

**REPORT  
ON THE  
RATE SETTING AUDIT**

**FLAGSHIP HEALTHCARE CENTER  
NEWPORT BEACH, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1922128974**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick  
Audit Supervisor: Kelly Ostrom  
Auditors: Ahsan Hafeez and Janice Varrone**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 27, 2013

Walter Turpin  
District Reimbursement Manager  
Sava Senior Care Administrative Services, LLC  
5300 West Sam Houston Parkway North, Suite 100  
Houston, TX 77041

FLAGSHIP HEALTHCARE CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1922128974  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's Integrated Disclosure and Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from patient share of cost. 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 accompanying Summary of Audited Facility Cost per Patient Day represents a proper determination of the allowable costs, patient days, and use of share of cost for the above fiscal period in accordance with Medi-Cal reimbursement principles.

This audit report includes the:

1. Summary of Audited Facility Cost per Patient Day and supporting schedules
2. Audit Adjustments Schedule

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rates Development Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

Walter Turpin  
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If you disagree with the decision of the Department, you may appeal by writing to:

Chief  
Department of Health Care Services  
Office of Administrative Hearings and Appeals  
1029 J Street, Suite 200  
Sacramento, CA 95814  
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

**United States Postal Service (USPS)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
PO Box 997413  
Sacramento, CA 95899

**Courier (UPS, FedEx, etc.)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
1501 Capitol Avenue, Suite 71.5001  
Sacramento, CA 95814  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

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

**Original Signed By**

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

Certified

## SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

**Provider Name:**  
Flagship Healthcare Center

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1922128974

**OSHPD Facility No.:**  
206301289

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SKILLED NURSING CARE</b>				
1	Cost of Direct Care - Labor (Sch. 2, Ln. 105)	\$ N/A	\$ 4,143,770	\$ 107.66
2	Cost of Indirect Care - Labor (Sch. 3, Ln. 105)	\$ N/A	\$ 1,030,681	\$ 26.78
3	Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)	\$ N/A	\$ 719,567	\$ 18.70
4	Cost of Capital Related (Sch. 5, Ln. 105)	\$ N/A	\$ 709,316	\$ 18.43
5	Property Taxes (Sch. 5, Ln. 105)	\$ N/A	\$ 61,060	\$ 1.59
6	CDPH Licensing Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 41,235	\$ 1.07
7	Professional Liability Insurance (Sch. 6, Ln. 105)	\$ N/A	\$ 170,815	\$ 4.44
8	Caregiver Training (Sch. 6, Ln. 105)	\$ N/A	\$ 0	\$ 0.00
9	Quality Assurance Fees (Sch. 6, Ln. 105)	\$ N/A	\$ 433,413	\$ 11.26
10	Cost of Administration (Sch. 6, Ln. 105)	\$ N/A	\$ 1,126,885	\$ 29.28
11	Cost of Routine Service/Audited Total Costs	\$ 8,788,962.00	\$ 8,436,741	\$ 219.20
12	Total Patient Days (Adj )	38,488	38,488	
13	Cost Per Patient Day (Cost Divided by Days)	\$ 228.36	\$ 219.20	
14	Overpayments (Adj )	\$	\$ 0	
15	Medi-Cal Days (Adj 4 )	28,465	856	
16	Medi-Cal Managed Care Days (Adj 5 )		27,200	
<b>INTERMEDIATE CARE</b>				
17	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
18	Total Patient Days (Adj )		0	
19	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
20	Overpayments (Adj )	\$	\$ 0	
<b>MENTALLY DISORDERED CARE</b>				
21	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
22	Total Patient Days (Adj )		0	
23	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
24	Overpayments (Adj )	\$	\$ 0	
<b>DEVELOPMENTALLY DISABLED CARE</b>				
25	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
26	Total Patient Days (Adj )		0	
27	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
28	Overpayments (Adj )	\$	\$ 0	
<b>SUBACUTE CARE</b>				
29	Cost of Direct Care - Labor (Subacute Care Sch. 1, Ln. 25)	\$ N/A	\$ 0	\$ 0.00
30	Cost of Indirect Care - Labor (Subacute Care Sch. 1, Ln. 26)	\$ N/A	\$ 0	\$ 0.00
31	Cost of Direct and Indirect Nonlabor - Other (Subacute Care Sch. 1, Ln. 27)	\$ N/A	\$ 0	\$ 0.00
32	Cost of Capital Related (Subacute Care Sch. 1, Ln. 28)	\$ N/A	\$ 0	\$ 0.00
33	Property Taxes (Subacute Care Sch. 1, Ln. 29)	\$ N/A	\$ 0	\$ 0.00
34	CDPH Licensing Fees (Subacute Care Sch. 1, Ln. 30)	\$ N/A	\$ 0	\$ 0.00
35	Professional Liability Insurance (Subacute Care Sch. 1, Ln. 31)	\$ N/A	\$ 0	\$ 0.00
36	Quality Assurance Fees (Subacute Care Sch. 1, Ln. 32)	\$ N/A	\$ 0	\$ 0.00
37	Caregiver Training (Subacute Care Sch. 1, Ln. 33)	\$ N/A	\$ 0	\$ 0.00
38	Cost of Administration (Subacute Care Sch.1, Ln. 34)	\$ N/A	\$ 0	\$ 0.00
39	Total Cost of Subacute Service (Subacute Care Sch. 1, Ln. 35)	\$ 0	\$ 0	\$ 0.00
40	Total Patient Days (Subacute Care Sch. 1, Ln. 36)	0	0	
41	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
42	Amount Due Provider (State) (Subacute Care Sch. 1, Ln. 40)	\$ 0	\$ 0	

## SUMMARY OF AUDITED FACILITY COSTS / COST PER PATIENT DAY

**Provider Name:**  
Flagship Healthcare Center

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1922128974

**OSHPD Facility No.:**  
206301289

Line No.	PROGRAM DESCRIPTION	AS REPORTED	AS AUDITED	AUDITED COST PER PATIENT DAY
<b>SUBACUTE CARE - PEDIATRIC</b>				
43	Cost of Routine Service (Subacute Care - Pediatric, Sch. 1, Ln 3)	\$ 0	\$ 0	
44	Cost of Ancillary Service (Subacute Care - Pediatric, Sch. 1, Ln. 1 + Ln. 2)	\$ 0	\$ 0	
45	Total Cost of Subacute Care - Pediatric Service (Ln. 43 + Ln. 44)	\$ 0	\$ 0	
46	Total Patient Days (Subacute Care - Pediatric, Sch. 1, Ln. 5)	0	0	
47	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
48	Amount Due Provider (State) (Subacute Care - Pediatric, Sch. 1, Ln. 9)	\$ 0	\$ 0	
<b>TRANSITIONAL INPATIENT CARE</b>				
49	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
50	Total Patient Days (Adj )		0	
51	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
52	Overpayments (Adj )	\$	\$ 0	
<b>HOSPICE INPATIENT CARE</b>				
53	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
54	Total Patient Days (Adj )		0	
55	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
56	Overpayments (Adj )	\$	\$ 0	
<b>OTHER ROUTINE SERVICES</b>				
57	Cost of Routine Service (Sch. 2, 3, 4, 5, 6)	\$	\$ 0	
58	Total Patient Days (Adj )		0	
59	Cost Per Patient Day (Cost Divided by Days)	\$ 0.00	\$ 0.00	
60	Overpayments (Adj )	\$	\$ 0	

**ALLOCATION OF GENERAL SERVICES  
DIRECT CARE LABOR**

**Provider Name:**  
Flagship Healthcare Center

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1922128974

**OSHPD Facility No.:**  
206301289

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Soc Svcs	Activities	Total
			155	160	
	<b>GENERAL SERVICES</b>				
005	Plant Operations and Maintenance				
010	Housekeeping				
060	Laundry and Linen				
065	Dietary				
155	Social Services	\$ 127,383	\$ 127,383		
160	Activities	133,305		\$ 133,305	
165	Administration				
166	Medical Records				
170	Inservice Education - Nursing				
	<b>ANCILLARY SERVICES</b>				
075	Patient Supplies	0	0	0	0
077	Specialized Support Surfaces	N/A	0	0	0
080	Physical Therapy	364,488	0	0	364,488
081	Respiratory Therapy	0	0	0	0
082	Occupational Therapy	221,643	0	0	221,643
083	Speech Pathology	59,791	0	0	59,791
085	Pharmacy	0	0	0	0
090	Laboratory	0	0	0	0
095	Home Health Services	0	0	0	0
100	Other Ancillary Services	0	0	0	0
101	Subacute Care Ancillary Services	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0
	<b>ROUTINE SERVICES</b>				
105	Skilled Nursing Care	3,883,082	127,383	133,305	4,143,770 *
110	Intermediate Care	0	0	0	0 *
115	Mentally Disordered Care	0	0	0	0 *
120	Developmentally Disabled Care	0	0	0	0 *
125	Subacute Care	0	0	0	0 *
126	Subacute Care - Pediatric	0	0	0	0 *
128	Transitional Inpatient Care	0	0	0	0 *
130	Hospice Inpatient Care	0	0	0	0 *
135	Other Routine Services	0	0	0	0 *
	<b>NONREIMBURSABLE</b>				
139	Residential Care	0	0	0	0
140	Beauty and Barber	0	0	0	0
145	Other Nonreimbursable	0	0	0	0
	<b>TOTAL</b>	<b>\$ 4,789,692</b>	<b>\$ 127,383</b>	<b>\$ 133,305</b>	<b>\$ 4,789,692</b>

\* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
INDIRECT CARE LABOR

Provider Name:  
Flagship Healthcare Center

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 005	Hskpng 010	Laundry 060	Dietary 065	Soc Svcs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 124,491	\$ 124,491										
010	Housekeeping	234,467	920	\$ 235,387									
060	Laundry and Linen	104,503	2,125	4,047	\$ 110,675								
065	Dietary	445,478	15,562	29,643	0	\$ 490,683							
155	Social Services	N/A	648	1,234	0	0	\$ 1,882						
160	Activities	N/A	2,415	4,600	0	0	0	\$ 7,014					
165	Administration	N/A	6,202	11,814	0	0	0	0		\$ 18,016	\$ 18,016		
166	Medical Records	118,689	1,803	3,435	0	0	0	0		123,927		\$ 123,927	
170	Inservice Education - Nursing	68,000	0	0	0	0	0	0	\$ 68,000				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies		1,808	3,443	0	0	0	0	0	5,251	210	1,445	\$ 6,906
077	Specialized Support Surfaces		0	0	0	0	0	0	0	0	61	417	478
080	Physical Therapy		8,504	16,198	0	0	0	0	0	24,702	1,122	7,718	33,542
081	Respiratory Therapy		0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy		2,238	4,263	0	0	0	0	0	6,501	601	4,135	11,237
083	Speech Pathology		811	1,545	0	0	0	0	0	2,356	179	1,232	3,767
085	Pharmacy		0	0	0	0	0	0	0	0	476	3,273	3,749
090	Laboratory		0	0	0	0	0	0	0	0	78	538	617
095	Home Health Services		0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services		0	0	0	0	0	0	0	0	276	1,898	2,174
101	Subacute Care Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services		0	0	0	0	0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care		80,718	153,757	110,675	490,683	1,882	7,014	68,000	912,730	14,971	102,980	1,030,681 *
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0 *
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0 *
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0 *
125	Subacute Care		0	0	0	0	0	0	0	0	0	0	0 *
126	Subacute Care - Pediatric		0	0	0	0	0	0	0	0	0	0	0 *
128	Transitional Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
135	Other Routine Services		0	0	0	0	0	0	0	0	0	0	0 *
<b>NONREIMBURSABLE</b>													
139	Residential Care		0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber		684	1,303	0	0	0	0	0	1,987	41	279	2,307
145	Other Nonreimbursable		54	104	0	0	0	0	0	158	2	11	170
	<b>TOTAL</b>	<b>\$ 1,095,628</b>	<b>\$ 124,491</b>	<b>\$ 235,387</b>	<b>\$ 110,675</b>	<b>\$ 490,683</b>	<b>\$ 1,882</b>	<b>\$ 7,014</b>	<b>\$ 68,000</b>	<b>\$ 953,685</b>	<b>\$ 18,016</b>	<b>\$ 123,927</b>	<b>\$ 1,095,628</b>

\* (To Schedule 1)

ALLOCATION OF GENERAL SERVICES  
OTHER - NONLABOR

Provider Name:  
Flagship Healthcare Center

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Plant Ops 5	Hskpng 10	Laundry 60	Dietary 65	Soc Svcs 155	Activities 160	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total
<b>GENERAL SERVICES</b>													
005	Plant Operations and Maintenance	\$ 243,311	\$ 243,311										
010	Housekeeping	31,166	1,797	\$ 32,963									
060	Laundry and Linen	23,663	4,153	567	\$ 28,383								
065	Dietary	269,852	30,415	4,151	0	\$ 304,418							
155	Social Services	801	1,266	173	0	0	\$ 2,240						
160	Activities	8,547	4,719	644	0	0	0	\$ 13,911					
165	Administration	N/A	12,122	1,654	0	0	0	0		\$ 13,776	\$ 13,776		
166	Medical Records	7,084	3,524	481	0	0	0	0		11,089		\$ 11,089	
170	Inservice Education - Nursing	0	0	0	0	0	0	0	\$ -				
<b>ANCILLARY SERVICES</b>													
075	Patient Supplies	68,770	3,533	482	0	0	0	0	0	72,785	161	129	\$ 73,075
077	Specialized Support Surfaces	26,258	0	0	0	0	0	0	0	26,258	46	37	26,342
080	Physical Therapy	16,880	16,620	2,268	0	0	0	0	0	35,768	858	691	37,317
081	Respiratory Therapy	0	0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy	11,055	4,374	597	0	0	0	0	0	16,026	460	370	16,856
083	Speech Pathology	7,771	1,585	216	0	0	0	0	0	9,572	137	110	9,819
085	Pharmacy	205,908	0	0	0	0	0	0	0	205,908	364	293	206,565
090	Laboratory	33,871	0	0	0	0	0	0	0	33,871	60	48	33,979
095	Home Health Services	0	0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services	119,385	0	0	0	0	0	0	0	119,385	211	170	119,766
101	Subacute Care Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services	0	0	0	0	0	0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care	170,662	157,759	21,532	28,383	304,418	2,240	13,911	0	698,905	11,448	9,215	719,567 *
110	Intermediate Care		0	0	0	0	0	0	0	0	0	0	0 *
115	Mentally Disordered Care		0	0	0	0	0	0	0	0	0	0	0 *
120	Developmentally Disabled Care		0	0	0	0	0	0	0	0	0	0	0 *
125	Subacute Care	0	0	0	0	0	0	0	0	0	0	0	0 *
126	Subacute Care - Pediatric	0	0	0	0	0	0	0	0	0	0	0	0 *
128	Transitional Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
130	Hospice Inpatient Care		0	0	0	0	0	0	0	0	0	0	0 *
135	Other Routine Services		0	0	0	0	0	0	0	0	0	0	0 *
<b>NONREIMBURSABLE</b>													
139	Residential Care	0	0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber	9,201	1,337	182	0	0	0	0	0	10,721	31	25	10,777
145	Other Nonreimbursable	0	106	15	0	0	0	0	0	121	1	1	123
	<b>TOTAL</b>	<b>\$ 1,254,185</b>	<b>\$ 243,311</b>	<b>\$ 32,963</b>	<b>\$ 28,383</b>	<b>\$ 304,418</b>	<b>\$ 2,240</b>	<b>\$ 13,911</b>	<b>\$ -</b>	<b>\$ 1,229,320</b>	<b>\$ 13,776</b>	<b>\$ 11,089</b>	<b>\$ 1,254,185</b>

\* (To Schedule 1)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Capital	Plant Ops	Hskpng	Laundry	Dietary	Soc Srvs	Activities
				Various	5	10	60	65	155	160
<b>GENERAL SERVICES</b>										
	Capital Related (excluding lines 40 & 45)	\$ 810,686	92%							
	Property Tax (line 40)	69,786	8%	\$ 880,472						
005	Plant Operations and Maintenance			11,729	\$ 11,729					
010	Housekeeping			6,418	87	\$ 6,504				
060	Laundry and Linen			14,827	200	112	\$ 15,139			
065	Dietary			108,597	1,466	819	0	\$ 110,882		
155	Social Services			4,521	61	34	0	0	\$ 4,616	
160	Activities			16,851	228	127	0	0	0	\$ 17,205
165	Administration			43,281	584	326	0	0	0	0
166	Medical Records			12,583	170	95	0	0	0	0
170	Inservice Education - Nursing			0	0	0	0	0	0	0
<b>ANCILLARY SERVICES</b>										
075	Patient Supplies			12,614	170	95	0	0	0	0
077	Specialized Support Surfaces			0	0	0	0	0	0	0
080	Physical Therapy			59,341	801	448	0	0	0	0
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			15,618	211	118	0	0	0	0
083	Speech Pathology			5,659	76	43	0	0	0	0
085	Pharmacy			0	0	0	0	0	0	0
090	Laboratory			0	0	0	0	0	0	0
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	0	0	0	0	0
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0
<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care			563,281	7,605	4,249	15,139	110,882	4,616	17,205
110	Intermediate Care			0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0
<b>NONREIMBURSABLE</b>										
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			4,774	64	36	0	0	0	0
145	Other Nonreimbursable			379	5	3	0	0	0	0
	<b>TOTAL</b>	<b>\$ 880,472</b>	<b>100%</b>	<b>\$ 880,472</b>	<b>\$ 11,729</b>	<b>\$ 6,504</b>	<b>\$ 15,139</b>	<b>\$ 110,882</b>	<b>\$ 4,616</b>	<b>\$ 17,205</b>

\* (To Schedule 1)

## ALLOCATION OF CAPITAL COSTS

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Inserv. Ed 170	Accumulated Costs	Admin 165	Medical Records 166	Total	Capital Related 92% Of Total	Property Tax 8% Of Total
	<b>GENERAL SERVICES</b>									
	Capital Related (excluding lines 40 & 45)	\$ 810,686	92%							
	Property Tax (line 40)	69,786	8%							
005	Plant Operations and Maintenance									
010	Housekeeping									
060	Laundry and Linen									
065	Dietary									
155	Social Services									
160	Activities									
165	Administration				\$ 44,191	\$ 44,191				
166	Medical Records				12,847		\$ 12,847			
170	Inservice Education - Nursing			\$ -						
	<b>ANCILLARY SERVICES</b>									
075	Patient Supplies			0	12,880	515	150	\$ 13,545	\$ 12,471	\$ 1,074
077	Specialized Support Surfaces			0	0	149	43	192	177	15
080	Physical Therapy			0	60,590	2,752	800	64,142	59,058	5,084
081	Respiratory Therapy			0	0	0	0	0	0	0
082	Occupational Therapy			0	15,946	1,474	429	17,849	16,435	1,415
083	Speech Pathology			0	5,778	439	128	6,345	5,842	503
085	Pharmacy			0	0	1,167	339	1,506	1,387	119
090	Laboratory			0	0	192	56	248	228	20
095	Home Health Services			0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	677	197	873	804	69
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0
	<b>ROUTINE SERVICES</b>									
105	Skilled Nursing Care			0	722,977	36,722	10,676	770,375	709,316	61,060
110	Intermediate Care			0	0	0	0	0	0	0
115	Mentally Disordered Care			0	0	0	0	0	0	0
120	Developmentally Disabled Care			0	0	0	0	0	0	0
125	Subacute Care			0	0	0	0	0	0	0
126	Subacute Care - Pediatric			0	0	0	0	0	0	0
128	Transitional Inpatient Care			0	0	0	0	0	0	0
130	Hospice Inpatient Care			0	0	0	0	0	0	0
135	Other Routine Services			0	0	0	0	0	0	0
	<b>NONREIMBURSABLE</b>									
139	Residential Care			0	0	0	0	0	0	0
140	Beauty and Barber			0	4,874	100	29	5,003	4,606	397
145	Other Nonreimbursable			0	387	4	1	392	361	31
	<b>TOTAL</b>	\$ 880,472	100%	\$ -	\$ 823,433	\$ 44,191	\$ 12,847	\$ 880,472	\$ 810,686	\$ 69,786

\* (To Schedule 1)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name:  
Flagship Healthcare Center

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Net Exp For Cost Alloc (From Sch 8)	Ratio	Accum Costs (From Sch 2)	Accum Costs (From Sch 3)	Accum Costs (From Sch 4)	Accum Costs (From Sch 5)	Total Accum Costs	Allocated Admin. Costs	Admin. 64% of Total	DPH Licensing Fees 2% of Total	Professional Liability Ins. 10% of Total	Quality Assur. Fees 24% of Total	Caregiver Training 0% of Total
	<b>GENERAL SERVICES</b>													
045	Property Insurance	\$ 8,168												
055	Interest - Other	0												
165	Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor)	1,347,933												
	Total Costs Allocable as Administration	1,356,101	64%											
167	CDPH Licensing Fees	49,622	2%											
168	Professional Liability Insurance	205,560	10%											
169	Quality Assurance Fees	521,572	24%											
174	Caregiver Training	0	0%											
	Total	2,132,855	100%						\$ 2,132,855					
	<b>ANCILLARY SERVICES</b>													
075	Patient Supplies			\$ -	\$ 5,251	\$ 72,785	\$ 12,880	\$ 90,916	24,873	\$ 15,814	\$ 579	\$ 2,397	\$ 6,082	\$ -
077	Specialized Support Surfaces			0	0	26,258	0	26,258	7,184	4,567	167	692	1,757	0
080	Physical Therapy			364,488	24,702	35,768	60,590	485,548	132,835	84,459	3,090	12,802	32,484	0
081	Respiratory Therapy			0	0	0	0	0	0	0	0	0	0	0
082	Occupational Therapy			221,643	6,501	16,026	15,946	260,117	71,162	45,246	1,656	6,858	17,402	0
083	Speech Pathology			59,791	2,356	9,572	5,778	77,497	21,202	13,480	493	2,043	5,185	0
085	Pharmacy			0	0	205,908	0	205,908	56,332	35,817	1,311	5,429	13,776	0
090	Laboratory			0	0	33,871	0	33,871	9,266	5,892	216	893	2,266	0
095	Home Health Services			0	0	0	0	0	0	0	0	0	0	0
100	Other Ancillary Services			0	0	119,385	0	119,385	32,661	20,766	760	3,148	7,987	0
101	Subacute Care Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
102	Subacute Care - Pediatric Ancillary Services			0	0	0	0	0	0	0	0	0	0	0
	<b>ROUTINE SERVICES</b>													
105	Skilled Nursing Care			4,143,770	912,730	698,905	722,977	6,478,383	1,772,347	1,126,885	41,235	170,815	433,413	0*
110	Intermediate Care			0	0	0	0	0	0	0	0	0	0	0*
115	Mentally Disordered Care			0	0	0	0	0	0	0	0	0	0	0*
120	Developmentally Disabled Care			0	0	0	0	0	0	0	0	0	0	0*
125	Subacute Care			0	0	0	0	0	0	0	0	0	0	0*
126	Subacute Care - Pediatric			0	0	0	0	0	0	0	0	0	0	0*
128	Transitional Inpatient Care			0	0	0	0	0	0	0	0	0	0	0*
130	Hospice Inpatient Care			0	0	0	0	0	0	0	0	0	0	0*
135	Other Routine Services			0	0	0	0	0	0	0	0	0	0	0*
	<b>NONREIMBURSABLE</b>													
139	Residential Care			0	0	0	0	0	0	0	0	0	0	0
140	Beauty and Barber			0	1,987	10,721	4,874	17,582	4,810	3,058	112	464	1,176	0
145	Other Nonreimbursable			0	158	121	387	666	182	116	4	18	45	0
	<b>SUBTOTAL</b>	\$ 2,132,855		\$ 4,789,692	\$ 953,685	\$ 1,229,320	\$ 823,433	\$ 7,796,130	\$ 2,132,855					
	Total Administrative Costs							\$ 2,132,855		\$ 1,356,101	\$ 49,622	\$ 205,560	\$ 521,572	\$ -
	Unit Cost Multiplier							0.27357870						
	Accumulated Administration Costs (Sch 2 thru 5)				\$ 141,943	\$ 24,865	\$ 57,039	\$ 223,847						
	<b>TOTAL FACILITY COSTS</b>							\$ 10,152,832						

\* (To Schedule 1)

## STATISTICS FOR COST ALLOCATION

Provider Name:  
Flagship Healthcare Center

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	DESCRIPTION	Capital (SQ FT) VARIOUS (Adj )	Plant Ops (SQ FT) 5 (Adj )	Hskpng (SQ FT) 10 (Adj )	Laundry (LBS) 60 (Adj )	Dietary (MEALS) 65 (Adj )	Soc Svcs (DIRECT EXP) 155 (Adj )	Activities (DIRECT EXP) 160 (Adj )	Inserv. Ed (DIRECT EXP) 170 (Adj )	Admin. (TOTAL ACCUM COST)	Med Records (TOTAL ACCUM COST)
	<b>GENERAL SERVICES</b>										
005	Plant Operations and Maintenance	371									
010	Housekeeping	203	203								
060	Laundry and Linen	469	469	469							
065	Dietary	3,435	3,435	3,435							
155	Social Services	143	143	143							
160	Activities	533	533	533							
165	Administration	1,369	1,369	1,369							
166	Medical Records	398	398	398							
170	Inservice Education - Nursing										
	<b>ANCILLARY SERVICES</b>										
075	Patient Supplies	399	399	399						90,916	90,916
077	Specialized Support Surfaces									26,258	26,258
080	Physical Therapy	1,877	1,877	1,877						485,548	485,548
081	Respiratory Therapy									0	0
082	Occupational Therapy	494	494	494						260,117	260,117
083	Speech Pathology	179	179	179						77,497	77,497
085	Pharmacy									205,908	205,908
090	Laboratory									33,871	33,871
095	Home Health Services									0	0
100	Other Ancillary Services									119,385	119,385
101	Subacute Care Ancillary Services									0	0
102	Subacute Care - Pediatric Ancillary Services									0	0
	<b>ROUTINE SERVICES</b>										
105	Skilled Nursing Care	17,817	17,817	17,817	384,880	115,464	4,053,744	4,053,744	4,053,744	6,478,383	6,478,383
110	Intermediate Care						0	0	0	0	0
115	Mentally Disordered Care						0	0	0	0	0
120	Developmentally Disabled Care						0	0	0	0	0
125	Subacute Care						0	0	0	0	0
126	Subacute Care - Pediatric						0	0	0	0	0
128	Transitional Inpatient Care						0	0	0	0	0
130	Hospice Inpatient Care						0	0	0	0	0
135	Other Routine Services						0	0	0	0	0
	<b>NONREIMBURSABLE</b>										
139	Residential Care									0	0
140	Beauty and Barber	151	151	151						17,582	17,582
145	Other Nonreimbursable	12	12	12						666	666
	<b>TOTAL STATISTICS</b>	<b>27,850</b>	<b>27,479</b>	<b>27,276</b>	<b>384,880</b>	<b>115,464</b>	<b>4,053,744</b>	<b>4,053,744</b>	<b>4,053,744</b>	<b>7,796,130</b>	<b>7,796,130</b>
	TOTAL DIRECT SALARIES COSTS - SCH. 2 UNIT COST MULTIPLIER (DIRECT SALARIES)						\$ 127,383 0.031423543	\$ 133,305 0.032884415			
	TOTAL INDIRECT SALARIES COSTS - SCH. 3 UNIT COST MULTIPLIER (INDIRECT SALARIES)		\$ 124,491 4.53040504	\$ 235,387 8.62980907	\$ 110,675 0.28755753	\$ 490,683 4.24966514	\$ 1,882 0.00046424	\$ 7,014 0.00173035	\$ 68,000 0.01677462	\$ 18,016 0.00231093	\$ 123,927 0.01589593
	TOTAL INDIRECT OTHER COSTS - SCH. 4 UNIT COST MULTIPLIER (INDIRECT OTHER)		\$ 243,311 8.85443430	\$ 32,963 1.20851482	\$ 28,383 0.07374382	\$ 304,418 2.63647743	\$ 2,240 0.00055258	\$ 13,911 0.00343153	\$ - 0.00000000	\$ 13,776 0.00176705	\$ 11,089 0.00142238
	TOTAL CAPITAL COSTS - SCH. 5 UNIT COST MULTIPLIER (CAPITAL COSTS)	\$ 880,472 31.61479354	\$ 11,729 0.42683826	\$ 6,504 0.23846793	\$ 15,139 0.03933529	\$ 110,882 0.96031787	\$ 4,616 0.00113871	\$ 17,205 0.00424430	\$ - 0.00000000	\$ 44,191 0.00566838	\$ 12,847 0.00164793

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
005		Plant Operations and Maintenance					
005	.01-.19	Salaries and Wages	6200	\$ 93,229	\$ 0	\$ 93,229	(Sch 3)
005	.20-.39	Fringe Benefits	6200	37,504	(6,242)	31,262	(Sch 3)
005	.79	Agency Staff	6200		0	0	(Sch 3)
005	.40-.99	Other - Nonlabor	6200	243,311	0	243,311	(Sch 4)
005		Plant Operations and Maintenance - Total	6200	\$ 374,044	\$ (6,242)	\$ 367,802	
010		Housekeeping					
010	.01-.19	Salaries and Wages	6300	\$ 146,239	\$ 0	\$ 146,239	(Sch 3)
010	.20-.39	Fringe Benefits	6300	58,073	(9,814)	48,259	(Sch 3)
010	.79	Agency Staff	6300	39,969	0	39,969	(Sch 3)
010	.40-.99	Other - Nonlabor	6300	31,166	0	31,166	(Sch 4)
010		Housekeeping - Total	6300	\$ 275,447	\$ (9,814)	\$ 265,633	
015		Depreciation: Buildings and Improvements	7110 - 7120	\$	\$ 0	\$ 0	(Sch 5)
020		Depreciation: Leasehold Improvements	7130	47,290	0	47,290	(Sch 5)
025		Depreciation: Equipment	7140	46,550	0	46,550	(Sch 5)
030		Depreciation and Amortization - Other	7150 - 7160		0	0	(Sch 5)
035		Leases and Rentals	7200	716,846	0	716,846	(Sch 5)
040		Property Taxes	7300	69,786	0	69,786	(Sch 5)
045		Property Insurance	7400	8,168	0	8,168	(Sch 6)
050		Interest - Property, Plant, and Equipment	7500		0	0	(Sch 5)
055		Interest - Other	7600	\$	\$ 0	\$ 0	(Sch 6)
057		<b>Subtotal 005 - 055</b>		\$ 1,538,131	\$ (16,056)	\$ 1,522,075	
060		Laundry and Linen					
060	.01-.19	Salaries and Wages	6400	\$ 60,881	\$ 0	\$ 60,881	(Sch 3)
060	.20-.39	Fringe Benefits	6400	21,048	(4,072)	16,976	(Sch 3)
060	.79	Agency Staff	6400	26,646	0	26,646	(Sch 3)
060	.40-.99	Other - Nonlabor	6400	23,663	0	23,663	(Sch 4)
060		Laundry and Linen - Total	6400	\$ 132,238	\$ (4,072)	\$ 128,166	
065		Dietary					
065	.01-.19	Salaries and Wages	6500	\$ 341,909	\$ 0	\$ 341,909	(Sch 3)
065	.20-.39	Fringe Benefits	6500	126,467	(22,898)	103,569	(Sch 3)
065	.79	Agency Staff	6500		0	0	(Sch 3)
065	.40-.99	Other - Nonlabor	6500	269,852	0	269,852	(Sch 4)
065		Dietary - Total	6500	\$ 738,228	\$ (22,898)	\$ 715,330	
070		Provision for Bad Debts	7700	\$	0	\$ 0	
		<b>Ancillary Services</b>					
075		Patient Supplies					
075	.01-.19	Salaries and Wages	8100	\$	\$ 0	\$ 0	(Sch 2)
075	.20-.39	Fringe Benefits	8100		0	0	(Sch 2)
075	.79	Agency Staff	8100		0	0	(Sch 2)
075	.40-.99	Other - Nonlabor	8100	68,770	0	68,770	(Sch 4)
075		Patient Supplies - Total	8100	\$ 68,770	\$ 0	\$ 68,770	
077		Specialized Support Surfaces					
077	.01-.19	Salaries and Wages	8150	\$	\$ 0	\$ 0	N/A
077	.20-.39	Fringe Benefits	8150		0	0	N/A
077	.79	Agency Staff	8150		0	0	N/A
077	.40-.99	Other - Nonlabor	8150	26,258	0	26,258	(Sch 4)
077		Specialized Support Surfaces - Total	8150	\$ 26,258	\$ 0	\$ 26,258	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
080		Physical Therapy					
080	.01-.19	Salaries and Wages	8200	\$ 284,683	\$ 0	\$ 284,683	(Sch 2)
080	.20-.39	Fringe Benefits	8200	98,898	(19,093)	79,805	(Sch 2)
080	.79	Agency Staff	8200		0	0	(Sch 2)
080	.40-.99	Other - Nonlabor	8200	16,880	0	16,880	(Sch 4)
080		Physical Therapy - Total	8200	\$ 400,461	\$ (19,093)	\$ 381,368	
081		Respiratory Therapy					
081	.01-.19	Salaries and Wages	8220	\$	\$ 0	\$ 0	(Sch 2)
081	.20-.39	Fringe Benefits	8220		0	0	(Sch 2)
081	.79	Agency Staff	8220		0	0	(Sch 2)
081	.40-.99	Other - Nonlabor	8220		0	0	(Sch 4)
081		Respiratory Therapy - Total	8220	\$ 0	\$ 0	\$ 0	
082		Occupational Therapy					
082	.01-.19	Salaries and Wages	8250	\$ 171,883	\$ 0	\$ 171,883	(Sch 2)
082	.20-.39	Fringe Benefits	8250	61,276	(11,516)	49,760	(Sch 2)
082	.79	Agency Staff	8250		0	0	(Sch 2)
082	.40-.99	Other - Nonlabor	8250	11,055	0	11,055	(Sch 4)
082		Occupational Therapy - Total	8250	\$ 244,214	\$ (11,516)	\$ 232,698	
083		Speech Pathology					
083	.01-.19	Salaries and Wages	8280	\$ 47,563	\$ 0	\$ 47,563	(Sch 2)
083	.20-.39	Fringe Benefits	8280	15,399	(3,171)	12,228	(Sch 2)
083	.79	Agency Staff	8280		0	0	(Sch 2)
083	.40-.99	Other - Nonlabor	8280	7,771	0	7,771	(Sch 4)
083		Speech Pathology - Total	8280	\$ 70,733	\$ (3,171)	\$ 67,562	
085		Pharmacy					
085	.01-.19	Salaries and Wages	8300	\$	\$ 0	\$ 0	(Sch 2)
085	.20-.39	Fringe Benefits	8300		0	0	(Sch 2)
085	.79	Agency Staff	8300		0	0	(Sch 2)
085	.40-.99	Other - Nonlabor	8300	205,908	0	205,908	(Sch 4)
085		Pharmacy - Total	8300	\$ 205,908	\$ 0	\$ 205,908	
090		Laboratory					
090	.01-.19	Salaries and Wages	8400	\$	\$ 0	\$ 0	(Sch 2)
090	.20-.39	Fringe Benefits	8400		0	0	(Sch 2)
090	.79	Agency Staff	8400		0	0	(Sch 2)
090	.40-.99	Other - Nonlabor	8400	33,871	0	33,871	(Sch 4)
090		Laboratory - Total	8400	\$ 33,871	\$ 0	\$ 33,871	
095		Home Health Services					
095	.01-.19	Salaries and Wages	8800	\$	\$ 0	\$ 0	(Sch 2)
095	.20-.39	Fringe Benefits	8800		0	0	(Sch 2)
095	.79	Agency Staff	8800		0	0	(Sch 2)
095	.40-.99	Other - Nonlabor	8800		0	0	(Sch 4)
095		Home Health Services - Total	8800	\$ 0	\$ 0	\$ 0	
100		Other Ancillary Services					
100	.01-.19	Salaries and Wages	8900	\$	\$ 0	\$ 0	(Sch 2)
100	.20-.39	Fringe Benefits	8900		0	0	(Sch 2)
100	.79	Agency Staff	8900		0	0	(Sch 2)
100	.40-.99	Other - Nonlabor	8900	119,385	0	119,385	(Sch 4)
100		Other Ancillary Services - Total	8900	\$ 119,385	\$ 0	\$ 119,385	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
101		Subacute Care Ancillary Services					
101	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
101	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
101	.79	Agency Staff	8100-8900		0	0	(Sch 2)
101	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
101		Subacute Care Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
102		Subacute Care - Pediatric Ancillary Services					
102	.01-.19	Salaries and Wages	8100-8900	\$	\$ 0	\$ 0	(Sch 2)
102	.20-.39	Fringe Benefits	8100-8900		0	0	(Sch 2)
102	.79	Agency Staff	8100-8900		0	0	(Sch 2)
102	.40-.99	Other - Nonlabor	8100-8900		0	0	(Sch 4)
102		Subacute Care - Pediatric Ancillary Services - Total	8100-8900	\$ 0	\$ 0	\$ 0	
104		Subtotal 075 - 102		\$ 1,169,600	\$ (33,780)	\$ 1,135,820	
		Routine Services					
105		Skilled Nursing Care					
105	.01-.19	Salaries and Wages	6110	\$ 2,983,631	\$ 0	\$ 2,983,631	(Sch 2)
105	.20-.39	Fringe Benefits	6110	1,099,427	(199,976)	899,451	(Sch 2)
105	.49	Agency Staff	6110		0	0	(Sch 2)
105	.40-.99	Other - Nonlabor	6110	170,662	0	170,662	(Sch 4)
105		Skilled Nursing Care - Total	6110	\$ 4,253,720	\$ (199,976)	\$ 4,053,744	
110		Intermediate Care					
110	.01-.19	Salaries and Wages	6120	\$	\$ 0	\$ 0	
110	.20-.39	Fringe Benefits	6120		0	0	
110	.49	Agency Staff	6120		0	0	
110	.40-.99	Other - Nonlabor	6120		0	0	
110		Intermediate Care - Total	6120	\$ 0	\$ 0	\$ 0	(Sch 2)
115		Mentally Disordered Care					
115	.01-.19	Salaries and Wages	6130	\$	\$ 0	\$ 0	
115	.20-.39	Fringe Benefits	6130		0	0	
115	.49	Agency Staff	6130		0	0	
115	.40-.99	Other - Nonlabor	6130		0	0	
115		Mentally Disordered Care - Total	6130	\$ 0	\$ 0	\$ 0	(Sch 2)
120		Developmentally Disabled Care					
120	.01-.19	Salaries and Wages	6140	\$	\$ 0	\$ 0	
120	.20-.39	Fringe Benefits	6140		0	0	
120	.49	Agency Staff	6140		0	0	
120	.40-.99	Other - Nonlabor	6140		0	0	
120		Developmentally Disabled Care - Total	6140	\$ 0	\$ 0	\$ 0	(Sch 2)
125		Subacute Care					
125	.01-.19	Salaries and Wages	6150	\$	\$ 0	\$ 0	(Sch 2)
125	.20-.39	Fringe Benefits	6150		0	0	(Sch 2)
125	.49	Agency Staff	6150		0	0	(Sch 2)
125	.40-.99	Other - Nonlabor	6150		0	0	(Sch 4)
125		Subacute Care - Total	6150	\$ 0	\$ 0	\$ 0	
126		Subacute Care - Pediatric					
126	.01-.19	Salaries and Wages	6160	\$	\$ 0	\$ 0	(Sch 2)
126	.20-.39	Fringe Benefits	6160		0	0	(Sch 2)
126	.49	Agency Staff	6160		0	0	(Sch 2)
126	.40-.99	Other - Nonlabor	6160		0	0	(Sch 4)
126		Subacute Care - Pediatric - Total	6160	\$ 0	\$ 0	\$ 0	

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED
128		Transitional Inpatient Care				
128	.01-.19	Salaries and Wages	6170	\$	\$ 0	\$ 0
128	.20-.39	Fringe Benefits	6170		0	0
128	.49	Agency Staff	6170		0	0
128	.40-.99	Other - Nonlabor	6170		0	0
128		Transitional Inpatient Care - Total	6170	\$ 0	\$ 0	\$ 0 (Sch 2)
130		Hospice Inpatient Care				
130	.01-.19	Salaries and Wages	6180	\$	\$ 0	\$ 0
130	.20-.39	Fringe Benefits	6180		0	0
130	.49	Agency Staff	6180		0	0
130	.40-.99	Other - Nonlabor	6180		0	0
130		Hospice Inpatient Care - Total	6180	\$ 0	\$ 0	\$ 0 (Sch 2)
135		Other Routine Services				
135	.01-.19	Salaries and Wages	6190	\$	\$ 0	\$ 0
135	.20-.39	Fringe Benefits	6190		0	0
135	.49	Agency Staff	6190		0	0
135	.40-.99	Other - Nonlabor	6190		0	0
135		Other Routine Services - Total	6190	\$ 0	\$ 0	\$ 0 (Sch 2)
		<b>Other Nonreimbursable</b>				
139		Residential Care				
139	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0 (Sch 2)
139	.20-.39	Fringe Benefits	9100		0	0 (Sch 2)
139	.49	Agency Staff	9100		0	0 (Sch 2)
139	.40-.99	Other - Nonlabor	9100		0	0 (Sch 4)
139		Residential Care - Total	9100	\$ 0	\$ 0	\$ 0
140		Beauty and Barber				
140	.01-.19	Salaries and Wages	8900	\$	\$ 0	\$ 0 (Sch 2)
140	.20-.39	Fringe Benefits	8900		0	0 (Sch 2)
140	.49	Agency Staff	8900		0	0 (Sch 2)
140	.40-.99	Other - Nonlabor	8900	9,201	0	9,201 (Sch 4)
140		Beauty and Barber - Total	8900	\$ 9,201	\$ 0	\$ 9,201
145		Other Nonreimbursable				
145	.01-.19	Salaries and Wages	9100	\$	\$ 0	\$ 0 (Sch 2)
145	.20-.39	Fringe Benefits	9100		0	0 (Sch 2)
145	.49	Agency Staff	9100		0	0 (Sch 2)
145	.40-.99	Other - Nonlabor	9100		0	0 (Sch 4)
145		Other Nonreimbursable - Total	9100	\$ 0	\$ 0	\$ 0
146		<b>Subtotal 105 - 145</b>		\$ 4,262,921	\$ (199,976)	\$ 4,062,945
155		Social Services				
155	.01-.19	Salaries and Wages	6600	\$ 100,984	\$ 0	\$ 100,984 (Sch 2)
155	.20-.39	Fringe Benefits	6600	33,175	(6,776)	26,399 (Sch 2)
155	.49	Agency Staff	6600		0	0 (Sch 2)
155	.40-.99	Other - Nonlabor	6600	801	0	801 (Sch 4)
155		Social Services - Total	6600	\$ 134,960	\$ (6,776)	\$ 128,184

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
Flagship Healthcare Center

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1922128974

OSHPD Facility Number:  
206301289

Line No.	Natural Class	ACCOUNT TITLE	ACCOUNT NUMBER	AS REPORTED	AUDIT ADJUSTMENTS 8A-1	AS AUDITED	
160		Activities					
160	.01-.19	Salaries and Wages	6700	\$ 100,176	\$ 0	\$ 100,176	(Sch 2)
160	.20-.39	Fringe Benefits	6700	39,838	(6,709)	33,129	(Sch 2)
160	.49	Agency Staff	6700		0	0	(Sch 2)
160	.40-.99	Other - Nonlabor	6700	8,547	0	8,547	(Sch 4)
160		Activities - Total	6700	\$ 148,561	\$ (6,709)	\$ 141,852	
165		Administration					
165	.01-.19	Salaries and Wages	6900	\$ 474,463	\$ 0	\$ 474,463	(Sch 6)
165	.20-.39	Fringe Benefits	6900	162,145	(38,119)	124,026	(Sch 6)
165	.49	Agency Staff	6900		0	0	(Sch 6)
165	.40-.99	Other - Nonlabor	6900	839,178	(89,734)	749,444	(Sch 6)
165		Administration - Total	6900	\$ 1,475,786	\$ (127,853)	\$ 1,347,933	
166		Medical Records					
166	.01-.19	Salaries and Wages	6900	\$ 94,656	\$ 0	\$ 94,656	(Sch 3)
166	.20-.39	Fringe Benefits	6900	24,033	0	24,033	(Sch 3)
166	.49	Agency Staff	6900		0	0	(Sch 3)
166	.40-.99	Other - Nonlabor	6900	7,084	0	7,084	(Sch 4)
166		Medical Records - Total	6900	\$ 125,773	\$ 0	\$ 125,773	
167		CDPH Licensing Fees	6900	\$ 49,622	\$ 0	\$ 49,622	(Sch 6)
168		Professional Liability Insurance	6900	\$ 240,969	\$ (35,409)	\$ 205,560	(Sch 6)
169		Quality Assurance Fees	6900	\$ 521,572	\$ 0	\$ 521,572	(Sch 6)
170		Inservice Education - Nursing					
170	.01-.19	Salaries and Wages	6800	\$ 54,380	\$ 0	\$ 54,380	(Sch 3)
170	.20-.39	Fringe Benefits	6800	17,258	(3,638)	13,620	(Sch 3)
170	.49	Agency Staff	6800		0	0	(Sch 3)
170	.40-.99	Other - Nonlabor	6800		0	0	(Sch 4)
170		Inservice Education - Nursing - Total	6800	\$ 71,638	\$ (3,638)	\$ 68,000	
174		Caregiver Training					
174	.01-.19	Salaries and Wages	6900	\$	\$ 0	\$ 0	(Sch 6)
174	.20-.39	Fringe Benefits	6900		0	0	(Sch 6)
174	.49	Agency Staff	6900		0	0	(Sch 6)
174	.40-.99	Other - Nonlabor	6900		0	0	(Sch 6)
174		Caregiver Training - Total	6900	\$ 0	\$ 0	\$ 0	
		<b>Subtotal 155 - 174</b>		\$ 2,768,881	\$ (180,385)	\$ 2,588,496	
200		<b>Total</b>		\$ 10,609,999	\$ (457,167)	\$ 10,152,832	

210	0.24	Total Facility Group Health Insurance *	6900			\$ 332,140	
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\* For informational purposes only, this amount is included in various cost centers above.

Provider Name:  
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OSHPD Facility Number:  
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Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1B	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
005	1	Plant Operations and Maintenance - Salaries and Wages	0							
005	2	Plant Operations and Maintenance - Fringe Benefits	(6,242)	(6,242)						
005	3	Plant Operations and Maintenance - Agency Staff	0							
005	4	Plant Operations and Maintenance - Other - Nonlabor	0							
010	1	Housekeeping - Salaries and Wages	0							
010	2	Housekeeping - Fringe Benefits	(9,814)	(9,814)						
010	3	Housekeeping - Agency Staff	0							
010	4	Housekeeping - Other - Nonlabor	0							
015	4	Depreciation: Buildings and Improvements	0							
020	4	Depreciation: Leasehold Improvements	0							
025	4	Depreciation: Equipment	0							
030	4	Depreciation and Amortization - Other	0							
035	4	Leases and Rentals	0							
040	4	Property Taxes	0							
045	4	Property Insurance	0							
050	4	Interest - Property, Plant, and Equipment	0							
055	4	Interest - Other	0							
060	1	Laundry and Linen - Salaries and Wages	0							
060	2	Laundry and Linen - Fringe Benefits	(4,072)	(4,072)						
060	3	Laundry and Linen - Agency Staff	0							
060	4	Laundry and Linen - Other - Nonlabor	0							
065	1	Dietary - Salaries and Wages	0							
065	2	Dietary - Fringe Benefits	(22,898)	(22,898)						
065	3	Dietary - Agency Staff	0							
065	4	Dietary - Other - Nonlabor	0							
070	4	Provision for Bad Debts	0							
075	1	Patient Supplies - Salaries and Wages	0							
075	2	Patient Supplies - Fringe Benefits	0							
075	3	Patient Supplies - Agency Staff	0							
075	4	Patient Supplies - Other - Nonlabor	0							
077	1	Specialized Support Surfaces - Salaries and Wages	0							
077	2	Specialized Support Surfaces - Fringe Benefits	0							
077	3	Specialized Support Surfaces - Agency Staff	0							
077	4	Specialized Support Surfaces - Other - Nonlabor	0							
080	1	Physical Therapy - Salaries and Wages	0							
080	2	Physical Therapy - Fringe Benefits	(19,093)	(19,093)						
080	3	Physical Therapy - Agency Staff	0							
080	4	Physical Therapy - Other - Nonlabor	0							
081	1	Respiratory Therapy - Salaries and Wages	0							
081	2	Respiratory Therapy - Fringe Benefits	0							
081	3	Respiratory Therapy - Agency Staff	0							
081	4	Respiratory Therapy - Other - Nonlabor	0							
082	1	Occupational Therapy - Salaries and Wages	0							
082	2	Occupational Therapy - Fringe Benefits	(11,516)	(11,516)						
082	3	Occupational Therapy - Agency Staff	0							
082	4	Occupational Therapy - Other - Nonlabor	0							
083	1	Speech Pathology - Salaries and Wages	0							
083	2	Speech Pathology - Fringe Benefits	(3,171)	(3,171)						
083	3	Speech Pathology - Agency Staff	0							

Provider Name:  
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Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 1B	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
083	4	Speech Pathology - Other - Nonlabor	0							
085	1	Pharmacy - Salaries and Wages	0							
085	2	Pharmacy - Fringe Benefits	0							
085	3	Pharmacy - Agency Staff	0							
085	4	Pharmacy - Other - Nonlabor	0							
090	1	Laboratory - Salaries and Wages	0							
090	2	Laboratory - Fringe Benefits	0							
090	3	Laboratory - Agency Staff	0							
090	4	Laboratory - Other - Nonlabor	0							
095	1	Home Health Services - Salaries and Wages	0							
095	2	Home Health Services - Fringe Benefits	0							
095	3	Home Health Services - Agency Staff	0							
095	4	Home Health Services - Other - Nonlabor	0							
100	1	Other Ancillary Services - Salaries and Wages	0							
100	2	Other Ancillary Services - Fringe Benefits	0							
100	3	Other Ancillary Services - Agency Staff	0							
100	4	Other Ancillary Services - Other - Nonlabor	0							
101	1	Subacute Care Ancillary Services - Salaries and Wages	0							
101	2	Subacute Care Ancillary Services - Fringe Benefits	0							
101	3	Subacute Care Ancillary Services - Agency Staff	0							
101	4	Subacute Care Ancillary Services - Other - Nonlabor	0							
102	1	Subacute Pediatric Ancillary Services - Salaries and Wages	0							
102	2	Subacute Pediatric Ancillary Services - Fringe Benefits	0							
102	3	Subacute Pediatric Ancillary Services - Agency Staff	0							
102	4	Subacute Pediatric Ancillary Services - Other - Nonlabor	0							
105	1	Skilled Nursing Care - Salaries and Wages	0							
105	2	Skilled Nursing Care - Fringe Benefits	(199,976)	(199,976)						
105	3	Skilled Nursing Care - Agency Staff	0							
105	4	Skilled Nursing Care - Other - Nonlabor	0							
110	1	Intermediate Care - Salaries and Wages	0							
110	2	Intermediate Care - Fringe Benefits	0							
110	3	Intermediate Care - Agency Staff	0							
110	4	Intermediate Care - Other - Nonlabor	0							
115	1	Mentally Disordered Care - Salaries and Wages	0							
115	2	Mentally Disordered Care - Fringe Benefits	0							
115	3	Mentally Disordered Care - Agency Staff	0							
115	4	Mentally Disordered Care - Other - Nonlabor	0							
120	1	Developmentally Disabled Care - Salaries and Wages	0							
120	2	Developmentally Disabled Care - Fringe Benefits	0							
120	3	Developmentally Disabled Care - Agency Staff	0							
120	4	Developmentally Disabled Care - Other - Nonlabor	0							
125	1	Subacute Care - Salaries and Wages	0							
125	2	Subacute Care - Fringe Benefits	0							
125	3	Subacute Care - Agency Staff	0							
125	4	Subacute Care - Other - Nonlabor	0							
126	1	Subacute Care - Pediatric - Salaries and Wages	0							
126	2	Subacute Care - Pediatric - Fringe Benefits	0							
126	3	Subacute Care - Pediatric - Agency Staff	0							
126	4	Subacute Care - Pediatric - Other - Nonlabor	0							

Provider Name:  
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Fiscal Period:  
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Line No.	Sub No.	Description	TOTAL ADJ (Page 1)	AUDIT ADJ 1B	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
128	1	Transitional Inpatient Care - Salaries and Wages	0							
128	2	Transitional Inpatient Care - Fringe Benefits	0							
128	3	Transitional Inpatient Care - Agency Staff	0							
128	4	Transitional Inpatient Care - Other - Nonlabor	0							
130	1	Hospice Inpatient Care - Salaries and Wages	0							
130	2	Hospice Inpatient Care - Fringe Benefits	0							
130	3	Hospice Inpatient Care - Agency Staff	0							
130	4	Hospice Inpatient Care - Other - Nonlabor	0							
135	1	Other Routine Services - Salaries and Wages	0							
135	2	Other Routine Services - Fringe Benefits	0							
135	3	Other Routine Services - Agency Staff	0							
135	4	Other Routine Services - Other - Nonlabor	0							
139	1	Residential Care - Salaries and Wages	0							
139	2	Residential Care - Fringe Benefits	0							
139	3	Residential Care - Agency Staff	0							
139	4	Residential Care - Other - Nonlabor	0							
140	1	Beauty and Barber - Salaries and Wages	0							
140	2	Beauty and Barber - Fringe Benefits	0							
140	3	Beauty and Barber - Agency Staff	0							
140	4	Beauty and Barber - Other - Nonlabor	0							
145	1	Other Nonreimbursable - Salaries and Wages	0							
145	2	Other Nonreimbursable - Fringe Benefits	0							
145	3	Other Nonreimbursable - Agency Staff	0							
145	4	Other Nonreimbursable - Other - Nonlabor	0							
155	1	Social Services - Salaries and Wages	0							
155	2	Social Services - Fringe Benefits	(6,776)	(6,776)						
155	3	Social Services - Agency Staff	0							
155	4	Social Services - Other - Nonlabor	0							
160	1	Activities - Salaries and Wages	0							
160	2	Activities - Fringe Benefits	(6,709)	(6,709)						
160	3	Activities - Agency Staff	0							
160	4	Activities - Other - Nonlabor	0							
165	1	Administration - Salaries and Wages	0							
165	2	Administration - Fringe Benefits	(38,119)	(38,119)						
165	3	Administration - Agency Staff	0							
165	4	Administration - Other - Nonlabor	(89,734)		(89,734)					
166	1	Medical Records - Salaries and Wages	0							
166	2	Medical Records - Fringe Benefits	0							
166	3	Medical Records - Agency Staff	0							
166	4	Medical Records - Other - Nonlabor	0							
167	4	CDPH Licensing Fees	0							
168	4	Professional Liability Insurance	(35,409)			(35,409)				
169	4	Quality Assurance Fees	0							
170	1	Inservice Education - Nursing - Salaries and Wages	0							
170	2	Inservice Education - Nursing - Fringe Benefits	(3,638)	(3,638)						
170	3	Inservice Education - Nursing - Agency Staff	0							
170	4	Inservice Education - Nursing - Other - Nonlabor	0							
174	1	Caregiver Training - Salaries and Wages	0							
174	2	Caregiver Training - Fringe Benefits	0							

Provider Name:  
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Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Line No.	Sub No.		TOTAL ADJ (Page 1)	AUDIT ADJ 1B	AUDIT ADJ 2	AUDIT ADJ 3	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ	AUDIT ADJ
174	3	Caregiver Training - Agency Staff	0							
174	4	Caregiver Training - Other - Nonlabor	0							
200		Total	<u>(\$457,167)</u> (To Sch 8)	<u>(332,024)</u>	<u>(89,734)</u>	<u>(35,409)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Provider Name							Fiscal Period			Provider NPI		Adjustments
FLAGSHIP HEALTHCARE CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1922128974		5
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No						
<u>MEMORANDUM ADJUSTMENT</u>												
1A	Not Reported			8	210	N/A	Total Facility Group Health Insurance To include Group Health Insurance in the audit for informational purposes only. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			\$0	\$332,140	\$332,140

Provider Name							Fiscal Period	Provider NPI		Adjustments
FLAGSHIP HEALTHCARE CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1922128974		5
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1B	10.5	005	2	8A-1	005	2	Plant Operations and Maintenance - Fringe Benefits	\$37,504	(\$6,242)	\$31,262
	10.5	010	2	8A-1	010	2	Housekeeping - Fringe Benefits	58,073	(9,814)	48,259
	10.5	060	2	8A-1	060	2	Laundry and Linen - Fringe Benefits	21,048	(4,072)	16,976
	10.5	065	2	8A-1	065	2	Dietary - Fringe Benefits	126,467	(22,898)	103,569
	10.5	080	2	8A-1	080	2	Physical Therapy - Fringe Benefits	98,898	(19,093)	79,805
	10.5	082	2	8A-1	082	2	Occupational Therapy - Fringe Benefits	61,276	(11,516)	49,760
	10.5	083	2	8A-1	083	2	Speech Pathology - Fringe Benefits	15,399	(3,171)	12,228
	10.5	105	2	8A-1	105	2	Skilled Nursing Care - Fringe Benefits	1,099,427	(199,976)	899,451
	10.5	155	2	8A-1	155	2	Social Services - Fringe Benefits	33,175	(6,776)	26,399
	10.5	160	2	8A-1	160	2	Activities - Fringe Benefits	39,838	(6,709)	33,129
	10.5	165	2	8A-1	165	2	Administration - Fringe Benefits	162,145	(38,119)	124,026
	10.5	170	2	8A-1	170	2	Inservice Education - Nursing - Fringe Benefits	17,258	(3,638)	13,620
							To adjust insurance paid claims subject to the first dollar loss limitation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2161, 2162.2, 2161.4, 2162.5, 2162.7, 2300, and 2304			
2	10.5	165	4	8A-1	165	4	Administration - Other - Nonlabor	\$839,178	(\$89,734)	\$749,444
							To adjust reported home office costs to agree with the Sava Senior Care Equity Holdings, LLC Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			
3	10.5	168	4	8A-1	168	4	Administration - Professional Liability Insurance	\$240,969	(\$35,409)	\$205,560
							To adjust liability paid claims subject to the first dollar loss limitation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2161, 2162.2, 2161.4, 2162.5, 2162.7, 2300, and 2304			

Provider Name							Fiscal Period		Provider NPI		Adjustments
FLAGSHIP HEALTHCARE CENTER							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1922128974		5
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Sub No					
<b>ADJUSTMENT TO REPORTED PATIENT DAYS</b>											
4	4.1	5	2	1	15	N/A	Medi-Cal Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through October 30, 2012 Report Date: January 16, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541	28,465	(27,609)	856	
5	Not Reported			1	16	N/A	Medi-Cal Managed Care Days To include Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	27,200	27,200	