		20.00	1	Other Health Care Facilities	907,768,532	118,454,154	1,026,222,686
	4	G	II		34.00	1	Total - Total Cost	1,018,373,935	118,997,821	1,137,371,756
							To reconcile the provider's pooled statistics to the audited financial statements and include cost of ownership in lieu of related party rent expense for proper cost finding. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 1011.5, 2150.3(D), 2300, 2304, and 2306 CMS Pub. 15-2, Section 3902			

Provider Name							Fiscal Period			Provider Number		Adjustments
FIVE STAR QUALITY CARE, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		19
Report References												
COST REPORT												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments			As Reportec	Increase (Decrease)	As Adjusted
ADJUSTMENTS TO REPORTED FUNCTIONAL STATISTICS												
19	6-1	F-1	II		1.00	35.02	Lancaster Healthcare Center (Operating Expense)			7,872,699	173,447	8,046,146
	6-1	F-1	II		2.00	35.02	La Salette Health & Rehab			8,016,360	130,158	8,146,518
	6-1	F-1	II		3.00	35.02	Thousand Oaks Healthcare Center			9,076,015	182,911	9,258,926
	6-1	F-1	II		4.00	35.02	Van Nuys Healthcare Center			3,627,325	57,151	3,684,476
	6-1	F-1	II		20.00	35.02	Other Health Care Facilities			907,768,532	87,242,477	995,011,009
	6-1	F-1	II		34.00	35.02	Total - Operating Expense			936,360,931	87,786,144	1,024,147,075
							To reconcile the provider's functional statistics to the audited financial statements and include cost of ownership in lieu of related party rent expense for proper cost finding.					
							42 CFR 413.24 and 413.50					
							CMS Pub. 15-1, Sections 1011.5, 2150.3(D), 2300, 2304, and 2306					
							CMS Pub. 15-2, Section 3902					