

**REPORT  
ON THE  
RATE SETTING AUDIT**

**GLADSTONE CARE AND REHAB CENTER  
GLENDDORA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIERS:  
1013901313 AND 1356528640**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

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

**Section Chief: Julio M. Cueto  
Audit Supervisor: Virat Shah  
Auditor: Apichaya Anekananda**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

April 23, 2014

Melissa Rosales, Administrator  
Gladstone Care and Rehab Center  
435 East Gladstone Street  
Glendora, CA 91740

GLADSTONE CARE AND REHAB CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1013901313  
FISCAL PERIOD ENDED JUNE 30, 2012

We have examined the facility's Integrated Disclosure and Medi-Cal Cost Report for the above-referenced fiscal period. 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 and patient days 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 that include a summary of the total due the State in the amount of \$27,959, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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 Rate Development Division.

Melissa Rosales  
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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.

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—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief  
Audits Section—Rancho Cucamonga  
Financial Audits Branch

Certified

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

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility No.:  
206190009

| 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       | \$ 2,320,613 | \$ 88.30                     |
| 2                                    | Cost of Indirect Care - Labor (Sch. 3, Ln. 105)                             | \$ N/A       | \$ 490,446   | \$ 18.66                     |
| 3                                    | Cost of Direct and Indirect Nonlabor - Other (Sch. 4, Ln. 105)              | \$ N/A       | \$ 420,220   | \$ 15.99                     |
| 4                                    | Cost of Capital Related (Sch. 5, Ln. 105)                                   | \$ N/A       | \$ 465,798   | \$ 17.72                     |
| 5                                    | Property Taxes (Sch. 5, Ln. 105)  | \$ N/A       | \$ 25,274    | \$ 0.96                      |
| 6                                    | CDPH Licensing Fees (Sch. 6, Ln. 105)                                       | \$ N/A       | \$ 17,585    | \$ 0.67                      |
| 7                                    | Professional Liability Insurance (Sch. 6, Ln. 105)                          | \$ N/A       | \$ 53,034    | \$ 2.02                      |
| 8                                    | Caregiver Training (Sch. 6, Ln. 105)  | \$ N/A       | \$ 0         | \$ 0.00                      |
| 9                                    | Quality Assurance Fees (Sch. 6, Ln. 105)                                    | \$ N/A       | \$ 251,704   | \$ 9.58                      |
| 10                                   | Cost of Administration (Sch. 6, Ln. 105)                                    | \$ N/A       | \$ 383,326   | \$ 14.59                     |
| 11                                   | Cost of Routine Service/Audited Total Costs                                 | \$ 4,778,048 | \$ 4,428,000 | \$ 168.48                    |
| 12                                   | Total Patient Days (Adj 19)   | 26,325       | 26,282       |                              |
| 13                                   | Cost Per Patient Day (Cost Divided by Days)                                 | \$ 181.50    | \$ 168.48    |                              |
| 14                                   | Overpayments (Adjs 28, 29)  | \$ 0         | \$ (18,572)  |                              |
| 15                                   | Medi-Cal Days (Adj 20)  | 17,199       | 16,777       |                              |
| 16                                   | Medi-Cal Managed Care Days (Adj )   |              | 0            |                              |
| <b>INTERMEDIATE CARE</b>             |   |              |              |                              |
| 17                                   | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                | \$ 0         | \$ 0         |                              |
| 18                                   | Total Patient Days (Adj )   | 0            | 0            |                              |
| 19                                   | Cost Per Patient Day (Cost Divided by Days)                                 | \$ 0.00      | \$ 0.00      |                              |
| 20                                   | Overpayments (Adj )   | \$ 0         | \$ 0         |                              |
| 21                                   | Medi-Cal Days (Adj )  | 0            | 0            |                              |
| <b>MENTALLY DISORDERED CARE</b>      |   |              |              |                              |
| 22                                   | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                | \$ 0         | \$ 0         |                              |
| 23                                   | Total Patient Days (Adj )   | 0            | 0            |                              |
| 24                                   | Cost Per Patient Day (Cost Divided by Days)                                 | \$ 0.00      | \$ 0.00      |                              |
| 25                                   | Overpayments (Adj )   | \$ 0         | \$ 0         |                              |
| <b>DEVELOPMENTALLY DISABLED CARE</b> |   |              |              |                              |
| 26                                   | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                | \$ 0         | \$ 0         |                              |
| 27                                   | Total Patient Days (Adj )   | 0            | 0            |                              |
| 28                                   | Cost Per Patient Day (Cost Divided by Days)                                 | \$ 0.00      | \$ 0.00      |                              |
| 29                                   | Overpayments (Adj )   | \$ 0         | \$ 0         |                              |
| 30                                   | Medi-Cal Days (Adj )  | 0            | 0            |                              |
| <b>SUBACUTE CARE</b>                 |   |              |              |                              |
| 31                                   | Cost of Direct Care - Labor (Subacute Care Sch. 1, Ln. 25)                  | \$ N/A       | \$ 1,349,479 | \$ 128.53                    |
| 32                                   | Cost of Indirect Care - Labor (Subacute Care Sch. 1, Ln. 26)                | \$ N/A       | \$ 224,713   | \$ 21.40                     |
| 33                                   | Cost of Direct and Indirect Nonlabor - Other (Subacute Care Sch. 1, Ln. 27) | \$ N/A       | \$ 1,151,543 | \$ 109.68                    |
| 34                                   | Cost of Capital Related (Subacute Care Sch. 1, Ln. 28)                      | \$ N/A       | \$ 267,269   | \$ 25.46                     |
| 35                                   | Property Taxes (Subacute Care Sch. 1, Ln. 29)                               | \$ N/A       | \$ 14,502    | \$ 1.38                      |
| 36                                   | CDPH Licensing Fees (Subacute Care Sch. 1, Ln. 30)                          | \$ N/A       | \$ 14,208    | \$ 1.35                      |
| 37                                   | Professional Liability Insurance (Subacute Care Sch. 1, Ln. 31)             | \$ N/A       | \$ 42,850    | \$ 4.08                      |
| 38                                   | Quality Assurance Fees (Subacute Care Sch. 1, Ln. 32)                       | \$ N/A       | \$ 203,366   | \$ 19.37                     |
| 39                                   | Caregiver Training (Subacute Care Sch. 1, Ln. 33)                           | \$ N/A       | \$ 0         | \$ 0.00                      |
| 40                                   | Cost of Administration (Subacute Care Sch.1, Ln. 34)                        | \$ N/A       | \$ 309,712   | \$ 29.50                     |
| 41                                   | Total Cost of Subacute Service (Subacute Care Sch. 1, Ln. 35)               | \$ 3,522,062 | \$ 3,577,641 | \$ 340.76                    |
| 42                                   | Total Patient Days (Subacute Care Sch. 1, Ln. 36)                           | 10,454       | 10,499       |                              |
| 43                                   | Cost Per Patient Day (Cost Divided by Days)                                 | \$ 336.91    | \$ 340.76    |                              |
| 44                                   | Amount Due Provider (State) (Subacute Care Sch. 1, Ln. 40)                  | \$ 0         | \$ (9,387)   |                              |

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

**Provider Name:**  
GLADSTONE CARE AND REHAB CENTER

**Fiscal Period:**  
JULY 1, 2011 THROUGH JUNE 30, 2012

**NPI:**  
1013901313

**OSHPD Facility No.:**  
206190009

| Line No.                           | PROGRAM DESCRIPTION  | AS REPORTED | AS AUDITED | AUDITED COST PER PATIENT DAY |
|------------------------------------|--|-------------|------------|------------------------------|
| <b>SUBACUTE CARE - PEDIATRIC</b>   |  |             |            |                              |
| 45                                 | Cost of Routine Service (Subacute Care - Pediatric, Sch. 1, Ln 3)            | \$ 0        | \$ 0       |                              |
| 46                                 | Cost of Ancillary Service (Subacute Care - Pediatric, Sch. 1, Ln. 1 + Ln. 2) | \$ 0        | \$ 0       |                              |
| 47                                 | Total Cost of Subacute Care - Pediatric Service (Ln. 43 + Ln. 44)            | \$ 0        | \$ 0       |                              |
| 48                                 | Total Patient Days (Subacute Care - Pediatric, Sch. 1, Ln. 5)                | 0           | 0          |                              |
| 49                                 | Cost Per Patient Day (Cost Divided by Days)                                  | \$ 0.00     | \$ 0.00    |                              |
| 50                                 | Amount Due Provider (State) (Subacute Care - Pediatric, Sch. 1, Ln. 9)       | \$ 0        | \$ 0       |                              |
| <b>TRANSITIONAL INPATIENT CARE</b> |  |             |            |                              |
| 51                                 | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                 | \$ 0        | \$ 0       |                              |
| 52                                 | Total Patient Days (Adj )  | 0           | 0          |                              |
| 53                                 | Cost Per Patient Day (Cost Divided by Days)                                  | \$ 0.00     | \$ 0.00    |                              |
| 54                                 | Overpayments (Adj )  | \$ 0        | \$ 0       |                              |
| <b>HOSPICE INPATIENT CARE</b>      |  |             |            |                              |
| 55                                 | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                 | \$ 0        | \$ 0       |                              |
| 56                                 | Total Patient Days (Adj )  | 0           | 0          |                              |
| 57                                 | Cost Per Patient Day (Cost Divided by Days)                                  | \$ 0.00     | \$ 0.00    |                              |
| 58                                 | Overpayments (Adj )  | \$ 0        | \$ 0       |                              |
| <b>OTHER ROUTINE SERVICES</b>      |  |             |            |                              |
| 59                                 | Cost of Routine Service (Sch. 2, 3, 4, 5, 6)                                 | \$ 0        | \$ 0       |                              |
| 60                                 | Total Patient Days (Adj )  | 0           | 0          |                              |
| 61                                 | Cost Per Patient Day (Cost Divided by Days)                                  | \$ 0.00     | \$ 0.00    |                              |
| 62                                 | Overpayments (Adj )  | \$ 0        | \$ 0       |                              |

\* (From Subacute Care Schedule 1)

**ALLOCATION OF GENERAL SERVICES  
DIRECT CARE LABOR**

**Provider Name:**  
GLADSTONE CARE AND REHAB CENTER

**Fiscal Period:**  
JULY 1, 2011 THROUGH JUNE 30, 2012

**NPI:**  
1013901313

**OSHPD Facility No.:**  
206190009

| Line No. | DESCRIPTION                                  | Net Exp For Cost Alloc (From Sch 8) | Soc Srvs         | Activities       | Total               |
|----------|--|-------------------------------------|------------------|------------------|---------------------|
|          |  |                                     | 155              | 160              |                     |
|          | <b>GENERAL SERVICES</b>                      |                                     |                  |                  |                     |
| 005      | Plant Operations and Maintenance             |                                     |                  |                  |                     |
| 010      | Housekeeping                                 |                                     |                  |                  |                     |
| 060      | Laundry and Linen                            |                                     |                  |                  |                     |
| 065      | Dietary                                      |                                     |                  |                  |                     |
| 155      | Social Services                              | \$ 69,471                           | \$ 69,471        |                  |                     |
| 160      | Activities                                   | 71,624                              |                  | \$ 71,624        |                     |
| 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                             | 238,582                             | 0                | 0                | 238,582 ***         |
| 081      | Respiratory Therapy                          | 50,094                              | 0                | 0                | 50,094 ***          |
| 082      | Occupational Therapy                         | 0                                   | 0                | 0                | 0 ***               |
| 083      | Speech Pathology                             | 0                                   | 0                | 0                | 0 ***               |
| 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                         | 2,236,652                           | 41,340           | 42,621           | 2,320,613 *         |
| 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                                | 1,202,215                           | 28,131           | 29,003           | 1,259,349 **        |
| 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>\$ 3,868,638</b>                 | <b>\$ 69,471</b> | <b>\$ 71,624</b> | <b>\$ 3,868,638</b> |

\* (To Schedule 1)

\*\* (To Subacute Care Schedule 1)

\*\*\* (To Subacute Care Schedule 2)

ALLOCATION OF GENERAL SERVICES  
INDIRECT CARE LABOR

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No.                  | DESCRIPTION                                  | Net Exp For Cost Alloc (From Sch 8) | Plant Ops | Hskpng     | Laundry   | Dietary    | Soc Srvs | Activities | Inserv. Ed | Accumulated Costs | Admin     | Medical Records | Total      |
|---------------------------|--|-------------------------------------|-----------|------------|-----------|------------|----------|------------|------------|-------------------|-----------|-----------------|------------|
|                           |  |                                     | 005       | 010        | 060       | 065        | 155      | 160        | 170        |                   | 165       | 166             |            |
| <b>GENERAL SERVICES</b>   |  |                                     |           |            |           |            |          |            |            |                   |           |                 |            |
| 005                       | Plant Operations and Maintenance             | \$ 14,263                           | \$ 14,263 |            |           |            |          |            |            |                   |           |                 |            |
| 010                       | Housekeeping                                 | 283,961                             | 462       | \$ 284,423 |           |            |          |            |            |                   |           |                 |            |
| 060                       | Laundry and Linen                            | 55,741                              | 1,178     | 24,283     | \$ 81,202 |            |          |            |            |                   |           |                 |            |
| 065                       | Dietary                                      | 257,129                             | 1,390     | 28,651     | 0         | \$ 287,170 |          |            |            |                   |           |                 |            |
| 155                       | Social Services                              | N/A                                 | 374       | 7,700      | 0         | 0          | \$ 8,073 |            |            |                   |           |                 |            |
| 160                       | Activities                                   | N/A                                 | 170       | 3,509      | 0         | 0          | 0        | \$ 3,679   |            |                   |           |                 |            |
| 165                       | Administration                               | N/A                                 | 879       | 18,109     | 0         | 0          | 0        | 0          |            | \$ 18,987         | \$ 18,987 |                 |            |
| 166                       | Medical Records                              | 75,216                              | 108       | 2,221      | 0         | 0          | 0        | 0          |            | 77,545            |           | \$ 77,545       |            |
| 170                       | Inservice Education - Nursing                | 72,442                              | 0         | 0          | 0         | 0          | 0        | 0          | \$ 72,442  |                   |           |                 |            |
| <b>ANCILLARY SERVICES</b> |  |                                     |           |            |           |            |          |            |            |                   |           |                 |            |
| 075                       | Patient Supplies                             |                                     | 0         | 0          | 0         | 0          | 0        | 0          | 0          | 0                 | 156       | 637             | \$ 793     |
| 077                       | Specialized Support Surfaces                 |                                     | 0         | 0          | 0         | 0          | 0        | 0          | 0          | 0                 | 44        | 181             | 225        |
| 080                       | Physical Therapy                             |                                     | 765       | 15,769     | 0         | 0          | 0        | 0          | 0          | 16,534            | 925       | 3,777           | 21,236     |
| 081                       | Respiratory Therapy                          |                                     | 0         | 0          | 0         | 0          | 0        | 0          | 0          | 0                 | 1,355     | 5,533           | 6,887      |
| 082                       | Occupational Therapy                         |                                     | 609       | 12,556     | 0         | 0          | 0        | 0          | 0          | 13,165            | 508       | 2,073           | 15,747     |
| 083                       | Speech Pathology                             |                                     | 101       | 2,088      | 0         | 0          | 0        | 0          | 0          | 2,189             | 263       | 1,072           | 3,524      |
| 085                       | Pharmacy                                     |                                     | 0         | 0          | 0         | 0          | 0        | 0          | 0          | 0                 | 701       | 2,865           | 3,566      |
| 090                       | Laboratory                                   |                                     | 0         | 0          | 0         | 0          | 0        | 0          | 0          | 0                 | 108       | 441             | 549        |
| 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                 | 150       | 614             | 764        |
| 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                         |                                     | 5,072     | 104,536    | 54,209    | 229,994    | 4,804    | 2,190      | 43,108     | 443,912           | 9,153     | 37,381          | 490,446    |
| 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                                |                                     | 2,924     | 60,263     | 26,994    | 57,176     | 3,269    | 1,490      | 29,334     | 181,451           | 5,548     | 22,660          | 209,659    |
| 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                            |                                     | 69        | 1,421      | 0         | 0          | 0        | 0          | 0          | 1,490             | 36        | 146             | 1,673      |
| 145                       | Other Nonreimbursable                        |                                     | 161       | 3,317      | 0         | 0          | 0        | 0          | 0          | 3,478             | 40        | 165             | 3,683      |
|                           | <b>TOTAL</b>                                 | \$ 758,752                          | \$ 14,263 | \$ 284,423 | \$ 81,202 | \$ 287,170 | \$ 8,073 | \$ 3,679   | \$ 72,442  | \$ 662,220        | \$ 18,987 | \$ 77,545       | \$ 758,752 |

\* (To Schedule 1)  
\*\* (To Subacute Care Schedule 1)  
\*\*\* (To Subacute Care Schedule 2)

ALLOCATION OF GENERAL SERVICES  
OTHER - NONLABOR

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No.                  | DESCRIPTION                                  | Net Exp For Cost Alloc (From Sch 8) | Plant Ops<br>5    | Hskpng<br>10     | Laundry<br>60    | Dietary<br>65     | Soc Svcs<br>155  | Activities<br>160 | Inserv. Ed<br>170 | Accumulated Costs   | Admin<br>165     | Medical Records<br>166 | Total               |
|---------------------------|--|-------------------------------------|-------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|---------------------|------------------|------------------------|---------------------|
| <b>GENERAL SERVICES</b>   |  |                                     |                   |                  |                  |                   |                  |                   |                   |                     |                  |                        |                     |
| 005                       | Plant Operations and Maintenance             | \$ 186,391                          | \$ 186,391        |                  |                  |                   |                  |                   |                   |                     |                  |                        |                     |
| 010                       | Housekeeping                                 | 20,088                              | 6,037             | \$ 26,125        |                  |                   |                  |                   |                   |                     |                  |                        |                     |
| 060                       | Laundry and Linen                            | 13,710                              | 15,398            | 2,230            | \$ 31,338        |                   |                  |                   |                   |                     |                  |                        |                     |
| 065                       | Dietary                                      | 166,776                             | 18,168            | 2,632            | 0                | \$ 187,575        |                  |                   |                   |                     |                  |                        |                     |
| 155                       | Social Services                              | 5,934                               | 4,882             | 707              | 0                | 0                 | \$ 11,524        |                   |                   |                     |                  |                        |                     |
| 160                       | Activities                                   | 8,275                               | 2,225             | 322              | 0                | 0                 | 0                | \$ 10,823         |                   |                     |                  |                        |                     |
| 165                       | Administration                               | N/A                                 | 11,483            | 1,663            | 0                | 0                 | 0                | 0                 |                   | \$ 13,146           | \$ 13,146        |                        |                     |
| 166                       | Medical Records                              | 9,418                               | 1,408             | 204              | 0                | 0                 | 0                | 0                 |                   | 11,030              |                  | \$ 11,030              |                     |
| 170                       | Inservice Education - Nursing                | 160                                 | 0                 | 0                | 0                | 0                 | 0                | 0                 | \$ 160            |                     |                  |                        |                     |
| <b>ANCILLARY SERVICES</b> |  |                                     |                   |                  |                  |                   |                  |                   |                   |                     |                  |                        |                     |
| 075                       | Patient Supplies                             | 61,955                              | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 61,955              | 108              | 91                     | \$ 62,154           |
| 077                       | Specialized Support Surfaces                 | 17,568                              | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 17,568              | 31               | 26                     | 17,624              |
| 080                       | Physical Therapy                             | 52,233                              | 9,999             | 1,448            | 0                | 0                 | 0                | 0                 | 0                 | 63,681              | 640              | 537                    | 64,858              |
| 081                       | Respiratory Therapy                          | 487,785                             | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 487,785             | 938              | 787                    | 489,510             |
| 082                       | Occupational Therapy                         | 140,800                             | 7,962             | 1,153            | 0                | 0                 | 0                | 0                 | 0                 | 149,915             | 352              | 295                    | 150,562             |
| 083                       | Speech Pathology                             | 94,144                              | 1,324             | 192              | 0                | 0                 | 0                | 0                 | 0                 | 95,660              | 182              | 153                    | 95,994              |
| 085                       | Pharmacy                                     | 278,520                             | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 278,520             | 486              | 408                    | 279,413             |
| 090                       | Laboratory                                   | 42,884                              | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 42,884              | 75               | 63                     | 43,022              |
| 095                       | Home Health Services                         | 0                                   | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 0                   | 0                | 0                      | 0                   |
| 100                       | Other Ancillary Services                     | 59,651                              | 0                 | 0                | 0                | 0                 | 0                | 0                 | 0                 | 59,651              | 104              | 87                     | 59,842              |
| 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                         | 148,135                             | 66,287            | 9,602            | 20,921           | 150,229           | 6,857            | 6,440             | 95                | 408,566             | 6,337            | 5,317                  | 420,220             |
| 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                                | 420,602                             | 38,213            | 5,535            | 10,418           | 37,347            | 4,666            | 4,382             | 65                | 521,229             | 3,842            | 3,223                  | 528,293             |
| 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                            | 7,350                               | 901               | 131              | 0                | 0                 | 0                | 0                 | 0                 | 8,382               | 25               | 21                     | 8,428               |
| 145                       | Other Nonreimbursable                        | 0                                   | 2,103             | 305              | 0                | 0                 | 0                | 0                 | 0                 | 2,408               | 28               | 23                     | 2,459               |
|                           | <b>TOTAL</b>                                 | <b>\$ 2,222,379</b>                 | <b>\$ 186,391</b> | <b>\$ 26,125</b> | <b>\$ 31,338</b> | <b>\$ 187,575</b> | <b>\$ 11,524</b> | <b>\$ 10,823</b>  | <b>\$ 160</b>     | <b>\$ 2,198,203</b> | <b>\$ 13,146</b> | <b>\$ 11,030</b>       | <b>\$ 2,222,379</b> |

\* (To Schedule 1)  
\*\* (To Subacute Care Schedule 1)  
\*\*\* (To Subacute Care Schedule 2)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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)    | \$ 827,179                          | 95%         |                   |                  |                  |                  |                  |                  |                  |
|                           | Property Tax (line 40)                       | 44,883                              | 5%          | \$ 872,062        |                  |                  |                  |                  |                  |                  |
| 005                       | Plant Operations and Maintenance             |                                     |             | 43,094            | \$ 43,094        |                  |                  |                  |                  |                  |
| 010                       | Housekeeping                                 |                                     |             | 26,850            | 1,396            | \$ 28,246        |                  |                  |                  |                  |
| 060                       | Laundry and Linen                            |                                     |             | 68,482            | 3,560            | 2,412            | \$ 74,454        |                  |                  |                  |
| 065                       | Dietary                                      |                                     |             | 80,801            | 4,200            | 2,845            | 0                | \$ 87,846        |                  |                  |
| 155                       | Social Services                              |                                     |             | 21,714            | 1,129            | 765              | 0                | 0                | \$ 23,607        |                  |
| 160                       | Activities                                   |                                     |             | 9,897             | 514              | 348              | 0                | 0                | 0                | \$ 10,759        |
| 165                       | Administration                               |                                     |             | 51,069            | 2,655            | 1,798            | 0                | 0                | 0                | 0                |
| 166                       | Medical Records                              |                                     |             | 6,264             | 326              | 221              | 0                | 0                | 0                | 0                |
| 170                       | Inservice Education - Nursing                |                                     |             | 0                 | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>ANCILLARY SERVICES</b> |  |                                     |             |                   |                  |                  |                  |                  |                  |                  |
| 075                       | Patient Supplies                             |                                     |             | 0                 | 0                | 0                | 0                | 0                | 0                | 0                |
| 077                       | Specialized Support Surfaces                 |                                     |             | 0                 | 0                | 0                | 0                | 0                | 0                | 0                |
| 080                       | Physical Therapy                             |                                     |             | 44,472            | 2,312            | 1,566            | 0                | 0                | 0                | 0                |
| 081                       | Respiratory Therapy                          |                                     |             | 0                 | 0                | 0                | 0                | 0                | 0                | 0                |
| 082                       | Occupational Therapy                         |                                     |             | 35,410            | 1,841            | 1,247            | 0                | 0                | 0                | 0                |
| 083                       | Speech Pathology                             |                                     |             | 5,888             | 306              | 207              | 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                         |                                     |             | 294,807           | 15,325           | 10,381           | 49,704           | 70,356           | 14,048           | 6,403            |
| 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                                |                                     |             | 169,953           | 8,835            | 5,985            | 24,750           | 17,490           | 9,559            | 4,357            |
| 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                            |                                     |             | 4,009             | 208              | 141              | 0                | 0                | 0                | 0                |
| 145                       | Other Nonreimbursable                        |                                     |             | 9,354             | 486              | 329              | 0                | 0                | 0                | 0                |
|                           | <b>TOTAL</b>                                 | <b>\$ 872,062</b>                   | <b>100%</b> | <b>\$ 872,062</b> | <b>\$ 43,094</b> | <b>\$ 28,246</b> | <b>\$ 74,454</b> | <b>\$ 87,846</b> | <b>\$ 23,607</b> | <b>\$ 10,759</b> |

\* (To Schedule 1)  
 \*\* (To Subacute Care Schedule 1)  
 \*\*\* (To Subacute Care Schedule 2)

ALLOCATION OF CAPITAL COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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 95% Of Total | Property Tax 5% Of Total |
|---------------------------|--|-------------------------------------|-------------|----------------|-------------------|------------------|---------------------|-------------------|------------------------------|--------------------------|
| <b>GENERAL SERVICES</b>   |  |                                     |             |                |                   |                  |                     |                   |                              |                          |
|                           | Capital Related (excluding lines 40 & 45)    | \$ 827,179                          | 95%         |                |                   |                  |                     |                   |                              |                          |
|                           | Property Tax (line 40)                       | 44,883                              | 5%          |                |                   |                  |                     |                   |                              |                          |
| 005                       | Plant Operations and Maintenance             |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 010                       | Housekeeping                                 |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 060                       | Laundry and Linen                            |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 065                       | Dietary                                      |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 155                       | Social Services                              |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 160                       | Activities                                   |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 165                       | Administration                               |                                     |             |                | \$ 55,523         | \$ 55,523        |                     |                   |                              |                          |
| 166                       | Medical Records                              |                                     |             |                | 6,810             |                  | \$ 6,810            |                   |                              |                          |
| 170                       | Inservice Education - Nursing                |                                     |             | \$ 0           |                   |                  |                     |                   |                              |                          |
| <b>ANCILLARY SERVICES</b> |  |                                     |             |                |                   |                  |                     |                   |                              |                          |
| 075                       | Patient Supplies                             |                                     |             | 0              | 0                 | 456              | 56                  | \$ 512            | \$ 486                       | \$ 26 ***                |
| 077                       | Specialized Support Surfaces                 |                                     |             | 0              | 0                 | 129              | 16                  | 145               | 138                          | 7 ***                    |
| 080                       | Physical Therapy                             |                                     |             | 0              | 48,350            | 2,704            | 332                 | 51,385            | 48,740                       | 2,645 ***                |
| 081                       | Respiratory Therapy                          |                                     |             | 0              | 0                 | 3,961            | 486                 | 4,447             | 4,218                        | 229 ***                  |
| 082                       | Occupational Therapy                         |                                     |             | 0              | 38,498            | 1,485            | 182                 | 40,165            | 38,098                       | 2,067 ***                |
| 083                       | Speech Pathology                             |                                     |             | 0              | 6,401             | 768              | 94                  | 7,263             | 6,889                        | 374 ***                  |
| 085                       | Pharmacy                                     |                                     |             | 0              | 0                 | 2,051            | 252                 | 2,303             | 2,184                        | 119 ***                  |
| 090                       | Laboratory                                   |                                     |             | 0              | 0                 | 316              | 39                  | 355               | 336                          | 18 ***                   |
| 095                       | Home Health Services                         |                                     |             | 0              | 0                 | 0                | 0                   | 0                 | 0                            | 0 ***                    |
| 100                       | Other Ancillary Services                     |                                     |             | 0              | 0                 | 439              | 54                  | 493               | 468                          | 25 ***                   |
| 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              | 461,024           | 26,765           | 3,283               | 491,072           | 465,798                      | 25,274 *                 |
| 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              | 240,929           | 16,225           | 1,990               | 259,144           | 245,806                      | 13,338 **                |
| 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              | 4,358             | 105              | 13                  | 4,476             | 4,246                        | 230                      |
| 145                       | Other Nonreimbursable                        |                                     |             | 0              | 10,169            | 118              | 15                  | 10,302            | 9,772                        | 530                      |
|                           | <b>TOTAL</b>                                 | <b>\$ 872,062</b>                   | <b>100%</b> | <b>\$ 0</b>    | <b>\$ 809,730</b> | <b>\$ 55,523</b> | <b>\$ 6,810</b>     | <b>\$ 872,062</b> | <b>\$ 827,179</b>            | <b>\$ 44,883</b>         |

\* (To Schedule 1)  
\*\* (To Subacute Care Schedule 1)  
\*\*\* (To Subacute Care Schedule 2)

ALLOCATION OF ADMINISTRATION AND OTHER DIRECT PASS-THROUGH COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| 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. 54% of Total | DPH Licensing Fees 2% of Total | Professional Liability Ins. 8% of Total | Quality Assur. Fees 36% of Total | Caregiver Training 0% of Total |
|---------------------------|---|-------------------------------------|-------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------|------------------------|---------------------|--------------------------------|---|----------------------------------|--------------------------------|
| <b>GENERAL SERVICES</b>   |   |                                     |       |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 045                       | Property Insurance  | \$ 6,250                            |       |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 055                       | Interest - Other  | 0                                   |       |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 165                       | Administration (Salaries & Wages, Fringe Benefits, Agency Staff and Other - Nonlabor) | 788,941                             |       |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
|                           | Total Costs Allocable as Administration   | 795,191                             | 54%   |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 167                       | CDPH Licensing Fees   | 36,479                              | 2%    |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 168                       | Professional Liability Insurance  | 110,017                             | 8%    |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 169                       | Quality Assurance Fees  | 522,147                             | 36%   |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 174                       | Caregiver Training  | 0                                   | 0%    |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
|                           | Total   | 1,463,834                           | 100%  |                          |                          |                          |                          |                   | \$ 1,463,834           |                     |                                |   |                                  |                                |
| <b>ANCILLARY SERVICES</b> |   |                                     |       |                          |                          |                          |                          |                   |                        |                     |                                |   |                                  |                                |
| 075                       | Patient Supplies  |                                     |       | \$ 0                     | \$ 0                     | \$ 61,955                | \$ 0                     | \$ 61,955         | 12,030                 | \$ 6,535            | \$ 300                         | \$ 904                                  | \$ 4,291                         | \$ 0                           |
| 077                       | Specialized Support Surfaces  |                                     |       | 0                        | 0                        | 17,568                   | 0                        | 17,568            | 3,411                  | 1,853               | 85                             | 256                                     | 1,217                            | 0                              |
| 080                       | Physical Therapy  |                                     |       | 238,582                  | 16,534                   | 63,681                   | 48,350                   | 367,147           | 71,290                 | 38,727              | 1,777                          | 5,358                                   | 25,429                           | 0                              |
| 081                       | Respiratory Therapy   |                                     |       | 50,094                   | 0                        | 487,785                  | 0                        | 537,879           | 104,442                | 56,735              | 2,603                          | 7,850                                   | 37,254                           | 0                              |
| 082                       | Occupational Therapy  |                                     |       | 0                        | 13,165                   | 149,915                  | 38,498                   | 201,579           | 39,141                 | 21,262              | 975                            | 2,942                                   | 13,962                           | 0                              |
| 083                       | Speech Pathology  |                                     |       | 0                        | 2,189                    | 95,660                   | 6,401                    | 104,250           | 20,243                 | 10,996              | 504                            | 1,521                                   | 7,220                            | 0                              |
| 085                       | Pharmacy  |                                     |       | 0                        | 0                        | 278,520                  | 0                        | 278,520           | 54,081                 | 29,378              | 1,348                          | 4,065                                   | 19,291                           | 0                              |
| 090                       | Laboratory  |                                     |       | 0                        | 0                        | 42,884                   | 0                        | 42,884            | 8,327                  | 4,523               | 208                            | 626                                     | 2,970                            | 0                              |
| 095                       | Home Health Services  |                                     |       | 0                        | 0                        | 0                        | 0                        | 0                 | 0                      | 0                   | 0                              | 0                                       | 0                                | 0                              |
| 100                       | Other Ancillary Services  |                                     |       | 0                        | 0                        | 59,651                   | 0                        | 59,651            | 11,583                 | 6,292               | 289                            | 871                                     | 4,132                            | 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  |                                     |       | 2,320,613                | 443,912                  | 408,566                  | 461,024                  | 3,634,115         | 705,649                | 383,326             | 17,585                         | 53,034                                  | 251,704                          | 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   |                                     |       | 1,259,349                | 181,451                  | 521,229                  | 240,929                  | 2,202,958         | 427,756                | 232,368             | 10,660                         | 32,149                                  | 152,580                          | 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                        | 1,490                    | 8,382                    | 4,358                    | 14,231            | 2,763                  | 1,501               | 69                             | 208                                     | 986                              | 0                              |
| 145                       | Other Nonreimbursable   |                                     |       | 0                        | 3,478                    | 2,408                    | 10,169                   | 16,055            | 3,117                  | 1,693               | 78                             | 234                                     | 1,112                            | 0                              |
|                           | <b>SUBTOTAL</b>   | \$ 1,463,834                        |       | \$ 3,868,638             | \$ 662,220               | \$ 2,198,203             | \$ 809,730               | \$ 7,538,790      | \$ 1,463,834           |                     |                                |   |                                  |                                |
|                           | Total Administrative Costs  |                                     |       |                          |                          |                          |                          | \$ 1,463,834      |                        | \$ 795,191          | \$ 36,479                      | \$ 110,017                              | \$ 522,147                       | \$ 0                           |
|                           | Unit Cost Multiplier  |                                     |       |                          |                          |                          |                          | 0.19417360        |                        |                     |                                |   |                                  |                                |
|                           | Accumulated Administration Costs (Sch 2 thru 5)                                       |                                     |       | \$ 96,532                | \$ 24,176                | \$ 62,332                | \$ 183,041               |                   |                        |                     |                                |   |                                  |                                |
|                           | <b>TOTAL FACILITY COSTS</b>   |                                     |       |                          |                          |                          |                          | \$ 9,185,665      |                        |                     |                                |   |                                  |                                |

\* (To Schedule 1)  
 \*\* (To Subacute Care Schedule 1)  
 \*\*\* (To Subacute Care Schedule 2)

## STATISTICS FOR COST ALLOCATION

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No.                  | DESCRIPTION  | Capital<br>(SQ FT)<br>VARIOUS<br>(Adj 16) | Plant Ops<br>(SQ FT)<br>5<br>(Adj 16) | Hskpng<br>(SQ FT)<br>10<br>(Adj 16) | Laundry<br>(LBS)<br>60<br>(Adj 17) | Dietary<br>(MEALS)<br>65<br>(Adj 18) | Soc Svcs<br>(DIRECT EXP)<br>155 | Activities<br>(DIRECT EXP)<br>160 | Inserv. Ed<br>(DIRECT EXP)<br>170 | Admin.<br>(TOTAL<br>ACCUM<br>COST) | Med Records<br>(TOTAL<br>ACCUM<br>COST) |
|---------------------------|--|---|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|------------------------------------|---|
| <b>GENERAL SERVICES</b>   |  |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 005                       | Plant Operations and Maintenance   | 1,032                                     |                                       |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 010                       | Housekeeping   | 643                                       | 643                                   |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 060                       | Laundry and Linen  | 1,640                                     | 1,640                                 | 1,640                               |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 065                       | Dietary  | 1,935                                     | 1,935                                 | 1,935                               |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 155                       | Social Services  | 520                                       | 520                                   | 520                                 |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 160                       | Activities   | 237                                       | 237                                   | 237                                 |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 165                       | Administration   | 1,223                                     | 1,223                                 | 1,223                               |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 166                       | Medical Records  | 150                                       | 150                                   | 150                                 |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 170                       | Inservice Education - Nursing  |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| <b>ANCILLARY SERVICES</b> |  |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 075                       | Patient Supplies   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 61,955                             | 61,955                                  |
| 077                       | Specialized Support Surfaces   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 17,568                             | 17,568                                  |
| 080                       | Physical Therapy   | 1,065                                     | 1,065                                 | 1,065                               |                                    |                                      |                                 |                                   |                                   | 367,147                            | 367,147                                 |
| 081                       | Respiratory Therapy  |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 537,879                            | 537,879                                 |
| 082                       | Occupational Therapy   | 848                                       | 848                                   | 848                                 |                                    |                                      |                                 |                                   |                                   | 201,579                            | 201,579                                 |
| 083                       | Speech Pathology   | 141                                       | 141                                   | 141                                 |                                    |                                      |                                 |                                   |                                   | 104,250                            | 104,250                                 |
| 085                       | Pharmacy   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 278,520                            | 278,520                                 |
| 090                       | Laboratory   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 42,884                             | 42,884                                  |
| 095                       | Home Health Services   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 0                                  | 0                                       |
| 100                       | Other Ancillary Services   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 59,651                             | 59,651                                  |
| 101                       | Subacute Care Ancillary Services   |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 0                                  | 0                                       |
| 102                       | Subacute Care - Pediatric Ancillary Services                                       |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   | 0                                  | 0                                       |
| <b>ROUTINE SERVICES</b>   |  |   |                                       |                                     |                                    |                                      |                                 |                                   |                                   |                                    |   |
| 105                       | Skilled Nursing Care   | 7,060                                     | 7,060                                 | 7,060                               | 92,912                             | 77,772                               | 2,384,787                       | 2,384,787                         | 2,384,787                         | 3,634,115                          | 3,634,115                               |
| 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  | 4,070                                     | 4,070                                 | 4,070                               | 46,266                             | 19,334                               | 1,622,817                       | 1,622,817                         | 1,622,817                         | 2,202,958                          | 2,202,958                               |
| 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  | 96  | 96                                    | 96                                  |                                    |                                      |                                 |                                   |                                   | 14,231                             | 14,231                                  |
| 145                       | Other Nonreimbursable  | 224                                       | 224                                   | 224                                 |                                    |                                      |                                 |                                   |                                   | 16,055                             | 16,055                                  |
|                           | <b>TOTAL STATISTICS</b>  | <b>20,884</b>                             | <b>19,852</b>                         | <b>19,209</b>                       | <b>139,178</b>                     | <b>97,106</b>                        | <b>4,007,604</b>                | <b>4,007,604</b>                  | <b>4,007,604</b>                  | <b>7,538,790</b>                   | <b>7,538,790</b>                        |
|                           | TOTAL DIRECT SALARIES COSTS - SCH. 2<br>UNIT COST MULTIPLIER (DIRECT SALARIES)     |   |                                       |                                     |                                    |                                      | \$ 69,471<br>0.017334797        | \$ 71,624<br>0.017872025          |                                   |                                    |   |
|                           | TOTAL INDIRECT SALARIES COSTS - SCH. 3<br>UNIT COST MULTIPLIER (INDIRECT SALARIES) |   | \$ 14,263<br>0.71846665               | \$ 284,423<br>14.80675590           | \$ 81,202<br>0.58344253            | \$ 287,170<br>2.95728694             | \$ 8,073<br>0.00201445          | \$ 3,679<br>0.00091812            | \$ 72,442<br>0.01807614           | \$ 18,987<br>0.00251862            | \$ 77,545<br>0.01028611                 |
|                           | TOTAL INDIRECT OTHER COSTS - SCH. 4<br>UNIT COST MULTIPLIER (INDIRECT OTHER)       |   | \$ 186,391<br>9.38902881              | \$ 26,125<br>1.36004714             | \$ 31,338<br>0.22516838            | \$ 187,575<br>1.93165677             | \$ 11,524<br>0.00287541         | \$ 10,823<br>0.00270050           | \$ 160<br>0.00003992              | \$ 13,146<br>0.00174380            | \$ 11,030<br>0.00146315                 |
|                           | TOTAL CAPITAL COSTS - SCH. 5<br>UNIT COST MULTIPLIER (CAPITAL COSTS)               | \$ 872,062<br>41.75742195                 | \$ 43,094<br>2.17074650               | \$ 28,246<br>1.47044679             | \$ 74,454<br>0.53495329            | \$ 87,846<br>0.90464359              | \$ 23,607<br>0.00589062         | \$ 10,759<br>0.00268476           | \$ -<br>0.00000000                | \$ 55,523<br>0.00736491            | \$ 6,810<br>0.00090330                  |

## SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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           | \$ 11,399    | \$ 0                   | \$ 11,399    | (Sch 3) |
| 005      | .20-.39       | Fringe Benefits                           | 6200           | 2,864        | 0                      | 2,864        | (Sch 3) |
| 005      | .79           | Agency Staff                              | 6200           |              | 0                      | 0            | (Sch 3) |
| 005      | .40-.99       | Other - Nonlabor                          | 6200           | 186,391      | 0                      | 186,391      | (Sch 4) |
| 005      |               | Plant Operations and Maintenance - Total  | 6200           | \$ 200,654   | \$ 0                   | \$ 200,654   |         |
| 010      |               | Housekeeping                              |                |              |                        |              |         |
| 010      | .01-.19       | Salaries and Wages                        | 6300           | \$ 226,942   | \$ 0                   | \$ 226,942   | (Sch 3) |
| 010      | .20-.39       | Fringe Benefits                           | 6300           | 57,019       | 0                      | 57,019       | (Sch 3) |
| 010      | .79           | Agency Staff                              | 6300           |              | 0                      | 0            | (Sch 3) |
| 010      | .40-.99       | Other - Nonlabor                          | 6300           | 37,138       | (17,050)               | 20,088       | (Sch 4) |
| 010      |               | Housekeeping - Total                      | 6300           | \$ 321,099   | \$ (17,050)            | \$ 304,049   |         |
| 015      |               | Depreciation: Buildings and Improvements  | 7110 - 7120    | \$           | \$ 0                   | \$ 0         | (Sch 5) |
| 020      |               | Depreciation: Leasehold Improvements      | 7130           |              | 0                      | 0            | (Sch 5) |
| 025      |               | Depreciation: Equipment                   | 7140           | 16,693       | 0                      | 16,693       | (Sch 5) |
| 030      |               | Depreciation and Amortization - Other     | 7150 - 7160    |              | 0                      | 0            | (Sch 5) |
| 035      |               | Leases and Rentals                        | 7200           | 729,044      | 81,442                 | 810,486      | (Sch 5) |
| 040      |               | Property Taxes                            | 7300           | 44,155       | 728                    | 44,883       | (Sch 5) |
| 045      |               | Property Insurance                        | 7400           | 6,250        | 0                      | 6,250        | (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>                 |                | \$ 1,317,895 | \$ 65,120              | \$ 1,383,015 |         |
| 060      |               | Laundry and Linen                         |                |              |                        |              |         |
| 060      | .01-.19       | Salaries and Wages                        | 6400           | \$ 44,548    | \$ 0                   | \$ 44,548    | (Sch 3) |
| 060      | .20-.39       | Fringe Benefits                           | 6400           | 11,193       | 0                      | 11,193       | (Sch 3) |
| 060      | .79           | Agency Staff                              | 6400           |              | 0                      | 0            | (Sch 3) |
| 060      | .40-.99       | Other - Nonlabor                          | 6400           | 22,429       | (8,719)                | 13,710       | (Sch 4) |
| 060      |               | Laundry and Linen - Total                 | 6400           | \$ 78,170    | \$ (8,719)             | \$ 69,451    |         |
| 065      |               | Dietary                                   |                |              |                        |              |         |
| 065      | .01-.19       | Salaries and Wages                        | 6500           | \$ 205,498   | \$ 0                   | \$ 205,498   | (Sch 3) |
| 065      | .20-.39       | Fringe Benefits                           | 6500           | 51,631       | 0                      | 51,631       | (Sch 3) |
| 065      | .79           | Agency Staff                              | 6500           |              | 0                      | 0            | (Sch 3) |
| 065      | .40-.99       | Other - Nonlabor                          | 6500           | 170,772      | (3,996)                | 166,776      | (Sch 4) |
| 065      |               | Dietary - Total                           | 6500           | \$ 427,901   | \$ (3,996)             | \$ 423,905   |         |
| 070      |               | Provision for Bad Debts                   | 7700           | \$ 270,470   | \$ (270,470)           | \$ 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           | 70,739       | (8,784)                | 61,955       | (Sch 4) |
| 075      |               | Patient Supplies - Total                  | 8100           | \$ 70,739    | \$ (8,784)             | \$ 61,955    |         |
| 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           | 0            | 17,568                 | 17,568       | (Sch 4) |
| 077      |               | Specialized Support Surfaces - Total      | 8150           | \$ 0         | \$ 17,568              | \$ 17,568    |         |

## SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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           | \$ 190,675  | \$ 0                   | \$ 190,675 | (Sch 2) |
| 080      | .20-.39       | Fringe Benefits                  | 8200           | 47,907      | 0                      | 47,907     | (Sch 2) |
| 080      | .79           | Agency Staff                     | 8200           |             | 0                      | 0          | (Sch 2) |
| 080      | .40-.99       | Other - Nonlabor                 | 8200           | 52,233      | 0                      | 52,233     | (Sch 4) |
| 080      |               | Physical Therapy - Total         | 8200           | \$ 290,815  | \$ 0                   | \$ 290,815 |         |
| 081      |               | Respiratory Therapy              |                |             |                        |            |         |
| 081      | .01-.19       | Salaries and Wages               | 8220           | \$ 40,035   | \$ 0                   | \$ 40,035  | (Sch 2) |
| 081      | .20-.39       | Fringe Benefits                  | 8220           | 10,059      | 0                      | 10,059     | (Sch 2) |
| 081      | .79           | Agency Staff                     | 8220           |             | 0                      | 0          | (Sch 2) |
| 081      | .40-.99       | Other - Nonlabor                 | 8220           | 487,785     | 0                      | 487,785    | (Sch 4) |
| 081      |               | Respiratory Therapy - Total      | 8220           | \$ 537,879  | \$ 0                   | \$ 537,879 |         |
| 082      |               | Occupational Therapy             |                |             |                        |            |         |
| 082      | .01-.19       | Salaries and Wages               | 8250           | \$          | \$ 0                   | \$ 0       | (Sch 2) |
| 082      | .20-.39       | Fringe Benefits                  | 8250           |             | 0                      | 0          | (Sch 2) |
| 082      | .79           | Agency Staff                     | 8250           |             | 0                      | 0          | (Sch 2) |
| 082      | .40-.99       | Other - Nonlabor                 | 8250           | 140,800     | 0                      | 140,800    | (Sch 4) |
| 082      |               | Occupational Therapy - Total     | 8250           | \$ 140,800  | \$ 0                   | \$ 140,800 |         |
| 083      |               | Speech Pathology                 |                |             |                        |            |         |
| 083      | .01-.19       | Salaries and Wages               | 8280           | \$          | \$ 0                   | \$ 0       | (Sch 2) |
| 083      | .20-.39       | Fringe Benefits                  | 8280           |             | 0                      | 0          | (Sch 2) |
| 083      | .79           | Agency Staff                     | 8280           |             | 0                      | 0          | (Sch 2) |
| 083      | .40-.99       | Other - Nonlabor                 | 8280           | 94,144      | 0                      | 94,144     | (Sch 4) |
| 083      |               | Speech Pathology - Total         | 8280           | \$ 94,144   | \$ 0                   | \$ 94,144  |         |
| 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           | 278,520     | 0                      | 278,520    | (Sch 4) |
| 085      |               | Pharmacy - Total                 | 8300           | \$ 278,520  | \$ 0                   | \$ 278,520 |         |
| 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           | 42,884      | 0                      | 42,884     | (Sch 4) |
| 090      |               | Laboratory - Total               | 8400           | \$ 42,884   | \$ 0                   | \$ 42,884  |         |
| 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           | 68,435      | (8,784)                | 59,651     | (Sch 4) |
| 100      |               | Other Ancillary Services - Total | 8900           | \$ 68,435   | \$ (8,784)             | \$ 59,651  |         |

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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                                   |                | \$ 1,524,216 | \$ 0                   | \$ 1,524,216 |         |
|          |               | Routine Services                                     |                |              |                        |              |         |
| 105      |               | Skilled Nursing Care                                 |                |              |                        |              |         |
| 105      | .01-.19       | Salaries and Wages                                   | 6110           | \$ 1,839,488 | \$ (51,952)            | \$ 1,787,536 | (Sch 2) |
| 105      | .20-.39       | Fringe Benefits                                      | 6110           | 462,169      | (13,053)               | 449,116      | (Sch 2) |
| 105      | .49           | Agency Staff   | 6110           |              | 0                      | 0            | (Sch 2) |
| 105      | .40-.99       | Other - Nonlabor                                     | 6110           | 157,424      | (9,289)                | 148,135      | (Sch 4) |
| 105      |               | Skilled Nursing Care - Total                         | 6110           | \$ 2,459,081 | \$ (74,294)            | \$ 2,384,787 |         |
| 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           | \$ 908,860   | \$ 51,952              | \$ 960,812   | (Sch 2) |
| 125      | .20-.39       | Fringe Benefits                                      | 6150           | 228,350      | 13,053                 | 241,403      | (Sch 2) |
| 125      | .49           | Agency Staff   | 6150           |              | 0                      | 0            | (Sch 2) |
| 125      | .40-.99       | Other - Nonlabor                                     | 6150           | 466,986      | (46,384)               | 420,602      | (Sch 4) |
| 125      |               | Subacute Care - Total                                | 6150           | \$ 1,604,196 | \$ 18,621              | \$ 1,622,817 |         |
| 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:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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         |
| 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         |
| 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         |
|          |               | <b>Other Nonreimbursable</b>        |                |              |                        |              |
| 139      |               | Residential Care                    |                |              |                        |              |
| 139      | .01-.19       | Salaries and Wages                  | 9100           | \$           | \$ 0                   | \$ 0         |
| 139      | .20-.39       | Fringe Benefits                     | 9100           |              | 0                      | 0            |
| 139      | .49           | Agency Staff                        | 9100           |              | 0                      | 0            |
| 139      | .40-.99       | Other - Nonlabor                    | 9100           |              | 0                      | 0            |
| 139      |               | Residential Care - Total            | 9100           | \$ 0         | \$ 0                   | \$ 0         |
| 140      |               | Beauty and Barber                   |                |              |                        |              |
| 140      | .01-.19       | Salaries and Wages                  | 8900           | \$           | \$ 0                   | \$ 0         |
| 140      | .20-.39       | Fringe Benefits                     | 8900           |              | 0                      | 0            |
| 140      | .49           | Agency Staff                        | 8900           |              | 0                      | 0            |
| 140      | .40-.99       | Other - Nonlabor                    | 8900           | 0            | 7,350                  | 7,350        |
| 140      |               | Beauty and Barber - Total           | 8900           | \$ 0         | \$ 7,350               | \$ 7,350     |
| 145      |               | Other Nonreimbursable               |                |              |                        |              |
| 145      | .01-.19       | Salaries and Wages                  | 9100           | \$           | \$ 0                   | \$ 0         |
| 145      | .20-.39       | Fringe Benefits                     | 9100           |              | 0                      | 0            |
| 145      | .49           | Agency Staff                        | 9100           |              | 0                      | 0            |
| 145      | .40-.99       | Other - Nonlabor                    | 9100           |              | 0                      | 0            |
| 145      |               | Other Nonreimbursable - Total       | 9100           | \$ 0         | \$ 0                   | \$ 0         |
| 146      |               | <b>Subtotal 105 - 145</b>           |                | \$ 4,063,277 | \$ (48,323)            | \$ 4,014,954 |
| 155      |               | Social Services                     |                |              |                        |              |
| 155      | .01-.19       | Salaries and Wages                  | 6600           | \$ 55,521    | \$ 0                   | \$ 55,521    |
| 155      | .20-.39       | Fringe Benefits                     | 6600           | 13,950       | 0                      | 13,950       |
| 155      | .49           | Agency Staff                        | 6600           |              | 0                      | 0            |
| 155      | .40-.99       | Other - Nonlabor                    | 6600           | 5,934        | 0                      | 5,934        |
| 155      |               | Social Services - Total             | 6600           | \$ 75,405    | \$ 0                   | \$ 75,405    |

SUMMARY OF AUDITED PROGRAM EXPENSES

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1013901313

OSHPD Facility Number:  
206190009

| 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           | \$ 57,242    | \$ 0                   | \$ 57,242    | (Sch 2) |
| 160      | .20-.39       | Fringe Benefits                       | 6700           | 14,382       | 0                      | 14,382       | (Sch 2) |
| 160      | .49           | Agency Staff                          | 6700           |              | 0                      | 0            | (Sch 2) |
| 160      | .40-.99       | Other - Nonlabor                      | 6700           | 8,275        | 0                      | 8,275        | (Sch 4) |
| 160      |               | Activities - Total                    | 6700           | \$ 79,899    | \$ 0                   | \$ 79,899    |         |
| 165      |               | Administration                        |                |              |                        |              |         |
| 165      | .01-.19       | Salaries and Wages                    | 6900           | \$ 517,819   | \$ 0                   | \$ 517,819   | (Sch 6) |
| 165      | .20-.39       | Fringe Benefits                       | 6900           | 130,101      | 0                      | 130,101      | (Sch 6) |
| 165      | .49           | Agency Staff                          | 6900           |              | 0                      | 0            | (Sch 6) |
| 165      | .40-.99       | Other - Nonlabor                      | 6900           | 233,155      | (92,134)               | 141,021      | (Sch 6) |
| 165      |               | Administration - Total                | 6900           | \$ 881,075   | \$ (92,134)            | \$ 788,941   |         |
| 166      |               | Medical Records                       |                |              |                        |              |         |
| 166      | .01-.19       | Salaries and Wages                    | 6900           | \$ 60,113    | \$ 0                   | \$ 60,113    | (Sch 3) |
| 166      | .20-.39       | Fringe Benefits                       | 6900           | 15,103       | 0                      | 15,103       | (Sch 3) |
| 166      | .49           | Agency Staff                          | 6900           |              | 0                      | 0            | (Sch 3) |
| 166      | .40-.99       | Other - Nonlabor                      | 6900           | 9,418        | 0                      | 9,418        | (Sch 4) |
| 166      |               | Medical Records - Total               | 6900           | \$ 84,634    | \$ 0                   | \$ 84,634    |         |
| 167      |               | CDPH Licensing Fees                   | 6900           | \$ 36,479    | \$ 0                   | \$ 36,479    | (Sch 6) |
| 168      |               | Professional Liability Insurance      | 6900           | \$ 144,623   | \$ (34,606)            | \$ 110,017   | (Sch 6) |
| 169      |               | Quality Assurance Fees                | 6900           | \$ 522,147   | \$ 0                   | \$ 522,147   | (Sch 6) |
| 170      |               | Inservice Education - Nursing         |                |              |                        |              |         |
| 170      | .01-.19       | Salaries and Wages                    | 6800           | \$ 57,896    | \$ 0                   | \$ 57,896    | (Sch 3) |
| 170      | .20-.39       | Fringe Benefits                       | 6800           | 14,546       | 0                      | 14,546       | (Sch 3) |
| 170      | .49           | Agency Staff                          | 6800           |              | 0                      | 0            | (Sch 3) |
| 170      | .40-.99       | Other - Nonlabor                      | 6800           | 160          | 0                      | 160          | (Sch 4) |
| 170      |               | Inservice Education - Nursing - Total | 6800           | \$ 72,602    | \$ 0                   | \$ 72,602    |         |
| 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>             |                | \$ 1,896,864 | \$ (126,740)           | \$ 1,770,124 |         |
| 200      |               | <b>Total</b>                          |                | \$ 9,578,793 | \$ (393,128)           | \$ 9,185,665 |         |

|     |      |   |      |  |  |      |
|-----|------|---|------|--|--|------|
| 210 | 0.24 | Total Facility Group Health Insurance * (Adj) | 6900 |  |  | \$ 0 |
|-----|------|---|------|--|--|------|

\* For informational purposes only, this amount is included in various cost centers above.

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No. | Sub No. | TOTAL ADJ<br>(Pages 1 & 2)                            | AUDIT ADJ<br>1 | AUDIT ADJ<br>2 | AUDIT ADJ<br>3 | AUDIT ADJ<br>4 | AUDIT ADJ<br>5 | AUDIT ADJ<br>6 | AUDIT ADJ<br>7 | AUDIT ADJ<br>8 |
|----------|---------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 005      | 1       | Plant Operations and Maintenance - Salaries and Wages | 0              |                |                |                |                |                |                |                |
| 005      | 2       | Plant Operations and Maintenance - Fringe Benefits    | 0              |                |                |                |                |                |                |                |
| 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                        | 0              |                |                |                |                |                |                |                |
| 010      | 3       | Housekeeping - Agency Staff                           | 0              |                |                |                |                |                |                |                |
| 010      | 4       | Housekeeping - Other - Nonlabor                       | (17,050)       | (17,050)       |                |                |                |                |                |                |
| 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                                    | 81,442         |                | 505            | 80,937         |                |                |                |                |
| 040      | 4       | Property Taxes  | 728            |                |                |                |                |                |                |                |
| 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                   | 0              |                |                |                |                |                |                |                |
| 060      | 3       | Laundry and Linen - Agency Staff                      | 0              |                |                |                |                |                |                |                |
| 060      | 4       | Laundry and Linen - Other - Nonlabor                  | (8,719)        |                |                | (8,719)        |                |                |                |                |
| 065      | 1       | Dietary - Salaries and Wages                          | 0              |                |                |                |                |                |                |                |
| 065      | 2       | Dietary - Fringe Benefits                             | 0              |                |                |                |                |                |                |                |
| 065      | 3       | Dietary - Agency Staff                                | 0              |                |                |                |                |                |                |                |
| 065      | 4       | Dietary - Other - Nonlabor                            | (3,996)        |                |                |                |                |                |                |                |
| 070      | 4       | Provision for Bad Debts                               | (270,470)      |                |                |                |                |                |                |                |
| 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                   | (8,784)        |                |                |                | (8,784)        |                |                |                |
| 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       | 17,568         |                |                |                |                | 17,568         |                |                |
| 080      | 1       | Physical Therapy - Salaries and Wages                 | 0              |                |                |                |                |                |                |                |
| 080      | 2       | Physical Therapy - Fringe Benefits                    | 0              |                |                |                |                |                |                |                |
| 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                | 0              |                |                |                |                |                |                |                |
| 082      | 3       | Occupational Therapy - Agency Staff                   | 0              |                |                |                |                |                |                |                |
| 082      | 4       | Occupational Therapy - Other - Nonlabor               | 0              |                |                |                |                |                |                |                |





Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No. | Sub No. | TOTAL ADJ<br>(Pages 1 & 2)                         | AUDIT ADJ<br>1     | AUDIT ADJ<br>2 | AUDIT ADJ<br>3 | AUDIT ADJ<br>4 | AUDIT ADJ<br>5 | AUDIT ADJ<br>6 | AUDIT ADJ<br>7 | AUDIT ADJ<br>8 |
|----------|---------|--|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 167      | 4       | CDPH Licensing Fees                                | 0                  |                |                |                |                |                |                |                |
| 168      | 4       | Professional Liability Insurance                   | (34,606)           |                |                |                |                |                |                |                |
| 169      | 4       | Quality Assurance Fees                             | 0                  |                |                |                |                |                |                |                |
| 170      | 1       | Inservice Education - Nursing - Salaries and Wages | 0                  |                |                |                |                |                |                |                |
| 170      | 2       | Inservice Education - Nursing - Fringe Benefits    | 0                  |                |                |                |                |                |                |                |
| 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                  |                |                |                |                |                |                |                |
| 174      | 3       | Caregiver Training - Agency Staff                  | 0                  |                |                |                |                |                |                |                |
| 174      | 4       | Caregiver Training - Other - Nonlabor              | 0                  |                |                |                |                |                |                |                |
| 200      |         | Total  | <u>(\$393,128)</u> | <u>0</u>       |
|          |         |  | (To Sch 8)         |                |                |                |                |                |                |                |







Provider Name:  
GLADSTONE CARE AND REHAB CENTER

NPI:  
1013901313

OSHPD Facility Number:  
206190009

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

| Line No. | Sub No. | AUDIT ADJ 9 | AUDIT ADJ 10 | AUDIT ADJ 11 | AUDIT ADJ 12 | AUDIT ADJ 13 | AUDIT ADJ 14 | AUDIT ADJ 15 | AUDIT ADJ | AUDIT ADJ |
|----------|---------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|
| 167      | 4       |             |              |              |              |              |              |              |           |           |
| 168      | 4       | (18,072)    | (16,534)     |              |              |              |              |              |           |           |
| 169      | 4       |             |              |              |              |              |              |              |           |           |
| 170      | 1       |             |              |              |              |              |              |              |           |           |
| 170      | 2       |             |              |              |              |              |              |              |           |           |
| 170      | 3       |             |              |              |              |              |              |              |           |           |
| 170      | 4       |             |              |              |              |              |              |              |           |           |
| 174      | 1       |             |              |              |              |              |              |              |           |           |
| 174      | 2       |             |              |              |              |              |              |              |           |           |
| 174      | 3       |             |              |              |              |              |              |              |           |           |
| 174      | 4       |             |              |              |              |              |              |              |           |           |
| 200      | Total   | 0           | 0            | 728          | (76,291)     | (270,470)    | (7,214)      | (39,881)     | 0         | 0         |

## SUMMARY OF AUDITED SUBACUTE CARE COSTS AND INFORMATION

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1356528640

OSHPD Facility No:  
206190009

| LINE NO. | DESCRIPTION | AS REPORTED | AS AUDITED | AUDITED SUBACUTE CARE COST PER PATIENT DAY |
|----------|-------------|-------------|------------|--|
|----------|-------------|-------------|------------|--|

## SUBACUTE CARE ROUTINE

|    |   |              |              |           |
|----|---|--------------|--------------|-----------|
| 1  | Cost of Direct Care - Labor (Sch. 2, Ln. 125)               | \$ N/A       | \$ 1,259,349 | \$ 119.95 |
| 2  | Cost of Indirect Care - Labor (Sch. 3, Ln. 125)             | \$ N/A       | \$ 209,659   | \$ 19.97  |
| 3  | Cost of Direct and Indirect NonLabor (Sch. 4, Ln. 125)      | \$ N/A       | \$ 528,293   | \$ 50.32  |
| 4  | Cost of Capital Related (Sch. 5, Ln. 125)                   | \$ N/A       | \$ 245,806   | \$ 23.41  |
| 5  | Property Taxes (Sch. 5, Ln. 125)                            | \$ N/A       | \$ 13,338    | \$ 1.27   |
| 6  | CDPH Licensing Fees (Sch. 6, Ln. 125)                       | \$ N/A       | \$ 10,660    | \$ 1.02   |
| 7  | Professional Liability Insurance (Sch. 6, Ln. 125)          | \$ N/A       | \$ 32,149    | \$ 3.06   |
| 8  | Quality Assurance Fees (Sch. 6, Ln. 125)                    | \$ N/A       | \$ 152,580   | \$ 14.53  |
| 9  | Caregiver Training (Sch. 6, Ln. 125)                        | \$ N/A       | \$ 0         | \$ 0.00   |
| 10 | Cost of Administration (Sch. 6, Ln. 125)                    | \$ N/A       | \$ 232,368   | \$ 22.13  |
| 11 | Cost of Routine Service/Audited Total Routine Costs         | \$ 2,556,107 | \$ 2,684,201 | \$ 255.66 |
| 12 | Routine Cost Per Patient Day (Routine Cost Divided by Days) | \$ 244.51    | \$ 255.66    |           |

## SUBACUTE CARE ANCILLARY

|    |  |            |            |          |
|----|--|------------|------------|----------|
| 13 | Cost of Direct Care - Labor (Subacute Care Sch. 2, Ln. 122)          | \$ N/A     | \$ 90,130  | \$ 8.58  |
| 14 | Cost of Indirect Care - Labor (Subacute Care Sch. 2, Ln. 123)        | \$ N/A     | \$ 15,054  | \$ 1.43  |
| 15 | Cost of Direct and Indirect Nonlabor (Subacute Care Sch. 2, Ln. 124) | \$ N/A     | \$ 623,250 | \$ 59.36 |
| 16 | Cost of Capital Related (Subacute Care Sch. 2, Ln. 125)              | \$ N/A     | \$ 21,463  | \$ 2.04  |
| 17 | Property Taxes (Subacute Care Sch. 2, Ln. 126)                       | \$ N/A     | \$ 1,165   | \$ 0.11  |
| 18 | CDPH Licensing Fees (Subacute Care Sch. 2, Ln. 127)                  | \$ N/A     | \$ 3,548   | \$ 0.34  |
| 19 | Professional Liability Insurance (Subacute Care Sch. 2, Ln. 128)     | \$ N/A     | \$ 10,701  | \$ 1.02  |
| 20 | Quality Assurance Fees (Subacute Care Sch. 2, Ln. 129)               | \$ N/A     | \$ 50,786  | \$ 4.84  |
| 21 | Caregiver Training (Subacute Care Sch. 2, Ln. 130)                   | \$ N/A     | \$ 0       | \$ 0.00  |
| 22 | Cost of Administration (Subacute Care Sch. 2, Ln. 131)               | \$ N/A     | \$ 77,344  | \$ 7.37  |
| 23 | Cost of Ancillary Service/Audited Total Ancillary Costs              | \$ 965,955 | \$ 893,440 | \$ 85.10 |
| 24 | Ancillary Cost Per Patient Day (Ancillary Cost Divided by Days)      | \$ 92.40   | \$ 85.10   |          |

## SUBACUTE CARE TOTAL

|    |   |              |              |             |
|----|---|--------------|--------------|-------------|
| 25 | Cost of Direct Care - Labor (Line 1 + Line 13)          | \$ N/A       | \$ 1,349,479 | \$ 128.53 * |
| 26 | Cost of Indirect Care - Labor (Line 2 + Line 14)        | \$ N/A       | \$ 224,713   | \$ 21.40 *  |
| 27 | Cost of Direct and Indirect Nonlabor (Line 3 + Line 15) | \$ N/A       | \$ 1,151,543 | \$ 109.68 * |
| 28 | Cost of Capital Related (Line 4 + Line 16)              | \$ N/A       | \$ 267,269   | \$ 25.46 *  |
| 29 | Property Taxes (Line 5 + Line 17)                       | \$ N/A       | \$ 14,502    | \$ 1.38 *   |
| 30 | CDPH Licensing Fees (Line 6 + Line 18)                  | \$ N/A       | \$ 14,208    | \$ 1.35 *   |
| 31 | Professional Liability Insurance (Line 7 + Line 19)     | \$ N/A       | \$ 42,850    | \$ 4.08 *   |
| 32 | Quality Assurance Fees (Line 8 + Line 20)               | \$ N/A       | \$ 203,366   | \$ 19.37 *  |
| 33 | Caregiver Training (Line 9 + Line 21)                   | \$ N/A       | \$ 0         | \$ 0.00 *   |
| 34 | Cost of Administration (Line 10 + Line 22)              | \$ N/A       | \$ 309,712   | \$ 29.50 *  |
| 35 | Total Cost of Subacute Service (Line 11 + Line 23)      | \$ 3,522,062 | \$ 3,577,641 | \$ 340.76 * |
| 36 | Total Patient Days (Adj 19)                             | 10,454       | 10,499       |             |
| 37 | Total Cost Per Patient Day (Total Cost Divided by Days) | \$ 336.91    | \$ 340.76    |             |
| 38 | Medi-Cal Overpayments (Adj 30)                          | \$ 0         | \$ (6,745)   |             |
| 39 | Medi-Cal Credit Balances (Adj 31)                       | \$ 0         | \$ (2,642)   |             |
| 40 | Amount Due Provider (State) (Line 38 + Line 39)         | \$ 0         | \$ (9,387)   |             |

## GENERAL INFORMATION

|    |  |       |       |  |
|----|--|-------|-------|--|
| 41 | Contracted Number of Subacute Care Beds (Adj 27)   | 0     | 34    |  |
| 42 | Total Licensed Nursing Facility Beds (Adj 27)      | 118   | 84    |  |
| 43 | Total Licensed Capacity (All levels) (Adj )        | 118   | 118   |  |
| 44 | Total Medi-Cal Subacute Care Patient Days (Adj 25) | 7,962 | 7,632 |  |

## CAPITAL RELATED COST

|    |  |        |            |  |
|----|--|--------|------------|--|
| 45 | Direct Capital Related Cost (Adj )             | \$ N/A | \$ 0       |  |
| 46 | Indirect Capital Related Cost (Line 28)        | \$ N/A | \$ 267,269 |  |
| 47 | Total Capital Related Cost (Line 45 + Line 46) | \$ 0   | \$ 267,269 |  |

## VENTILATOR / NONVENTILATOR

|    |                                  | AUDITED COSTS (Adj 24) | AUDITED TOTAL DAYS (Adj 26) | AUDITED MEDI-CAL DAYS (Adj 25) |
|----|----------------------------------|------------------------|-----------------------------|--------------------------------|
| 48 | Ventilator (Equipment Cost Only) | \$ 80,937              | 3,977                       | 2,578                          |
| 49 | Nonventilator                    | \$ N/A                 | 6,522                       | 5,054                          |
| 50 | TOTAL                            | \$ N/A                 | 10,499                      | 7,632                          |

\* (To Schedule 1)

## SUMMARY OF TOTAL ALLOWABLE SUBACUTE CARE ANCILLARY COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1356528640

OSHPD Facility Number:  
206190009

| LINE NO.                | DESCRIPTION   | ANCILLARY COSTS | TOTAL ANCILLARY CHARGES (Adj 21) | RATIO COST/CHG | TOTAL SUBACUTE CARE ANCILLARY CHARGES (Adjs 22, 23) | SUBACUTE CARE ANCILLARY COST * |
|-------------------------|---|-----------------|----------------------------------|----------------|---|--------------------------------|
| <b>PATIENT SUPPLIES</b> |   |                 |                                  |                |   |                                |
| 1                       | Cost of Direct Care - Labor (Sch. 2, Ln. 75)          | \$ 0            |                                  |                |   | \$ 0                           |
| 2                       | Cost of Indirect Care - Labor (Sch. 3, Ln. 75)        | 793             |                                  |                |   | 459                            |
| 3                       | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 75) | 62,154          |                                  |                |   | 35,970                         |
| 4                       | Cost of Capital Related (Sch. 5, Ln. 75)              | 486             |                                  |                |   | 281                            |
| 5                       | Property Taxes (Sch. 5, Ln. 75)                       | 26              |                                  |                |   | 15                             |
| 6                       | CDPH Licensing Fees (Sch. 6, Ln. 75)                  | 300             |                                  |                |   | 173                            |
| 7                       | Professional Liability Insurance (Sch. 6, Ln. 75)     | 904             |                                  |                |   | 523                            |
| 8                       | Quality Assurance Fees (Sch. 6, Ln. 75)               | 4,291           |                                  |                |   | 2,483                          |
| 9                       | Caregiver Training (Sch. 6, Ln. 75)                   | 0               |                                  |                |   | 0                              |
| 10                      | Cost of Administration (Sch. 6, Ln. 75)               | 6,535           |                                  |                |   | 3,782                          |
| 11                      | Total Patient Supplies Ancillary Service              | \$ 75,489       | \$ 183,161                       | 0.412147       | \$ 106,002  | \$ 43,688                      |

|                                     |   |           |      |          |      |        |
|-------------------------------------|---|-----------|------|----------|------|--------|
| <b>SPECIALIZED SUPPORT SURFACES</b> |   |           |      |          |      |        |
| 12                                  | Cost of Direct Care - Labor (Sch. 2, Ln. 77)          | \$ 0      |      |          |      | \$ N/A |
| 13                                  | Cost of Indirect Care - Labor (Sch. 3, Ln. 77)        | 225       |      |          |      | 0      |
| 14                                  | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 77) | 17,624    |      |          |      | 0      |
| 15                                  | Cost of Capital Related (Sch. 5, Ln. 77)              | 138       |      |          |      | 0      |
| 16                                  | Property Taxes (Sch. 5, Ln. 77)                       | 7         |      |          |      | 0      |
| 17                                  | CDPH Licensing Fees (Sch. 6, Ln. 77)                  | 85        |      |          |      | 0      |
| 18                                  | Professional Liability Insurance (Sch. 6, Ln. 77)     | 256       |      |          |      | 0      |
| 19                                  | Quality Assurance Fees (Sch. 6, Ln. 77)               | 1,217     |      |          |      | 0      |
| 20                                  | Caregiver Training (Sch. 6, Ln. 77)                   | 0         |      |          |      | 0      |
| 21                                  | Cost of Administration (Sch. 6, Ln. 77)               | 1,853     |      |          |      | 0      |
| 22                                  | Total Specialized Support Surfaces Ancillary Service  | \$ 21,406 | \$ 0 | 0.000000 | \$ 0 | \$ 0   |

|                         |   |            |            |          |            |           |
|-------------------------|---|------------|------------|----------|------------|-----------|
| <b>PHYSICAL THERAPY</b> |   |            |            |          |            |           |
| 23                      | Cost of Direct Care - Labor (Sch. 2, Ln. 80)          | \$ 238,582 |            |          |            | \$ 40,503 |
| 24                      | Cost of Indirect Care - Labor (Sch. 3, Ln. 80)        | 21,236     |            |          |            | 3,605     |
| 25                      | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 80) | 64,858     |            |          |            | 11,011    |
| 26                      | Cost of Capital Related (Sch. 5, Ln. 80)              | 48,740     |            |          |            | 8,274     |
| 27                      | Property Taxes (Sch. 5, Ln. 80)                       | 2,645      |            |          |            | 449       |
| 28                      | CDPH Licensing Fees (Sch. 6, Ln. 80)                  | 1,777      |            |          |            | 302       |
| 29                      | Professional Liability Insurance (Sch. 6, Ln. 80)     | 5,358      |            |          |            | 910       |
| 30                      | Quality Assurance Fees (Sch. 6, Ln. 80)               | 25,429     |            |          |            | 4,317     |
| 31                      | Caregiver Training (Sch. 6, Ln. 80)                   | 0          |            |          |            | 0         |
| 32                      | Cost of Administration (Sch. 6, Ln. 80)               | 38,727     |            |          |            | 6,574     |
| 33                      | Total Physical Therapy Ancillary Service              | \$ 447,351 | \$ 653,568 | 0.684475 | \$ 110,954 | \$ 75,945 |

|                            |   |            |            |          |            |            |
|----------------------------|---|------------|------------|----------|------------|------------|
| <b>RESPIRATORY THERAPY</b> |   |            |            |          |            |            |
| 34                         | Cost of Direct Care - Labor (Sch. 2, Ln. 81)          | \$ 50,094  |            |          |            | \$ 49,627  |
| 35                         | Cost of Indirect Care - Labor (Sch. 3, Ln. 81)        | 6,887      |            |          |            | 6,823      |
| 36                         | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 81) | 489,510    |            |          |            | 484,944    |
| 37                         | Cost of Capital Related (Sch. 5, Ln. 81)              | 4,218      |            |          |            | 4,179      |
| 38                         | Property Taxes (Sch. 5, Ln. 81)                       | 229        |            |          |            | 227        |
| 39                         | CDPH Licensing Fees (Sch. 6, Ln. 81)                  | 2,603      |            |          |            | 2,578      |
| 40                         | Professional Liability Insurance (Sch. 6, Ln. 81)     | 7,850      |            |          |            | 7,776      |
| 41                         | Quality Assurance Fees (Sch. 6, Ln. 81)               | 37,254     |            |          |            | 36,907     |
| 42                         | Caregiver Training (Sch. 6, Ln. 81)                   | 0          |            |          |            | 0          |
| 43                         | Cost of Administration (Sch. 6, Ln. 81)               | 56,735     |            |          |            | 56,206     |
| 44                         | Total Respiratory Ancillary Service                   | \$ 655,381 | \$ 715,013 | 0.916599 | \$ 708,345 | \$ 649,268 |

## SUMMARY OF TOTAL ALLOWABLE SUBACUTE CARE ANCILLARY COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1356528640

OSHPD Facility Number:  
206190009

| LINE NO.                    | DESCRIPTION   | ANCILLARY COSTS | TOTAL ANCILLARY CHARGES (Adj 21) | RATIO COST/CHG | TOTAL SUBACUTE CARE ANCILLARY CHARGES (Adjs 22, 23) | SUBACUTE CARE ANCILLARY COST * |
|-----------------------------|---|-----------------|----------------------------------|----------------|---|--------------------------------|
| <b>OCCUPATIONAL THERAPY</b> |   |                 |                                  |                |   |                                |
| 45                          | Cost of Direct Care - Labor (Sch. 2, Ln. 82)          | \$ 0            |                                  |                |   | \$ 0                           |
| 46                          | Cost of Indirect Care - Labor (Sch. 3, Ln. 82)        | 15,747          |                                  |                |   | 2,807                          |
| 47                          | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 82) | 150,562         |                                  |                |   | 26,836                         |
| 48                          | Cost of Capital Related (Sch. 5, Ln. 82)              | 38,098          |                                  |                |   | 6,790                          |
| 49                          | Property Taxes (Sch. 5, Ln. 82)                       | 2,067           |                                  |                |   | 368                            |
| 50                          | CDPH Licensing Fees (Sch. 6, Ln. 82)                  | 975             |                                  |                |   | 174                            |
| 51                          | Professional Liability Insurance (Sch. 6, Ln. 82)     | 2,942           |                                  |                |   | 524                            |
| 52                          | Quality Assurance Fees (Sch. 6, Ln. 82)               | 13,962          |                                  |                |   | 2,489                          |
| 53                          | Caregiver Training (Sch. 6, Ln. 82)                   | 0               |                                  |                |   | 0                              |
| 54                          | Cost of Administration (Sch. 6, Ln. 82)               | 21,262          |                                  |                |   | 3,790                          |
| 55                          | Total Occupational Therapy Ancillary Service          | \$ 245,614      | \$ 290,940                       | 0.844209       | \$ 51,857   | \$ 43,778                      |

|                         |   |            |            |          |           |           |
|-------------------------|---|------------|------------|----------|-----------|-----------|
| <b>SPEECH PATHOLOGY</b> |   |            |            |          |           |           |
| 56                      | Cost of Direct Care - Labor (Sch. 2, Ln. 83)          | \$ 0       |            |          |           | \$ 0      |
| 57                      | Cost of Indirect Care - Labor (Sch. 3, Ln. 83)        | 3,524      |            |          |           | 823       |
| 58                      | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 83) | 95,994     |            |          |           | 22,412    |
| 59                      | Cost of Capital Related (Sch. 5, Ln. 83)              | 6,889      |            |          |           | 1,608     |
| 60                      | Property Taxes (Sch. 5, Ln. 83)                       | 374        |            |          |           | 87        |
| 61                      | CDPH Licensing Fees (Sch. 6, Ln. 83)                  | 504        |            |          |           | 118       |
| 62                      | Professional Liability Insurance (Sch. 6, Ln. 83)     | 1,521      |            |          |           | 355       |
| 63                      | Quality Assurance Fees (Sch. 6, Ln. 83)               | 7,220      |            |          |           | 1,686     |
| 64                      | Caregiver Training (Sch. 6, Ln. 83)                   | 0          |            |          |           | 0         |
| 65                      | Cost of Administration (Sch. 6, Ln. 83)               | 10,996     |            |          |           | 2,567     |
| 66                      | Total Speech Pathology Ancillary Service              | \$ 127,024 | \$ 138,988 | 0.913918 | \$ 32,450 | \$ 29,657 |

|                 |   |            |            |          |      |      |
|-----------------|---|------------|------------|----------|------|------|
| <b>PHARMACY</b> |   |            |            |          |      |      |
| 67              | Cost of Direct Care - Labor (Sch. 2, Ln. 85)          | \$ 0       |            |          |      | \$ 0 |
| 68              | Cost of Indirect Care - Labor (Sch. 3, Ln. 85)        | 3,566      |            |          |      | 0    |
| 69              | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 85) | 279,413    |            |          |      | 0    |
| 70              | Cost of Capital Related (Sch. 5, Ln. 85)              | 2,184      |            |          |      | 0    |
| 71              | Property Taxes (Sch. 5, Ln. 85)                       | 119        |            |          |      | 0    |
| 72              | CDPH Licensing Fees (Sch. 6, Ln. 85)                  | 1,348      |            |          |      | 0    |
| 73              | Professional Liability Insurance (Sch. 6, Ln. 85)     | 4,065      |            |          |      | 0    |
| 74              | Quality Assurance Fees (Sch. 6, Ln. 85)               | 19,291     |            |          |      | 0    |
| 75              | Caregiver Training (Sch. 6, Ln. 85)                   | 0          |            |          |      | 0    |
| 76              | Cost of Administration (Sch. 6, Ln. 85)               | 29,378     |            |          |      | 0    |
| 77              | Total Pharmacy Ancillary Service                      | \$ 339,364 | \$ 905,959 | 0.374591 | \$ 0 | \$ 0 |

|                   |   |           |            |          |           |           |
|-------------------|---|-----------|------------|----------|-----------|-----------|
| <b>LABORATORY</b> |   |           |            |          |           |           |
| 78                | Cost of Direct Care - Labor (Sch. 2, Ln. 90)          | \$ 0      |            |          |           | \$ 0      |
| 79                | Cost of Indirect Care - Labor (Sch. 3, Ln. 90)        | 549       |            |          |           | 153       |
| 80                | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 90) | 43,022    |            |          |           | 11,973    |
| 81                | Cost of Capital Related (Sch. 5, Ln. 90)              | 336       |            |          |           | 94        |
| 82                | Property Taxes (Sch. 5, Ln. 90)                       | 18        |            |          |           | 5         |
| 83                | CDPH Licensing Fees (Sch. 6, Ln. 90)                  | 208       |            |          |           | 58        |
| 84                | Professional Liability Insurance (Sch. 6, Ln. 90)     | 626       |            |          |           | 174       |
| 85                | Quality Assurance Fees (Sch. 6, Ln. 90)               | 2,970     |            |          |           | 827       |
| 86                | Caregiver Training (Sch. 6, Ln. 90)                   | 0         |            |          |           | 0         |
| 87                | Cost of Administration (Sch. 6, Ln. 90)               | 4,523     |            |          |           | 1,259     |
| 88                | Total Laboratory Ancillary Service                    | \$ 52,252 | \$ 263,762 | 0.198103 | \$ 73,408 | \$ 14,542 |

## SUMMARY OF TOTAL ALLOWABLE SUBACUTE CARE ANCILLARY COSTS

Provider Name:  
GLADSTONE CARE AND REHAB CENTER

Fiscal Period:  
JULY 1, 2011 THROUGH JUNE 30, 2012

NPI:  
1356528640

OSHPD Facility Number:  
206190009

| LINE NO.                    | DESCRIPTION   | ANCILLARY COSTS | TOTAL ANCILLARY CHARGES (Adj 21) | RATIO COST/CHG | TOTAL SUBACUTE CARE ANCILLARY CHARGES (Adjs 22, 23) | SUBACUTE CARE ANCILLARY COST * |
|-----------------------------|---|-----------------|----------------------------------|----------------|---|--------------------------------|
| <b>HOME HEALTH SERVICES</b> |   |                 |                                  |                |   |                                |
| 89                          | Cost of Direct Care - Labor (Sch. 2, Ln. 95)          | \$ 0            |                                  |                |   | \$ 0                           |
| 90                          | Cost of Indirect Care - Labor (Sch. 3, Ln. 95)        | 0               |                                  |                |   | 0                              |
| 91                          | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 95) | 0               |                                  |                |   | 0                              |
| 92                          | Cost of Capital Related (Sch. 5, Ln. 95)              | 0               |                                  |                |   | 0                              |
| 93                          | Property Taxes (Sch. 5, Ln. 95)                       | 0               |                                  |                |   | 0                              |
| 94                          | CDPH Licensing Fees (Sch. 6, Ln. 95)                  | 0               |                                  |                |   | 0                              |
| 95                          | Professional Liability Insurance (Sch. 6, Ln. 95)     | 0               |                                  |                |   | 0                              |
| 96                          | Quality Assurance Fees (Sch. 6, Ln. 95)               | 0               |                                  |                |   | 0                              |
| 97                          | Caregiver Training (Sch. 6, Ln. 95)                   | 0               |                                  |                |   | 0                              |
| 98                          | Cost of Administration (Sch. 6, Ln. 95)               | 0               |                                  |                |   | 0                              |
| 99                          | Total Home Health Services Ancillary Service          | \$ 0            | \$ 0                             | 0.000000       | \$ 0  | \$ 0                           |

|                                 |  |           |            |          |            |           |
|---------------------------------|--|-----------|------------|----------|------------|-----------|
| <b>OTHER ANCILLARY SERVICES</b> |  |           |            |          |            |           |
| 100                             | Cost of Direct Care - Labor (Sch. 2, Ln. 100)          | \$ 0      |            |          |            | \$ 0      |
| 101                             | Cost of Indirect Care - Labor (Sch. 3, Ln. 100)        | 764       |            |          |            | 384       |
| 102                             | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 100) | 59,842    |            |          |            | 30,103    |
| 103                             | Cost of Capital Related (Sch. 5, Ln. 100)              | 468       |            |          |            | 235       |
| 104                             | Property Taxes (Sch. 5, Ln. 100)                       | 25        |            |          |            | 13        |
| 105                             | CDPH Licensing Fees (Sch. 6, Ln. 100)                  | 289       |            |          |            | 145       |
| 106                             | Professional Liability Insurance (Sch. 6, Ln. 100)     | 871       |            |          |            | 438       |
| 107                             | Quality Assurance Fees (Sch. 6, Ln. 100)               | 4,132     |            |          |            | 2,078     |
| 108                             | Caregiver Training (Sch. 6, Ln. 100)                   | 0         |            |          |            | 0         |
| 109                             | Cost of Administration (Sch. 6, Ln. 100)               | 6,292     |            |          |            | 3,165     |
| 110                             | Total Other Ancillary Service                          | \$ 72,682 | \$ 211,195 | 0.344146 | \$ 106,241 | \$ 36,562 |

|   |  |  |  |  |  |      |
|---|--|--|--|--|--|------|
| <b>SUBACUTE CARE ANCILLARY SERVICES</b> |  |  |  |  |  |      |
| 111                                     | Cost of Direct Care - Labor (Sch. 2, Ln. 101)          |  |  |  |  | \$ 0 |
| 112                                     | Cost of Indirect Care - Labor (Sch. 3, Ln. 101)        |  |  |  |  | 0    |
| 113                                     | Cost of Direct and Indirect Nonlabor (Sch. 4, Ln. 101) |  |  |  |  | 0    |
| 114                                     | Cost of Capital Related (Sch. 5, Ln. 101)              |  |  |  |  | 0    |
| 115                                     | Property Taxes (Sch. 5, Ln. 101)                       |  |  |  |  | 0    |
| 116                                     | CDPH Licensing Fees (Sch. 6, Ln. 101)                  |  |  |  |  | 0    |
| 117                                     | Professional Liability Insurance (Sch. 6, Ln. 101)     |  |  |  |  | 0    |
| 118                                     | Quality Assurance Fees (Sch. 6, Ln. 101)               |  |  |  |  | 0    |
| 119                                     | Caregiver Training (Sch. 6, Ln. 101)                   |  |  |  |  | 0    |
| 120                                     | Cost of Administration (Sch. 6, Ln. 101)               |  |  |  |  | 0    |
| 121                                     | Total Subacute Ancillary Service                       |  |  |  |  | \$ 0 |

|   |  |  |  |  |  |            |
|---|--|--|--|--|--|------------|
| <b>TOTAL COST OF ANCILLARY SERVICES</b> |  |  |  |  |  |            |
| 122                                     | Cost of Direct Care - Labor                    |  |  |  |  | \$ 90,130  |
| 123                                     | Cost of Indirect Care - Labor                  |  |  |  |  | 15,054     |
| 124                                     | Cost of Direct and Indirect Nonlabor           |  |  |  |  | 623,250    |
| 125                                     | Cost of Capital Related                        |  |  |  |  | 21,463     |
| 126                                     | Property Taxes                                 |  |  |  |  | 1,165      |
| 127                                     | CDPH Licensing Fees                            |  |  |  |  | 3,548      |
| 128                                     | Professional Liability Insurance               |  |  |  |  | 10,701     |
| 129                                     | Quality Assurance Fees                         |  |  |  |  | 50,786     |
| 130                                     | Caregiver Training                             |  |  |  |  | 0          |
| 131                                     | Cost of Administration                         |  |  |  |  | 77,344     |
| 132                                     | Total Cost of Subacute Care Ancillary Services |  |  |  |  | \$ 893,440 |

\* Total Ancillary Costs included in the rate.

(To Subacute Care Sch 1)

| Provider Name                              |                       |      |              |      |      |        | Fiscal Period  | NPI         |                     | Adjustments |  |
|--|-----------------------|------|--------------|------|------|--------|--|-------------|---------------------|-------------|--|
| GLADSTONE CARE AND REHAB CENTER            |                       |      |              |      |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                     | 31          |  |
| 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>RECLASSIFICATIONS OF REPORTED COSTS</b> |                       |      |              |      |      |        |  |             |                     |             |  |
| 1  | 10.5                  | 010  | 4            | 8A-1 | 010  | 4      | Housekeeping - Other - Nonlabor  | \$37,138    | (\$17,050)          | \$20,088    |  |
|  | 10.5                  | 125  | 4            | 8A-1 | 125  | 4      | Subacute Care - Other - Nonlabor   | 466,986     | 17,050              | 484,036 *   |  |
|  |                       |      |              |      |      |        | To reclassify subacute housekeeping supply expenses to the appropriate cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8      |             |                     |             |  |
| 2  | 10.5                  | 035  | 4            | 8A-1 | 035  | 4      | Leases and Rentals   | \$729,044   | \$505               | \$729,549 * |  |
|  | 10.5                  | 105  | 4            | 8A-1 | 105  | 4      | Skilled Nursing Care - Other - Nonlabor  | 157,424     | (505)               | 156,919 *   |  |
|  |                       |      |              |      |      |        | To reclassify nursing equipment rental expenses to the appropriate cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8          |             |                     |             |  |
| 3  | 10.5                  | 035  | 4            | 8A-1 | 035  | 4      | Leases and Rentals   | * \$729,549 | \$80,937            | \$810,486   |  |
|  | 10.5                  | 125  | 4            | 8A-1 | 125  | 4      | Subacute Care - Other - Nonlabor   | * 484,036   | (80,937)            | 403,099 *   |  |
|  |                       |      |              |      |      |        | To reclassify ventilator rental expenses from the using cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8                     |             |                     |             |  |
| 4  | 10.5                  | 060  | 4            | 8A-1 | 060  | 4      | Laundry and Linen - Other - Nonlabor   | \$22,429    | (\$8,719)           | \$13,710    |  |
|  | 10.5                  | 125  | 4            | 8A-1 | 125  | 4      | Subacute Care - Other - Nonlabor   | * 403,099   | 8,719               | 411,818 *   |  |
|  |                       |      |              |      |      |        | To reclassify subacute laundry and linen supply expenses to the appropriate cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8 |             |                     |             |  |

\*Balance carried forward from prior/to subsequent adjustments

| Provider Name                              |                       |      |      |              |      |        | Fiscal Period  | NPI         |                     | Adjustments |
|--|-----------------------|------|------|--------------|------|--------|--|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER            |                       |      |      |              |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                     | 31          |
| Report References                          |                       |      |      |              |      |        | Explanation of Audit Adjustments   | As Reported | Increase (Decrease) | As Adjusted |
| Adj. No.                                   | Cost Report           |      |      | Audit Report |      |        |  |             |                     |             |
|  | MC530 Page or Exhibit | Line | Col. | Sch.         | Line | Sub No |  |             |                     |             |
| <b>RECLASSIFICATIONS OF REPORTED COSTS</b> |                       |      |      |              |      |        |  |             |                     |             |
| 5  | 10.5                  | 075  | 4    | 8A-1         | 075  | 4      | Patient Supplies - Other - Nonlabor  | \$70,739    | (\$8,784)           | \$61,955    |
|  | 10.5                  | 125  | 4    | 8A-1         | 125  | 4      | Subacute Care - Other - Nonlabor   | * 411,818   | 8,784               | 420,602     |
|  |                       |      |      |              |      |        | To reclassify subacute DME expenses to the appropriate cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8  |             |                     |             |
| 6  | 10.5                  | 077  | 4    | 8A-1         | 077  | 4      | Specialized Support Surfaces   | \$0         | \$17,568            | \$17,568    |
|  | 10.5                  | 100  | 4    | 8A-1         | 100  | 4      | Other Ancillary Services - Other - Nonlabor  | 68,435      | (8,784)             | 59,651      |
|  | 10.5                  | 105  | 4    | 8A-1         | 105  | 4      | Skilled Nursing Care - Other - Nonlabor  | * 156,919   | (8,784)             | 148,135     |
|  |                       |      |      |              |      |        | To reclassify low air loss mattress expenses from Skilled Nursing Care and Subacute Care to an ancillary cost center.<br>42 CFR 413.24 and 413.50<br>CMS Pub. 15-1, Sections 2203.2, 2300, and 2304                                    |             |                     |             |
| 7  | 10.5                  | 105  | 1    | 8A-1         | 105  | 1      | Skilled Nursing Care - Salaries and Wages  | \$1,839,488 | (\$51,952)          | \$1,787,536 |
|  | 10.5                  | 105  | 2    | 8A-1         | 105  | 2      | Skilled Nursing Care - Fringe Benefits   | 462,169     | (13,053)            | 449,116     |
|  | 10.5                  | 125  | 1    | 8A-1         | 125  | 1      | Subacute Care - Salaries and Wages   | 908,860     | 51,952              | 960,812     |
|  | 10.5                  | 125  | 2    | 8A-1         | 125  | 2      | Subacute Care - Fringe Benefits  | 228,350     | 13,053              | 241,403     |
|  |                       |      |      |              |      |        | To reclassify Director of Nurses and MDS Co-ordinator salaries and fringe benefits to the appropriate cost center for proper cost determination.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304 |             |                     |             |
| 8  | 10.5                  | 140  | 4    | 8A-1         | 140  | 4      | Beauty and Barber - Other - Nonlabor   | \$0         | \$7,350             | \$7,350     |
|  | 10.5                  | 165  | 4    | 8A-1         | 165  | 4      | Administration - Other - Nonlabor  | 233,155     | (7,350)             | 225,805 *   |
|  |                       |      |      |              |      |        | To reclassify beauty and barber expenses to a nonreimbursable cost center.<br>42 CFR 413.9, 413.20, and 413.24<br>CMS Pub. 15-1, Sections 2300, 2304, and 2328   |             |                     |             |

\*Balance carried forward from prior/to subsequent adjustments

| Provider Name                                     |                       |      |              |      |      |        | Fiscal Period   |             | NPI                 |             | Adjustments |
|---|-----------------------|------|--------------|------|------|--------|---|-------------|---------------------|-------------|-------------|
| GLADSTONE CARE AND REHAB CENTER                   |                       |      |              |      |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012  |             | 1013901313          |             | 31          |
| 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><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b> |                       |      |              |      |      |        |   |             |                     |             |             |
| 9   | 10.5                  | 165  | 4            | 8A-1 | 165  | 4      | Administration - Other - Nonlabor   | *           | \$225,805           | \$18,072    | \$243,877 * |
|   | 10.5                  | 168  | 4            | 8A-1 | 168  | 4      | Professional Liability Insurance  |             | 144,623             | (18,072)    | 126,551 *   |
|   |                       |      |              |      |      |        | To reclassify all other insurance expense from the Professional Liability Insurance cost center to Administration cost center.<br>42 CFR 413.24 / CMS Pub. 15-1, Sections 2304 and 2162<br>CCR, Title 22, Sections 52000(b), 52501, and 52507 |             |                     |             |             |
| 10  | 10.5                  | 165  | 4            | 8A-1 | 165  | 4      | Administration - Other - Nonlabor   | *           | \$243,877           | \$16,534    | \$260,411 * |
|   | 10.5                  | 168  | 4            | 8A-1 | 168  | 4      | Professional Liability Insurance  | *           | 126,551             | (16,534)    | 110,017     |
|   |                       |      |              |      |      |        | To reclassify finance fees, taxes, and other fees associated with liability insurance to the Administration cost center.<br>42 CFR 413.24 / CMS Pub. 15-1, Section 2162<br>CCR, Title 22, Sections 52000(b) and 52501                         |             |                     |             |             |

\*Balance carried forward from prior/to subsequent adjustments

| Provider Name                        |                       |      |              |      |      |        | Fiscal Period  | NPI         |                        | Adjustments |
|--------------------------------------|-----------------------|------|--------------|------|------|--------|--|-------------|------------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER      |                       |      |              |      |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                        | 31          |
| 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> |                       |      |              |      |      |        |  |             |                        |             |
| 11                                   | 10.5                  | 040  | 4            | 8A-1 | 040  | 4      | Property Taxes<br>To adjust reported property tax expenses to agree with the annual property tax bill statements.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304 | \$44,155    | \$728                  | \$44,883    |
| 12                                   | 10.5                  | 065  | 4            | 8A-1 | 065  | 4      | Dietary - Other - Nonlabor   | \$170,772   | (\$3,996)              | \$166,776   |
|                                      | 10.5                  | 165  | 4            | 8A-1 | 165  | 4      | Administration - Other - Nonlabor<br>To abate miscellaneous revenue against the related costs.<br>42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328                                 | * 260,411   | (72,295)               | 188,116 *   |
| 13                                   | 10.5                  | 070  | 4            | 8A-1 | 070  | 4      | Provision for Bad Debts<br>To eliminate bad debt expense that is not recognized under the Medi-Cal program.<br>42 CFR 413.89(b)(1) and 413.178 / CMS Pub. 15-1, Section 300            | \$270,470   | (\$270,470)            | \$0         |
|                                      | 10.5                  | 165  | 4            | 8A-1 | 165  | 4      | Administration - Other - Nonlabor  | * \$188,116 |                        |             |
| 14                                   |                       |      |              |      |      |        | To eliminate public relations, fines, and penalty expenses not related to patient care.<br>42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1                              |             | (\$7,214)              |             |
| 15                                   |                       |      |              |      |      |        | To adjust reported professional liability insurance expenses to agree with the provider's insurance policies.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304     |             | (39,881)<br>(\$47,095) | \$141,021   |

\*Balance carried forward from prior/to subsequent adjustments

| Provider Name   |                       |      |       |              |      |  | Fiscal Period                      | NPI         |                     | Adjustments |
|---|-----------------------|------|-------|--------------|------|--|------------------------------------|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER   |                       |      |       |              |      |  | JULY 1, 2011 THROUGH JUNE 30, 2012 | 1013901313  |                     | 31          |
| Report References   |                       |      |       |              |      |  | Explanation of Audit Adjustments   | As Reported | Increase (Decrease) | As Adjusted |
| Adj. No.  | Cost Report           |      |       | Audit Report |      |  |                                    |             |                     |             |
|   | MC530 Page or Exhibit | Line | Col.  | Sch.         | Line | Sub No   |                                    |             |                     |             |
| <b>ADJUSTMENTS TO REPORTED STATISTICS</b>   |                       |      |       |              |      |  |                                    |             |                     |             |
| 16  | 10.7                  | 005  | 1     | 7            | 005  | Plant Operations and Maintenance (Square Feet) | 0                                  | 1,032       | 1,032               |             |
|   | 10.7                  | 010  | 1,2   | 7            | 010  | Housekeeping                                   | 0                                  | 643         | 643                 |             |
|   | 10.7                  | 060  | 1,2,3 | 7            | 060  | Laundry and Linen                              | 0                                  | 1,640       | 1,640               |             |
|   | 10.7                  | 065  | 1,2,3 | 7            | 065  | Dietary  | 0                                  | 1,935       | 1,935               |             |
|   | 10.7                  | 080  | 1,2,3 | 7            | 080  | Physical Therapy                               | 0                                  | 1,065       | 1,065               |             |
|   | 10.7                  | 082  | 1,2,3 | 7            | 082  | Occupational Therapy                           | 0                                  | 848         | 848                 |             |
|   | 10.7                  | 083  | 1,2,3 | 7            | 083  | Speech Pathology                               | 0                                  | 141         | 141                 |             |
|   | 10.7                  | 105  | 1,2,3 | 7            | 105  | Skilled Nursing Care                           | 0                                  | 7,060       | 7,060               |             |
|   | 10.7                  | 125  | 1,2,3 | 7            | 125  | Subacute Care                                  | 0                                  | 4,070       | 4,070               |             |
|   | 10.7                  | 140  | 1,2,3 | 7            | 140  | Beauty and Barber                              | 0                                  | 96          | 96                  |             |
|   | 10.7                  | 145  | 1,2,3 | 7            | 145  | Other Nonreimbursable                          | 0                                  | 224         | 224                 |             |
|   | 10.7                  | 155  | 1,2,3 | 7            | 155  | Social Services                                | 0                                  | 520         | 520                 |             |
|   | 10.7                  | 160  | 1,2,3 | 7            | 160  | Activities                                     | 0                                  | 237         | 237                 |             |
|   | 10.7                  | 165  | 1,2,3 | 7            | 165  | Administration                                 | 0                                  | 1,223       | 1,223               |             |
|   | 10.7                  | 166  | 1,2,3 | 7            | 166  | Medical Records                                | 0                                  | 150         | 150                 |             |
|   | 10.7                  | 175  | 1     | 7            | N/A  | Total Statistics - Square Feet                 | 0                                  | 20,884      | 20,884              |             |
|   | 10.7                  | 175  | 2     | 7            | N/A  | Total Statistics - Square Feet                 | 0                                  | 19,852      | 19,852              |             |
|   | 10.7                  | 175  | 3     | 7            | N/A  | Total Statistics - Square Feet                 | 0                                  | 19,209      | 19,209              |             |
| To establish square footage statistics to agree with the prior year audit report and the provider's square footage summary.<br>42 CFR 413.24 and 413.50<br>CMS Pub. 15-1, Sections 2304, 2306, and 2328 |                       |      |       |              |      |  |                                    |             |                     |             |
| 17  | 10.7                  | 105  | 4     | 7            | 105  | Skilled Nursing Care (Pounds of Laundry)       | 0                                  | 92,912      | 92,912              |             |
|   | 10.7                  | 125  | 4     | 7            | 125  | Subacute Care                                  | 0                                  | 46,266      | 46,266              |             |
|   | 10.7                  | 175  | 4     | 7            | N/A  | Total Statistics - Pounds of Laundry           | 0                                  | 139,178     | 139,178             |             |
| To establish laundry pounds statistics to agree with the provider's laundry weight report.<br>42 CFR 413.24 and 413.50<br>CMS Pub. 15-1, Sections 2304, 2306, and 2328                                  |                       |      |       |              |      |  |                                    |             |                     |             |

| Provider Name                             |                       |      |              |      |      |        | Fiscal Period  | NPI         |                     | Adjustments |
|---|-----------------------|------|--------------|------|------|--------|--|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER           |                       |      |              |      |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                     | 31          |
| 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>ADJUSTMENTS TO REPORTED STATISTICS</u> |                       |      |              |      |      |        |  |             |                     |             |
| 18  | 10.7                  | 105  | 5            | 7    | 105  |        | Skilled Nursing Care (Meals Served)  | 0           | 77,772              | 77,772      |
|   | 10.7                  | 125  | 5            | 7    | 125  |        | Subacute Care  | 0           | 19,334              | 19,334      |
|   | 10.7                  | 175  | 5            | 7    | N/A  |        | Total Statistics - Meals Served  | 0           | 97,106              | 97,106      |
|   |                       |      |              |      |      |        | To establish meals served statistics to agree with the provider's audited census data. |             |                     |             |
|   |                       |      |              |      |      |        | 42 CFR 413.24 and 413.50   |             |                     |             |
|   |                       |      |              |      |      |        | CMS Pub. 15-1, Sections 2304, 2306, and 2328   |             |                     |             |

| Provider Name                               |                       |      |              |            |      |        | Fiscal Period  | NPI         |                     | Adjustments |
|---|-----------------------|------|--------------|------------|------|--------|--|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER             |                       |      |              |            |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                     | 31          |
| 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 PATIENT DAYS</b> |                       |      |              |            |      |        |  |             |                     |             |
| 19  | 11(2)                 | 105  | 1            | 1          | 12   |        | Total Patient Days - Skilled Nursing Care  | 26,325      | (43)                | 26,282      |
|   | 11(2)                 | 105  | 5            | Subacute 1 | 36   |        | Total Patient Days - Subacute Care   | 10,454      | 45                  | 10,499      |
|   |                       |      |              |            |      |        | To adjust total patient days to agree with the provider's patient census reports.                          |             |                     |             |
|   |                       |      |              |            |      |        | 42 CFR 413.20, 413.24, and 413.50  |             |                     |             |
|   |                       |      |              |            |      |        | CMS Pub. 15-1, Sections 2205, 2300, and 2304   |             |                     |             |
| 20  | 4.1                   | 5    | 2            | 1          | 15   |        | Medi-Cal Days - Skilled Nursing Care   | 17,199      | (422)               | 16,777      |
|   |                       |      |              |            |      |        | To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: |             |                     |             |
|   |                       |      |              |            |      |        | Service Period: July 1, 2011 through June 30, 2012   |             |                     |             |
|   |                       |      |              |            |      |        | Payment Period: July 1, 2011 through August 31, 2013   |             |                     |             |
|   |                       |      |              |            |      |        | Report Date: September 27, 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 51511   |             |                     |             |

| Provider Name                                       |                       |      |              |            |      |        | Fiscal Period  | NPI         |                     | Adjustments |
|---|-----------------------|------|--------------|------------|------|--------|--|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER                     |                       |      |              |            |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   | 1013901313  |                     | 31          |
| 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><u>ADJUSTMENTS TO REPORTED TOTAL CHARGES</u></b> |                       |      |              |            |      |        |  |             |                     |             |
| 21  | 13                    | 10   | 2            | Subacute 2 | 11   |        | Total Ancillary Charges - Patient Supplies   | \$184,325   | (\$1,164)           | \$183,161   |
|   | 13                    | 16   | 2            | Subacute 2 | 44   |        | Total Ancillary Charges - Respiratory Therapy  | 713,773     | 1,240               | 715,013     |
|   | 13                    | 17   | 2            | Subacute 2 | 55   |        | Total Ancillary Charges - Occupational Therapy   | 287,940     | 3,000               | 290,940     |
|   |                       |      |              |            |      |        | To adjust total ancillary charges to agree with the provider's general ledger.<br>42 CFR 413.20, 413.24, and 413.50<br>CMS Pub. 15-1, Sections 2204, 2206, 2300, and 2304  |             |                     |             |
| 22  | 13                    | 10   | 4            | Subacute 2 | 11   |        | Subacute Ancillary Charges - Patient Supplies  | \$105,964   | \$38                | \$106,002   |
|   | 13                    | 18   | 4            | Subacute 2 | 66   |        | Subacute Ancillary Charges - Speech Pathology  | 32,449      | 1                   | 32,450      |
|   |                       |      |              |            |      |        | To adjust Subacute ancillary charges to agree with the provider's general ledger.<br>42 CFR 413.20, 413.24, and 413.50<br>CMS Pub. 15-1, Sections 2204, 2206, 2300, and 2304   |             |                     |             |
| 23  | 13                    | 20   | 4            | Subacute 2 | 77   |        | Subacute Ancillary Charges - Pharmacy  | \$201,007   | (\$201,007)         | \$0         |
|   |                       |      |              |            |      |        | To eliminate the pharmacy ancillary charges for prescription drugs as those are not included in the Subacute per diem rate.<br>42 CFR 413.20, 413.24, and 413.50<br>CMS Pub. 15-1, Sections 2204, 2206, 2300, and 2304<br>CCR, Title 22, Sections 51511(c), 51511.5(c), and 51511.5(d) |             |                     |             |

| Provider Name  |                       |      |              |            |      |        | Fiscal Period   |        | NPI         |                     | Adjustments |
|--|-----------------------|------|--------------|------------|------|--------|---|--------|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER                                    |                       |      |              |            |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012  |        | 1013901313  |                     | 31          |
| 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 MEDI-CAL SETTLEMENT DATA - SUBACUTE</b> |                       |      |              |            |      |        |   |        |             |                     |             |
| 24   | Not Reported          |      |              | Subacute 1 | 48   |        | Ventilator (Equipment Cost Only)<br>To reflect Subacute Care ventilator equipment cost in the audit report.<br>42 CFR 413.24 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304<br>Medi-Cal Adult Subacute Contract No. 07-04-70155   | \$0    | \$80,937    | \$80,937            |             |
| 25   | 4.3                   | 100  | 2            | Subacute 1 | 48   |        | Total Medi-Cal Ventilator Days  | 2,698  | (120)       | 2,578               |             |
|  | 4.3                   | 115  | 2            | Subacute 1 | 49   |        | Total Medi-Cal Nonventilator Days   | 5,264  | (210)       | 5,054               |             |
|  | 4.1                   | 25   | 2            | Subacute 1 | 44   |        | Total Medi-Cal Subacute Care Patient Days   | 7,962  | (330)       | 7,632               |             |
|  | 4.3                   | 120  | 2            | Subacute 1 | 50   |        | Total Medi-Cal Subacute Care Patient Days   | 7,962  | (330)       | 7,632               |             |
|  |                       |      |              |            |      |        | To reflect Subacute ventilator, nonventilator, and total Medi-Cal patient days based on the following Fiscal Intermediary Payment Data:<br>Service Period: July 1, 2011 through June 30, 2012<br>Payment Period: July 1, 2011 through August 31, 2013<br>Report Date: September 27, 2013<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Sections 51511.5 and 51541<br>Medi-Cal Subacute Care Contract No. 07-04-70155 |        |             |                     |             |
| 26   | 4.3                   | 100  | 2            | Subacute 1 | 48   |        | Total Ventilator Days   | 2,698  | 1,279       | 3,977               |             |
|  | Not Reported          |      |              | Subacute 1 | 49   |        | Total Nonventilator Days  | 7,756  | (1,234)     | 6,522               |             |
|  | 4.1                   | 25   | 6            | Subacute 1 | 50   |        | Total Patient Days - Subacute Care  | 10,454 | 45          | 10,499              |             |
|  |                       |      |              |            |      |        | To reflect total Subacute Care patient days and to include total ventilator and nonventilator patient days.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304  |        |             |                     |             |

| Provider Name  |                       |      |              |            |      |        | Fiscal Period  |             | NPI                 |             | Adjustments |
|--|-----------------------|------|--------------|------------|------|--------|--|-------------|---------------------|-------------|-------------|
| GLADSTONE CARE AND REHAB CENTER                                    |                       |      |              |            |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   |             | 1013901313          |             | 31          |
| 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 MEDI-CAL SETTLEMENT DATA - SUBACUTE</b> |                       |      |              |            |      |        |  |             |                     |             |             |
| 27   | Not Reported          |      |              | Subacute 1 | 41   |        | Contracted Number of Subacute Care Beds  | 0           | 34                  | 34          |             |
|  | 4.3                   | 5    | 1            | Subacute 1 | 42   |        | Total Licensed Nursing Facility Beds   | 118         | (34)                | 84          |             |
|  |                       |      |              |            |      |        | To include total contracted number of adult Subacute beds and to adjust total licensed Nursing Facility beds to agree with the facility's Department of Health Care Services Medi-Cal Subacute Care Contract. 42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Section 72201<br>Medi-Cal Subacute Care Contract No. 07-04-70155 |             |                     |             |             |

| Provider Name                       |                       |      |              |      |      |        | Fiscal Period   |  |  | NPI         |                           | Adjustments |
|-------------------------------------|-----------------------|------|--------------|------|------|--------|---|--|--|-------------|---------------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER     |                       |      |              |      |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012  |  |  | 1013901313  |                           | 31          |
| Report References                   |                       |      |              |      |      |        |   |  |  |             |                           |             |
| Cost Report                         |                       |      | Audit Report |      |      |        |   |  |  |             |                           |             |
| Adj. No.                            | MC530 Page or Exhibit | Line | Col.         | Sch. | Line | Sub No | Explanation of Audit Adjustments  |  |  | As Reported | Increase (Decrease)       | As Adjusted |
| <u>ADJUSTMENTS TO OTHER MATTERS</u> |                       |      |              |      |      |        |   |  |  |             |                           |             |
|                                     | Not Reported          |      |              | 1    | 14   |        | Overpayments - Skilled Nursing Care   |  |  | \$0         |                           |             |
| 28                                  |                       |      |              |      |      |        | To recover outstanding Medi-Cal credit balances.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Sections 50761 and 51458.1  |  |  |             | \$1,663                   |             |
| 29                                  |                       |      |              |      |      |        | To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed.<br>42 CFR 413.5 and 413.20<br>CMS Pub. 15-1, Sections 2300 and 2409<br>CCR, Title 22, Sections 50786 and 51458.1 |  |  |             | <u>16,909</u><br>\$18,572 | \$18,572    |

| Provider Name                       |                       |      |              |            |      |        | Fiscal Period  |  |  | NPI         |                     | Adjustments |
|-------------------------------------|-----------------------|------|--------------|------------|------|--------|--|--|--|-------------|---------------------|-------------|
| GLADSTONE CARE AND REHAB CENTER     |                       |      |              |            |      |        | JULY 1, 2011 THROUGH JUNE 30, 2012   |  |  | 1013901313  |                     | 31          |
| Report References                   |                       |      |              |            |      |        |  |  |  |             |                     |             |
| Cost Report                         |                       |      | Audit Report |            |      |        |  |  |  |             |                     |             |
| Adj. No.                            | MC530 Page or Exhibit | Line | Col.         | Sch.       | Line | Sub No | Explanation of Audit Adjustments   |  |  | As Reported | Increase (Decrease) | As Adjusted |
| <u>ADJUSTMENTS TO OTHER MATTERS</u> |                       |      |              |            |      |        |  |  |  |             |                     |             |
| 30                                  | Not Reported          |      |              | Subacute 1 | 38   |        | Medi-Cal Overpayments - Subacute Care<br>To recover Medi-Cal overpayments because the Share of Cost was not properly deducted from the amount billed.<br>42 CFR 413.5 and 413.20<br>CMS Pub. 15-1, Sections 2300 and 2409<br>CCR, Title 22, Sections 50786 and 51458.1 |  |  | \$0         | \$6,745             | \$6,745     |
| 31                                  | Not Reported          |      |              | Subacute 1 | 39   |        | Medi-Cal Credit Balances - Subacute Care<br>To recover outstanding Medi-Cal credit balances.<br>42 CFR 413.20 and 413.24<br>CMS Pub. 15-1, Sections 2300 and 2304<br>CCR, Title 22, Sections 50761 and 51458.1   |  |  | \$0         | \$2,642             | \$2,642     |