REPORT
ON THE
HOME OFFICE AUDIT

LIFE GENERATIONS HEALTHCARE
IRVINE, 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: Felipe Avila
Auditor: Julie Kephart

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

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

December 30, 2008

Lois Mastrocola, CFO
Life Generations Healthcare
20371 Irvine Avenue, Suite 210
Santa Ana, CA 92707

LIFE GENERATIONS HEALTHCARE
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.

605 West Santa Ana Blvd., Building 28, Room 830, Santa Ana, CA 92701
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.ca.gov

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

TABLE OF CONTENTS

SCHEDULES

1 - SUMMARY OF AUDITED HOME OFFICE COSTS
TO HEALTH CARE FACILITIES

2 - COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

3 - SUMMARY ALLOCATION OF HOME OFFICE COSTS
CAPITAL RELATED

3-1 - SUMMARY ALLOCATION OF HOME OFFICE COSTS
NONCAPITAL RELATED

4 - POOLED ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

5 - FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
CAPITAL AND NONCAPITAL RELATED

6 - FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
CAPITAL AND NONCAPITAL RELATED

7 - DIRECT ALLOCATION OF CAPITAL COSTS TO CHAIN COMPONENTS

7-1 - DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

8 - TRIAL BALANCE OF EXPENSES

STATE OF CALIFORNIA

SUMMARY OF AUDITED HOME OFFICE COSTS
TO HEALTH CARE FACILITIES

SCHEDULE 1

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	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. Vista Manor Nursing Center	LTC55483G	12/31/07	$30,608	$635,602	$666,210
2. Castle Manor Convalescent Center	LTC55263G	12/31/07	28,353	521,378	549,731
3. Friendship Manor Nursing Center	ZZT05964G	12/31/07	28,043	537,120	565,163
4. Arbor Hills Care Center	ZZT05114L	12/31/07	32,161	674,426	706,587
5. Stanford Court Nursing Center of Santee	LTC55290I	12/31/07	31,184	518,449	549,633
6. Lakeview Terrace Special Care Center	ZZT18172G	12/31/07	15,714	261,242	276,956
7. Lakeside Special Care Center	ZZT18594H	12/31/07	18,209	316,474	334,683
8. Plum Tree Care Center	LTC05866F	12/31/07	25,033	513,238	538,271
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	12/31/07	32,198	599,343	631,541
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	12/31/07	42,650	806,052	848,702
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	12/31/07	54,297	955,036	1,009,333
12. Newport Nursing and Rehabilitation Center	LTC05518G	12/31/07	23,896	487,287	511,183
13. Generations Healthcare of Canoga Park	ZZT06005J	12/31/07	40,362	673,524	713,886
14. Heritage Park Nursing	LTC55514F	12/31/07	21,179	352,102	373,281
15. Heritage Court Assisted Living	N/A	12/31/07	4,971	87,644	92,615
16. Heritage Gardens	N/A	12/31/07	4,877	81,085	85,962
17. St. Francis Pavilion	ZZR06394G	12/31/07	20,461	343,918	364,379
18. St. Francis Heights	ZZR05968F	12/31/07	$7,388	$126,561	$133,949
SUBTOTAL (SUM OF LINES 1 - 18)			$461,584	$8,490,481	$8,952,065

STATE OF CALIFORNIA | COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS | SCHEDULE 2

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	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
1. Vista Manor Nursing Center	LTC55483G	12/31/07	$754,408	$666,210	($88,198)
2. Castle Manor Convalescent Center	LTC55263G	12/31/07	698,843	549,731	(149,112)
3. Friendship Manor Nursing Center	ZZT05964G	12/31/07	691,185	565,163	(126,022)
4. Arbor Hills Care Center	ZZT05114L	12/31/07	792,691	706,587	(86,104)
5. Stanford Court Nursing Center of Santee	LTC55290I	12/31/07	768,617	549,633	(218,984)
6. Lakeview Terrace Special Care Center	ZZT18172G	12/31/07	387,306	276,956	(110,350)
7. Lakeside Special Care Center	ZZT18594H	12/31/07	448,822	334,683	(114,139)
8. Plum Tree Care Center	LTC05866F	12/31/07	617,019	538,271	(78,748)
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	12/31/07	793,613	631,541	(162,072)
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	12/31/07	1,051,233	848,702	(202,531)
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	12/31/07	1,338,275	1,009,333	(328,942)
12. Newport Nursing and Rehabilitation Center	LTC05518G	12/31/07	588,987	511,183	(77,804)
13. Generations Healthcare of Canoga Park	ZZT06005J	12/31/07	994,825	713,886	(280,939)
14. Heritage Park Nursing	LTC55514F	12/31/07	522,010	373,281	(148,729)
15. Heritage Court Assisted Living	N/A	12/31/07	122,519	92,615	(29,904)
16. Heritage Gardens	N/A	12/31/07	120,210	85,962	(34,248)
17. St. Francis Pavilion	ZZR06394G	12/31/07	504,330	364,379	(139,951)
18. St. Francis Heights	ZZR05968F	12/31/07	182,089	133,949	(48,140)
SUBTOTAL (SUM OF LINES 1 - 18)			$11,376,982	$8,952,065	($2,424,917)
OTHER COMPONENTS					
19. Total Other Components	N/A	12/31/07	$1,713,264	$1,225,138 0	($488,126) 0
SUBTOTAL (LINE 19)			$1,713,264	$1,225,138	($488,126)
GRAND TOTAL			$13,090,246	$10,177,203	($2,913,043)

STATE OF CALIFORNIA

SUMMARY ALLOCATION OF HOME OFFICE COSTS
CAPITAL RELATED

SCHEDULE 3

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	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
1. Vista Manor Nursing Center	LTC55483G	12/31/07	$0	$0	$30,608	$30,608
2. Castle Manor Convalescent Center	LTC55263G	12/31/07	0	0	28,353	28,353
3. Friendship Manor Nursing Center	ZZT05964G	12/31/07	0	0	28,043	28,043
4. Arbor Hills Care Center	ZZT05114L	12/31/07	0	0	32,161	32,161
5. Stanford Court Nursing Center of Santee	LTC55290I	12/31/07	0	0	31,184	31,184
6. Lakeview Terrace Special Care Center	ZZT18172G	12/31/07	0	0	15,714	15,714
7. Lakeside Special Care Center	ZZT18594H	12/31/07	0	0	18,209	18,209
8. Plum Tree Care Center	LTC05866F	12/31/07	0	0	25,033	25,033
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	12/31/07	0	0	32,198	32,198
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	12/31/07	0	0	42,650	42,650
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	12/31/07	0	0	54,297	54,297
12. Newport Nursing and Rehabilitation Center	LTC05518G	12/31/07	0	0	23,896	23,896
13. Generations Healthcare of Canoga Park	ZZT06005J	12/31/07	0	0	40,362	40,362
14. Heritage Park Nursing	LTC55514F	12/31/07	0	0	21,179	21,179
15. Heritage Court Assisted Living	N/A	12/31/07	0	0	4,971	4,971
16. Heritage Gardens	N/A	12/31/07	0	0	4,877	4,877
17. St. Francis Pavilion	ZZR06394G	12/31/07	0	0	20,461	20,461
18. St. Francis Heights	ZZR05968F	12/31/07	0	0	7,388	7,388
SUBTOTAL (SUM OF LINES 1 - 18)			$0	$0	$461,584	$461,584
OTHER COMPONENTS						
19. Total Other Components	N/A	12/31/07	$0 0	$0 0	$69,510 0	$69,510 0
SUBTOTAL (LINE 19)			$0	$0	$69,510	$69,510
GRAND TOTAL			$0	$0	$531,094	$531,094

(To Sch. 1 & 2)

STATE OF CALIFORNIA

SUMMARY ALLOCATION OF HOME OFFICE COSTS
NONCAPITAL RELATED

SCHEDULE 3-1

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL YEAR END 1	DIRECT COSTS (Sch. 7-1) 2	FUNCTIONAL COSTS (Sch. 5) 3	POOLED COSTS (Sch. 4) 4	TOTAL NONCAPITAL EXPENSE 5
1. Vista Manor Nursing Center	LTC55483G	12/31/07	$126,739	$0	$508,863	$635,602
2. Castle Manor Convalescent Center	LTC55263G	12/31/07	50,000	0	471,378	521,378
3. Friendship Manor Nursing Center	ZZT05964G	12/31/07	70,901	0	466,219	537,120
4. Arbor Hills Care Center	ZZT05114L	12/31/07	139,740	0	534,686	674,426
5. Stanford Court Nursing Center of Santee	LTC55290I	12/31/07	0	0	518,449	518,449
6. Lakeview Terrace Special Care Center	ZZT18172G	12/31/07	0	0	261,242	261,242
7. Lakeside Special Care Center	ZZT18594H	12/31/07	13,740	0	302,734	316,474
8. Plum Tree Care Center	LTC05866F	12/31/07	97,049	0	416,189	513,238
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	12/31/07	64,040	0	535,303	599,343
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	12/31/07	96,978	0	709,074	806,052
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	12/31/07	52,338	0	902,698	955,036
12. Newport Nursing and Rehabilitation Center	LTC05518G	12/31/07	90,007	0	397,280	487,287
13. Generations Healthcare of Canoga Park	ZZT06005J	12/31/07	2,500	0	671,024	673,524
14. Heritage Park Nursing	LTC55514F	12/31/07	0	0	352,102	352,102
15. Heritage Court Assisted Living	N/A	12/31/07	5,000	0	82,644	87,644
16. Heritage Gardens	N/A	12/31/07	0	0	81,085	81,085
17. St. Francis Pavilion	ZZR06394G	12/31/07	3,740	0	340,178	343,918
18. St. Francis Heights	ZZR05968F	12/31/07	3,740	0	122,821	126,561
SUBTOTAL (SUM OF LINES 1 - 18)			$816,512	$0	$7,673,969	$8,490,481
OTHER COMPONENTS						
19. Total Other Components	N/A	12/31/07	$0 0	$0 0	$1,155,628 0	$1,155,628 0
SUBTOTAL (LINE 19)			$0	$0	$1,155,628	$1,155,628
GRAND TOTAL			$816,512	$0	$8,829,597	$9,646,109

(To Sch. 1 & 2)

STATE OF CALIFORNIA | POOLED ALLOCATION OF EXPENSES TO CHAIN COMPONENTS | SCHEDULE 4

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	TOTAL COST (SCH. G, COL. 1) 1	CAPITAL (Sch. 8) 2	NONCAPITAL (Sch. 8) 3	POOLED (COLUMN 2 + 3) 4
		(Adj.)			
1. Vista Manor Nursing Center	LTC55483G	$7,965,434	$30,608	$508,863	$539,471
2. Castle Manor Convalescent Center	LTC55263G	7,378,675	28,353	471,378	499,731
3. Friendship Manor Nursing Center	ZZT05964G	7,297,910	28,043	466,219	494,262
4. Arbor Hills Care Center	ZZT05114L	8,369,654	32,161	534,686	566,847
5. Stanford Court Nursing Center of Santee	LTC55290I	8,115,481	31,184	518,449	549,633
6. Lakeview Terrace Special Care Center	ZZT18172G	4,089,327	15,714	261,242	276,956
7. Lakeside Special Care Center	ZZT18594H	4,738,821	18,209	302,734	320,943
8. Plum Tree Care Center	LTC05866F	6,514,771	25,033	416,189	441,222
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	8,379,318	32,198	535,303	567,501
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	11,099,423	42,650	709,074	751,724
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	14,130,292	54,297	902,698	956,995
12. Newport Nursing and Rehabilitation Center	LTC05518G	6,218,785	23,896	397,280	421,176
13. Generations Healthcare of Canoga Park	ZZT06005J	10,503,800	40,362	671,024	711,386
14. Heritage Park Nursing	LTC55514F	5,511,588	21,179	352,102	373,281
15. Heritage Court Assisted Living	N/A	1,293,666	4,971	82,644	87,615
16. Heritage Gardens	N/A	1,269,254	4,877	81,085	85,962
17. St. Francis Pavilion	ZZR06394G	5,324,935	20,461	340,178	360,639
18. St. Francis Heights	ZZR05968F	1,922,560	7,388	122,821	130,209
SUBTOTAL (SUM OF LINES 1 - 18)		$120,123,694	$461,584	$7,673,969	$8,135,553
OTHER COMPONENTS					
19. Total Other Components	N/A	$18,089,500	$69,510	$1,155,628	$1,225,138
		0	0	0	0
SUBTOTAL (LINE 19)		$18,089,500	$69,510	$1,155,628	$1,225,138
GRAND TOTAL		$138,213,194	$531,094	$8,829,597	$9,360,691
MULTIPLIER			0.003843	0.063884	

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
CAPITAL RELATED

SCHEDULE 5

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

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. Vista Manor Nursing Center	LTC55483G	$0	$0	$0	$0	**$0**
2. Castle Manor Convalescent Center	LTC55263G	0	0	0	0	**0**
3. Friendship Manor Nursing Center	ZZT05964G	0	0	0	0	**0**
4. Arbor Hills Care Center	ZZT05114L	0	0	0	0	**0**
5. Stanford Court Nursing Center of Santee	LTC55290I	0	0	0	0	**0**
6. Lakeview Terrace Special Care Center	ZZT18172G	0	0	0	0	**0**
7. Lakeside Special Care Center	ZZT18594H	0	0	0	0	**0**
8. Plum Tree Care Center	LTC05866F	0	0	0	0	**0**
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	0	0	0	0	**0**
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	0	0	0	0	**0**
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	0	0	0	0	**0**
12. Newport Nursing and Rehabilitation Center	LTC05518G	0	0	0	0	**0**
13. Generations Healthcare of Canoga Park	ZZT06005J	0	0	0	0	**0**
14. Heritage Park Nursing	LTC55514F	0	0	0	0	**0**
15. Heritage Court Assisted Living	N/A	0	0	0	0	**0**
16. Heritage Gardens	N/A	0	0	0	0	**0**
17. St. Francis Pavilion	ZZR06394G	0	0	0	0	**0**
18. St. Francis Heights	ZZR05968F	0	0	0	0	**0**
SUBTOTAL (SUM OF LINES 1 - 18)		$0	$0	$0	$0	**$0**
OTHER COMPONENTS						
19. Total Other Components	N/A	$0	$0	$0	$0	**$0**
		0	0	0	0	**0**
SUBTOTAL (LINE 19)		$0	$0	$0	$0	**$0**
GRAND TOTAL		$0	$0	$0	$0	**$0**

(To Sch. 3)

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
NONCAPITAL RELATED

SCHEDULE 5

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Salaries of Officers 11	Salaries & Wages of Others 12	Payroll Taxes 13	Emp Bene-Payroll Related 14	Emp Bene-Nonpayroll 15	Profit Sharing/Pension 16	Legal Fees 17
1. Vista Manor Nursing Center	$0	$0	$0	$0	$0	$0	$0
2. Castle Manor Convalescent Center	0	0	0	0	0	0	0
3. Friendship Manor Nursing Center	0	0	0	0	0	0	0
4. Arbor Hills Care Center	0	0	0	0	0	0	0
5. Stanford Court Nursing Center of Santee	0	0	0	0	0	0	0
6. Lakeview Terrace Special Care Center	0	0	0	0	0	0	0
7. Lakeside Special Care Center	0	0	0	0	0	0	0
8. Plum Tree Care Center	0	0	0	0	0	0	0
9. Cedar Crest Nursing and Rehabilitation Center	0	0	0	0	0	0	0
10. Pleasanton Nursing and Rehabilitation Center	0	0	0	0	0	0	0
11. English Oaks Convalescent and Rehabilitation Center	0	0	0	0	0	0	0
12. Newport Nursing and Rehabilitation Center	0	0	0	0	0	0	0
13. Generations Healthcare of Canoga Park	0	0	0	0	0	0	0
14. Heritage Park Nursing	0	0	0	0	0	0	0
15. Heritage Court Assisted Living	0	0	0	0	0	0	0
16. Heritage Gardens	0	0	0	0	0	0	0
17. St. Francis Pavilion	0	0	0	0	0	0	0
18. St. Francis Heights	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components	$0	$0	$0	$0	$0	$0	$0
	0	0	0	0	0	0	0
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
NONCAPITAL RELATED

SCHEDULE 5

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Auditing & Accounting Fees 18	Utilities 19	Communications 20	Travel & Entertainment 21	Transportation 22	Cleaning Office & Admin 23	Minor Equipment 24
1. Vista Manor Nursing Center	$0	$0	$0	$0	$0	$0	$0
2. Castle Manor Convalescent Center	0	0	0	0	0	0	0
3. Friendship Manor Nursing Center	0	0	0	0	0	0	0
4. Arbor Hills Care Center	0	0	0	0	0	0	0
5. Stanford Court Nursing Center of Santee	0	0	0	0	0	0	0
6. Lakeview Terrace Special Care Center	0	0	0	0	0	0	0
7. Lakeside Special Care Center	0	0	0	0	0	0	0
8. Plum Tree Care Center	0	0	0	0	0	0	0
9. Cedar Crest Nursing and Rehabilitation Center	0	0	0	0	0	0	0
10. Pleasanton Nursing and Rehabilitation Center	0	0	0	0	0	0	0
11. English Oaks Convalescent and Rehabilitation Center	0	0	0	0	0	0	0
12. Newport Nursing and Rehabilitation Center	0	0	0	0	0	0	0
13. Generations Healthcare of Canoga Park	0	0	0	0	0	0	0
14. Heritage Park Nursing	0	0	0	0	0	0	0
15. Heritage Court Assisted Living	0	0	0	0	0	0	0
16. Heritage Gardens	0	0	0	0	0	0	0
17. St. Francis Pavilion	0	0	0	0	0	0	0
18. St. Francis Heights	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components	$0	$0	$0	$0	$0	$0	$0
	0	0	0	0	0	0	0
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
NONCAPITAL RELATED

SCHEDULE 5

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Repairs & Maintenance 25	Dues & Subscriptions 26	Insurance Premium 28	Taxes & Licenses - 29	Interest Expense 30	Other Purchased SVC 31	Postage / Bank Charges 32
1. Vista Manor Nursing Center	$0	$0	$0	$0	$0	$0	$0
2. Castle Manor Convalescent Center	0	0	0	0	0	0	0
3. Friendship Manor Nursing Center	0	0	0	0	0	0	0
4. Arbor Hills Care Center	0	0	0	0	0	0	0
5. Stanford Court Nursing Center of Santee	0	0	0	0	0	0	0
6. Lakeview Terrace Special Care Center	0	0	0	0	0	0	0
7. Lakeside Special Care Center	0	0	0	0	0	0	0
8. Plum Tree Care Center	0	0	0	0	0	0	0
9. Cedar Crest Nursing and Rehabilitation Center	0	0	0	0	0	0	0
10. Pleasanton Nursing and Rehabilitation Center	0	0	0	0	0	0	0
11. English Oaks Convalescent and Rehabilitation Center	0	0	0	0	0	0	0
12. Newport Nursing and Rehabilitation Center	0	0	0	0	0	0	0
13. Generations Healthcare of Canoga Park	0	0	0	0	0	0	0
14. Heritage Park Nursing	0	0	0	0	0	0	0
15. Heritage Court Assisted Living	0	0	0	0	0	0	0
16. Heritage Gardens	0	0	0	0	0	0	0
17. St. Francis Pavilion	0	0	0	0	0	0	0
18. St. Francis Heights	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components	$0	$0	$0	$0	$0	$0	$0
	0	0	0	0	0	0	0
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS
NONCAPITAL RELATED

SCHEDULE 5

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Other Direct Expense 33	Seminars 34.01	Loan Fees 34.02	Printing 34.03	34.04	34.05	Other Non-reimbursable 35	AUDITED TOTAL NONCAPITAL
1. Vista Manor Nursing Center	$0	$0	$0	$0	$0	$0	$0	**$0**
2. Castle Manor Convalescent Center	0	0	0	0	0	0	0	**0**
3. Friendship Manor Nursing Center	0	0	0	0	0	0	0	**0**
4. Arbor Hills Care Center	0	0	0	0	0	0	0	**0**
5. Stanford Court Nursing Center of Santee	0	0	0	0	0	0	0	**0**
6. Lakeview Terrace Special Care Center	0	0	0	0	0	0	0	**0**
7. Lakeside Special Care Center	0	0	0	0	0	0	0	**0**
8. Plum Tree Care Center	0	0	0	0	0	0	0	**0**
9. Cedar Crest Nursing and Rehabilitation Center	0	0	0	0	0	0	0	**0**
10. Pleasanton Nursing and Rehabilitation Center	0	0	0	0	0	0	0	**0**
11. English Oaks Convalescent and Rehabilitation Center	0	0	0	0	0	0	0	**0**
12. Newport Nursing and Rehabilitation Center	0	0	0	0	0	0	0	**0**
13. Generations Healthcare of Canoga Park	0	0	0	0	0	0	0	**0**
14. Heritage Park Nursing	0	0	0	0	0	0	0	**0**
15. Heritage Court Assisted Living	0	0	0	0	0	0	0	**0**
16. Heritage Gardens	0	0	0	0	0	0	0	**0**
17. St. Francis Pavilion	0	0	0	0	0	0	0	**0**
18. St. Francis Heights	0	0	0	0	0	0	0	**0**
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0	**$0**
OTHER COMPONENTS								
19. Total Other Components	$0	$0	$0	$0	$0	$0	$0	**$0**
	0	0	0	0	0	0	0	**0**
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0	**$0**
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0	**$0**

(To Sch. 3-1)

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
CAPITAL RELATED

SCHEDULE 6

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	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.)
1. Vista Manor Nursing Center	LTC55483G				
2. Castle Manor Convalescent Center	LTC55263G				
3. Friendship Manor Nursing Center	ZZT05964G				
4. Arbor Hills Care Center	ZZT05114L				
5. Stanford Court Nursing Center of Santee	LTC55290I				
6. Lakeview Terrace Special Care Center	ZZT18172G				
7. Lakeside Special Care Center	ZZT18594H				
8. Plum Tree Care Center	LTC05866F				
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F				
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I				
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F				
12. Newport Nursing and Rehabilitation Center	LTC05518G				
13. Generations Healthcare of Canoga Park	ZZT06005J				
14. Heritage Park Nursing	LTC55514F				
15. Heritage Court Assisted Living	N/A				
16. Heritage Gardens	N/A				
17. St. Francis Pavilion	ZZR06394G				
18. St. Francis Heights	ZZR05968F				
SUBTOTAL (SUM OF LINES 1 - 18)		$0	$0	$0	$0
OTHER COMPONENTS					
19. Total Other Components	N/A				
SUBTOTAL (LINE 19)		$0	$0	$0	$0
GRAND TOTAL		$0	$0	$0	$0
TOTAL STATISTICS		0	0	0	0
COST TO BE ALLOCATED (From Sch. 8)		$0	$0	$0	$0
UNIT COST MULTIPLIER		0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
NONCAPITAL RELATED

SCHEDULE 6

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Salaries of Officers (stat) 11	Salaries & Wages of Others (stat) 12	Payroll Taxes (stat) 13	Emp Bene-Payroll Related (stat) 14	Emp Bene-Nonpayroll (stat) 15	Profit Sharing/Pension (stat) 16	Legal Fees (stat) 17
	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)
1. Vista Manor Nursing Center							
2. Castle Manor Convalescent Center							
3. Friendship Manor Nursing Center							
4. Arbor Hills Care Center							
5. Stanford Court Nursing Center of Santee							
6. Lakeview Terrace Special Care Center							
7. Lakeside Special Care Center							
8. Plum Tree Care Center							
9. Cedar Crest Nursing and Rehabilitation Center							
10. Pleasanton Nursing and Rehabilitation Center							
11. English Oaks Convalescent and Rehabilitation Center							
12. Newport Nursing and Rehabilitation Center							
13. Generations Healthcare of Canoga Park							
14. Heritage Park Nursing							
15. Heritage Court Assisted Living							
16. Heritage Gardens							
17. St. Francis Pavilion							
18. St. Francis Heights							
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components							
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0
TOTAL STATISTICS	0	0	0	0	0	0	0
COST TO BE ALLOCATED (From Sch. 8)	$0	$0	$0	$0	$0	$0	$0
UNIT COST MULTIPLIER	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
NONCAPITAL RELATED

SCHEDULE 6

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Auditing & Accounting Fees (stat) 18	Utilities (stat) 19	Communications (stat) 20	Travel & Entertainment (stat) 21	Transportation (stat) 22	Cleaning Office & Admin Support (stat) 23	Minor Equipment Expensed (stat) 24
	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)
1. Vista Manor Nursing Center							
2. Castle Manor Convalescent Center							
3. Friendship Manor Nursing Center							
4. Arbor Hills Care Center							
5. Stanford Court Nursing Center of Santee							
6. Lakeview Terrace Special Care Center							
7. Lakeside Special Care Center							
8. Plum Tree Care Center							
9. Cedar Crest Nursing and Rehabilitation Center							
10. Pleasanton Nursing and Rehabilitation Center							
11. English Oaks Convalescent and Rehabilitation Center							
12. Newport Nursing and Rehabilitation Center							
13. Generations Healthcare of Canoga Park							
14. Heritage Park Nursing							
15. Heritage Court Assisted Living							
16. Heritage Gardens							
17. St. Francis Pavilion							
18. St. Francis Heights							
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components							
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0
TOTAL STATISTICS	0	0	0	0	0	0	0
COST TO BE ALLOCATED (From Sch. 8)	$0	$0	$0	$0	$0	$0	$0
UNIT COST MULTIPLIER	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
NONCAPITAL RELATED

SCHEDULE 6

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Repairs & Maintenance (stat) 25	Dues & Subscriptions (stat) 26	Insurance Premium Noncap (stat) 28	Taxes & Licenses - Noncap Related (stat) 29	Interest Expense (stat) 30	Other Purchased SVC / PROF FEE (stat) 31	Postage / Bank Charges (stat) 32
	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)
1. Vista Manor Nursing Center							
2. Castle Manor Convalescent Center							
3. Friendship Manor Nursing Center							
4. Arbor Hills Care Center							
5. Stanford Court Nursing Center of Santee							
6. Lakeview Terrace Special Care Center							
7. Lakeside Special Care Center							
8. Plum Tree Care Center							
9. Cedar Crest Nursing and Rehabilitation Center							
10. Pleasanton Nursing and Rehabilitation Center							
11. English Oaks Convalescent and Rehabilitation Center							
12. Newport Nursing and Rehabilitation Center							
13. Generations Healthcare of Canoga Park							
14. Heritage Park Nursing							
15. Heritage Court Assisted Living							
16. Heritage Gardens							
17. St. Francis Pavilion							
18. St. Francis Heights							
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components							
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0
TOTAL STATISTICS	0	0	0	0	0	0	0
COST TO BE ALLOCATED (From Sch. 8)	$0	$0	$0	$0	$0	$0	$0
UNIT COST MULTIPLIER	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS - STATISTICS
NONCAPITAL RELATED

SCHEDULE 6

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	Other Direct Expense (stat) 33	Seminars (stat) 34.01	Loan Fees (stat) 34.02	Printing (stat) 34.03	(stat) 34.04	(stat) 34.05	Other Non-reimbursable (stat) 35
	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)
1. Vista Manor Nursing Center							
2. Castle Manor Convalescent Center							
3. Friendship Manor Nursing Center							
4. Arbor Hills Care Center							
5. Stanford Court Nursing Center of Santee							
6. Lakeview Terrace Special Care Center							
7. Lakeside Special Care Center							
8. Plum Tree Care Center							
9. Cedar Crest Nursing and Rehabilitation Center							
10. Pleasanton Nursing and Rehabilitation Center							
11. English Oaks Convalescent and Rehabilitation Center							
12. Newport Nursing and Rehabilitation Center							
13. Generations Healthcare of Canoga Park							
14. Heritage Park Nursing							
15. Heritage Court Assisted Living							
16. Heritage Gardens							
17. St. Francis Pavilion							
18. St. Francis Heights							
SUBTOTAL (SUM OF LINES 1 - 18)	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS							
19. Total Other Components							
SUBTOTAL (LINE 19)	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL	$0	$0	$0	$0	$0	$0	$0
TOTAL STATISTICS	0	0	0	0	0	0	0
COST TO BE ALLOCATED (From Sch. 8)	$0	$0	$0	$0	$0	$0	$0
UNIT COST MULTIPLIER	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

DIRECT ALLOCATION OF CAPITAL COSTS TO CHAIN COMPONENTS

SCHEDULE 7

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL 1	Enter Expense Category 2	Enter Expense Category 3	Enter Expense Category 4	Enter Expense Category 5	Enter Expense Category 6	Enter Expense Category 7	AUDITED TOTAL 8
			(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	
1. Vista Manor Nursing Center	LTC55483G	$0	$0	$0	$0	$0	$0	$0	$0
2. Castle Manor Convalescent Center	LTC55263G	0	0	0	0	0	0	0	0
3. Friendship Manor Nursing Center	ZZT05964G	0	0	0	0	0	0	0	0
4. Arbor Hills Care Center	ZZT05114L	0	0	0	0	0	0	0	0
5. Stanford Court Nursing Center of Santee	LTC55290I	0	0	0	0	0	0	0	0
6. Lakeview Terrace Special Care Center	ZZT18172G	0	0	0	0	0	0	0	0
7. Lakeside Special Care Center	ZZT18594H	0	0	0	0	0	0	0	0
8. Plum Tree Care Center	LTC05866F	0	0	0	0	0	0	0	0
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	0	0	0	0	0	0	0	0
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	0	0	0	0	0	0	0	0
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	0	0	0	0	0	0	0	0
12. Newport Nursing and Rehabilitation Center	LTC05518G	0	0	0	0	0	0	0	0
13. Generations Healthcare of Canoga Park	ZZT06005J	0	0	0	0	0	0	0	0
14. Heritage Park Nursing	LTC55514F	0	0	0	0	0	0	0	0
15. Heritage Court Assisted Living	N/A	0	0	0	0	0	0	0	0
16. Heritage Gardens	N/A	0	0	0	0	0	0	0	0
17. St. Francis Pavilion	ZZR06394G	0	0	0	0	0	0	0	0
18. St. Francis Heights	ZZR05968F	0	0	0	0	0	0	0	0
SUBTOTAL (SUM OF LINES 1 - 18)		$0	$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS									
19. Total Other Components	N/A	$0	$0	$0	$0	$0	$0	$0	$0
		0	0	0	0	0	0	0	0
SUBTOTAL (LINE 19)		$0	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL		$0	$0	$0	$0	$0	$0	$0	$0

(To Sch. 3)

STATE OF CALIFORNIA

DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

SCHEDULE 7-1

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

FISCAL PERIOD ENDED:
DECEMBER 31, 2007

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL 1	Profit Sharing (Sch 8, Ln 16) 2	Other Direct Exp (Sch 8, Ln 33) 3	Enter Expense Category 4	Enter Expense Category 5	Enter Expense Category 6	Enter Expense Category 7	AUDITED TOTAL 8
			(Adj. 1)	(Adj. 2)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	
1. Vista Manor Nursing Center	LTC55483G	$0	$126,739	$0	$0	$0	$0	$0	$126,739
2. Castle Manor Convalescent Center	LTC55263G	0	50,000	0	0	0	0	0	50,000
3. Friendship Manor Nursing Center	ZZT05964G	0	70,901	0	0	0	0	0	70,901
4. Arbor Hills Care Center	ZZT05114L	0	139,740	0	0	0	0	0	139,740
5. Stanford Court Nursing Center of Santee	LTC55290I	0	0	0	0	0	0	0	0
6. Lakeview Terrace Special Care Center	ZZT18172G	0	0	0	0	0	0	0	0
7. Lakeside Special Care Center	ZZT18594H	0	10,000	3,740	0	0	0	0	13,740
8. Plum Tree Care Center	LTC05866F	0	97,049	0	0	0	0	0	97,049
9. Cedar Crest Nursing and Rehabilitation Center	LTC55790F	0	64,040	0	0	0	0	0	64,040
10. Pleasanton Nursing and Rehabilitation Center	ZZR06392I	0	96,978	0	0	0	0	0	96,978
11. English Oaks Convalescent and Rehabilitation Center	LTC05190F	0	52,338	0	0	0	0	0	52,338
12. Newport Nursing and Rehabilitation Center	LTC05518G	0	90,007	0	0	0	0	0	90,007
13. Generations Healthcare of Canoga Park	ZZT06005J	0	2,500	0	0	0	0	0	2,500
14. Heritage Park Nursing	LTC55514F	0	0	0	0	0	0	0	0
15. Heritage Court Assisted Living	N/A	0	5,000	0	0	0	0	0	5,000
16. Heritage Gardens	N/A	0	0	0	0	0	0	0	0
17. St. Francis Pavilion	ZZR06394G	0	0	3,740	0	0	0	0	3,740
18. St. Francis Heights	ZZR05968F	0	0	3,740	0	0	0	0	3,740
SUBTOTAL (SUM OF LINES 1 - 18)		$0	$805,292	$11,220	$0	$0	$0	$0	$816,512
OTHER COMPONENTS									
19. Total Other Components	N/A	$0 0	$0 0	$0 0	$0 0	$0 0	$0 0	$0 0	$0 0
SUBTOTAL (LINE 19)		$0	$0	$0	$0	$0	$0	$0	$0
GRAND TOTAL		$0	$805,292	$11,220	$0	$0	$0	$0	$816,512

(To Sch. 3-1)

STATE OF CALIFORNIA | TRIAL BALANCE OF EXPENSES | SCHEDULE 8

HOME OFFICE NAME:
LIFE GENERATIONS HEALTHCARE

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)	FUNCTIONAL ALLOCATION (SCH. B, COL 7)
	CAPITAL-RELATED COSTS - OLD					(Adj. 1, 2)	(Adj.)
1.00	Building and Fixtures - Old	$0			$0		
2.00	Movable Equipment - Old	0			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	$279,186	3	($2,819)	$276,367		
5.00	Movable Equipment - New	334,066	4, 10	(79,339)	254,727		
6.00	SUBTOTAL (sum of lines 4 and 5)	$613,252		($82,158)	$531,094	$0	$0
	OTHER CAPITAL-RELATED COSTS						
7.00	Insurance Premiums	$0			$0		
8.00	Taxes and Licenses - Other than INCM	0			0		
9.00	Other	0			0		
10.00	SUBTOTAL (sum of lines 7 through 9)	$0		$0	$0	$0	$0
	NONCAPITAL-RELATED COSTS						
11.00	Salaries of Officers	$2,303,423			$2,303,423		
12.00	Salaries & Wages of Others	3,060,108			3,060,108		
13.00	Payroll Taxes	289,197			289,197		
14.00	Emp Bene-Payroll Related	574,342			574,342		
15.00	Emp Bene-Nonpayroll Related	1,297			1,297		
16.00	Profit Sharing/Pension Plan	1,840,058	1, 8	(958,250)	881,808	805,292	
17.00	Legal Fees	86,026			86,026		
18.00	Auditing & Accounting Fees	91,730			91,730		
19.00	Utilities	25,850			25,850		
20.00	Communications	48,499			48,499		
21.00	Travel & Entertainment	211,163			211,163		
22.00	Transportation	33,887	5	(23,393)	10,494		
23.00	Cleaning Office & Admin Support	45,987			45,987		
24.00	Minor Equipment Expensed	14,812			14,812		
25.00	Repairs & Maintenance	1,039			1,039		
26.00	Dues & Subscriptions	16,027			16,027		
28.00	Insurance Premium Noncap Related	813			813		
29.00	Taxes & Licenses - Noncap Related	207			207		
30.00	Interest Expense	1,451,230	11	(1,396,517)	54,713		
31.00	Other Purchased SVC / PROF FEE	1,551,747	6, 7, 9	(1,258,017)	293,730		
32.00	Postage / Bank Charges	85,741			85,741		
33.00	Other Direct Expense	659,142	2	(11,220)	647,922	11,220	
34.01	Seminars	31,058			31,058		
34.02	Loan Fees	35,589			35,589		
34.03	Printing	18,022			18,022		
34.04					0		
34.05					0		
35.00	Other Non-reimbursable				0		
36.00	SUBTOTAL (sum of lines 11 through 35)	$12,476,994		($3,647,397)	$8,829,597	$816,512	$0
37.00	TOTAL ALLOWABLE EXPENSES	$13,090,246		($3,729,555)	$9,360,691	$816,512	$0
					(To Sch. 4)	(To Sch. 7, 7-1)	(To Sch. 5)
38.00	NONREIMBURSABLE EXPENSES				$0		
	TOTAL EXPENSES	$13,090,246		($3,729,555)	$9,360,691		

Provider Name	Fiscal Period	Provider Number	Adjustments
LIFE GENERATIONS HEALTHCARE	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	HOME OFFICE	11

Report References										
		COST REPORT								
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
							RECLASSIFICATIONS OF REPORTED COSTS				
1	Sch 8	Sch B			16	8	Profit Sharing / Pension Plan		$1,840,058	($805,292)	$1,034,766 *
	Sch 7-1	Not Reported					Vista Manor Nursing Center		0	126,739	126,739
	Sch 7-1	Not Reported					Castle Manor Convalescent Center		0	50,000	50,000
	Sch 7-1	Not Reported					Friendship Manor Nursing Center		0	70,901	70,901
	Sch 7-1	Not Reported					Arbor Hills Care Center		0	139,740	139,740
	Sch 7-1	Not Reported					Lakeside Special Care Center		0	10,000	10,000 *
	Sch 7-1	Not Reported					Plum Tree Care Center		0	97,049	97,049
	Sch 7-1	Not Reported					Cedar Crest Nursing and Rehabilitation Center		0	64,040	64,040
	Sch 7-1	Not Reported					Pleasanton Nursing and Rehabilitation Center		0	96,978	96,978
	Sch 7-1	Not Reported					English Oaks Convalescent and Rehabilitation Center		0	52,338	52,338
	Sch 7-1	Not Reported					Newport Nursing and Rehabilitation Center		0	90,007	90,007
	Sch 7-1	Not Reported					Generations Healthcare of Canoga Park		0	2,500	2,500
	Sch 7-1	Not Reported					Heritage Court Assisted Living		0	5,000	5,000
							To reclassify administrator bonuses to the benefiting facilities for proper cost determination. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2306 and 2307A				
2	Sch 8	Sch B			33	8	Other Direct Expense		$659,142	($11,220)	$647,922
	Sch 7-1	Not Reported					Lakeside Special Care Center	*	10,000	3,740	13,740
	Sch 7-1	Not Reported					St. Francis Pavilion		0	3,740	3,740
	Sch 7-1	Not Reported					St. Francis Heights		0	3,740	3,740
							To reclassify time clock expense to the benefiting facilities for proper cost determination. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2306 and 2307A				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
LIFE GENERATIONS HEALTHCARE	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	HOME OFFICE	11

Report References										
		COST REPORT								
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
3	Sch 8	Sch B			4	8	New Capital Related Cost - Buildings and Fixtures To eliminate construction company office rental space expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$279,186	($2,819)	$276,367
4	Sch 8	Sch B			5	8	New Capital Related Cost - Moveable Equipment To eliminate late fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$334,066	($109)	$333,957 *
5	Sch 8	Sch B			22	8	Transportation To eliminate luxury car expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$33,887	($23,393)	$10,494
6	Sch 8	Sch B			31	8	Other Purchased Services / Professional Fees To eliminate marketing expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$1,551,747	($12,477)	$1,539,270 *
7	Sch 8	Sch B			31	8	Other Purchased Services / Professional Fees * To eliminate construction expense outside of the audit period. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	$1,539,270	($45,540)	$1,493,730 *
8	Sch 8	Sch B			16	8	Profit Sharing / Pension Plan * To reconcile the reported bonus expense to agree with the provider's bonuses paid reports. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$1,034,766	($152,958)	$881,808
9	Sch 8	Sch B			31	8	Other Purchased Services / Professional Fees * To eliminate loan expense that should have been amortized. 42 CFR 413.20 and 413.134 / CMS Pub. 15-1, Section 108	$1,493,730	($1,200,000)	$293,730

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
LIFE GENERATIONS HEALTHCARE	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	HOME OFFICE	11

Report References										
		COST REPORT								
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS				
10	Sch 8	Sch B			5	8	New Capital Related Cost - Moveable Equipment To eliminate loan fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	*	$333,957	($79,230)	$254,727
11	Sch 8	Sch B			30	8	Interest Expense To eliminate loan interest expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		$1,451,230	($1,396,517)	$54,713

*Balance carried forward from prior/to subsequent adjustments