

**REPORT
ON THE
HOME OFFICE AUDIT**

**TSW MANAGEMENT GROUP, INC.
ANAHEIM, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2007**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Margaret A. Varho
Auditor: Marlene Lam**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

March 12, 2009

Frank Moritz, Controller
TSW Management Group, Inc.
1438 S. Euclid Street
Anaheim, CA 92802

TSW MANAGEMENT GROUP, INC.
FISCAL PERIOD ENDED DECEMBER 31, 2007

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2007. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

This audit report includes the:

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

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

Frank Moritz
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If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.FISCAL PERIOD ENDED:
DECEMBER 31, 2007

<u>HEALTH CARE FACILITIES</u>		MEDI-CAL NUMBER	FISCAL YEAR END	CAPITAL RELATED (Sch. 3) 1	NONCAPITAL RELATED (Sch. 3-1) 2	TOTAL AUDITED H.O. COST (COLUMN 1 + 2) 3
1.	Anaheim Crest Nursing Care	LTC55445H	12/31/07	\$15,238	\$197,145	\$212,383
2.	Briarcrest Nursing Center	ZZT06220H	12/31/07	29,617	383,167	412,784
3.	Buena Vista Care Center	ZZT05459J	12/3/107	17,050	220,587	237,637
4.	Capistrano Beach Care Center	ZZT05585J	12/31/07	15,351	198,603	213,954
5.	Harbor Villa Care Center	ZZT05742G	12/31/07	17,386	224,934	242,320
6.	Mountain View Convalescent Hospital	ZZT05863I	12/31/07	26,787	346,554	373,341
7.	Valley Palms Convalescent Hospital	ZZT05287K	12/31/07	18,171	235,083	253,254
8.				0	0	0
9.				<u>0</u>	<u>0</u>	<u>0</u>
	SUBTOTAL (SUM OF LINES 1 - 9)			<u>\$139,600</u>	<u>\$1,806,073</u>	<u>\$1,945,673</u>

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL YEAR END	REPORTED SUMMARY OF ALLOC. COST 1	AUDITED H.O. COST (Sch. 3 & 3-1) 2	VARIANCE (COLUMN 1 - 2) 3	
<u>HEALTH CARE FACILITIES</u>						
1.	Anaheim Crest Nursing Care	LTC55445H	12/31/07	\$213,117	\$212,383	(\$734)
2.	Briarcrest Nursing Center	ZZT06220H	12/31/07	412,671	412,784	113
3.	Buena Vista Care Center	ZZT05459J	12/3/107	238,123	237,637	(486)
4.	Capistrano Beach Care Center	ZZT05585J	12/31/07	214,694	213,954	(740)
5.	Harbor Villa Care Center	ZZT05742G	12/31/07	243,097	242,320	(777)
6.	Mountain View Convalescent Hospital	ZZT05863I	12/31/07	377,913	373,341	(4,572)
7.	Valley Palms Convalescent Hospital	ZZT05287K	12/31/07	254,129	253,254	(875)
8.					0	0
9.					0	0
SUBTOTAL (SUM OF LINES 1 - 9)				\$1,953,744	\$1,945,673	(\$8,071)
<u>OTHER COMPONENTS</u>						
18.				\$0	\$0	
19.				0	0	
20.				0	0	
21.				0	0	
22.				0	0	
23.				0	0	
24.				0	0	
25.				0	0	
26.				0	0	
27.				0	0	
28.				0	0	
29.				0	0	
30.				0	0	
31.				0	0	
32.				0	0	
33.				0	0	
34.				0	0	
35.				0	0	
SUBTOTAL (SUM OF LINES 18 - 35)				\$0	\$0	\$0
GRAND TOTAL				\$1,953,744	\$1,945,673	(\$8,071)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL YEAR END 1	DIRECT CAPITAL (Sch. 7) 2	FUNCTIONAL CAPITAL (Sch. 5) 3	POOLED CAPITAL (Sch. 4) 4	TOTAL CAPITAL RELATED 5	
<u>HEALTH CARE FACILITIES</u>							
1.	Anaheim Crest Nursing Care	LTC55445H	12/31/07	\$0	\$0	\$15,238	\$15,238
2.	Briarcrest Nursing Center	ZZT06220H	12/31/07	0	0	29,617	29,617
3.	Buena Vista Care Center	ZZT05459J	12/3/107	0	0	17,050	17,050
4.	Capistrano Beach Care Center	ZZT05585J	12/31/07	0	0	15,351	15,351
5.	Harbor Villa Care Center	ZZT05742G	12/31/07	0	0	17,386	17,386
6.	Mountain View Convalescent Hospital	ZZT05863I	12/31/07	0	0	26,787	26,787
7.	Valley Palms Convalescent Hospital	ZZT05287K	12/31/07	0	0	18,171	18,171
8.				0	0	0	0
9.				0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)				\$0	\$0	\$139,600	\$139,600
<u>OTHER COMPONENTS</u>							
18.				\$0	\$0	\$0	\$0
19.				0	0	0	0
20.				0	0	0	0
21.				0	0	0	0
22.				0	0	0	0
23.				0	0	0	0
24.				0	0	0	0
25.				0	0	0	0
26.				0	0	0	0
27.				0	0	0	0
28.				0	0	0	0
29.				0	0	0	0
30.				0	0	0	0
31.				0	0	0	0
32.				0	0	0	0
33.				0	0	0	0
34.				0	0	0	0
35.				0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)				\$0	\$0	\$0	\$0
GRAND TOTAL				\$0	\$0	\$139,600	\$139,600

(To Sch. 1 & 2)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL YEAR END	DIRECT COSTS (Sch. 7-1)	FUNCTIONAL COSTS (Sch. 5)	POOLED COSTS (Sch. 4)	TOTAL NONCAPITAL EXPENSE	
		1	2	3	4	5	
<u>HEALTH CARE FACILITIES</u>							
1.	Anaheim Crest Nursing Care	LTC55445H	12/31/07	\$0	\$0	\$197,145	\$197,145
2.	Briarcrest Nursing Center	ZZT06220H	12/31/07	0	0	383,167	383,167
3.	Buena Vista Care Center	ZZT05459J	12/3/107	0	0	220,587	220,587
4.	Capistrano Beach Care Center	ZZT05585J	12/31/07	0	0	198,603	198,603
5.	Harbor Villa Care Center	ZZT05742G	12/31/07	0	0	224,934	224,934
6.	Mountain View Convalescent Hospital	ZZT05863I	12/31/07	0	0	346,554	346,554
7.	Valley Palms Convalescent Hospital	ZZT05287K	12/31/07	0	0	235,083	235,083
8.				0	0	0	0
9.				0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)				\$0	\$0	\$1,806,073	\$1,806,073
<u>OTHER COMPONENTS</u>							
18.				\$0	\$0	\$0	\$0
19.				0	0	0	0
20.				0	0	0	0
21.				0	0	0	0
22.				0	0	0	0
23.				0	0	0	0
24.				0	0	0	0
25.				0	0	0	0
26.				0	0	0	0
27.				0	0	0	0
28.				0	0	0	0
29.				0	0	0	0
30.				0	0	0	0
31.				0	0	0	0
32.				0	0	0	0
33.				0	0	0	0
34.				0	0	0	0
35.				0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)				\$0	\$0	\$0	\$0
GRAND TOTAL				\$0	\$0	\$1,806,073	\$1,806,073

(To Sch. 1 & 2)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	MEDI-CAL NUMBER	TOTAL COST (SCH. G, COL. 1) 1	CAPITAL (Sch. 8) 2	NONCAPITAL (Sch. 8) 3	POOLED (COLUMN 2 + 3) 4	
<u>HEALTH CARE FACILITIES</u>						
1.	Anaheim Crest Nursing Care	LTC55445H	(Adj. 3) \$4,962,950	\$15,238	\$197,145	\$212,383
2.	Briarcrest Nursing Center	ZZT06220H	9,645,915	29,617	383,167	412,784
3.	Buena Vista Care Center	ZZT05459J	5,553,101	17,050	220,587	237,637
4.	Capistrano Beach Care Center	ZZT05585J	4,999,662	15,351	198,603	213,954
5.	Harbor Villa Care Center	ZZT05742G	5,662,532	17,386	224,934	242,320
6.	Mountain View Convalescent Hospital	ZZT05863I	8,724,220	26,787	346,554	373,341
7.	Valley Palms Convalescent Hospital	ZZT05287K	5,918,025	18,171	235,083	253,254
8.				0	0	0
9.				0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)			\$45,466,405	\$139,600	\$1,806,073	\$1,945,673
<u>OTHER COMPONENTS</u>						
18.				\$0	\$0	\$0
19.				0	0	0
20.				0	0	0
21.				0	0	0
22.				0	0	0
23.				0	0	0
24.				0	0	0
25.				0	0	0
26.				0	0	0
27.				0	0	0
28.				0	0	0
29.				0	0	0
30.				0	0	0
31.				0	0	0
32.				0	0	0
33.				0	0	0
34.				0	0	0
35.				0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)			\$0	\$0	\$0	\$0
GRAND TOTAL			\$45,466,405	\$139,600	\$1,806,074	\$1,945,674
MULTIPLIER				0.003070	0.039723	

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

	MEDI-CAL NUMBER	Building and Fixtures - Old 1	Movable Equipment - Old 2	Building and Fixtures - New 4	Movable Equipment - 5	AUDITED TOTAL CAPITAL
1.	Anaheim Crest Nursing Care	LTC55445H	\$0	\$0	\$0	\$0
2.	Briarcrest Nursing Center	ZZT06220H	0	0	0	0
3.	Buena Vista Care Center	ZZT05459J	0	0	0	0
4.	Capistrano Beach Care Center	ZZT05585J	0	0	0	0
5.	Harbor Villa Care Center	ZZT05742G	0	0	0	0
6.	Mountain View Convalescent Hospital	ZZT05863I	0	0	0	0
7.	Valley Palms Convalescent Hospital	ZZT05287K	0	0	0	0
8.			0	0	0	0
9.			0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)			\$0	\$0	\$0	\$0

OTHER COMPONENTS

18.		\$0	\$0	\$0	\$0	\$0
19.		0	0	0	0	0
20.		0	0	0	0	0
21.		0	0	0	0	0
22.		0	0	0	0	0
23.		0	0	0	0	0
24.		0	0	0	0	0
25.		0	0	0	0	0
26.		0	0	0	0	0
27.		0	0	0	0	0
28.		0	0	0	0	0
29.		0	0	0	0	0
30.		0	0	0	0	0
31.		0	0	0	0	0
32.		0	0	0	0	0
33.		0	0	0	0	0
34.		0	0	0	0	0
35.		0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)			\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0

(To Sch. 3)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	Salaries of Officers 11	Salaries & Wages of Others 12	Payroll Taxes 13	Employee Benefits-Payroll 14	Employee Benefits- 15	Profit Sharing/Pensio 16	Legal Fees 17
HEALTH CARE FACILITIES							
1. Anaheim Crest Nursing Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Briarcrest Nursing Center	0	0	0	0	0	0	0
3. Buena Vista Care Center	0	0	0	0	0	0	0
4. Capistrano Beach Care Center	0	0	0	0	0	0	0
5. Harbor Villa Care Center	0	0	0	0	0	0	0
6. Mountain View Convalescent Hospital	0	0	0	0	0	0	0
7. Valley Palms Convalescent Hospital	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS							
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	0	0	0	0	0	0	0
20.	0	0	0	0	0	0	0
21.	0	0	0	0	0	0	0
22.	0	0	0	0	0	0	0
23.	0	0	0	0	0	0	0
24.	0	0	0	0	0	0	0
25.	0	0	0	0	0	0	0
26.	0	0	0	0	0	0	0
27.	0	0	0	0	0	0	0
28.	0	0	0	0	0	0	0
29.	0	0	0	0	0	0	0
30.	0	0	0	0	0	0	0
31.	0	0	0	0	0	0	0
32.	0	0	0	0	0	0	0
33.	0	0	0	0	0	0	0
34.	0	0	0	0	0	0	0
35.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	Auditing & Accounting Fees 18	Utilities 19	Communication s 20	Travel & Entertainment 21	Transportation 22	Cleaning Office & Admin & Admin 23	Minor Equipment 24
HEALTH CARE FACILITIES							
1. Anaheim Crest Nursing Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Briarcrest Nursing Center	0	0	0	0	0	0	0
3. Buena Vista Care Center	0	0	0	0	0	0	0
4. Capistrano Beach Care Center	0	0	0	0	0	0	0
5. Harbor Villa Care Center	0	0	0	0	0	0	0
6. Mountain View Convalescent Hospital	0	0	0	0	0	0	0
7. Valley Palms Convalescent Hospital	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS							
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	0	0	0	0	0	0	0
20.	0	0	0	0	0	0	0
21.	0	0	0	0	0	0	0
22.	0	0	0	0	0	0	0
23.	0	0	0	0	0	0	0
24.	0	0	0	0	0	0	0
25.	0	0	0	0	0	0	0
26.	0	0	0	0	0	0	0
27.	0	0	0	0	0	0	0
28.	0	0	0	0	0	0	0
29.	0	0	0	0	0	0	0
30.	0	0	0	0	0	0	0
31.	0	0	0	0	0	0	0
32.	0	0	0	0	0	0	0
33.	0	0	0	0	0	0	0
34.	0	0	0	0	0	0	0
35.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	Repairs & Maintenance 25	Dues & Subscriptions 26	Contributions 27	Insurance Premium- 28	Taxes & Licenses - 29	Interest Expense 30	Siminars/Educ ion 31
HEALTH CARE FACILITIES							
1. Anaheim Crest Nursing Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Briarcrest Nursing Center	0	0	0	0	0	0	0
3. Buena Vista Care Center	0	0	0	0	0	0	0
4. Capistrano Beach Care Center	0	0	0	0	0	0	0
5. Harbor Villa Care Center	0	0	0	0	0	0	0
6. Mountain View Convalescent Hospital	0	0	0	0	0	0	0
7. Valley Palms Convalescent Hospital	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS							
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	0	0	0	0	0	0	0
20.	0	0	0	0	0	0	0
21.	0	0	0	0	0	0	0
22.	0	0	0	0	0	0	0
23.	0	0	0	0	0	0	0
24.	0	0	0	0	0	0	0
25.	0	0	0	0	0	0	0
26.	0	0	0	0	0	0	0
27.	0	0	0	0	0	0	0
28.	0	0	0	0	0	0	0
29.	0	0	0	0	0	0	0
30.	0	0	0	0	0	0	0
31.	0	0	0	0	0	0	0
32.	0	0	0	0	0	0	0
33.	0	0	0	0	0	0	0
34.	0	0	0	0	0	0	0
35.	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

	Purchased Services 32	Outside Services 33	Training/Employe e Programs 34	Other 35				AUDITED TOTAL NONCAPITAL
HEALTH CARE FACILITIES								
1. Anaheim Crest Nursing Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Briarcrest Nursing Center	0	0	0	0	0	0	0	0
3. Buena Vista Care Center	0	0	0	0	0	0	0	0
4. Capistrano Beach Care Center	0	0	0	0	0	0	0	0
5. Harbor Villa Care Center	0	0	0	0	0	0	0	0
6. Mountain View Convalescent Hospital	0	0	0	0	0	0	0	0
7. Valley Palms Convalescent Hospital	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER COMPONENTS								
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	0	0	0	0	0	0	0	0
20.	0	0	0	0	0	0	0	0
21.	0	0	0	0	0	0	0	0
22.	0	0	0	0	0	0	0	0
23.	0	0	0	0	0	0	0	0
24.	0	0	0	0	0	0	0	0
25.	0	0	0	0	0	0	0	0
26.	0	0	0	0	0	0	0	0
27.	0	0	0	0	0	0	0	0
28.	0	0	0	0	0	0	0	0
29.	0	0	0	0	0	0	0	0
30.	0	0	0	0	0	0	0	0
31.	0	0	0	0	0	0	0	0
32.	0	0	0	0	0	0	0	0
33.	0	0	0	0	0	0	0	0
34.	0	0	0	0	0	0	0	0
35.	0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(To Sch. 3-1)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

- 1. Anaheim Crest Nursing Care
- 2. Briarcrest Nursing Center
- 3. Buena Vista Care Center
- 4. Capistrano Beach Care Center
- 5. Harbor Villa Care Center
- 6. Mountain View Convalescent Hospital
- 7. Valley Palms Convalescent Hospital
- 8.
- 9.

MEDI-CAL NUMBER	Building and Fixtures - Old (stat) 1	Movable Equipment - Old (stat) 2	Building and Fixtures - New (stat) 4	Movable Equipment - New (stat) 5
	(Adj.)	(Adj.)	(Adj.)	(Adj.)

LTC55445H
ZZT06220H
ZZT05459J
ZZT05585J
ZZT05742G
ZZT05863I
ZZT05287K

SUBTOTAL (SUM OF LINES 1 - 9)

\$0	\$0	\$0	\$0
-----	-----	-----	-----

OTHER COMPONENTS

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- 31.
- 32.
- 33.
- 34.
- 35.

SUBTOTAL (SUM OF LINES 18 - 35)

\$0	\$0	\$0	\$0
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GRAND TOTAL

\$0	\$0	\$0	\$0
-----	-----	-----	-----

TOTAL STATISTICS
COST TO BE ALLOCATED (From Sch. 8)
UNIT COST MULTIPLIER

0	0	0	0
\$0	\$0	\$0	\$0
0.000000	0.000000	0.000000	0.000000

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

1. Anaheim Crest Nursing Care
2. Briarcrest Nursing Center
3. Buena Vista Care Center
4. Capistrano Beach Care Center
5. Harbor Villa Care Center
6. Mountain View Convalescent Hospital
7. Valley Palms Convalescent Hospital
- 8.
- 9.

Salaries of Officers (stat) 11 (Adj.)	Salaries & Wages of Others (stat) 12 (Adj.)	Payroll Taxes (stat) 13 (Adj.)	Employee Benefits-Payroll (stat) 14 (Adj.)	Employee Benefits- (stat) 15 (Adj.)	Profit Sharing/Pension (stat) 16 (Adj.)	Legal Fees (stat) 17 (Adj.)
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SUBTOTAL (SUM OF LINES 1 - 9)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

OTHER COMPONENTS

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- 31.
- 32.
- 33.
- 34.
- 35.

SUBTOTAL (SUM OF LINES 18 - 35)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
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GRAND TOTAL

\$0	\$0	\$0	\$0	\$0	\$0	\$0
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TOTAL STATISTICS
COST TO BE ALLOCATED (From Sch. 8)
UNIT COST MULTIPLIER

0	0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

1. Anaheim Crest Nursing Care
2. Briarcrest Nursing Center
3. Buena Vista Care Center
4. Capistrano Beach Care Center
5. Harbor Villa Care Center
6. Mountain View Convalescent Hospital
7. Valley Palms Convalescent Hospital
- 8.
- 9.

Auditing & Accounting Fees (stat) 18 (Adj.)	Utilities (stat) 19 (Adj.)	Communications (stat) 20 (Adj.)	Travel & Entertainment (stat) 21 (Adj.)	Transportation (stat) 22 (Adj.)	Cleaning Office & Admin Supplies (stat) 23 (Adj.)	Minor Equipment Expensed (stat) 24 (Adj.)
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SUBTOTAL (SUM OF LINES 1 - 9)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

OTHER COMPONENTS

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- 31.
- 32.
- 33.
- 34.
- 35.

SUBTOTAL (SUM OF LINES 18 - 35)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

GRAND TOTAL

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

TOTAL STATISTICS
COST TO BE ALLOCATED (From Sch. 8)
UNIT COST MULTIPLIER

0	0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

1. Anaheim Crest Nursing Care
2. Briarcrest Nursing Center
3. Buena Vista Care Center
4. Capistrano Beach Care Center
5. Harbor Villa Care Center
6. Mountain View Convalescent Hospital
7. Valley Palms Convalescent Hospital
- 8.
- 9.

Repairs & Maintenance (stat) 25 (Adj.)	Dues & Subscriptions (stat) 26 (Adj.)	Contributions (stat) 27 (Adj.)	Insurance Premium-Noncap (stat) 28 (Adj.)	Taxes & Licenses Noncap Related (stat) 29 (Adj.)	Interest Expense (stat) 30 (Adj.)	Siminars/Education (stat) 31 (Adj.)
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SUBTOTAL (SUM OF LINES 1 - 9)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
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OTHER COMPONENTS

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- 31.
- 32.
- 33.
- 34.
- 35.

SUBTOTAL (SUM OF LINES 18 - 35)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

GRAND TOTAL

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

TOTAL STATISTICS
COST TO BE ALLOCATED (From Sch. 8)
UNIT COST MULTIPLIER

0	0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES

Purchased Services (stat) 32 (Adj.)	Outside Services (stat) 33 (Adj.)	Training/Employee Programs (stat) 34 (Adj.)	Other (stat) 35 (Adj.)	(stat) (Adj.)	(stat) (Adj.)	(stat) (Adj.)
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1. Anaheim Crest Nursing Care
2. Briarcrest Nursing Center
3. Buena Vista Care Center
4. Capistrano Beach Care Center
5. Harbor Villa Care Center
6. Mountain View Convalescent Hospital
7. Valley Palms Convalescent Hospital
- 8.
- 9.

SUBTOTAL (SUM OF LINES 1 - 9)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

OTHER COMPONENTS

- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.
- 31.
- 32.
- 33.
- 34.
- 35.

SUBTOTAL (SUM OF LINES 18 - 35)

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

GRAND TOTAL

\$0	\$0	\$0	\$0	\$0	\$0	\$0
-----	-----	-----	-----	-----	-----	-----

TOTAL STATISTICS
COST TO BE ALLOCATED (From Sch. 8)
UNIT COST MULTIPLIER

0	0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

<u>HEALTH CARE FACILITIES</u>		MEDI-CAL NUMBER	REPORTED TOTAL 1	Enter Expense Category 2 (Adj.)	Enter Expense Category 3 (Adj.)	Enter Expense Category 4 (Adj.)	Enter Expense Category 5 (Adj.)	Enter Expense Category 6 (Adj.)	Enter Expense Category 7 (Adj.)	AUDITED TOTAL 8
1.	Anaheim Crest Nursing Care	LTC55445H	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Briarcrest Nursing Center	ZZT06220H	0	0	0	0	0	0	0	0
3.	Buena Vista Care Center	ZZT05459J	0	0	0	0	0	0	0	0
4.	Capistrano Beach Care Center	ZZT05585J	0	0	0	0	0	0	0	0
5.	Harbor Villa Care Center	ZZT05742G	0	0	0	0	0	0	0	0
6.	Mountain View Convalescent Hospital	ZZT05863I	0	0	0	0	0	0	0	0
7.	Valley Palms Convalescent Hospital	ZZT05287K	0	0	0	0	0	0	0	0
8.			0	0	0	0	0	0	0	0
9.			0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>OTHER COMPONENTS</u>										
18.			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.			0	0	0	0	0	0	0	0
20.			0	0	0	0	0	0	0	0
21.			0	0	0	0	0	0	0	0
22.			0	0	0	0	0	0	0	0
23.			0	0	0	0	0	0	0	0
24.			0	0	0	0	0	0	0	0
25.			0	0	0	0	0	0	0	0
26.			0	0	0	0	0	0	0	0
27.			0	0	0	0	0	0	0	0
28.			0	0	0	0	0	0	0	0
29.			0	0	0	0	0	0	0	0
30.			0	0	0	0	0	0	0	0
31.			0	0	0	0	0	0	0	0
32.			0	0	0	0	0	0	0	0
33.			0	0	0	0	0	0	0	0
34.			0	0	0	0	0	0	0	0
35.			0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(To Sch. 3)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

<u>HEALTH CARE FACILITIES</u>		MEDI-CAL NUMBER	REPORTED TOTAL 1	Enter Expense Category 2 (Adj.)	Enter Expense Category 3 (Adj.)	Enter Expense Category 4 (Adj.)	Enter Expense Category 5 (Adj.)	Enter Expense Category 6 (Adj.)	Enter Expense Category 7 (Adj.)	AUDITED TOTAL 8
1.	Anaheim Crest Nursing Care	LTC55445H	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Briarcrest Nursing Center	ZZT06220H	0	0	0	0	0	0	0	0
3.	Buena Vista Care Center	ZZT05459J	0	0	0	0	0	0	0	0
4.	Capistrano Beach Care Center	ZZT05585J	0	0	0	0	0	0	0	0
5.	Harbor Villa Care Center	ZZT05742G	0	0	0	0	0	0	0	0
6.	Mountain View Convalescent Hospital	ZZT05863I	0	0	0	0	0	0	0	0
7.	Valley Palms Convalescent Hospital	ZZT05287K	0	0	0	0	0	0	0	0
8.			0	0	0	0	0	0	0	0
9.			0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 9)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>OTHER COMPONENTS</u>										
18.			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.			0	0	0	0	0	0	0	0
20.			0	0	0	0	0	0	0	0
21.			0	0	0	0	0	0	0	0
22.			0	0	0	0	0	0	0	0
23.			0	0	0	0	0	0	0	0
24.			0	0	0	0	0	0	0	0
25.			0	0	0	0	0	0	0	0
26.			0	0	0	0	0	0	0	0
27.			0	0	0	0	0	0	0	0
28.			0	0	0	0	0	0	0	0
29.			0	0	0	0	0	0	0	0
30.			0	0	0	0	0	0	0	0
31.			0	0	0	0	0	0	0	0
32.			0	0	0	0	0	0	0	0
33.			0	0	0	0	0	0	0	0
34.			0	0	0	0	0	0	0	0
35.			0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 18 - 35)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(To Sch. 3-1)

HOME OFFICE NAME:
TSW MANAGEMENT GROUP, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

COST CENTER DESCRIPTION	REPORTED POOLED ALLOC. (SCH. B, COL 8)	ADJUSTMENT NUMBER(S)	ADJUSTMENT AMOUNT(S)	AUDITED POOLED COST	DIRECT ALLOCATION (SCH. B, COL 6) (Adj.)	FUNCTIONAL ALLOCATION (SCH. B, COL 7) (Adj.)
CAPITAL-RELATED COSTS - OLD						
1.00 Building and Fixtures - Old				\$0		
2.00 Movable Equipment - Old				0		
3.00 SUBTOTAL (sum of lines 1 and 2)	\$0		\$0	0	\$0	\$0
CAPITAL-RELATED COSTS - NEW						
4.00 Building and Fixtures - New	\$130,176			\$130,176		
5.00 Movable Equipment - New	9,424			9,424		
6.00 SUBTOTAL (sum of lines 4 and 5)	\$139,600		\$0	\$139,600	\$0	\$0
OTHER CAPITAL-RELATED COSTS						
7.00 Insurance Premiums				\$0		
8.00 Taxes and Licenses - Other than INCM				0		
9.00 Other				0		
10.00 SUBTOTAL (sum of lines 7 through 9)	\$0		\$0	\$0	\$0	\$0
NONCAPITAL-RELATED COSTS						
11.00 Salaries of Officers	\$256,833			\$256,833		
12.00 Salaries & Wages of Others	1,116,658			1,116,658		
13.00 Payroll Taxes	98,420			98,420		
14.00 Employee Benefits-Payroll Related	40,310			40,310		
15.00 Employee Benefits-Nonpayroll Related	35,406	1	(7,500)	27,906		
16.00 Profit Sharing/Pension Plan				0		
17.00 Legal Fees	9,796			9,796		
18.00 Auditing & Accounting Fees	21,288			21,288		
19.00 Utilities				0		
20.00 Communications	19,323	2	(570)	18,753		
21.00 Travel & Entertainment	62,186			62,186		
22.00 Transportation				0		
23.00 Cleaning Office & Admin Supplies	54,623			54,623		
24.00 Minor Equipment Expensed	13,291			13,291		
25.00 Repairs & Maintenance	17,077			17,077		
26.00 Dues & Subscriptions	8,169			8,169		
27.00 Contributions				0		
28.00 Insurance Premium-Noncap Related	4,328			4,328		
29.00 Taxes & Licenses - Noncap Related	4,539			4,539		
30.00 Interest Expense	21,477			21,477		
31.00 Seminars/Education	4,390			4,390		
32.00 Purchased Services	26,030			26,030		
33.00 Outside Services				0		
34.00 Training/Employee Programs				0		
35.00 Other				0		
				0		
				0		
				0		
36.00 SUBTOTAL (sum of lines 11 through 35)	\$1,814,144		(\$8,070)	\$1,806,074	\$0	\$0
37.00 TOTAL ALLOWABLE EXPENSES	\$1,953,744		(\$8,070)	\$1,945,674	\$0	\$0
				(To Sch. 4)	(To Sch. 7, 7-1)	(To Sch. 5)
38.00 NONREIMBURSABLE EXPENSES	\$0			\$0		
TOTAL EXPENSES	\$1,953,744		(\$8,070)	\$1,945,674		

Provider Name		Fiscal Period		Provider Number		Adjustments		
TSW MANAGEMENT GROUP, INC.		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		HOME OFFICE		3		
Adj. No.	Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch	Line			
ADJUSTMENTS TO REPORTED COSTS								
1	B	15	8	8	15.00	\$35,406	(\$7,500)	\$27,906
Employee Benefits - Nonpayroll Related To eliminate the cost of life insurance premiums for officer. 42 CFR 413.9 / CMS Pub. 15-1, Section 2130								
2	B	20	8	8	20.00	\$19,323	(\$570)	\$18,753
Communications To eliminate international calls telephone expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3								

Provider Name		Fiscal Period		Provider Number		Adjustments		
TSW MANAGEMENT GROUP, INC.		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		HOME OFFICE		3		
Adj. No.	Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENT TO REPORTED STATISTICS</u>								
3	G	2	1	4	2	9,610,083	35,832	9,645,915
	G	3	1	4	3	5,545,249	7,852	5,553,101
	G	5	1	4	5	5,661,112	1,420	5,662,532
	G	6	1	4	6	8,800,627	(76,407)	8,724,220
Briarcrest Nursing Center Buena Vista Care Center Harbor Villa Care Center Mountain View Convalescent Hospital To adjust the reported total cost allocation statistics to agree with the audited statistics. 42 CFR 413.24 and 413.50 / CMS Pub. 15-1, Sections 2304 and 2306								