REPORT
ON THE
HOME OFFICE AUDIT

AVALON HEALTH CARE MANAGEMENT, INC
SALT LAKE CITY, UTAH

FISCAL PERIOD ENDED
DECEMBER 31, 2008

Audits Section - Fresno
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Jeanene Lopez and Barbara Still

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

June 30, 2010

David Slawson
Director of Finance
Avalon Health Care, Inc
255 East 400 South, Suite 200
Salt Lake City, Utah 84111

AVALON HEALTH CARE MANAGEMENT, INC. HOME OFFICE
FISCAL PERIOD ENDED DECEMBER 31, 2008

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2008. 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.

Financial Audits Branch / Audits Section – Fresno
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by Kathy Atkins for

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

GENERAL INFORMATION INPUT SCREEN

HOME OFFICE NAME (DBA):	AVALON HEALTH CARE MANAGEMENT, INC.
	FROM
FISCAL PERIOD ENDED:	DECEMBER
	31
	2008
	DECEMBER 31, 2008
VERSION / DATE:	1-203E2 January 2008
SUPERVISOR NAME	Kathy Atkins
AUDITOR NAME	J. Lopez & B. Still

	TYPE CODE	CONTROL NO.
HOME OFFICE	0204	U070124

= Input data in the yellow colored cells only.

= Text in pink colored cells may be edited by the auditor. Press the F2 function key to edit text.

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STATE OF CALIFORNIA

SCHEDULE 1

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

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		CAPITAL RELATED (SCHEDULE 3)	NONCAPITAL RELATED (SCHEDULE 3-1)	TOTAL AUDITED H.O. COSTS (COLUMN 1 + 2)
			FROM	TO	1	2	3
1.	Heritage Bennion Care Center	N/A	01/01/08	12/31/08	$7,133	$312,616	$319,749
2.	Heritage Care Center	N/A	01/01/08	12/31/08	5,646	247,426	253,072
3.	Pioneer Care Center	N/A	01/01/08	12/31/08	4,459	182,948	187,407
4.	Richfield Care Center	N/A	01/01/08	12/31/08	4,571	198,716	203,287
5.	Willow Wood Care Center	N/A	01/01/08	12/31/08	15,527	524,230	539,757
6.	Woodland Park Care Center	N/A	01/01/08	12/31/08	6,529	414,465	420,994
7.	Avalon Care Center - Bountiful	N/A	01/01/08	12/31/08	3,585	199,091	202,676
8.	North Canyon Care Center	N/A	01/01/08	12/31/08	5,703	249,920	255,623
9.	Utah State Veterans Home	N/A	11/01/08	12/31/08	884	38,723	39,607
9.01	Willow Glen Health & Rehab	N/A	12/01/08	12/31/08	319	13,979	14,298
9.02	Heritage Hills Rehabilitation	N/A	01/01/08	12/31/08	3,309	145,024	148,333
9.03	Canyon Rim Care Center	N/A	01/01/08	12/31/08	5,207	228,214	233,422
10.	Avalon Valley Health Care Center	N/A	01/01/08	12/31/08	9,946	439,999	449,945
11.	Avalon Care Center Shadow Mountain	N/A	01/01/08	12/31/08	8,317	323,753	332,070
12.	Chandler Health Care Center	N/A	01/01/08	12/31/08	11,225	436,963	448,188
13.	La Colina Health Care	N/A	01/01/08	12/31/08	14,574	567,351	581,925
14.	Avalon Health & Rehab - Tucson	N/A	01/01/08	12/31/08	6,873	267,532	274,405
15.	Westgate Manor Convalescent Hospital	ZZR05191H	01/01/08	12/31/08	4,482	368,923	373,405
16.	Franciscan Convalescent Hospital	ZZR05979H	01/01/08	12/31/08	4,730	389,529	394,259
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	01/01/08	12/31/08	9,808	735,163	744,971
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	01/01/08	12/31/08	9,697	681,813	691,510
17.02	Modesto Convalescent Hospital	ZZR05869H	01/01/08	12/31/08	4,623	377,370	381,993
17.03	San Luis Convalescent Hospital	ZZR05839H	01/01/08	12/31/08	4,870	392,226	397,096
17.04	Mark Twain Convalescent Hospital	ZZR06132I	01/01/08	12/31/08	7,812	595,957	603,769
17.05	Chowchilla Convalescent Center	ZZR05047L	01/01/08	12/31/08	4,662	399,942	404,604
17.06	Avalon Care Center - Sonora	LTC55736G	01/01/08	12/31/08	10,013	708,923	718,936
17.07	Healdsburg Senior Living	LTC55820F	01/01/08	12/31/08	6,681	387,953	394,634
17.08	Avalon Care Center - Honolulu	N/A	01/01/08	12/31/08	11,004	412,694	423,698
17.09	Hale Nani Rehabilitation and Nursing	N/A	01/01/08	12/31/08	29,562	1,108,659	1,138,221
17.1	Yukio Okutsu Veterans Home	N/A	01/01/08	12/31/08	4,535	170,093	174,628
17.11	Avalon Health and Rehab Center - Pasco	N/A	01/01/08	12/31/08	7,581	409,941	417,521
17.12	Willapa Harbor Care Center	N/A	01/01/08	12/31/08	4,240	229,258	233,498
17.13	Benson Heights Rehabilitation Center	N/A	01/01/08	12/31/08	4,749	256,791	261,539
17.14	Grays Harbor Health and Rehab Center	N/A	01/01/08	12/31/08	7,252	392,135	399,387
17.15	Avalon Care Center - Othello	N/A	01/01/08	12/31/08	2,390	129,230	131,620
17.16	Avalon Health and Rehab Center - Federal Way	N/A	01/01/08	12/31/08	10,745	581,073	591,818
17.17	Avalon Care Center at Northpoint	N/A	01/01/08	12/31/08	9,726	525,954	535,680
17.18	Avalon Care Center - Pullman	N/A	01/01/08	12/31/08	2,519	136,242	138,761
	SUBTOTAL (LINES 1 THROUGH 17.18)				$275,485	$14,180,819	$14,456,304
	OTHER COMPONENTS						
19.	Bristol Hospice - Merced	N/A	01/01/08	12/31/08	$2,143	$425,800	$427,943
20.	Bristol Hospice - Hawaii	N/A	01/01/08	12/31/08	2,221	404,903	407,123
21.	Bristol Hospice - Utah	N/A	01/01/08	12/31/08	1,995	363,749	365,745
22.	Bristol Hospice - Sacramento	N/A	01/01/08	12/31/08	617	125,928	126,546
23.	Bristol Hospice	N/A	01/01/08	12/31/08	52	1,332	1,384
24.	Other - Nonreimbursable Services	N/A	01/01/08	12/31/08	5,444	152,718	158,163

STATE OF CALIFORNIA

SCHEDULE 1

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

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		CAPITAL RELATED (SCHEDULE 3)	NONCAPITAL RELATED (SCHEDULE 3-1)	TOTAL AUDITED H.O. COSTS (COLUMN 1 + 2)
		FROM	TO	1	2	3
SUBTOTAL (LINES 19 THROUGH 24)				$12,473	$1,474,430	$1,486,903
GRAND TOTAL				$287,958	$15,655,249	$15,943,207

STATE OF CALIFORNIA

SCHEDULE 2

COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR FROM	TO	REPORTED HOME OFFICE COSTS (SCH. 9) 1	AUDITED H.O. COSTS (SCH. 3 & 3-1) 2	VARIANCE (COLUMN 2-1) 3
1.	Heritage Bennion Care Center	N/A	01/01/08	12/31/08	$361,720	$319,749	($41,971)
2.	Heritage Care Center	N/A	01/01/08	12/31/08	298,512	253,072	(45,440)
3.	Pioneer Care Center	N/A	01/01/08	12/31/08	194,944	187,407	(7,537)
4.	Richfield Care Center	N/A	01/01/08	12/31/08	232,278	203,287	(28,991)
5.	Willow Wood Care Center	N/A	01/01/08	12/31/08	238,795	539,757	300,962
6.	Woodland Park Care Center	N/A	01/01/08	12/31/08	610,019	420,994	(189,025)
7.	Avalon Care Center - Bountiful	N/A	01/01/08	12/31/08	269,281	202,676	(66,605)
8.	North Canyon Care Center	N/A	01/01/08	12/31/08	244,459	255,623	11,164
9.	Utah State Veterans Home	N/A	11/01/08	12/31/08	49,691	39,607	(10,084)
9.01	Willow Glen Health & Rehab	N/A	12/01/08	12/31/08	16,421	14,298	(2,123)
9.02	Heritage Hills Rehabilitation	N/A	01/01/08	12/31/08	180,327	148,333	(31,994)
9.03	Canyon Rim Care Center	N/A	01/01/08	12/31/08	262,513	233,422	(29,091)
10.	Avalon Valley Health Care Center	N/A	01/01/08	12/31/08	494,203	449,945	(44,258)
11.	Avalon Care Center Shadow Mountain	N/A	01/01/08	12/31/08	363,680	332,070	(31,610)
12.	Chandler Health Care Center	N/A	01/01/08	12/31/08	434,467	448,188	13,721
13.	La Colina Health Care	N/A	01/01/08	12/31/08	693,866	581,925	(111,941)
14.	Avalon Health & Rehab - Tucson	N/A	01/01/08	12/31/08	141,385	274,405	133,020
15.	Westgate Manor Convalescent Hospital	ZZR05191H	01/01/08	12/31/08	302,835	373,405	70,570
16.	Franciscan Convalescent Hospital	ZZR05979H	01/01/08	12/31/08	331,704	394,259	62,555
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	01/01/08	12/31/08	623,117	744,971	121,854
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	01/01/08	12/31/08	614,154	691,510	77,356
17.02	Modesto Convalescent Hospital	ZZR05869H	01/01/08	12/31/08	320,513	381,993	61,480
17.03	San Luis Convalescent Hospital	ZZR05839H	01/01/08	12/31/08	330,175	397,096	66,921
17.04	Mark Twain Convalescent Hospital	ZZR06132I	01/01/08	12/31/08	492,982	603,769	110,787
17.05	Chowchilla Convalescent Center	ZZR05047L	01/01/08	12/31/08	311,644	404,604	92,960
17.06	Avalon Care Center - Sonora	LTC55736G	01/01/08	12/31/08	628,973	718,936	89,963
17.07	Healdsburg Senior Living	LTC55820F	01/01/08	12/31/08	412,173	394,634	(17,539)
17.08	Avalon Care Center - Honolulu	N/A	01/01/08	12/31/08	394,070	423,698	29,628
17.09	Hale Nani Rehabilitation and Nursing	N/A	01/01/08	12/31/08	1,055,897	1,138,221	82,324
17.1	Yukio Okutsu Veterans Home	N/A	01/01/08	12/31/08	111,824	174,628	62,804
17.11	Avalon Health and Rehab Center - Pasco	N/A	01/01/08	12/31/08	473,692	417,521	(56,171)
17.12	Willapa Harbor Care Center	N/A	01/01/08	12/31/08	239,749	233,498	(6,251)
17.13	Benson Heights Rehabilitation Center	N/A	01/01/08	12/31/08	311,262	261,539	(49,723)
17.14	Grays Harbor Health and Rehab Center	N/A	01/01/08	12/31/08	444,013	399,387	(44,626)
17.15	Avalon Care Center - Othello	N/A	01/01/08	12/31/08	144,213	131,620	(12,593)
17.16	Avalon Health and Rehab Center - Federal Way	N/A	01/01/08	12/31/08	594,704	591,818	(2,886)
17.17	Avalon Care Center at Northpoint	N/A	01/01/08	12/31/08	579,486	535,680	(43,806)
17.18	Avalon Care Center - Pullman	N/A	01/01/08	12/31/08	150,703	138,761	(11,942)
	SUBTOTAL (LINES 1 THROUGH 17.18)				$13,954,444	$14,456,304	$501,860
	OTHER COMPONENTS						
19.	Bristol Hospice - Merced	N/A	01/01/08	12/31/08	$384,371	$427,943	$43,572
20.	Bristol Hospice - Hawaii	N/A	01/01/08	12/31/08	398,392	407,123	8,731
21.	Bristol Hospice - Utah	N/A	01/01/08	12/31/08	357,901	365,745	7,844
22.	Bristol Hospice - Sacramento	N/A	01/01/08	12/31/08	110,720	126,545	15,826
23.	Bristol Hospice	N/A	01/01/08	12/31/08	0	1,384	1,384
24.	Other - Nonreimbursable Services	N/A	01/01/08	12/31/08	0	158,162	158,163

STATE OF CALIFORNIA

SCHEDULE 2

COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		REPORTED HOME OFFICE COSTS (SCH. 9)	AUDITED H.O. COSTS (SCH. 3 & 3-1)	VARIANCE (COLUMN 2-1)
		FROM	TO	1	2	3
SUBTOTAL (LINES 19 THROUGH 24)				$1,251,384	$1,486,903	$235,519
GRAND TOTAL				$15,205,828	$15,943,207	$737,379

STATE OF CALIFORNIA

SCHEDULE 3

SUMMARY ALLOCATION OF HOME OFFICE COSTS - CAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR FROM	TO	DIRECT CAPITAL COSTS (SCHEDULE 7) 1	FUNCTIONAL CAPITAL COSTS (SCHEDULE 5) 2	POOLED CAPITAL COSTS (SCHEDULE 4) 3	TOTAL CAPITAL COSTS (COL. 1 TO 3)
1.	Heritage Bennion Care Center	N/A	01/01/08	12/31/08	$0	$0	$7,133	$7,133
2.	Heritage Care Center	N/A	01/01/08	12/31/08	0	0	5,646	5,646
3.	Pioneer Care Center	N/A	01/01/08	12/31/08	0	0	4,459	4,459
4.	Richfield Care Center	N/A	01/01/08	12/31/08	0	0	4,571	4,571
5.	Willow Wood Care Center	N/A	01/01/08	12/31/08	0	0	15,527	15,527
6.	Woodland Park Care Center	N/A	01/01/08	12/31/08	0	0	6,529	6,529
7.	Avalon Care Center - Bountiful	N/A	01/01/08	12/31/08	0	0	3,585	3,585
8.	North Canyon Care Center	N/A	01/01/08	12/31/08	0	0	5,703	5,703
9.	Utah State Veterans Home	N/A	11/01/08	12/31/08	0	0	884	884
9.01	Willow Glen Health & Rehab	N/A	12/01/08	12/31/08	0	0	319	319
9.02	Heritage Hills Rehabilitation	N/A	01/01/08	12/31/08	0	0	3,309	3,309
9.03	Canyon Rim Care Center	N/A	01/01/08	12/31/08	0	0	5,207	5,207
10.	Avalon Valley Health Care Center	N/A	01/01/08	12/31/08	0	0	9,946	9,946
11.	Avalon Care Center Shadow Mountain	N/A	01/01/08	12/31/08	0	0	8,317	8,317
12.	Chandler Health Care Center	N/A	01/01/08	12/31/08	0	0	11,225	11,225
13.	La Colina Health Care	N/A	01/01/08	12/31/08	0	0	14,574	14,574
14.	Avalon Health & Rehab - Tucson	N/A	01/01/08	12/31/08	0	0	6,872	6,873
15.	Westgate Manor Convalescent Hospital	ZZR05191H	01/01/08	12/31/08	0	0	4,482	4,482
16.	Franciscan Convalescent Hospital	ZZR05979H	01/01/08	12/31/08	0	0	4,730	4,730
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	01/01/08	12/31/08	0	0	9,808	9,808
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	01/01/08	12/31/08	0	0	9,697	9,697
17.02	Modesto Convalescent Hospital	ZZR05869H	01/01/08	12/31/08	0	0	4,623	4,623
17.03	San Luis Convalescent Hospital	ZZR05839H	01/01/08	12/31/08	0	0	4,870	4,870
17.04	Mark Twain Convalescent Hospital	ZZR06132I	01/01/08	12/31/08	0	0	7,812	7,812
17.05	Chowchilla Convalescent Center	ZZR05047L	01/01/08	12/31/08	0	0	4,662	4,662
17.06	Avalon Care Center - Sonora	LTC55736G	01/01/08	12/31/08	0	0	10,013	10,013
17.07	Healdsburg Senior Living	LTC55820F	01/01/08	12/31/08	0	0	6,681	6,681
17.08	Avalon Care Center - Honolulu	N/A	01/01/08	12/31/08	0	0	11,004	11,004
17.09	Hale Nani Rehabilitation and Nursing	N/A	01/01/08	12/31/08	0	0	29,562	29,562
17.1	Yukio Okutsu Veterans Home	N/A	01/01/08	12/31/08	0	0	4,535	4,535
17.11	Avalon Health and Rehab Center - Pasco	N/A	01/01/08	12/31/08	0	0	7,581	7,581
17.12	Willapa Harbor Care Center	N/A	01/01/08	12/31/08	0	0	4,240	4,240
17.13	Benson Heights Rehabilitation Center	N/A	01/01/08	12/31/08	0	0	4,749	4,749
17.14	Grays Harbor Health and Rehab Center	N/A	01/01/08	12/31/08	0	0	7,251	7,252
17.15	Avalon Care Center - Othello	N/A	01/01/08	12/31/08	0	0	2,390	2,390
17.16	Avalon Health and Rehab Center - Federal Way	N/A	01/01/08	12/31/08	0	0	10,745	10,745
17.17	Avalon Care Center at Northpoint	N/A	01/01/08	12/31/08	0	0	9,726	9,726
17.18	Avalon Care Center - Pullman	N/A	01/01/08	12/31/08	0	0	2,519	2,519
	SUBTOTAL (LINES 1 THROUGH 17.18)				$0	$0	$275,485	$275,485
	OTHER COMPONENTS							
19.	Bristol Hospice - Merced	N/A	01/01/08	12/31/08	$0	$0	$2,143	$2,143
20.	Bristol Hospice - Hawaii	N/A	01/01/08	12/31/08	0	0	2,221	2,221
21.	Bristol Hospice - Utah	N/A	01/01/08	12/31/08	0	0	1,995	1,995
22.	Bristol Hospice - Sacramento	N/A	01/01/08	12/31/08	0	0	617	617
23.	Bristol Hospice	N/A	01/01/08	12/31/08	0	0	52	52
24.	Other - Nonreimbursable Services	N/A	01/01/08	12/31/08	0	0	5,444	5,444

STATE OF CALIFORNIA

SCHEDULE 3

SUMMARY ALLOCATION OF HOME OFFICE COSTS - CAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT CAPITAL COSTS (SCHEDULE 7)	FUNCTIONAL CAPITAL COSTS (SCHEDULE 5)	POOLED CAPITAL COSTS (SCHEDULE 4)	TOTAL CAPITAL COSTS (COL. 1 TO 3)
		FROM	TO	1	2	3	
SUBTOTAL (LINES 19 THROUGH 24)				$0	$0	$12,473	$12,473
GRAND TOTAL				$0	$0	$287,958	$287,958

(To Schedule 1 & 2)

STATE OF CALIFORNIA

SCHEDULE 3-1

SUMMARY ALLOCATION OF HOME OFFICE COSTS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR FROM	TO	DIRECT COSTS (SCH. 7-1) 1	FUNCTIONAL COSTS (SCH. 5-1) 2	POOLED COSTS (SCH. 4) 3	TOTAL NONCAPITAL COSTS (COL. 1 TO 3)
1.	Heritage Bennion Care Center	N/A	01/01/08	12/31/08	$0	$131,150	$181,466	$312,616
2.	Heritage Care Center	N/A	01/01/08	12/31/08	0	103,801	143,625	247,426
3.	Pioneer Care Center	N/A	01/01/08	12/31/08	0	69,513	113,435	182,948
4.	Richfield Care Center	N/A	01/01/08	12/31/08	0	82,442	116,274	198,716
5.	Willow Wood Care Center	N/A	01/01/08	12/31/08	0	129,223	395,007	524,230
6.	Woodland Park Care Center	N/A	01/01/08	12/31/08	0	248,368	166,097	414,465
7.	Avalon Care Center - Bountiful	N/A	01/01/08	12/31/08	0	107,898	91,193	199,091
8.	North Canyon Care Center	N/A	01/01/08	12/31/08	0	104,848	145,072	249,920
9.	Utah State Veterans Home	N/A	11/01/08	12/31/08	0	16,246	22,477	38,723
9.01	Willow Glen Health & Rehab	N/A	12/01/08	12/31/08	0	5,865	8,114	13,979
9.02	Heritage Hills Rehabilitation	N/A	01/01/08	12/31/08	0	60,841	84,183	145,024
9.03	Canyon Rim Care Center	N/A	01/01/08	12/31/08	0	95,741	132,473	228,214
10.	Avalon Valley Health Care Center	N/A	01/01/08	12/31/08	0	186,981	253,018	439,999
11.	Avalon Care Center Shadow Mountain	N/A	01/01/08	12/31/08	0	112,182	211,571	323,753
12.	Chandler Health Care Center	N/A	01/01/08	12/31/08	0	151,410	285,553	436,963
13.	La Colina Health Care	N/A	01/01/08	12/31/08	0	196,590	370,761	567,351
14.	Avalon Health & Rehab - Tucson	N/A	01/01/08	12/31/08	0	92,701	174,831	267,532
15.	Westgate Manor Convalescent Hospital	ZZR05191H	01/01/08	12/31/08	100,000	154,906	114,017	368,923
16.	Franciscan Convalescent Hospital	ZZR05979H	01/01/08	12/31/08	105,747	163,465	120,317	389,529
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	01/01/08	12/31/08	146,666	338,988	249,509	735,163
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	01/01/08	12/31/08	100,000	335,138	246,675	681,813
17.02	Modesto Convalescent Hospital	ZZR05869H	01/01/08	12/31/08	100,000	159,772	117,598	377,370
17.03	San Luis Convalescent Hospital	ZZR05839H	01/01/08	12/31/08	100,000	168,329	123,897	392,226
17.04	Mark Twain Convalescent Hospital	ZZR06132I	01/01/08	12/31/08	127,211	270,009	198,737	595,957
17.05	Chowchilla Convalescent Center	ZZR05047L	01/01/08	12/31/08	120,225	161,124	118,593	399,942
17.06	Avalon Care Center - Sonora	LTC55736G	01/01/08	12/31/08	108,102	346,087	254,734	708,923
17.07	Healdsburg Senior Living	LTC55820F	01/01/08	12/31/08	14,619	203,366	169,968	387,953
17.08	Avalon Care Center - Honolulu	N/A	01/01/08	12/31/08	0	132,755	279,939	412,694
17.09	Hale Nani Rehabilitation and Nursing	N/A	01/01/08	12/31/08	0	356,632	752,027	1,108,659
17.1	Yukio Okutsu Veterans Home	N/A	01/01/08	12/31/08	0	54,715	115,378	170,093
17.11	Avalon Health and Rehab Center - Pasco	N/A	01/01/08	12/31/08	0	217,091	192,850	409,941
17.12	Willapa Harbor Care Center	N/A	01/01/08	12/31/08	0	121,408	107,850	229,258
17.13	Benson Heights Rehabilitation Center	N/A	01/01/08	12/31/08	0	135,988	120,803	256,791
17.14	Grays Harbor Health and Rehab Center	N/A	01/01/08	12/31/08	0	207,662	184,473	392,135
17.15	Avalon Care Center - Othello	N/A	01/01/08	12/31/08	0	68,436	60,794	129,230
17.16	Avalon Health and Rehab Center - Federal Way	N/A	01/01/08	12/31/08	0	307,717	273,356	581,073
17.17	Avalon Care Center at Northpoint	N/A	01/01/08	12/31/08	0	278,528	247,426	525,954
17.18	Avalon Care Center - Pullman	N/A	01/01/08	12/31/08	0	72,149	64,093	136,242
	SUBTOTAL (LINES 1 THROUGH 17.18)				$1,022,570	$6,150,065	$7,008,184	$14,180,819
					(Facility Line 165.11)			
	OTHER COMPONENTS							
19.	Bristol Hospice - Merced	N/A	01/01/08	12/31/08	$35,149	$336,143	$54,508	$425,800
20.	Bristol Hospice - Hawaii	N/A	01/01/08	12/31/08	0	348,406	56,497	404,903
21.	Bristol Hospice - Utah	N/A	01/01/08	12/31/08	0	312,995	50,754	363,749
22.	Bristol Hospice - Sacramento	N/A	01/01/08	12/31/08	13,400	96,827	15,701	125,928
23.	Bristol Hospice	N/A	01/01/08	12/31/08	0	0	1,332	1,332
24.	Other - Nonreimbursable Services	N/A	01/01/08	12/31/08	0	14,215	138,503	152,718

STATE OF CALIFORNIA

SCHEDULE 3-1

SUMMARY ALLOCATION OF HOME OFFICE COSTS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT COSTS (SCH. 7-1)	FUNCTIONAL COSTS (SCH. 5-1)	POOLED COSTS (SCH. 4)	TOTAL NONCAPITAL COSTS
		FROM	TO	1	2	3	(COL. 1 TO 3)
SUBTOTAL (LINES 19 THROUGH 24)				$48,549	$1,108,586	$317,295	$1,474,430
GRAND TOTAL				$1,071,119	$7,258,651	$7,325,479	$15,655,249

(To Schedule 1 & 2)

STATE OF CALIFORNIA

SCHEDULE 4

POOLED ALLOCATION OF HOME OFFICE COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base: Total Cost 2	Percent 3	CAPITAL (Sch. 8) 4	NONCAPITAL (Sch. 8) 4	Total 4
Health Care Facilites (Adj. 31)	$239,950,226	95.6686%	$275,485	$7,008,184	$7,283,669
Other Components (Adjs. 31, 35-38, 41)	10,863,741	4.3314%	12,473	317,295	329,768
TOTAL	$250,813,967	100.0000%	$287,958	$7,325,479	$7,613,437
			(From Sch. 8)	(From Sch. 8)	

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	TOTAL COSTS (SCH. G, COL. 2) 1	CAPITAL (SCH. 8) 2	NONCAPITAL (SCH. 8) 3	TOTAL POOLED (COL. 2 + 3) 4
		(Adjs. 32, 33)			
1. Heritage Bennion Care Center	N/A	6,213,142	$7,133	$181,466	$188,599
2. Heritage Care Center	N/A	4,917,510	5,646	143,625	149,271
3. Pioneer Care Center	N/A	3,883,841	4,459	113,435	117,894
4. Richfield Care Center	N/A	3,981,058	4,571	116,274	120,845
5. Willow Wood Care Center	N/A	13,524,465	15,527	395,007	410,534
6. Woodland Park Care Center	N/A	5,686,922	6,529	166,097	172,626
7. Avalon Care Center - Bountiful	N/A	3,122,320	3,585	91,193	94,778
8. North Canyon Care Center	N/A	4,967,066	5,703	145,072	150,775
9. Utah State Veterans Home	N/A	769,591	884	22,477	23,361
9.01 Willow Glen Health & Rehab	N/A	277,815	319	8,114	8,433
9.02 Heritage Hills Rehabilitation	N/A	2,882,289	3,309	84,183	87,492
9.03 Canyon Rim Care Center	N/A	4,535,697	5,207	132,473	137,681
10. Avalon Valley Health Care Center	N/A	8,662,982	9,946	253,018	262,964
11. Avalon Care Center Shadow Mountain	N/A	7,243,902	8,317	211,571	219,888
12. Chandler Health Care Center	N/A	9,776,944	11,225	285,553	296,778
13. La Colina Health Care	N/A	12,694,313	14,574	370,761	385,335
14. Avalon Health & Rehab - Tucson	N/A	5,985,970	6,872	174,831	181,704
15. Westgate Manor Convalescent Hospital	ZZR05191H	3,903,769	4,482	114,017	118,499
16. Franciscan Convalescent Hospital	ZZR05979H	4,119,484	4,730	120,317	125,047
17 Hy-Lond Convalescent Hospital - Merced	ZZR05988G	8,542,820	9,808	249,509	259,317
17.01 Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	8,445,803	9,697	246,675	256,372
17.02 Modesto Convalescent Hospital	ZZR05869H	4,026,397	4,623	117,598	122,221
17.03 San Luis Convalescent Hospital	ZZR05839H	4,242,049	4,870	123,897	128,767
17.04 Mark Twain Convalescent Hospital	ZZR06132I	6,804,478	7,812	198,737	206,549
17.05 Chowchilla Convalescent Center	ZZR05047L	4,060,470	4,662	118,593	123,255
17.06 Avalon Care Center - Sonora	LTC55736G	8,721,713	10,013	254,734	264,747
17.07 Healdsburg Senior Living	LTC55820F	5,819,447	6,681	169,968	176,649
17.08 Avalon Care Center - Honolulu	N/A	9,584,719	11,004	279,939	290,943
17.09 Hale Nani Rehabilitation and Nursing	N/A	25,748,337	29,562	752,027	781,589
17.1 Yukio Okutsu Veterans Home	N/A	3,950,377	4,535	115,378	119,913
17.11 Avalon Health and Rehab Center - Pasco	N/A	6,602,896	7,581	192,850	200,430
17.12 Willapa Harbor Care Center	N/A	3,692,643	4,240	107,850	112,090
17.13 Benson Heights Rehabilitation Center	N/A	4,136,109	4,749	120,803	125,551
17.14 Grays Harbor Health and Rehab Center	N/A	6,316,098	7,251	184,473	191,725
17.15 Avalon Care Center - Othello	N/A	2,081,505	2,390	60,794	63,184
17.16 Avalon Health and Rehab Center - Federal Way	N/A	9,359,319	10,745	273,356	284,101

STATE OF CALIFORNIA

SCHEDULE 4

POOLED ALLOCATION OF HOME OFFICE COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	OPERATING COSTS (SCH. G, COL. 2) 1	CAPITAL (SCH. 8) 2	NONCAPITAL (SCH. 8) 3	TOTAL POOLED (COL. 2 + 3) 4
		(Adjs. 32, 33)			
17.17 Avalon Care Center at Northpoint	N/A	8,471,521	9,726	247,426	257,152
17.18 Avalon Care Center - Pullman	N/A	2,194,445	2,519	64,093	66,612
SUBTOTAL (LINES 1 THROUGH 17.18)		239,950,226	$275,485	$7,008,184	$7,283,669
MULTIPLIER			0.001148	0.029207	
OTHER COMPONENTS		**TOTAL COST**			
		(Adjs. 34-38, 41)			
19. Bristol Hospice - Merced	N/A	1,866,279	$2,143	$54,508	$56,651
20. Bristol Hospice - Hawaii	N/A	1,934,362	2,221	56,497	58,717
21. Bristol Hospice - Utah	N/A	1,737,761	1,995	50,754	52,750
22. Bristol Hospice - Sacramento	N/A	537,589	617	15,701	16,318
23. Bristol Hospice	N/A	45,602	52	1,332	1,384
24. Other - Nonreimbursable Services	N/A	4,742,148	5,444	138,503	143,948
SUBTOTAL (LINES 19 THROUGH 24)		$10,863,741	$12,473	$317,295	$329,768
GRAND TOTAL			$287,958	$7,325,479	$7,613,437
			(To Schedule 3)	(To Schedule 3-1)	
MULTIPLIER			0.001148	0.029207	

STATE OF CALIFORNIA

SCHEDULE 5

FUNCTIONAL ALLOCATION OF EXPENSES TO
CHAIN COMPONENTS - CAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	New Cap. Related-Movable 5.00	5.01	Insurance Premiums 7.00	Taxes and Licenses - Other 8.00	Other 9.00	AUDITED TOTAL CAPITAL
1.	Heritage Bennion Care Center	N/A	$0	$0	$0	$0	$0	$0
2.	Heritage Care Center	N/A	0	0	0	0	0	0
3.	Pioneer Care Center	N/A	0	0	0	0	0	0
4.	Richfield Care Center	N/A	0	0	0	0	0	0
5.	Willow Wood Care Center	N/A	0	0	0	0	0	0
6.	Woodland Park Care Center	N/A	0	0	0	0	0	0
7.	Avalon Care Center - Bountiful	N/A	0	0	0	0	0	0
8.	North Canyon Care Center	N/A	0	0	0	0	0	0
9.	Utah State Veterans Home	N/A	0	0	0	0	0	0
9.01	Willow Glen Health & Rehab	N/A	0	0	0	0	0	0
9.02	Heritage Hills Rehabilitation	N/A	0	0	0	0	0	0
9.03	Canyon Rim Care Center	N/A	0	0	0	0	0	0
10.	Avalon Valley Health Care Center	N/A	0	0	0	0	0	0
11.	Avalon Care Center Shadow Mountain	N/A	0	0	0	0	0	0
12.	Chandler Health Care Center	N/A	0	0	0	0	0	0
13.	La Colina Health Care	N/A	0	0	0	0	0	0
14.	Avalon Health & Rehab - Tucson	N/A	0	0	0	0	0	0
15.	Westgate Manor Convalescent Hospital	ZZR05191H	0	0	0	0	0	0
16.	Franciscan Convalescent Hospital	ZZR05979H	0	0	0	0	0	0
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	0	0	0	0	0	0
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	0	0	0	0	0	0
17.02	Modesto Convalescent Hospital	ZZR05869H	0	0	0	0	0	0
17.03	San Luis Convalescent Hospital	ZZR05839H	0	0	0	0	0	0
17.04	Mark Twain Convalescent Hospital	ZZR06132I	0	0	0	0	0	0
17.05	Chowchilla Convalescent Center	ZZR05047L	0	0	0	0	0	0
17.06	Avalon Care Center - Sonora	LTC55736G	0	0	0	0	0	0
17.07	Healdsburg Senior Living	LTC55820F	0	0	0	0	0	0
17.08	Avalon Care Center - Honolulu	N/A	0	0	0	0	0	0
17.09	Hale Nani Rehabilitation and Nursing	N/A	0	0	0	0	0	0
17.1	Yukio Okutsu Veterans Home	N/A	0	0	0	0	0	0
17.11	Avalon Health and Rehab Center - Pasco	N/A	0	0	0	0	0	0
17.12	Willapa Harbor Care Center	N/A	0	0	0	0	0	0
17.13	Benson Heights Rehabilitation Center	N/A	0	0	0	0	0	0
17.14	Grays Harbor Health and Rehab Center	N/A	0	0	0	0	0	0
17.15	Avalon Care Center - Othello	N/A	0	0	0	0	0	0
17.16	Avalon Health and Rehab Center - Federal Way	N/A	0	0	0	0	0	0
17.17	Avalon Care Center at Northpoint	N/A	0	0	0	0	0	0
17.18	Avalon Care Center - Pullman	N/A	0	0	0	0	0	0
	SUBTOTAL (LINES 1 THROUGH 17.18)		$0	$0	$0	$0	$0	$0
	OTHER COMPONENTS							
19.	Bristol Hospice - Merced	N/A	$0	$0	$0	$0	$0	$0
20.	Bristol Hospice - Hawaii	N/A	0	0	0	0	0	0
21.	Bristol Hospice - Utah	N/A	0	0	0	0	0	0
22.	Bristol Hospice - Sacramento	N/A	0	0	0	0	0	0
23.	Bristol Hospice	N/A	0	0	0	0	0	0
24.	Other - Nonreimbursable Services	N/A	0	0	0	0	0	0
	SUBTOTAL (LINES 19 THROUGH 24)		$0	$0	$0	$0	$0	$0
	GRAND TOTAL		$0	$0	$0	$0	$0	$0

(To Schedule 3)

STATE OF CALIFORNIA

SCHEDULE 5-1

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN
COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	CA Regional Costs - Caregiver 35.13					AUDITED TOTAL NONCAPITAL
1.	Heritage Bennion Care Center	N/A	$0	$0	$0	$0	$0	$131,150
2.	Heritage Care Center	N/A	0	0	0	0	0	103,801
3.	Pioneer Care Center	N/A	0	0	0	0	0	69,513
4.	Richfield Care Center	N/A	0	0	0	0	0	82,442
5.	Willow Wood Care Center	N/A	0	0	0	0	0	129,223
6.	Woodland Park Care Center	N/A	0	0	0	0	0	248,368
7.	Avalon Care Center - Bountiful	N/A	0	0	0	0	0	107,898
8.	North Canyon Care Center	N/A	0	0	0	0	0	104,848
9.	Utah State Veterans Home	N/A	0	0	0	0	0	16,246
9.01	Willow Glen Health & Rehab	N/A	0	0	0	0	0	5,865
9.02	Heritage Hills Rehabilitation	N/A	0	0	0	0	0	60,841
9.03	Canyon Rim Care Center	N/A	0	0	0	0	0	95,741
10.	Avalon Valley Health Care Center	N/A	0	0	0	0	0	186,981
11.	Avalon Care Center Shadow Mountain	N/A	0	0	0	0	0	112,182
12.	Chandler Health Care Center	N/A	0	0	0	0	0	151,410
13.	La Colina Health Care	N/A	0	0	0	0	0	196,590
14.	Avalon Health & Rehab - Tucson	N/A	0	0	0	0	0	92,701
15.	Westgate Manor Convalescent Hospital	ZZR05191H	34,955	0	0	0	0	154,906
16.	Franciscan Convalescent Hospital	ZZR05979H	36,886	0	0	0	0	163,465
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	76,494	0	0	0	0	338,988
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	75,625	0	0	0	0	335,138
17.02	Modesto Convalescent Hospital	ZZR05869H	36,053	0	0	0	0	159,772
17.03	San Luis Convalescent Hospital	ZZR05839H	37,984	0	0	0	0	168,329
17.04	Mark Twain Convalescent Hospital	ZZR06132I	60,928	0	0	0	0	270,009
17.05	Chowchilla Convalescent Center	ZZR05047L	36,358	0	0	0	0	161,124
17.06	Avalon Care Center - Sonora	LTC55736G	78,096	0	0	0	0	346,087
17.07	Healdsburg Senior Living	LTC55820F	52,108	0	0	0	0	203,366
17.08	Avalon Care Center - Honolulu	N/A	0	0	0	0	0	132,755
17.09	Hale Nani Rehabilitation and Nursing	N/A	0	0	0	0	0	356,632
17.1	Yukio Okutsu Veterans Home	N/A	0	0	0	0	0	54,715
17.11	Avalon Health and Rehab Center - Pasco	N/A	0	0	0	0	0	217,091
17.12	Willapa Harbor Care Center	N/A	0	0	0	0	0	121,408
17.13	Benson Heights Rehabilitation Center	N/A	0	0	0	0	0	135,988
17.14	Grays Harbor Health and Rehab Center	N/A	0	0	0	0	0	207,662
17.15	Avalon Care Center - Othello	N/A	0	0	0	0	0	68,436
17.16	Avalon Health and Rehab Center - Federal Way	N/A	0	0	0	0	0	307,717
17.17	Avalon Care Center at Northpoint	N/A	0	0	0	0	0	278,528
17.18	Avalon Care Center - Pullman	N/A	0	0	0	0	0	72,149
	SUBTOTAL (LINES 1 THROUGH 17.18)		$525,487	$0	$0	$0	$0	$6,150,065
			(Facility Line 165.09)					
	OTHER COMPONENTS							
19.	Bristol Hospice - Merced	N/A	$0	$0	$0	$0	$0	$336,143
20.	Bristol Hospice - Hawaii	N/A	0	0	0	0	0	348,406
21.	Bristol Hospice - Utah	N/A	0	0	0	0	0	312,995
22.	Bristol Hospice - Sacramento	N/A	0	0	0	0	0	96,827
23.	Bristol Hospice	N/A	0	0	0	0	0	0
24.	Other - Nonreimbursable Services	N/A	0	0	0	0	0	14,215

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN
COMPONENTS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	CA Regional Costs - Caregiver 35.13					AUDITED TOTAL NONCAPITAL
SUBTOTAL (LINES 19 THROUGH 24)		$0	$0	$0	$0	$0	$1,108,586
GRAND TOTAL		$525,487	$0	$0	$0	$0	$7,258,651

(To Schedule 3-1)

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN
COMPONENTS STATISTICS - CAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	New Cap. Related- (Statistics) 5.00 (Adj.)	(Statistics) 5.01 (Adj.)	Insurance Premiums (Statistics) 7.00 (Adj.)	Taxes and Licenses - (Statistics) 8.00 (Adj.)	Other (Statistics) 9.00 (Adj.)
1.	Heritage Bennion Care Center	N/A	0	0	0	0	0
2.	Heritage Care Center	N/A	0	0	0	0	0
3.	Pioneer Care Center	N/A	0	0	0	0	0
4.	Richfield Care Center	N/A	0	0	0	0	0
5.	Willow Wood Care Center	N/A	0	0	0	0	0
6.	Woodland Park Care Center	N/A	0	0	0	0	0
7.	Avalon Care Center - Bountiful	N/A	0	0	0	0	0
8.	North Canyon Care Center	N/A	0	0	0	0	0
9.	Utah State Veterans Home	N/A	0	0	0	0	0
9.01	Willow Glen Health & Rehab	N/A	0	0	0	0	0
9.02	Heritage Hills Rehabilitation	N/A	0	0	0	0	0
9.03	Canyon Rim Care Center	N/A	0	0	0	0	0
10.	Avalon Valley Health Care Center	N/A	0	0	0	0	0
11.	Avalon Care Center Shadow Mountain	N/A	0	0	0	0	0
12.	Chandler Health Care Center	N/A	0	0	0	0	0
13.	La Colina Health Care	N/A	0	0	0	0	0
14.	Avalon Health & Rehab - Tucson	N/A	0	0	0	0	0
15.	Westgate Manor Convalescent Hospital	ZZR05191H	0	0	0	0	0
16.	Franciscan Convalescent Hospital	ZZR05979H	0	0	0	0	0
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	0	0	0	0	0
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	0	0	0	0	0
17.02	Modesto Convalescent Hospital	ZZR05869H	0	0	0	0	0
17.03	San Luis Convalescent Hospital	ZZR05839H	0	0	0	0	0
17.04	Mark Twain Convalescent Hospital	ZZR06132I	0	0	0	0	0
17.05	Chowchilla Convalescent Center	ZZR05047L	0	0	0	0	0
17.06	Avalon Care Center - Sonora	LTC55736G	0	0	0	0	0
17.07	Healdsburg Senior Living	LTC55820F	0	0	0	0	0
17.08	Avalon Care Center - Honolulu	N/A	0	0	0	0	0
17.09	Hale Nani Rehabilitation and Nursing	N/A	0	0	0	0	0
17.1	Yukio Okutsu Veterans Home	N/A	0	0	0	0	0
17.11	Avalon Health and Rehab Center - Pasco	N/A	0	0	0	0	0
17.12	Willapa Harbor Care Center	N/A	0	0	0	0	0
17.13	Benson Heights Rehabilitation Center	N/A	0	0	0	0	0
17.14	Grays Harbor Health and Rehab Center	N/A	0	0	0	0	0
17.15	Avalon Care Center - Othello	N/A	0	0	0	0	0
17.16	Avalon Health and Rehab Center - Federal Way	N/A	0	0	0	0	0
17.17	Avalon Care Center at Northpoint	N/A	0	0	0	0	0
17.18	Avalon Care Center - Pullman	N/A	0	0	0	0	0
	SUBTOTAL (LINES 1 THROUGH 17.18)		0	0	0	0	0
	OTHER COMPONENTS						
19.	Bristol Hospice - Merced	N/A	0	0	0	0	0
20.	Bristol Hospice - Hawaii	N/A	0	0	0	0	0
21.	Bristol Hospice - Utah	N/A	0	0	0	0	0
22.	Bristol Hospice - Sacramento	N/A	0	0	0	0	0
23.	Bristol Hospice	N/A	0	0	0	0	0
24.	Other - Nonreimbursable Services	N/A	0	0	0	0	0
	SUBTOTAL (LINES 19 THROUGH 24)		0	0	0	0	0
	GRAND TOTAL		0	0	0	0	0
	TOTAL STATISTICS		0	0	0	0	0
	COST TO BE ALLOCATED (FROM SCHEDULE 8)		$0	$0	$0	$0	$0
	UNIT COST MULTIPLIER		0.000000	0.000000	0.000000	0.000000	0.000000

STATE OF CALIFORNIA

SCHEDULE 6-1

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN
COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	(Statistics)	(Statistics)	(Statistics)
			(Adj.)	(Adj.)	(Adj.)
1.	Heritage Bennion Care Center	N/A	0	0	0
2.	Heritage Care Center	N/A	0	0	0
3.	Pioneer Care Center	N/A	0	0	0
4.	Richfield Care Center	N/A	0	0	0
5.	Willow Wood Care Center	N/A	0	0	0
6.	Woodland Park Care Center	N/A	0	0	0
7.	Avalon Care Center - Bountiful	N/A	0	0	0
8.	North Canyon Care Center	N/A	0	0	0
9.	Utah State Veterans Home	N/A	0	0	0
9.01	Willow Glen Health & Rehab	N/A	0	0	0
9.02	Heritage Hills Rehabilitation	N/A	0	0	0
9.03	Canyon Rim Care Center	N/A	0	0	0
10.	Avalon Valley Health Care Center	N/A	0	0	0
11.	Avalon Care Center Shadow Mountain	N/A	0	0	0
12.	Chandler Health Care Center	N/A	0	0	0
13.	La Colina Health Care	N/A	0	0	0
14.	Avalon Health & Rehab - Tucson	N/A	0	0	0
15.	Westgate Manor Convalescent Hospital	ZZR05191H	0	0	0
16.	Franciscan Convalescent Hospital	ZZR05979H	0	0	0
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	0	0	0
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	0	0	0
17.03	Modesto Convalescent Hospital	ZZR05869H	0	0	0
17.04	San Luis Convalescent Hospital	ZZR05839H	0	0	0
17.05	Mark Twain Convalescent Hospital	ZZR06132I	0	0	0
17.06	Chowchilla Convalescent Center	ZZR05047L	0	0	0
17.07	Avalon Care Center - Sonora	LTC55736G	0	0	0
17.08	Healdsburg Senior Living	LTC55820F	0	0	0
17.09	Avalon Care Center - Honolulu	N/A	0	0	0
17.10	Hale Nani Rehabilitation and Nursing	N/A	0	0	0
17.11	Yukio Okutsu Veterans Home	N/A	0	0	0
17.12	Avalon Health and Rehab Center - Pasco	N/A	0	0	0
17.13	Willapa Harbor Care Center	N/A	0	0	0
17.14	Benson Heights Rehabilitation Center	N/A	0	0	0
17.15	Grays Harbor Health and Rehab Center	N/A	0	0	0
17.16	Avalon Care Center - Othello	N/A	0	0	0
17.16	Avalon Health and Rehab Center - Federal Way	N/A	0	0	0
17.17	Avalon Care Center at Northpoint	N/A	0	0	0
17.18	Avalon Care Center - Pullman	N/A	0	0	0
	SUBTOTAL (LINES 1 THROUGH 17.18)		0	0	0
	OTHER COMPONENTS				
19.	Bristol Hospice - Merced	N/A	0	0	0
20.	Bristol Hospice - Hawaii	N/A	0	0	0
21.	Bristol Hospice - Utah	N/A	0	0	0
22.	Bristol Hospice - Sacramento	N/A	0	0	0
23.	Bristol Hospice	N/A	0	0	0
24.	Other - Nonreimbursable Services	N/A	0	0	0
	SUBTOTAL (LINES 19 THROUGH 24)		0	0	0
	GRAND TOTAL		0	0	0

STATE OF CALIFORNIA

SCHEDULE 6-1

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN
COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	(Statistics)	(Statistics)	(Statistics)
		(Adj.)	(Adj.)	(Adj.)
TOTAL STATISTICS		0	0	0
COST TO BE ALLOCATED (FROM SCHEDULE 8)		$0	$0	$0
UNIT COST MULTIPLIER		0.000000	0.000000	0.000000

STATE OF CALIFORNIA

SCHEDULE 7

DIRECT ALLOCATION OF CAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL (SCH. E)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	AUDITED TOTAL
1. Heritage Bennion Care Center	N/A	$0	$0	$0	$0	$0	$0	$0
2. Heritage Care Center	N/A	0	0	0	0	0	0	0
3. Pioneer Care Center	N/A	0	0	0	0	0	0	0
4. Richfield Care Center	N/A	0	0	0	0	0	0	0
5. Willow Wood Care Center	N/A	0	0	0	0	0	0	0
6. Woodland Park Care Center	N/A	0	0	0	0	0	0	0
7. Avalon Care Center - Bountiful	N/A	0	0	0	0	0	0	0
8. North Canyon Care Center	N/A	0	0	0	0	0	0	0
9. Utah State Veterans Home	N/A	0	0	0	0	0	0	0
9.01 Willow Glen Health & Rehab	N/A	0	0	0	0	0	0	0
9.02 Heritage Hills Rehabilitation	N/A	0	0	0	0	0	0	0
9.03 Canyon Rim Care Center	N/A	0	0	0	0	0	0	0
10. Avalon Valley Health Care Center	N/A	0	0	0	0	0	0	0
11. Avalon Care Center Shadow Mountain	N/A	0	0	0	0	0	0	0
12. Chandler Health Care Center	N/A	0	0	0	0	0	0	0
13. La Colina Health Care	N/A	0	0	0	0	0	0	0
14. Avalon Health & Rehab - Tucson	N/A	0	0	0	0	0	0	0
15. Westgate Manor Convalescent Hospital	ZZR05191H	0	0	0	0	0	0	0
16. Franciscan Convalescent Hospital	ZZR05979H	0	0	0	0	0	0	0
17 Hy-Lond Convalescent Hospital - Merced	ZZR05988G	0	0	0	0	0	0	0
17.01 Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	0	0	0	0	0	0	0
17.02 Modesto Convalescent Hospital	ZZR05869H	0	0	0	0	0	0	0
17.03 San Luis Convalescent Hospital	ZZR05839H	0	0	0	0	0	0	0
17.04 Mark Twain Convalescent Hospital	ZZR06132I	0	0	0	0	0	0	0
17.05 Chowchilla Convalescent Center	ZZR05047L	0	0	0	0	0	0	0
17.06 Avalon Care Center - Sonora	LTC55736G	0	0	0	0	0	0	0
17.07 Healdsburg Senior Living	LTC55820F	0	0	0	0	0	0	0
17.08 Avalon Care Center - Honolulu	N/A	0	0	0	0	0	0	0
17.09 Hale Nani Rehabilitation and Nursing	N/A	0	0	0	0	0	0	0
17.1 Yukio Okutsu Veterans Home	N/A	0	0	0	0	0	0	0
17.11 Avalon Health and Rehab Center - Pasco	N/A	0	0	0	0	0	0	0
17.12 Willapa Harbor Care Center	N/A	0	0	0	0	0	0	0
17.13 Benson Heights Rehabilitation Center	N/A	0	0	0	0	0	0	0
17.14 Grays Harbor Health and Rehab Center	N/A	0	0	0	0	0	0	0
17.15 Avalon Care Center - Othello	N/A	0	0	0	0	0	0	0
17.16 Avalon Health and Rehab Center - Federal Way	N/A	0	0	0	0	0	0	0
17.17 Avalon Care Center at Northpoint	N/A	0	0	0	0	0	0	0
17.18 Avalon Care Center - Pullman	N/A	0	0	0	0	0	0	0
SUBTOTAL (LINES 1 THROUGH 17.18)		$0	$0	$0	$0	$0	$0	$0
OTHER COMPONENTS								
19. Bristol Hospice - Merced	N/A	$0	$0	$0	$0	$0	$0	$0
20. Bristol Hospice - Hawaii	N/A	0	0	0	0	0	0	0
21. Bristol Hospice - Utah	N/A	0	0	0	0	0	0	0
22. Bristol Hospice - Sacramento	N/A	0	0	0	0	0	0	0
23. Bristol Hospice	N/A	0	0	0	0	0	0	0
24. Other - Nonreimbursable Services	N/A	0	0	0	0	0	0	0
SUBTOTAL (LINES 19 THROUGH 24)		$0	$0	$0	$0	$0	$0	$0

DIRECT ALLOCATION OF CAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL (SCH. E)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	AUDITED TOTAL
GRAND TOTAL		$0	$0	$0	$0	$0	$0	$0

(To Schedule 3)

STATE OF CALIFORNIA

SCHEDULE 7-1

DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL (SCH. E-1)	Admin - Insurance Losses (Adj. 18)	Health Insurance Premiums (Adj. 19)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	AUDITED TOTAL
1.	Heritage Bennion Care Center	N/A	$0	$0	$0	$0	$0	$0	$0	$0
2.	Heritage Care Center	N/A	0	0	0	0	0	0	0	0
3.	Pioneer Care Center	N/A	0	0	0	0	0	0	0	0
4.	Richfield Care Center	N/A	0	0	0	0	0	0	0	0
5.	Willow Wood Care Center	N/A	0	0	0	0	0	0	0	0
6.	Woodland Park Care Center	N/A	0	0	0	0	0	0	0	0
7.	Avalon Care Center - Bountiful	N/A	0	0	0	0	0	0	0	0
8.	North Canyon Care Center	N/A	0	0	0	0	0	0	0	0
9.	Utah State Veterans Home	N/A	0	0	0	0	0	0	0	0
9.01	Willow Glen Health & Rehab	N/A	0	0	0	0	0	0	0	0
9.02	Heritage Hills Rehabilitation	N/A	0	0	0	0	0	0	0	0
9.03	Canyon Rim Care Center	N/A	0	0	0	0	0	0	0	0
10.	Avalon Valley Health Care Center	N/A	0	0	0	0	0	0	0	0
11.	Avalon Care Center Shadow Mountain	N/A	0	0	0	0	0	0	0	0
12.	Chandler Health Care Center	N/A	0	0	0	0	0	0	0	0
13.	La Colina Health Care	N/A	0	0	0	0	0	0	0	0
14.	Avalon Health & Rehab - Tucson	N/A	0	0	0	0	0	0	0	0
15.	Westgate Manor Convalescent Hospital	ZZR05191H	0	100,000	0	0	0	0	0	100,000
16.	Franciscan Convalescent Hospital	ZZR05979H	0	100,000	5,747	0	0	0	0	105,747
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	0	100,000	46,666	0	0	0	0	146,666
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	0	100,000	0	0	0	0	0	100,000
17.02	Modesto Convalescent Hospital	ZZR05869H	0	100,000	0	0	0	0	0	100,000
17.03	San Luis Convalescent Hospital	ZZR05839H	0	100,000	0	0	0	0	0	100,000
17.04	Mark Twain Convalescent Hospital	ZZR06132I	0	100,000	27,211	0	0	0	0	127,211
17.05	Chowchilla Convalescent Center	ZZR05047L	0	100,000	20,225	0	0	0	0	120,225
17.06	Avalon Care Center - Sonora	LTC55736G	0	100,000	8,102	0	0	0	0	108,102
17.07	Healdsburg Senior Living	LTC55820F	0	8,234	6,385	0	0	0	0	14,619
17.08	Avalon Care Center - Honolulu	N/A	0	0	0	0	0	0	0	0
17.09	Hale Nani Rehabilitation and Nursing	N/A	0	0	0	0	0	0	0	0
17.1	Yukio Okutsu Veterans Home	N/A	0	0	0	0	0	0	0	0
17.11	Avalon Health and Rehab Center - Pasco	N/A	0	0	0	0	0	0	0	0
17.12	Willapa Harbor Care Center	N/A	0	0	0	0	0	0	0	0
17.13	Benson Heights Rehabilitation Center	N/A	0	0	0	0	0	0	0	0
17.14	Grays Harbor Health and Rehab Center	N/A	0	0	0	0	0	0	0	0
17.15	Avalon Care Center - Othello	N/A	0	0	0	0	0	0	0	0
17.16	Avalon Health and Rehab Center - Federal Way	N/A	0	0	0	0	0	0	0	0
17.17	Avalon Care Center at Northpoint	N/A	0	0	0	0	0	0	0	0
17.18	Avalon Care Center - Pullman	N/A	0	0	0	0	0	0	0	0
										0
	SUBTOTAL (LINES 1 THROUGH 17.18)		$0	$908,234	$114,336	$0	$0	$0	$0	$1,022,570
	OTHER COMPONENTS									
19.	Bristol Hospice - Merced	N/A	$0	$20,806	$14,343	$0	$0	$0	$0	$35,149
20.	Bristol Hospice - Hawaii	N/A	0	0	0	0	0	0	0	0
21.	Bristol Hospice - Utah	N/A	0	0	0	0	0	0	0	0
22.	Bristol Hospice - Sacramento	N/A	0	9,268	4,132	0	0	0	0	13,400
23.	Bristol Hospice	N/A	0	0	0	0	0	0	0	0
24.	Other - Nonreimbursable Services	N/A	0	0	0	0	0	0	0	0
	SUBTOTAL (LINES 19 THROUGH 24)		$0	$30,074	$18,475	$0	$0	$0	$0	$48,549

STATE OF CALIFORNIA

SCHEDULE 7-1

DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

HEALTH CARE FACILITIES	MEDI-CAL NUMBER	REPORTED TOTAL (SCH. E-1)	Admin - Insurance Losses (Adj. 18)	Health Insurance Premiums (Adj. 19)	(Adj.)	(Adj.)	(Adj.)	(Adj.)	AUDITED TOTAL
GRAND TOTAL		$0	$938,308	$132,811	$0	$0	$0	$0	$1,071,119

(To Schedule 3-1)

STATE OF CALIFORNIA

SCHEDULE 8

TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

LINE NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS (SCH. B, COL 7)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED FUNCTIONAL COSTS
	CAPITAL-RELATED COSTS - OLD				
1.00	Old Cap. Related-Buildings & Fixtures	$0		$0	$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	$0		$0	$0
	CAPITAL-RELATED COSTS - NEW				
4.00	New Cap. Related-Buildings & Fixtures	$0		$0	$0
4.01	Int. Exp. - New Cap. Bldg & Fixtures	0		0	0
5.00	New Cap. Related-Movable Equipment	0		0	0
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	$0		$0	$0
	OTHER CAPITAL-RELATED COSTS				
7.00	Insurance Premiums	$0		$0	$0
8.00	Taxes and Licenses - Other	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	$0		$0	$0
	NON CAPITAL-RELATED COSTS				
12.00	Salaries & Wages of Others	$0		$0	$0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits - Payroll Related	0		0	0
15.00	Employee Benefits - Nonpayroll Related	0		0	0
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	0		0	0
18.00	Auditing & Accounting Fees	0		0	0
19.00	Utilities	0		0	0
20.00	Communications	0		0	0
21.00	Travel & Entertainment	0		0	0
23.00	Cleaning Office & Admin Supplies	0		0	0
23.01	Postage	0		0	0
23.02	Printing	0		0	0
24.00	Minor Equipment Expensed	0		0	0
25.00	Repairs & Maintenance	0		0	0
26.00	Dues & Subscriptions	0		0	0
28.00	Insurance Prems - Non-Capital Related	0	20	1,151,622	1,151,622
28.01	Insurance Paid Claims - Non-Capital Related	0		0	0
29.00	Taxes & Licenses - Non-Capital Related	0		0	0
30.00	Interest Expense	0		0	0
33.00	Contracted Services	0		0	0
35.01	Training & Education	0		0	0
35.02	Recruiting	0		0	0
35.03	Bank Charges	0		0	0
35.04	Arizona Regional Costs	371,059	2	12,776	383,835
35.05	California Regional Costs	1,898,968	17, 22, 23, 25-29	(1,126,157)	772,811
35.06	Hawaii Regional Costs	329,156	2	28,935	358,091
35.07	Washington Regional Costs	1,186,264	2	19,793	1,206,057
35.08	Utah Regional Costs	822,560	2, 5	220,030	1,042,590
35.09	Bristol Hospice	1,014,966	5, 22	50,635	1,065,601
35.10	CA Regional Costs - Nursing	0	26	549,425	549,425
35.11	CA Regional Costs - Dietary	0	26	170,448	170,448
35.12	CA Regional Costs - Plant Ops and Maint	0	26	32,680	32,680
35.13	CA Regional Costs - Caregiver Training	0	25	525,487	525,487
36.00	SUBTOTAL (sum of lines 11 through 35.13)	$5,622,973		$1,635,674	$7,258,647
37.00	TOTAL ALLOWABLE EXPENSES	$5,622,973		$1,635,674	$7,258,647
					(To Sch. 6, 6-1)
38.00	NONREIMBURSABLE EXPENSES	$0		$0	$0

STATE OF CALIFORNIA

SCHEDULE 8

TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

LINE NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS (SCH. B, COL 7)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED FUNCTIONAL COSTS
	CAPITAL-RELATED COSTS - OLD				
	TOTAL EXPENSES	$5,622,973		$1,635,674	$7,258,647

STATE OF CALIFORNIA

SCHEDULE 9

REPORTED HOME OFFICE COSTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT ALLOCATION		FUNCTIONAL ALLOCATION		POOLED ALLOCATION		TOTAL ALLOCATION HOME OFFICE COSTS
			FROM	TO	CAPITAL RELATED COSTS (SCH. E)	NON-CAPITAL RELATED COSTS (SCH. E-1)	CAPITAL RELATED COSTS (SCH. F)	NON-CAPITAL RELATED COSTS (SCH. F-1)	CAPITAL RELATED COSTS (SCH. G)	NON-CAPITAL RELATED COSTS (SCH. G)	
1.	Heritage Bennion Care Center	N/A	01/01/08	12/31/08	$0	$0	$0	$80,261	$9,503	$271,956	$361,720
2.	Heritage Care Center	N/A	01/01/08	12/31/08	0	0	0	63,524	7,934	227,054	298,512
3.	Pioneer Care Center	N/A	01/01/08	12/31/08	0	0	0	40,334	5,221	149,389	194,944
4.	Richfield Care Center	N/A	01/01/08	12/31/08	0	0	0	50,171	6,149	175,958	232,278
5.	Willow Wood Care Center	N/A	01/01/08	12/31/08	0	0	0	51,427	6,326	181,042	238,795
6.	Woodland Park Care Center	N/A	01/01/08	12/31/08	0	0	0	174,700	14,697	420,622	610,019
7.	Avalon Care Center - Bountiful	N/A	01/01/08	12/31/08	0	0	0	73,464	6,611	189,206	269,281
8.	North Canyon Care Center	N/A	01/01/08	12/31/08	0	0	0	64,165	6,088	174,206	244,459
9	Utah State Veterans Home	N/A	11/01/08	12/31/08	0	0	0	9,942	1,341	38,408	49,691
9.01	Willow Glen Health & Rehab	N/A	12/01/08	12/31/08	0	0	0	3,589	433	12,399	16,421
9.02	Heritage Hills Rehabilitation	N/A	01/01/08	12/31/08	0	0	0	37,233	4,831	138,263	180,327
9.03	Canyon Rim Care Center	N/A	01/01/08	12/31/08	0	0	0	58,592	6,885	197,036	262,513
10.	Avalon Valley Health Care Center	N/A	01/01/08	12/31/08	0	0	0	115,158	12,798	366,247	494,203
11.	Avalon Care Center Shadow Mountain	N/A	01/01/08	12/31/08	0	0	0	75,286	9,737	278,657	363,680
12.	Chandler Health Care Center	N/A	01/01/08	12/31/08	0	0	0	101,612	11,238	321,617	434,467
13.	La Colina Health Care	N/A	01/01/08	12/31/08	0	0	0	131,949	18,972	542,945	693,866
14.	Avalon Health & Rehab - Tucson	N/A	01/01/08	12/31/08	0	0	0	62,212	2,672	76,501	141,385
15.	Westgate Manor Convalescent Hospital	ZZR05191H	01/01/08	12/31/08	0	0	0	126,318	5,960	170,557	302,835
16.	Franciscan Convalescent Hospital	ZZR05979H	01/01/08	12/31/08	0	0	0	133,298	6,699	191,707	331,704
17	Hy-Lond Convalescent Hospital - Merced	ZZR05988G	01/01/08	12/31/08	0	0	0	276,429	11,706	334,982	623,117
17.01	Hy-Lond Convalescent Hospital - Modesto	ZZR06301I	01/01/08	12/31/08	0	0	0	273,289	11,509	329,356	614,154
17.02	Modesto Convalescent Hospital	ZZR05869H	01/01/08	12/31/08	0	0	0	130,286	6,422	183,805	320,513
17.03	San Luis Convalescent Hospital	ZZR05839H	01/01/08	12/31/08	0	0	0	137,264	6,514	186,397	330,175
17.04	Mark Twain Convalescent Hospital	ZZR06132I	01/01/08	12/31/08	0	0	0	220,179	9,210	263,593	492,982
17.05	Chowchilla Convalescent Center	ZZR05047L	01/01/08	12/31/08	0	0	0	131,389	6,086	174,169	311,644
17.06	Avalon Care Center - Sonora	LTC55736G	01/01/08	12/31/08	0	0	0	282,210	11,708	335,055	628,973
17.07	Healdsburg Senior Living	LTC55820F	01/01/08	12/31/08	0	0	0	188,306	7,559	216,308	412,173
17.08	Avalon Care Center - Honolulu	N/A	01/01/08	12/31/08	0	0	0	80,310	10,593	303,167	394,070
17.09	Hale Nani Rehabilitation and Nursing	N/A	01/01/08	12/31/08	0	0	0	215,746	28,365	811,786	1,055,897
17.10	Yukio Okutsu Veterans Home	N/A	01/01/08	12/31/08	0	0	0	33,100	2,657	76,067	111,824
17.11	Avalon Health and Rehab Center - Pasco	N/A	01/01/08	12/31/08	0	0	0	182,775	9,822	281,095	473,692
17.12	Willapa Harbor Care Center	N/A	01/01/08	12/31/08	0	0	0	102,216	4,644	132,889	239,749
17.13	Benson Heights Rehabilitation Center	N/A	01/01/08	12/31/08	0	0	0	114,492	6,643	190,127	311,262
17.14	Grays Harbor Health and Rehab Center	N/A	01/01/08	12/31/08	0	0	0	174,836	9,088	260,089	444,013
17.15	Avalon Care Center - Othello	N/A	01/01/08	12/31/08	0	0	0	57,618	2,924	83,671	144,213
17.16	Avalon Health and Rehab Center - Federal Way	N/A	01/01/08	12/31/08	0	0	0	259,083	11,331	324,290	594,704
17.17	Avalon Care Center at Northpoint	N/A	01/01/08	12/31/08	0	0	0	234,500	11,647	333,339	579,486
17.18	Avalon Care Center - Pullman	N/A	01/01/08	12/31/08	0	0	0	60,744	3,037	86,922	150,703
	SUBTOTAL (LINES 1 THROUGH 17.18)				$0	$0	$0	$4,608,007	$315,560	$9,030,877	$13,954,444
	OTHER COMPONENTS										
19.	Bristol Hospice - Merced	N/A	01/01/08	12/31/08	$0	$0	$0	$311,753	$2,452	$70,166	$384,371
20.	Bristol Hospice - Hawaii	N/A	01/01/08	12/31/08	0	0	0	323,127	2,540	72,725	398,392
21.	Bristol Hospice - Utah	N/A	01/01/08	12/31/08	0	0	0	290,284	2,283	65,334	357,901
22.	Bristol Hospice - Sacramento	N/A	01/01/08	12/31/08	0	0	0	89,802	706	20,212	110,720
23.	Bristol Hospice	N/A	01/01/08	12/31/08	0	0	0	0	0	0	0

STATE OF CALIFORNIA

SCHEDULE 9

REPORTED HOME OFFICE COSTS

HOME OFFICE NAME:
AVALON HEALTH CARE MANAGEMENT, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2008

	HEALTH CARE FACILITIES	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT ALLOCATION		FUNCTIONAL ALLOCATION		POOLED ALLOCATION		TOTAL ALLOCATION HOME OFFICE COSTS
			FROM	TO	CAPITAL RELATED COSTS (SCH. E)	NON-CAPITAL RELATED COSTS (SCH. E-1)	CAPITAL RELATED COSTS (SCH. F)	NON-CAPITAL RELATED COSTS (SCH. F-1)	CAPITAL RELATED COSTS (SCH. G)	NON-CAPITAL RELATED COSTS (SCH. G)	
24.	Other - Nonreimbursable Services	N/A	01/01/08	12/31/08	0	0	0	0	0	0	0
	SUBTOTAL (LINES 19 THROUGH 24)				$0	$0	$0	$1,014,966	$7,981	$228,437	$1,251,384
	GRAND TOTAL				$0	$0	$0	$5,622,973	$323,541	$9,259,314	$15,205,828

(To Sch. 2, Col. 1)

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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	8	B			33.00	8	Pooled Cost - Contracted Services	$625,120	($7,000)	$618,120 *
	8	B			38.00	8	Pooled Cost - Nonreimbursable	0	7,000	7,000 *
							To reclassify purchased services expense to a nonreimbursable cost center due to insufficient documentation and not related to patient care.			
							42 CFR 405.2468(a), 413.9(b)(2), 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2102.3, 2150.3A, 2154.1, 2300 and 2304			
2	8	B			17.00	8	Pooled Cost - Legal Fees	$292,321	($162,624)	$129,697 *
	8	B			35.04	7	Functional Cost - Arizona Regional Costs	371,059	12,776	383,835
	8	B			35.06	7	Functional Cost - Hawaii Regional Costs	329,156	28,935	358,091
	8	B			35.07	7	Functional Cost - Washington Regional Costs	1,186,264	19,793	1,206,057
	8	B			35.08	7	Functional Cost - Utah Regional Costs	822,560	101,120	923,680 *
							To reclassify legal expenses that are identifiable to specific regions.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2150.3, 2300, 2304 and 2328			
3	8	B			17.00	8	Pooled Cost - Legal Fees *	$129,697	($29,871)	$99,826 *
	8	B			38.00	8	Pooled Cost - Nonreimbursable *	7,000	29,871	36,871 *
							To reclassify legal expenses not related to patient care.			
							42 CFR 413.9, 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2102.1, 2105.1, 2180.1, 2300, 2304 and 2328			
4	8	B			12.00	8	Pooled Cost - Salaries and Wages of Others	$5,474,041	($648,439)	$4,825,602 *
	8	B			13.00	8	Pooled Cost - Payroll Taxes	354,454	(41,988)	312,466 *
	8	B			14.00	8	Pooled Cost - Employee Benefits - Payroll Related	589,634	(26,185)	563,449 *
	8	B			15.00	8	Pooled Cost - Employee Benefits - Non-Payroll Related	32,757	(3,880)	28,877 *
	8	B			16.00	8	Pooled Cost - Profit Sharing / Pension Plans	23,791	(5,004)	18,787 *
	8	B			38.00	8	Pooled Cost - Nonreimbursable *	36,871	725,496	762,367
							To reclassify management salaries and benefits associated with investments, acquisitions and mergers to a nonreimbursable cost center.			
							42 CFR 413.9, 413.20 and 413.24			
							CMS Pub. 15-1, Sections 104.10, 2102.1, 2139, 2150.3, 2180 and 2328			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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					
5	8	B			12.00	8	Pooled Cost - Salaries and Wages of Others	*	$4,825,602	($139,088)	$4,686,514	*
	8	B			13.00	8	Pooled Cost - Payroll Taxes	*	312,466	(9,006)	303,460	
	8	B			14.00	8	Pooled Cost - Employee Benefits - Payroll Related	*	563,449	(14,982)	548,467	*
	8	B			15.00	8	Pooled Cost - Employee Benefits - Non-Payroll Related	*	28,877	(832)	28,045	
	8	B			16.00	8	Pooled Cost - Profit Sharing / Pension Plans	*	18,787	(604)	18,183	
	8	B			35.08	7	Functional Cost - Utah Regional Costs	*	923,680	118,910	1,042,590	
	8	B			35.09	7	Functional Cost - Bristol Hospice		1,014,966	45,602	1,060,568	*
							To reclassify salaries and related benefits to the appropriate regions for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3, 2300 and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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				
	8	B			33.00	8	Pooled Cost - Contracted Services	*	$618,120		
6							To eliminate unreasonable and nonallowable fees paid to board of directors which are not related to patient care. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Sections 2102.1, 2102.3 and 2103			($33,228)	
7							To adjust reported purchased services expense to agree with the general ledger detail. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(13,843)	
8							To eliminate purchased services expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(39,122) ($86,193)	$531,927
	8	B			35.01	8	Pooled Cost - Training and Education		$83,419		
9							To eliminate "No Show" lodging expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2103			($1,466)	
10							To eliminate lodging expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(673) ($2,139)	$81,280
11	8	B			17.00	8	Pooled Cost - Legal Fees To eliminate legal fees due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	$99,826	($1,532)	$98,294

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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				
12	8	B			12.00	8	Pooled Cost - Salaries and Wages of Others	*	$4,686,514	$16,524	$4,703,038
							To reverse the provider's elimination of marketing expenses associated with overhead as a nonreimbursable cost center has been established.				
							42 CFR 413.9, 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2102.1, 2136, 2150, 2306 and 2328				
	8	B			21.00	8	Pooled Cost - Travel and Entertainment		$719,324		
13							To eliminate travel expense due to insufficient documentation.			($281,284)	
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2300 and 2304				
14							To eliminate meeting expense due to insufficient documentation.			(16,656)	
							42 CFR 413.20 and 413.24			($297,940)	$421,384
							CMS Pub. 15-1, Sections 2300 and 2304				
15	8	B			28.01	6	Direct Cost - Insurance Paid Claims - Non-Capital Related		$0	$938,308	$938,308
							To include health, liability and workers' compensation insurance paid claims to the benefiting cost center.				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304				
							W and I Code, Section 14126.023				
16	8	B			28.00	8	Direct Cost - Health Insurance Premiums		$0	$132,811	$132,811
							To directly assign health insurance premiums for proper cost determination.				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304				
17	8	B			14.00	8	Pooled Cost - Employee Benefits - Payroll Related	*	$548,467	$100,000	$648,467 *
	8	B			35.05	7	Functional Cost - California Regional Costs		1,898,968	7,133	1,906,101 *
							To include health insurance paid claims for proper allocation of cost.				
							42 CFR 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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			
18	7-1	Not Reported					Direct Cost - Westgate Manor Convalescent	$0	$100,000	$100,000
	7-1	Not Reported					Direct Cost - Franciscan Convalescent Hospital	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Hy-Lond Convalescent Hospital - Merced	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Hy-Lond Convalescent Hospital - Modesto	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Modesto Convalescent Hospital	0	100,000	100,000
	7-1	Not Reported					Direct Cost - San Luis Convalescent Hospital	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Mark Twain Convalescent Hospital	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Chowchilla Convalescent Center	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Avalon Care Center - Sonora	0	100,000	100,000
	7-1	Not Reported					Direct Cost - Healdsburg Senior Living	0	8,234	8,234
	7-1	Not Reported					Direct Cost - Bristol Hospice - Merced	0	20,806	20,806
	7-1	Not Reported					Direct Cost - Bristol Hospice - Sacramento	0	9,268	9,268
							To include self insurance paid claims for direct assignment of costs to chain components in conjunction with adjustment 15. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304 W and I Code, Section 14126.023			
19	7-1	Not Reported					Direct Cost - Franciscan Convalescent Hospital	$0	$5,747	$5,747
	7-1	Not Reported					Direct Cost - Hy-Lond Canvalescent Hospital - Merced	0	46,666	46,666
	7-1	Not Reported					Direct Cost - Mark Twain Convalescent Hospital	0	27,211	27,211
	7-1	Not Reported					Direct Cost - Chowchilla Convalescent Center	0	20,225	20,225
	7-1	Not Reported					Direct Cost - Avalon Care Center - Sonora	0	8,102	8,102
	7-1	Not Reported					Direct Cost - Healdsburg Senior Living Center	0	6,385	6,385
	7-1	Not Reported					Direct Cost - Bristol Hospice Merced	0	14,343	14,343
	7-1	Not Reported					Direct Cost - Bristol Hospice Sacramento	0	4,132	4,132
							To include Kaiser insurance premiums as a direct assignment of costs. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2162.5, 2162.7, 2162.8, 2300 and 2304			
20	8	B			28.00	7	Functional Cost - Insurance Premium - Non-Capital Related	$0	$1,151,622	$1,151,622
							To include liability insurance premium costs for functional allocation as a pass through cost. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3, 2162.5, 2300 and 2304			

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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					
21	8	B			14.00	8	Pooled Cost - Employee Benefits - Payroll Related	*	$648,467	($109,970)	$538,497	*
							To eliminate workers' compensation expense due to insufficient documentation.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					
22	8	B			35.05	7	Functional Cost - California Regional Costs	*	$1,906,101	$300,438	$2,206,539	*
	8	B			35.09	7	Functional Cost - Bristol Hospice	*	1,060,568	5,033	1,065,601	
							To include workers' compensation premium costs for functional allocation.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2150.3, 2162.5, 2300 and 2304					
23	8	B			14.00	8	Pooled Cost - Employee Benefits - Payroll Related	*	$538,497	($420,462)	$118,035	
	8	B			35.05	7	Functional Cost - California Regional Costs	*	2,206,539	(83,413)	2,123,126	*
							To reconcile reported health insurance cost to provider's records.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					
24	8	B			4.01	8	Pooled Cost - Interest Expense - New Capital Building and Fixtures		$41,809	($35,583)	$6,226	
							To eliminate interest expense due to insufficient documentation.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					
25	8	B			35.05	7	Functional Cost - California Regional Costs	*	$2,123,126	($525,487)	$1,597,639	*
	8	Not Reported			35.13	7	Functional Cost - CA Regional Costs - Caregiver Training		0	525,487	525,487	
							To carve out the caregiver training costs to allocate to chain components based on cost category.					
							42 CFR 413.20 and 413.24					
							CMS Pub. 15-1, Sections 2300 and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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				
26	8	B			35.05	7	Functional Cost - California Regional Cost	*	$1,597,639	($752,553)	$845,086 *
	8	Not Reported			35.10	7	Functional Cost - CA Regional Cost - Nursing		0	549,425	549,425
	8	Not Reported			35.11	7	Functional Cost - CA Regional Cost - Dietary		0	170,448	170,448
	8	Not Reported			35.12	7	Functional Cost - CA Regional Cost - Plant Operations and Maintenance		0	32,680	32,680
							To carve out regional cost to allocate to chain components based on cost category. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3, 2300 and 2304				
	8	B			35.05	7	Functional Cost - California Regional Cost	*	$845,086		
27							To eliminate prior year legal fees for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			($39,208)	
28							To eliminate California Regional travel expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(31,393)	
29							To eliminate California Regional insurance cost due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(1,674) ($72,275)	$772,811
30	8	B			18.00	8	Pooled Cost - Auditing and Accounting Fees To eliminate tax planning expense not related to patient care and due to insufficient documentation. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2122.2, 2300 and 2304		$343,620	($42,620)	$301,000

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS			
31	4	G	I		1.00	1	Health Care Facilities (Total Cost)	240,201,784	(251,558)	239,950,226
	4	G	I		2.00	1	Other Components	6,075,991	3,002,076	9,078,067 *
	4	G	I		4.00	1	Total - Total Cost	246,277,775	2,750,518	249,028,293 *
							To adjust provider's cost statistics to agree with the trial balance.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			
32	4	G	II		1.00	1	Heritage Bennion Care Center (Patient Days)	34,602	(34,602)	0 *
	4	G	II		2.00	1	Heritage Care Center	28,889	(28,889)	0 *
	4	G	II		3.00	1	Pioneer Care Center	19,008	(19,008)	0 *
	4	G	II		4.00	1	Richfield Care Center	22,388	(22,388)	0 *
	4	G	II		5.00	1	Willow Wood Care Center	23,035	(23,035)	0 *
	4	G	II		6.00	1	Woodland Park Care Center	53,518	(53,518)	0 *
	4	G	II		7.00	1	Avalon Care Center - Bountiful	24,074	(24,074)	0 *
	4	G	II		8.00	1	North Canyon Care Center	22,165	(22,165)	0 *
	4	G	II		9.00	1	Utah State Veterans Home	4,887	(4,887)	0 *
	4	G	II		9.01	1	Willow Glen Health and Rehabilitation	1,578	(1,578)	0 *
	4	G	II		9.02	1	Heritage Hills Rehabilitation	17,592	(17,592)	0 *
	4	G	II		9.03	1	Canyon Rim Care Center	25,070	(25,070)	0 *
	4	G	II		10.00	1	Avalon Valley Health Care Center	46,599	(46,599)	0 *
	4	G	II		11.00	1	Avalon Care Center Shadow Mountain	35,455	(35,455)	0 *
	4	G	II		12.00	1	Chandler Health Care Center	40,921	(40,921)	0 *
	4	G	II		13.00	1	La Colina Health Care	69,082	(69,082)	0 *
	4	G	II		14.00	1	Avalon Health and Rehabilitation - Tucson	9,734	(9,734)	0 *
	4	G	II		15.00	1	Westgate Manor Convalescent Hospital	21,701	(21,701)	0 *
	4	G	II		16.00	1	Franciscan Convalescent Hospital	24,392	(24,392)	0 *
	4	G	II		17.00	1	Hy-Lond Convalescent Hospital - Merced	42,621	(42,621)	0 *
	4	G	II		17.01	1	Hy-Lond Convalescent Hospital - Modesto	41,906	(41,906)	0 *
	4	G	II		17.02	1	Modesto Convalescent Hospital	23,386	(23,386)	0 *
	4	G	II		17.03	1	San Luis Convalescent Hospital	23,716	(23,716)	0 *
	4	G	II		17.04	1	Mark Twain Convalescent Hospital	33,538	(33,538)	0 *
	4	G	II		17.05	1	Chowchilla Convalescent Center	22,160	(22,160)	0 *

-Continued on next page-

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS				
-Continued from previous page-											
	4	G	II		17.06	1	Avalon Care Center - Sonora		42,631	(42,631)	0 *
	4	G	II		17.07	1	Healdsburg Senior Living		27,522	(27,522)	0 *
	4	G	II		17.08	1	Avalon Care Center - Honolulu		38,573	(38,573)	0 *
	4	G	II		17.09	1	Hale Nani Rehabilitation and Nursing		103,290	(103,290)	0 *
	4	G	II		17.10	1	Yukio Okutsu Veterans Home		9,678	(9,678)	0 *
	4	G	II		17.11	1	Avalon Health and Rehabilitation Center - Pasco		35,765	(35,765)	0 *
	4	G	II		17.12	1	Willapa Harbor Care Center		16,908	(16,908)	0 *
	4	G	II		17.13	1	Benson Heights Rehabilitation Center		24,191	(24,191)	0 *
	4	G	II		17.14	1	Grays Harbor Health and Rehabilitation Center		33,092	(33,092)	0 *
	4	G	II		17.15	1	Avalon Care Center - Othello		10,646	(10,646)	0 *
	4	G	II		17.16	1	Avalon Health and Rehabilitation Center - Federal Way		41,261	(41,261)	0 *
	4	G	II		17.17	1	Avalon Care Center at Northpoint		42,413	(42,413)	0 *
	4	G	II		17.18	1	Avalon Care Center - Pullman		11,059	(11,059)	0 *
	4	G	II		18.00	1	Total Statistic - Patient Days		1,149,046	(1,149,046)	0 *
							To eliminate patient days statistics for proper allocation of home office pooled costs. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3 and 2304				
33	4	G	II		1.00	1	Heritage Bennion Care Center (Cost Less Management Fees)	*	0	6,213,142	6,213,142
	4	G	II		2.00	1	Heritage Care Center	*	0	4,917,510	4,917,510
	4	G	II		3.00	1	Pioneer Care Center	*	0	3,883,841	3,883,841
	4	G	II		4.00	1	Richfield Care Center	*	0	3,981,058	3,981,058
	4	G	II		5.00	1	Willow Wood Care Center	*	0	13,524,465	13,524,465
	4	G	II		6.00	1	Woodland Park Care Center	*	0	5,686,922	5,686,922
	4	G	II		7.00	1	Avalon Care Center - Bountiful	*	0	3,122,320	3,122,320
	4	G	II		8.00	1	North Canyon Care Center	*	0	4,967,066	4,967,066
	4	G	II		9.00	1	Utah State Veterans Home	*	0	769,591	769,591
	4	G	II		9.01	1	Willow Glen Health and Rehabilitation	*	0	277,815	277,815
	4	G	II		9.02	1	Heritage Hills Rehabilitation	*	0	2,882,289	2,882,289
	4	G	II		9.03	1	Canyon Rim Care Center	*	0	4,535,697	4,535,697
	4	G	II		10.00	1	Avalon Valley Health Care Center	*	0	8,662,982	8,662,982

-Continued on next page-

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS				
-Continued from previous page-											
	4	G	II		11.00	1	Avalon Care Center Shadow Mountain	*	0	7,243,902	7,243,902
	4	G	II		12.00	1	Chandler Health Care Center	*	0	9,776,944	9,776,944
	4	G	II		13.00	1	La Colina Health Care	*	0	12,694,313	12,694,313
	4	G	II		14.00	1	Avalon Health and Rehabilitation - Tucson	*	0	5,985,970	5,985,970
	4	G	II		15.00	1	Westgate Manor Convalescent Hospital	*	0	3,903,769	3,903,769
	4	G	II		16.00	1	Franciscan Convalescent Hospital	*	0	4,119,484	4,119,484
	4	G	II		17.00	1	Hy-Lond Convalescent Hospital - Merced	*	0	8,542,820	8,542,820
	4	G	II		17.01	1	Hy-Lond Convalescent Hospital - Modesto	*	0	8,445,803	8,445,803
	4	G	II		17.02	1	Modesto Convalescent Hospital	*	0	4,026,397	4,026,397
	4	G	II		17.03	1	San Luis Convalescent Hospital	*	0	4,242,049	4,242,049
	4	G	II		17.04	1	Mark Twain Convalescent Hospital	*	0	6,804,478	6,804,478
	4	G	II		17.05	1	Chowchilla Convalescent Center	*	0	4,060,470	4,060,470
	4	G	II		17.06	1	Avalon Care Center - Sonora	*	0	8,721,713	8,721,713
	4	G	II		17.07	1	Healdsburg Senior Living	*	0	5,819,447	5,819,447
	4	G	II		17.08	1	Avalon Care Center - Honolulu	*	0	9,584,719	9,584,719
	4	G	II		17.09	1	Hale Nani Rehabilitation and Nursing	*	0	25,748,337	25,748,337
	4	G	II		17.10	1	Yukio Okutsu Veterans Home	*	0	3,950,377	3,950,377
	4	G	II		17.11	1	Avalon Health and Rehabilitation Center - Pasco	*	0	6,602,896	6,602,896
	4	G	II		17.12	1	Willapa Harbor Care Center	*	0	3,692,643	3,692,643
	4	G	II		17.13	1	Benson Heights Rehabilitation Center	*	0	4,136,109	4,136,109
	4	G	II		17.14	1	Grays Harbor Health and Rehabilitation Center	*	0	6,316,098	6,316,098
	4	G	II		17.15	1	Avalon Care Center - Othello	*	0	2,081,505	2,081,505
	4	G	II		17.16	1	Avalon Health and Rehabilitation Center - Federal Way	*	0	9,359,319	9,359,319
	4	G	II		17.17	1	Avalon Care Center at Northpoint	*	0	8,471,521	8,471,521
	4	G	II		17.18	1	Avalon Care Center - Pullman	*	0	2,194,445	2,194,445
	4	G	II		18.00	1	Total Statistic - Cost Less Management Fees	*	0	239,950,226	239,950,226
							To include total cost statistics net of management fees in lieu of patient days for proper home office pooled expense allocation. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3 and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS				
34	4	G	II		24.00	1	Other Nonreimbursable Services (Total Costs)		0	3,002,076	3,002,076 *
	4	G	II		28.00	1	Total Other Component		6,075,991	3,002,076	9,078,067 *
							To include nonreimbursable operating cost statistic in other component for proper cost determination. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3 and 2304				
35	4	G	I		2.00	1	Other Components (Total Cost)	*	9,078,067	29,871	9,107,938 *
	4	G	I		4.00	1	Total - Total Cost	*	249,028,293	29,871	249,058,164 *
	4	G	II		24.00	1	Other Nonreimbursable Services	*	3,002,076	29,871	3,031,947 *
	4	G	II		28.00	1	Total Other Component	*	9,078,067	29,871	9,107,938 *
							To include legal expenses in a nonreimbursable cost center for proper cost allocation in conjunction with adjustment 3. 42 CFR 413.9, 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2105.1, 2134.9, 2150.3, 2300, 2304 and 2328				
36	4	G	I		2.00	1	Other Components (Total Cost)	*	9,107,938	806,400	9,914,338 *
	4	G	I		4.00	1	Total - Total Cost	*	249,058,164	806,400	249,864,564 *
	4	G	II		24.00	1	Other Nonreimbursable Services	*	3,031,947	806,400	3,838,347 *
	4	G	II		28.00	1	Total Other Component	*	9,107,938	806,400	9,914,338 *
							To include marketing, public relations and advertising expense in a nonreimbursable cost center for proper cost allocation. 42 CFR 413.9, 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2105.1, 2134.9, 2150.3, 2300, 2304 and 2328				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS				
37	4	G	I		2.00	1	Other Components (Total Cost)	*	9,914,338	725,496	10,639,834 *
	4	G	I		4.00	1	Total - Total Cost	*	249,864,564	725,496	250,590,060 *
	4	G	II		24.00	1	Other Nonreimbursable Services	*	3,838,347	725,496	4,563,843 *
	4	G	II		28.00	1	Total Other Component	*	9,914,338	725,496	10,639,834 *
							To include management salaries and benefits in a nonreimbursable cost center for proper cost allocation in conjunction with adjustment 4. 42 CFR 413.9, 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2105.1, 2134.9, 2150.3, 2300, 2304 and 2328				
38	4	G	I		2.00	1	Other Components (Total Cost)	*	10,639,834	45,602	10,685,436 *
	4	G	I		4.00	1	Total - Total Cost	*	250,590,060	45,602	250,635,662 *
	4	G	II		23.00	1	Bristol Hospice		0	45,602	45,602
	4	G	II		28.00	1	Total Other Component	*	10,639,834	45,602	10,685,436 *
							To include Bristol Hospice salaries and benefits in a nonreimbursable cost center for proper cost allocation in conjunction with adjustment 5. 42 CFR 413.9, 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2105.1, 2134.9, 2150.3, 2300, 2304 and 2328				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS			
39	6-1	Not Reported					Heritage Bennion Care Center (Cost Less Management Fees)	0	6,213,142	6,213,142
	6-1	Not Reported					Heritage Care Center	0	4,917,510	4,917,510
	6-1	Not Reported					Pioneer Care Center	0	3,883,841	3,883,841
	6-1	Not Reported					Richfield Care Center	0	3,981,058	3,981,058
	6-1	Not Reported					Willow Wood Care Center	0	13,524,465	13,524,465
	6-1	Not Reported					Woodland Park Care Center	0	5,686,922	5,686,922
	6-1	Not Reported					Avalon Care Center - Bountiful	0	3,122,320	3,122,320
	6-1	Not Reported					North Canyon Care Center	0	4,967,066	4,967,066
	6-1	Not Reported					Utah State Veterans Home	0	769,591	769,591
	6-1	Not Reported					Willow Glen Health and Rehabilitation	0	277,815	277,815
	6-1	Not Reported					Heritage Hills Rehabilitation	0	2,882,289	2,882,289
	6-1	Not Reported					Canyon Rim Care Center	0	4,535,697	4,535,697
	6-1	Not Reported					Avalon Valley Health Care Center	0	8,662,982	8,662,982
	6-1	Not Reported					Avalon Care Center Shadow Mountain	0	7,243,902	7,243,902
	6-1	Not Reported					Chandler Health Care Center	0	9,776,944	9,776,944
	6-1	Not Reported					La Colina Health Care	0	12,694,313	12,694,313
	6-1	Not Reported					Avalon Health and Rehabilitation - Tucson	0	5,985,970	5,985,970
	6-1	Not Reported					Westgate Manor Convalescent Hospital	0	3,903,769	3,903,769
	6-1	Not Reported					Franciscan Convalescent Hospital	0	4,119,484	4,119,484
	6-1	Not Reported					Hy-Lond Convalescent Hospital - Merced	0	8,542,820	8,542,820
	6-1	Not Reported					Hy-Lond Convalescent Hospital - Modesto	0	8,445,803	8,445,803
	6-1	Not Reported					Modesto Convalescent Hospital	0	4,026,397	4,026,397
	6-1	Not Reported					San Luis Convalescent Hospital	0	4,242,049	4,242,049
	6-1	Not Reported					Mark Twain Convalescent Hospital	0	6,804,478	6,804,478
	6-1	Not Reported					Chowchilla Convalescent Center	0	4,060,470	4,060,470
	6-1	Not Reported					Avalon Care Center - Sonora	0	8,721,713	8,721,713
	6-1	Not Reported					Avalon Care Center - Honolulu	0	9,584,719	9,584,719
	6-1	Not Reported					Hale Nani Rehabilitation and Nursing	0	25,748,337	25,748,337
	6-1	Not Reported					Yukio Okutsu Veterans Home	0	3,950,377	3,950,377
	6-1	Not Reported					Avalon Health and Rehabilitation Center - Pasco	0	6,602,896	6,602,896
	6-1	Not Reported					Willapa Harbor Care Center	0	3,692,643	3,692,643
	6-1	Not Reported					Benson Heights Rehabilitation Center	0	4,136,109	4,136,109
	6-1	Not Reported					Grays Harbor Health and Rehabilitation Center	0	6,316,098	6,316,098

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Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS			
-Continued from previous page-										
	6-1	Not Reported					Avalon Care Center - Othello	0	2,081,505	2,081,505
	6-1	Not Reported					Avalon Health and Rehabilitation Center - Federal Way	0	9,359,319	9,359,319
	6-1	Not Reported					Avalon Care Center at Northpoint	0	8,471,521	8,471,521
	6-1	Not Reported					Avalon Care Center - Pullman	0	2,194,445	2,194,445
	6-1	Not Reported					Bristol Hospice - Merced	0	1,866,279	1,866,279
	6-1	Not Reported					Bristol Hospice - Hawaii	0	1,934,362	1,934,362
	6-1	Not Reported					Bristol Hospice - Utah	0	1,737,761	1,737,761
	6-1	Not Reported					Bristol Hospice - Sacramento	0	537,589	537,589
	6-1	Not Reported					Other - Nonreimbursable Services	0	3,002,076	3,002,076
	6-1	Not Reported					Total Statistic - Cost Less Management Fees	0	243,208,846	243,208,846
							To include cost less management fees statistics to allocate general and professional liability insurance premium costs.			
							42 CFR 413.20, 413.24 and 413.50			
							CMS Pub. 15-1, Sections 2162.5, 2300, 2304 and 2306			

Provider Name	Fiscal Period	Provider Number	Adjustments
AVALON HEALTH CARE MANAGEMENT, INC.	JANUARY 1, 2008 THROUGH DECEMBER 31, 2008	N/A	41

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 STATISTICS				
40	6-1	Not Reported					Westgate Manor Convalescent Hospital (Cost Less Management Fees)		0	3,903,769	3,903,769
	6-1	Not Reported					Franciscan Convalescent Hospital		0	4,119,484	4,119,484
	6-1	Not Reported					Hy-Lond Convalescent Hospital - Merced		0	8,542,820	8,542,820
	6-1	Not Reported					Hy-Lond Convalescent Hospital - Modesto		0	8,445,803	8,445,803
	6-1	Not Reported					Modesto Convalescent Hospital		0	4,026,397	4,026,397
	6-1	Not Reported					San Luis Convalescent Hospital		0	4,242,049	4,242,049
	6-1	Not Reported					Mark Twain Convalescent Hospital		0	6,804,478	6,804,478
	6-1	Not Reported					Chowchilla Convalescent Center		0	4,060,470	4,060,470
	6-1	Not Reported					Avalon Care Center - Sonora		0	8,721,713	8,721,713
	6-1	Not Reported					Healdsburg Senior Living		0	5,819,447	5,819,447
	6-1	Not Reported					Total Statistic - Cost Less Management Fees		0	58,686,430	58,686,430
							To include the cost less management fees statistic in order to allocate cost to chain components.				
							42 CFR 413.17, 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2150.3(c), 2300 and 2304				
41	4	G	I		2.00	1	Other Components (Total Cost)	*	10,685,436	178,305	10,863,741
	4	G	I		4.00	1	Total - Total Cost	*	250,635,662	178,305	250,813,967
	4	G	II		24.00	1	Other Nonreimbursable Services	*	4,563,843	178,305	4,742,148
	4	G	II		28.00	1	Total Other Component	*	10,685,436	178,305	10,863,741
							To include nonreimbursable expenses related to owner in a nonreimbursable cost center.				
							42 CFR 413.9, 413.17, 413.20 and 413.24				
							CMS Pub. 15-1, Sections 2102.1, 2105.1, 2134.9, 2150.3, 2300, 2304 and 2328				

*Balance carried forward from prior/to subsequent adjustments