

STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION

FILED
2016
AGENCY CLERK

2016 JUL -5 A 11: 25

SOUTHERN PINES HEALTHCARE CENTER,

Petitioner,

vs.

STATE OF FLORIDA, AGENCY FOR
HEALTH CARE ADMINISTRATION,

Respondent.

DOAH Case No. 16-2262

Provider No. 262706

AHCA Engagement No. NH09-004L

RENDITION NO.: AHCA- 16 -0505 -S-MDA

FINAL ORDER

THE PARTIES resolved all disputed issues and executed a Settlement Agreement. The parties are directed to comply with the terms of the attached settlement agreement, attached hereto and incorporated herein as **Exhibit "1."** Based on the foregoing, this file is **CLOSED**.

DONE and ORDERED on this the 1 day of July, 2016, in Tallahassee, Florida.



ELIZABETH DUDEK, SECRETARY

A PARTY WHO IS ADVERSELY AFFECTED BY THIS FINAL ORDER IS ENTITLED TO A JUDICIAL REVIEW WHICH SHALL BE INSTITUTED BY FILING ONE COPY OF A NOTICE OF APPEAL WITH THE AGENCY CLERK OF AHCA, AND A SECOND COPY ALONG WITH FILING FEE AS PRESCRIBED BY LAW, WITH THE DISTRICT COURT OF APPEAL IN THE APPELLATE DISTRICT WHERE THE AGENCY MAINTAINS ITS HEADQUARTERS OR WHERE A PARTY RESIDES. REVIEW PROCEEDINGS SHALL BE CONDUCTED IN ACCORDANCE WITH THE FLORIDA APPELLATE RULES. THE NOTICE OF APPEAL MUST BE FILED WITHIN 30 DAYS OF RENDITION OF THE ORDER TO BE REVIEWED.

Mark Manner, Esquire
Bass, Berry & Sims PLC
150 Third Avenue South
Nashville, Tennessee 37201
mmanner@bassberry.com
(Electronic Mail)

Bureau of Health Quality Assurance
Agency for Health Care Administration
(Interoffice Mail)

Stuart Williams, General Counsel
Agency for Health Care Administration
(Interoffice Mail)

Shena Grantham, Chief
Medicaid FFS Counsel
(Interoffice Mail)

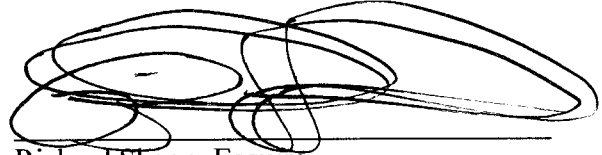
Agency for Health Care Administration
Bureau of Finance and Accounting
(Interoffice Mail)

Zainab Day, Medicaid Audit Services
Agency for Health Care Administration
(Interoffice Mail)

Willis F. Melvin, Jr., Esquire
Assistant General Counsel
Agency for Health Care Administration

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the above named addressees by Electronic Mail on this the 5th day of July, 2016



Richard Shoop, Esquire
Agency Clerk
State of Florida
Agency for Health Care Administration
2727 Mahan Drive, Building #3
Tallahassee, Florida 32308-5403
(850) 412-3689/Fax (850) 921-0158

**STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION**

**SOUTHERN PINES
HEALTHCARE CENTER,**

Petitioner,

**DOAH Case No. 16-2262
Provider No. 262706
Engagement No. NH09-004L**

v.

**STATE OF FLORIDA, AGENCY FOR
HEALTH CARE ADMINISTRATION,**

Respondent.

SETTLEMENT AGREEMENT

Petitioner, **STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION** (“AHCA” or “the Agency”), and Respondent, **SOUTHERN PINES HEALTHCARE CENTER** (“PROVIDER”), by and through the undersigned, hereby stipulate and agree as follows:

1. This Agreement is entered into between the parties to resolve disputed issues arising from examination engagements NH09-004L.
2. The PROVIDER is a Medicaid provider in the State of Florida operating a nursing home facility that was examined by the Agency.
3. AHCA conducted an examination of the PROVIDER’s cost report as follows: for examination engagement number NH09-004L, AHCA examined the PROVIDER’s cost report covering the examination period ending on September 30, 2007.
4. In its subsequent Examination Report, AHCA notified the PROVIDER that

Medicaid reimbursement principles required adjustment of the costs stated in the cost report. The Agency further notified the PROVIDER of the adjustments AHCA was making to the cost report. The Examination Report is attached hereto and incorporated herein as **Exhibit A**.

5. In response to AHCA's Examination Report, the PROVIDER filed a timely petition for administrative hearing, and identified specific adjustments that it appealed. The PROVIDER requested that the Agency hold the petition in abeyance in order to afford the parties an opportunity to resolve the disputed adjustments.

6. Subsequent to the petition for administrative hearing, AHCA and the PROVIDER exchanged documents and discussed the disputed adjustments. As a result of the aforementioned exchanges, the parties agree to accept all of the Agency's adjustments that were subject to these proceedings as set forth in the Examination Report, except for the following adjustments which the parties agree shall be changed or removed as set forth in the attached **Exhibit B**, which is hereby incorporated into this Settlement Agreement by reference.

7. In order to resolve this matter without further administrative proceedings, and to avoid incurring further costs, PROVIDER and AHCA expressly agree the adjustment resolutions, which are listed and incorporated by reference as **Exhibit B** above, completely resolve and settle this case and this agreement constitutes the PROVIDER'S withdrawal of their petition for administrative hearing, with prejudice.

8. After issuance of the Final Order, PROVIDER and AHCA further agree that the Agency shall recalculate the per diem rates for the above-stated examination period and issue a notice of the recalculation. Where the PROVIDER was overpaid, the PROVIDER will reimburse the Agency the full amount of the overpayment within thirty (30) days of such notice.

Where the PROVIDER was underpaid, AHCA will pay the PROVIDER the full amount of the

underpayment within forty-five (45) days of such notice.

Payment shall be made to:
AGENCY FOR HEALTH CARE ADMINISTRATION
Medicaid Accounts Receivable – MS #14
2727 Mahan Drive, Building 2, Suite 200
Tallahassee, Florida 32308

Notice to the PROVIDER shall be made to:

Linda E. Dailey
2501 Blue Ridge Road, Suite 500
Raleigh, North Carolina 27607

9. Payment shall clearly indicate it is pursuant to a settlement agreement and shall reference the audit/engagement number.

10. PROVIDER agrees that failure to pay any monies due and owing under the terms of this Agreement shall constitute PROVIDER's authorization for the Agency, without further notice, to withhold the total remaining amount due under the terms of this agreement from any monies due and owing to the PROVIDER for any Medicaid claims.

11. The parties are entitled to enforce this Agreement under the laws of the State of Florida, the Rules of the Medicaid Program, and all other applicable law.

12. This settlement does not constitute an admission of wrongdoing or error by the parties with respect to this case or any other matter.

13. Each party shall bear their respective attorneys' fees and costs, if any.

14. The signatories to this Agreement, acting in their representative capacities, are duly authorized to enter into this Agreement on behalf of the party represented.

15. The parties further agree a facsimile or photocopy reproduction of this Agreement shall be sufficient for the parties to enforce the Agreement. The PROVIDER agrees, however, to

forward a copy of this Agreement to AHCA with original signatures, and understands that a Final Order may not be issued until said original Agreement is received by AHCA.

16. This Agreement shall be construed in accordance with the provisions of the laws of Florida. Venue for any action arising from this Agreement shall be in Leon County, Florida.

17. This Agreement constitutes the entire agreement between PROVIDER and AHCA, including anyone acting for, associated with or employed by them, concerning all matters and supersedes any prior discussions, agreements or understandings; there are no promises, representations or agreements between PROVIDER and AHCA other than as set forth herein. No modifications or waiver of any provision shall be valid unless a written amendment to the Agreement is completed and properly executed by the parties.

18. This is an Agreement of settlement and compromise, made in recognition that the parties may have different or incorrect understandings, information and contentions, as to facts and law, and with each party compromising and settling any potential correctness or incorrectness of its understandings, information and contentions as to facts and law, so that no misunderstanding or misinformation shall be a ground for rescission hereof.

19. Except with respect to any recalculation(s) described in **Exhibit B**, PROVIDER expressly waives in this matter their right to any hearing pursuant to sections §§120.569 or 120.57, Florida Statutes, the making of findings of fact and conclusions of law by the Agency, and all further and other proceedings to which it may be entitled by law or rules of the Agency regarding these proceedings and any and all issues raised herein, other than enforcement of this Agreement. The PROVIDER further agrees the Agency shall issue a Final Order, which adopts this Agreement.

20. This Agreement is and shall be deemed jointly drafted and written by all parties to

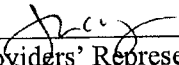
it and shall not be construed or interpreted against the party originating or preparing it.

21. To the extent any provision of this Agreement is prohibited by law for any reason, such provision shall be effective to the extent not so prohibited, and such prohibition shall not affect any other provision of this Agreement.

22. This Agreement shall inure to the benefit of and be binding on each party's successors, assigns, heirs, administrators, representatives and trustees.

**SOUTHERN PINES HEALTHCARE
CENTER**

BY: SENIOR CARE SOUTHERN PINES, LLC
BY: SENIOR CARE FLORIDA LEASING, LLC, its sole member




Providers' Representative

Dated: 6/21/2016, 2016

CFO

Printed Title of Providers' Representative

Dated: _____, 2016



Legal Counsel for Provider


Dated: 6/21/16, 2016

J. David McDaniel (FL Bar # 0596851)

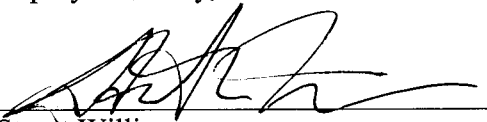
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**FLORIDA AGENCY FOR HEALTH CARE
ADMINISTRATION**

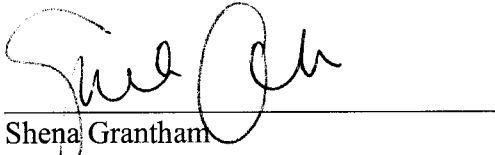
2727 Mahan Drive, Mail Stop #3
Tallahassee, Florida 32308-5403


Justin Senior
Deputy Secretary, Medicaid

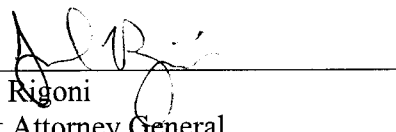
Dated: 7/1/16, 2016


Stuart Williams
General Counsel

Dated: 6/30, 2016


Shena Grantham
Medicaid FFS Chief Counsel

Dated: 6/24, 2016


Jerod M. Rigoni
Assistant Attorney General

Dated: June 22, 2016

H³GM[®]
HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.

RECEIVED

JUL 6 2011

AUDIT SERVICES

315 DEADERICK STREET
SUITE 1800
NASHVILLE, TENNESSEE 37238-1800

TELEPHONE (615) 256-0500
FACSIMILE (615) 251-1059

JEFFREY J. MILLER

DIRECT DIAL 615-251-1073
EMAIL JJM@H3GM.COM
www.h3gm.com

June 30, 2011

VIA CERTIFIED MAIL AND FIRST CLASS MAIL

Lisa D. Milton, Administrator
Medicaid Program Analysis Audit Services
Agency for Health Care Administration
2727 Mahan Drive, MS #21
Tallahassee, Florida 32308

Re: Facility: Southern Pines Healthcare Center
Provider No.: 262706
Examination Period/Engagement No.: Sept. 30, 2007/NH09-004L

Dear Ms. Milton:

This firm represents Southern Pines Healthcare Center (the "Facility"). Please allow this letter to serve as the request of the Facility to informally appeal pursuant to Florida Statutes Section 120.57 certain of the results set forth in the examination report (the "Report") and its proposed adjustments which was attached to your correspondence dated June 11, 2011, which was received by the Facility on June 16, 2011. In addition to appealing all of the Home Office Cost Adjustments (1-17) proposed in the Report on the basis that each was supported by adequate documentation, the Facility also wishes to appeal the Adjustments affecting Costs items and for the reasons set forth in the attached Exhibit A. This request for informal appeal is made reserving our client's right to request a formal hearing before an ALJ should any or all of the items appealed not be resolved to its satisfaction.

In order to more fully respond to the Report we are hereby formally requesting copies of all working papers and other supporting materials relied upon by Lewis Accounting & Consulting in preparing the independent accountant's report.

We have been advised by Willa McGibany of your office that the attached report is not a "FINAL ORDER" for purposes of AHCA initiating immediate repayment or recoupment from the Facility. Please immediately advise me if this guidance by your office is in any way erroneous.

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AHCA
AGENCY CLERK
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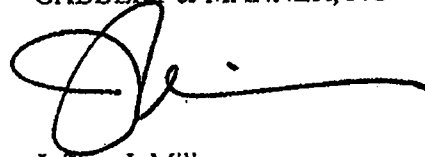
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Lisa D. Milton, Administrator
June 30, 2011
Page 2

Very truly yours,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C

A handwritten signature in black ink, appearing to read 'J. Miller', with a long horizontal flourish extending to the right.

Jeffrey J. Miller

JJM/cgb

cc: Brent Swick (via email)
Glynn Riddle, CFO (via email)
Frances Wedin, Reingruber & Associates (via email)

EXHIBIT A

SCHEDULE OF ITEMS IN DISPUTE

Adjustment No.	Amount	Reason
3	(265)	B, C
5	(3,814)	A
6	(57,711)	A
12	(63,518)	B, C
14	(2,809)	A
15	(2,277)	A
16	(2,666)	A
17	(6,268)	A
18	(1,414)	A

Adjustment No.	Amount	Reason
19	(2,379)	A
20	(3,098)	A
21	(903)	A
22	(610)	A
27	(31,451)	A
28	(2,399)	A
29	(1,593)	A
33 (ALL)	-	A, D
34 (ALL)	-	D

Legend of Reasons for Appeal

- A - Documentation was provided supporting the cost as claimed by the Facility
- B - Adjustment is affected by other erroneous adjustments
- C - Adjustment is related to other erroneous impacted cost centers
- D - Square footage was incorrectly measured
- E - Claimed costs were correct as originally reported

FLORIDA MEDICAID

A Division of the Agency for Health Care Administration

Better Health Care for all Floridians

RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

June 11, 2011
Certified Mail Receipt No.
7008 1830 0000 6859 3286

SOUTHERN PINES HEALTHCARE CENTER
SENIOR CARE SOUTHERN PINES
6140 CONGRESS STREET
NEW PORT RICHEY, FL 34653

Provider No.: 262706
Examination Period/Engagement No.: September 30, 2007/NH09-004L

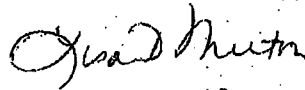
Dear Administrator:

We have completed the examination of your facility's Medicaid cost report for the period specified above. A copy of the examination report is attached for your information.

Examination adjustments result from the application of Medicaid reimbursement principles to costs as reported on the Medicaid cost report for the period specified. You have the right to request a formal or informal hearing pursuant to Section 120.57, Florida Statutes. If a petition for a formal hearing is made, the petition must be made in compliance with Section 28-106.201, Florida Administrative Code. Please note that Section 28-106.201(2) specifies that the petition shall contain a concise discussion of specific items in dispute. Additionally, you are hereby informed that if a request for a hearing is made, the request or petition must be received within twenty-one (21) days of your receipt of this letter, and that failure to timely request a hearing shall be deemed a waiver of your right to a hearing.

Please address all petitions for a hearing and/or questions to 2727 Mahan Drive, Mail Stop 21, Tallahassee, FL 32308.

Sincerely,



Lisa D. Milton
Administrator of Audit Services
Medicaid Program Analysis
(850) 412-4102

Attachment(s):
cc: ADVOCAT INC. AND SUBSIDIARIES
ATTN: WALT MCCULLOUGH
1621 GALLERIA BLVD
BRENTWOOD, TN 37027

2727 Mahan Drive, MS#21
Tallahassee, Florida 32308



Visit AHCA online at
AHCA.MyFlorida.com

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center

Medicaid Examination Report

For the Year Ended September 30, 2007

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Lewis Accounting and Consulting
1527 Amaryllis Circle
Orlando, Florida 32825

Independent Accountant's Report

August 6, 2008

Secretary
Agency for Health Care Administration:

We have examined the schedules and statistical data as listed in the Table of Contents, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Service Providers (the "Cost Report") of Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center (the "Provider"), for the Year Ended September 30, 2007. These schedules and statistical data are the responsibility of the Provider's management. Our responsibility is to express an opinion on the schedules and statistical data based on our

Except as discussed in the following paragraph, our examination was made in accordance with the standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence supporting the accompanying schedules and statistical data and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The Provider is reimbursed under the Fair Rental Value System ("FRVS"). Accordingly, property cost information for depreciation, interest and rent included on the Schedule of Costs, equity capital information on the Schedule of Statistics and Equity Capital, capital replacement and equity in capital assets information on the Schedule of Fair Rental Value System Data and related per diem information on the Schedule of Allowable Medicaid Costs have not been subjected to the examination procedures.

Attachment A to this report includes adjustments which, in our opinion, should be recorded in order for the data, as reported, in the accompanying schedules for the Year Ended September 30, 2007, to be presented in conformity with federal and state Medicaid reimbursement principles as described in Note 1. To quantify the effect of the required adjustments, we have applied the adjustments described in Attachment A to the amounts and statistical data, as reported, in the accompanying schedules.

In our opinion, except for the effects of not recording adjustments as might have been determined to be necessary had the amounts and data described in the third paragraph above been examined, and for the effects of not recording adjustments as discussed in the preceding paragraph, the accompanying schedules and statistical data listed in the Table of Contents present, in all material respects, the amounts and statistical data derived from the cost report of Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center for the Year Ended September 30, 2007, in conformity with the federal and state Medicaid reimbursement principles as described in Note 1.

The report is intended solely for the information and use of the State of Florida Agency for Health Care Administration and management of Southern Pines Healthcare Center and is intended to be and should not be used by anyone other than these specified parties.

Lewis Accounting and Consulting
Lewis Accounting and Consulting
Certified Public Accountants

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Costs
 For the Year Ended September 30, 2007

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Costs to be allocated:			
Plant Operations	\$ 234,370	\$ (14,467)	\$ 219,903
Housekeeping	131,943	-	131,943
	366,313	(14,467)	351,846
Administration	974,044	(134,300)	839,744
Owner's administrative compensation	-	-	-
	<u>1,340,357</u>	<u>(148,767)</u>	<u>1,191,590</u>
Patient care costs:			
Direct Care	2,182,022	(1,293)	2,180,729
Indirect Care	531,255	(20,911)	510,344
Dietary	397,336	(903)	396,433
Activities	39,356	(610)	38,746
Social services	48,988	-	48,988
Medical records	31,462	-	31,462
Central supply	-	-	-
	<u>3,230,399</u>	<u>(23,717)</u>	<u>3,206,682</u>
Laundry and linen costs	<u>67,704</u>	<u>-</u>	<u>67,704</u>
Allowable ancillary cost centers:			
Physical therapy	168,152	(569)	167,583
Speech and audiological therapy	72,274	-	72,274
Occupational therapy	102,294	(2,364)	99,930
Parenteral nutrition	5,390	(824)	4,566
Complex medical equipment	4,583	-	4,583
Medical supplies	2,440	-	2,440
Inhalation/respiratory therapy	-	-	-
IV therapy	23,710	-	23,710
Other	-	-	-
	<u>378,843</u>	<u>(3,757)</u>	<u>375,086</u>
Property costs:			
Rent/lease of property (not examined)	522,972	2,666	525,638
Amortization of property (not examined)	-	-	-
Interest on property (not examined)	-	-	-
Depreciation (not examined)	26,313	-	26,313
Insurance on property	36,927	(31,451)	5,476
Taxes on property	40,304	(2,399)	37,905
Home office property	13,783	(1,593)	12,190
Other	-	-	-
	<u>640,299</u>	<u>(32,777)</u>	<u>607,522</u>
Nonallowable ancillary cost centers:			
Radiology	14,142	-	14,142
Lab	10,958	-	10,958
Pharmacy	15,146	-	15,146
Other	-	-	-
	<u>40,246</u>	<u>-</u>	<u>40,246</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Costs
 For the Year Ended September 30, 2007

<u>Cost Center Totals</u>	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Other nonreimbursable cost centers:			
Gift shop	\$ -	\$ -	\$ -
Clinic	-	-	-
Beauty and barber	9,952	-	9,952
Adult day care	-	-	-
Child day care	-	-	-
Other	-	-	-
	<u>9,952</u>	<u>-</u>	<u>9,952</u>
Total operating costs	5,707,800	(209,018)	5,498,782
Medicaid bad debts	15,307	(7,544)	7,763
Total costs	<u>\$ 5,723,107</u>	<u>\$ (216,562)</u>	<u>\$ 5,506,545</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Charges
 For the Year Ended September 30, 2007

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Usual and customary daily rate	\$ 205.25	\$ (4.10)	\$ 201.15
Patient charges:			
Medicaid:			
Ancillary cost centers:			
Physical therapy	\$ 425	\$ -	\$ 425
Speech and audiological therapy	1,737	-	1,737
Occupational therapy	1,895	-	1,895
Complex medical equipment	3,833	-	3,833
Medical supplies	2,274	-	2,274
Inhalation/respiratory therapy	-	-	-
IV therapy	2,121	-	2,121
Parenteral nutrition	-	-	-
Other	-	-	-
Room and board	3,589,439	-	3,589,439
Other	-	-	-
Totals	<u>3,601,724</u>	<u>-</u>	<u>3,601,724</u>
Medicare:			
Ancillary cost centers:			
Physical therapy	148,832	-	148,832
Speech and audiological therapy	93,057	-	93,057
Occupational therapy	149,617	-	149,617
Complex medical equipment	1,631	-	1,631
Medical supplies	1,038	-	1,038
Inhalation/respiratory therapy	-	-	-
IV therapy	10,973	-	10,973
Parenteral nutrition	-	-	-
Other	-	-	-
Room and board	964,746	-	964,746
Other	-	-	-
Totals	<u>1,369,894</u>	<u>-</u>	<u>1,369,894</u>
Private and other:			
Ancillary cost centers:			
Physical therapy	61,225	-	61,225
Speech and audiological therapy	39,991	-	39,991
Occupational therapy	60,125	-	60,125
Complex medical equipment	1,303	-	1,303
Medical supplies	1,476	-	1,476
Inhalation/respiratory therapy	-	-	-
IV therapy	16,543	-	16,543
Parenteral nutrition	-	-	-
Other	-	-	-
Room and board	1,107,922	-	1,107,922
Other	-	-	-
Totals	<u>1,288,585</u>	<u>-</u>	<u>1,288,585</u>
Total Charges	<u>\$ 6,260,203</u>	<u>\$ -</u>	<u>\$ 6,260,203</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Statistics and Equity Capital
 For the Year Ended September 30, 2007

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Statistics:			
Number of beds	120	-	120
Patient days:			
Medicaid	23,041	(126)	22,915
Medicare	2,759	(2)	2,757
Private and other	6,278	128	6,406
Total patient days	<u>32,078</u>	<u>-</u>	<u>32,078</u>
Percent Medicaid	<u>71.828%</u>	<u>(0.393%)</u>	<u>71.435%</u>
Facility square footage:			
Allowable ancillary cost centers:			
Physical therapy	533	(45)	488
Speech and audiological therapy	324	(214)	110
Occupational therapy	137	344	481
Complex medical equipment	-	-	-
Medical supplies	95	(27)	68
Inhalation/respiratory therapy	-	-	-
IV therapy	-	-	-
Parenteral nutrition	-	-	-
Other ancillary	-	-	-
Patient care	15,837	(181)	15,656
Laundry and linen costs	375	154	529
Radiology	-	-	-
Lab	-	-	-
Pharmacy	-	12	12
Other nonallowable ancillary	-	-	-
Gift shop	-	-	-
Clinic	-	-	-
Beauty and barber	110	(19)	91
Adult day care	-	-	-
Child day care	-	-	-
Other nonreimbursable	24	(24)	-
Totals facility square footage	<u>17,435</u>	<u>-</u>	<u>17,435</u>
Equity Capital: (not examined)			
Ending equity capital	<u>\$ 524,395</u>	<u>\$ (370,484)</u>	<u>\$ 153,911</u>
Average equity capital	<u>\$ 262,198</u>	<u>\$ (185,242)</u>	<u>\$ 76,956</u>
Annual rate of return	<u>0.000%</u>	<u>4.729%</u>	<u>4.729%</u>
Return on equity before apportionment	<u>\$ -</u>	<u>\$ 3,639</u>	<u>\$ 3,639</u>

Type of ownership: Corporation
 Date cost report accepted: May 24, 2008

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Allowable Medicaid Costs
 For the Year Ended September 30, 2007

Total Costs:

<u>Reimbursement Class</u>	<u>Costs as Adjusted</u>	<u>Allocations and Apportionment (Note 2)</u>	<u>Costs After Allocations and Apportionment</u>
Operating	\$ 1,267,057	\$ (441,908)	\$ 825,149
Direct patient care	2,180,729	(622,919)	1,557,810
Indirect patient care	1,401,039	(660,529)	740,510
Property (not examined)	607,522	(173,512)	434,010
Nonreimbursable	50,198	1,898,868	1,949,066
Totals (page 3)	5,506,545	(0)	5,506,545
Return on equity (page 5) (not examined)	3,639	(1,285)	2,354
Non-Medicaid	-	1,285	1,285
Totals	<u>\$ 5,510,184</u>	<u>\$ (0)</u>	<u>\$ 5,510,184</u>

Allowable Medicaid Costs:

<u>Reimbursement Class</u>	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Operating	\$ 933,656	\$ (108,507)	\$ 825,149
Direct patient care	1,567,304	(9,494)	1,557,810
Indirect patient care	760,667	(20,157)	740,510
Property (not examined)	459,898	(25,888)	434,010
Return on equity (not examined)	-	2,354	2,354
Totals	<u>\$ 3,721,525</u>	<u>\$ (161,692)</u>	<u>\$ 3,559,833</u>

Allowable Medicaid Per Diem Costs:

<u>Reimbursement Class</u>	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Operating	\$ 40.52	\$ (4.51)	\$ 36.01
Direct patient care	68.02	(0.04)	67.98
Indirect patient care	33.01	(0.69)	32.32
Property (not examined)	19.96	(1.02)	18.94
Return on equity (not examined)	-	0.10	0.10
Initial Medicaid per diem (Note 3)	<u>\$ 161.51</u>	<u>\$ (6.16)</u>	<u>\$ 155.35</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Fair Rental Value System Data
 For the Year Ended September 30, 2007

	As Reported	Increase (Decrease)	As Adjusted
<u>Capital additions and improvements:</u>			
Acquisition costs:			
07/01/06 to 12/31/06	\$ 8,734	\$ (6,125)	\$ 2,609
01/01/07 to 06/30/07	17,999	(17,999)	-
07/01/07 to 09/30/07	1,685	-	1,685
Totals	<u>\$ 28,418</u>	<u>\$ (24,124)</u>	<u>\$ 4,294</u>
Original loan amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Retirements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Capital Replacements:</u> (not examined)			
Acquisition costs	<u>\$ 44,929</u>	<u>\$ (39,615)</u>	<u>\$ 5,314</u>
Original loan amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pass-through costs (Note 4)			
Acquisitions:			
10/01/06 to 09/30/07	\$ 3,238	\$ (1,808)	\$ 1,430
Depreciation	-	-	-
Interest	20,128	-	20,128
Prior to 10/01/06	-	-	-
Totals	<u>\$ 23,366</u>	<u>\$ (1,808)</u>	<u>\$ 21,558</u>
<u>Equity in Capital Assets:</u> (not examined)			
Ending equity in capital assets	<u>\$ 207,132</u>	<u>\$ (61,931)</u>	<u>\$ 145,201</u>
Average equity in capital assets	<u>\$ 103,566</u>	<u>\$ (30,966)</u>	<u>\$ 72,601</u>
Annual rate of return	<u>0.000%</u>	<u>4.729%</u>	<u>4.729%</u>
Return on equity in capital assets before apportionment	<u>\$ -</u>	<u>\$ 3,433</u>	<u>\$ 3,433</u>
Return on equity in capital assets apportioned to Medicaid	<u>\$ -</u>	<u>\$ 2,218</u>	<u>\$ 2,218</u>

Mortgage Interest Rates:
 No Mortgage

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Direct Patient Care
 For the Year Ended September 30, 2007

	As Reported	Increase (Decrease)	As Adjusted
RN Data			
Productive salaries	\$ 124,082	\$ -	\$ 124,082
Non-productive salaries	15,735	-	15,735
Total salaries	\$ 139,817	\$ -	\$ 139,817
FICA	\$ 11,317	\$ -	\$ 11,317
Unemployment Insurance	-	-	-
Health Insurance	6,246	-	6,246
Workers compensation	3,277	(95)	3,182
Other fringe benefits	470	-	470
Total benefits	\$ 21,310	\$ (95)	\$ 21,215
Productive hours	5,046	-	5,046
Non-productive hours	663	-	663
Total hours	5,709	-	5,709
LPN Data			
Productive salaries	\$ 532,361	\$ -	\$ 532,361
Non-productive salaries	34,260	-	34,260
Total salaries	\$ 566,621	\$ -	\$ 566,621
FICA	\$ 45,862	\$ -	\$ 45,862
Unemployment Insurance	-	-	-
Health Insurance	25,313	-	25,313
Workers compensation	13,281	(387)	12,894
Other fringe benefits	1,905	-	1,905
Total benefits	\$ 86,361	\$ (387)	\$ 85,974
Productive hours	28,489	-	28,489
Non-productive hours	2,009	-	2,009
Total hours	30,498	-	30,498
CNA Data			
Productive salaries	\$ 1,109,071	\$ -	\$ 1,109,071
Non-productive salaries	77,928	-	77,928
Total salaries	\$ 1,186,999	\$ -	\$ 1,186,999

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Direct Patient Care
 For the Year Ended September 30, 2007

	As Reported	Increase (Decrease)	As Adjusted
CNA Data (continued)			
FICA	\$ 96,075	\$ -	\$ 96,075
Unemployment Insurance	-	-	-
Health insurance	53,027	-	53,027
Workers compensation	27,822	(811)	27,011
Other fringe benefits	3,990	-	3,990
Total benefits	<u>\$ 180,914</u>	<u>\$ (811)</u>	<u>\$ 180,103</u>
Productive hours	94,812	-	94,812
Non-productive hours	7,618	-	7,618
Total hours	<u>102,430</u>	<u>-</u>	<u>102,430</u>
Agency Data			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	-	-	-
Total agency costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	-	-	-
Total agency hours	<u>-</u>	<u>-</u>	<u>-</u>
Pediatric Offset - RN Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>
Pediatric Offset - LPN Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Direct Patient Care
 For the Year Ended September 30, 2007

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Pediatric Offset - CNA Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>
Pediatric Offset - Agency Data			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	-	-	-
Total agency costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	-	-	-
Total agency hours	<u>-</u>	<u>-</u>	<u>-</u>
AIDS Offset - RN Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>
AIDS Offset - LPN Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Direct Patient Care
 For the Year Ended September 30, 2007

	As Reported	Increase (Decrease)	As Adjusted
AIDS Offset - CNA Data			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	\$ -	\$ -	\$ -
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	-	-	-
AIDS Offset - Agency Data			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	-	-	-
Total agency costs	\$ -	\$ -	\$ -
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	-	-	-
Total agency hours	-	-	-
Data for All Departments			
Total salaries	\$ 3,106,310	\$ -	\$ 3,106,310
FICA	\$ 251,422	\$ -	\$ 251,422
Unemployment insurance	-	-	-
Health insurance	138,771	-	138,771
Workers compensation	72,809	(1,293)	71,516
Other fringe benefits	10,246	-	10,246
Total benefits	\$ 473,248	\$ (1,293)	\$ 471,955

The accompanying notes are an integral part of this schedule.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
Notes to Schedules
For the Year Ended September 30, 2007

Note 1 - Basis of Presentation

The schedules, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Services Providers (cost report) for the current period, have been prepared in conformity with federal and state Medicaid reimbursement principles as specified in the State of Florida Medicaid Program as defined by applicable cost and reimbursement principles, policies, and regulations per Medicaid principles of reimbursement as interpreted by the Provider Reimbursement Manual (CMS-Pub. 15-1), Florida Title XIX Long-Term Care Reimbursement Plan, and the State of Florida's Agency for Health Care Administration Audit Services Medicaid Procedures Manual. The format and content of the information included in the schedule have been developed by the State of Florida's Agency for Health Care Administration Audit Services Medicaid Procedures Manual.

The balances in the "As Reported" columns of the schedules are the assertions and responsibility of the management of the nursing home. The balances in the "As Adjusted" columns are the result of applying the adjustments reflected in the "Increase/(Decrease)" columns to the balances in the "As Reported" columns.

Note 2 - Allocations and Apportionment

Schedule G, G-1 and H of the cost report allocated allowable administration, plant operations and housekeeping costs to allowable and nonallowable ancillary, patient care, laundry and linen and nonreimbursable cost center based on predetermined statistical bases, such as square footage or total costs, as explained in the cost report. These schedules the apportion allowable costs after allocations to the Medicaid program based on other statistical bases, such as patient days or ancillary charges, as explained in the cost report. The net effect of such allocations and apportionments on each reimbursement class is presented in the Schedule of Allowable Medicaid Costs.

Note 3 - Initial Medicaid Per Diem

Medicaid per diem costs for property and return on equity have not been calculated under the provisions of the applicable revision of the Florida Title XIX Long-Term Reimbursement Plan, excluding fair rental value provisions. The effect, if any, of the fair rental values system, will be determined during the rate setting process, and where applicable, prospective rates will be calculated by applying inflation factors, incentives, low utilization penalties and

Note 4 - Capital Replacement Pass-Through Costs

Capital replacement pass-through costs in the form of depreciation and interest are presented without regard to the number of years remaining, if any, to full fair rental value system phase-in. Accordingly, pass-through reimbursement will be calculated based on amounts equal to or less than fifty percent of the costs presented herein as capital replacement pass-through costs. Once full rental value system phase-in has occurred, no capital replacement costs are allowed to be passed through.

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Adjustments
 For the Year Ended September 30, 2007

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Costs (pages 2 - 3)</u>			
<u>Plant Operations:</u>			
1. Maintenance - Equipment	710730	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	\$ (3,979)
2. Other Contract Services Expense	710590	To disallow the cost of Cable T.V. (Section 2106.1, CMS Pub 15-1)	(9,654)
3. Plant Operations - Related Party	710999	To adjust to allowable Home Office Costs (Section 2150.3, CMS Pub 15-1)	(265)
4. Travel	710902	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(569)
			<u>(14,467)</u>
<u>Administration:</u>			
5. General & Professional Liability Ins - Third Party	730810	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	(3,814)
6. General & Professional Liab. - Deduct & Co-Ins	730830	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(57,711)
7. Legal	730580	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(563)
8. Data Processing	730530	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(5,008)
9. Equipment Rental	730620	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(617)
10. Printing Expense	730730	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(1,548)
11. Travel	730902	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(1,521)
12. Management Fees - Related Party	730529	To adjust to allowable Home Office Costs (Section 2150.3, CMS Pub 15-1)	(63,518)
			<u>(134,300)</u>
<u>Direct Patient Care:</u>			
13. Workers Compensation	810450	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	(1,293)
			<u>(1,293)</u>
<u>Indirect Patient Care:</u>			
14. Non-Capitalized Equipment	911610	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(2,809)
15. Equipment Rental	911620	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(2,277)
16. Equipment Rental	911620	To reclassify rental/lease payments. (Section 2302.8, CMS Pub 15-1)	(2,666)
17. Oxygen	911760	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(6,268)

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Adjustments
 For the Year Ended September 30, 2007

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Costs (pages 2 - 3) (continued)</u>			
<u>Indirect Patient Care (continued):</u>			
18. Education / Training	911901	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	\$ (1,414)
19. Nursing - Related Party Expense	911999	To adjust to allowable Home Office Costs (Section 2150.3, CMS Pub 15-1)	(2,379)
20. Travel	911902	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(3,098)
			<u>(20,911)</u>
<u>Dietary</u>			
21. Non-Capitalized Equipment	912610	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(903)
			<u>(903)</u>
<u>Activities:</u>			
22. Supplies - Activities	914710	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(610)
			<u>(610)</u>
<u>Physical Therapy:</u>			
23. Travel	921902	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(569)
			<u>(569)</u>
<u>Occupational Therapy:</u>			
24. OT - Contracts	923510	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(2,364)
			<u>(2,364)</u>
<u>Parenteral / Enteral (PEN) Therapy:</u>			
25. Contract Services - Non-Related	924510	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(824)
			<u>(824)</u>
<u>Property:</u>			
26. Other Lease Expense	930190	To reclassify rental/lease payments. (Section 2302.8, CMS Pub 15-1)	2,666
27. Property Insurance	930910	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(31,451)
28. Property Taxes - Real Estate	930920	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	(2,399)
29. Home Office Property Costs	930940	To adjust to allowable Home Office Costs (Section 2150.3, CMS Pub 15-1)	(1,593)
			<u>(32,777)</u>

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Adjustments
 For the Year Ended September 30, 2007

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Costs (continued)</u>			
<u>Medicaid Bad Debts:</u>			
30. Medicaid Bad Debts	-	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	\$ (7,544)
			<u>(7,544)</u>
		Net Adjustments Affecting Costs	<u>\$ (216,562)</u>
<u>Adjustments Affecting Ending Equity Capital (page 5)</u>			
31. Ending Equity	-	To remove net working capital from equity. (Florida Long-Term Care Reimbursement Plan Title XIX, Section III (J))	\$ (310,530)
32. Equipment and Furniture	-	To capitalize purchases, net of depreciation. (Sections 108.1 and 1202, CMS Pub 15-1)	(59,954)
		Net Adjustment to Ending Equity Capital	<u>\$ (370,484)</u>
<u>Adjustments Affecting Statistics (page 5)</u>			
<u>Patient Days:</u>			
33. Medicaid	-	To adjust patient days to amount supported by Provider. (Section 2304, CMS Pub 15-1)	(126)
Medicare	-		(2)
Private and Other	-		128
		Net Adjustment to Patient Days	<u>-</u>
<u>Square Footage:</u>			
34. Physical Therapy	-	To adjust square footage to examined measurements. (Section 2102.3 & 2304, CMS Pub 15-1)	(45)
Speech Therapy	-		(214)
Occupational Therapy	-		344
Medical Supplies	-		(27)
Patient Care	-		(181)
Laundry and Linen	-		154
Pharmacy	-		12
Beauty and Barber	-		(19)
Other	-		(24)
		Net Adjustment to Square Footage	<u>-</u>

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Adjustments
 For the Year Ended September 30, 2007

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustment affecting Direct Patient Care Information (pages 8 - 11)</u>			
<u>Workers Compensation:</u>			
35. RN		To adjust to examined amount. (Florida Title XIX	\$ (95)
36. LPN		Long-Term Care Reimbursement Plan, Section V.B.)	(387)
37. C.N.A.			(811)
			<u>\$ (1,293)</u>
		Net Adjustments Affecting Costs	<u>\$ (210,311)</u>
<u>All Departments - Fringe Benefits:</u>			
38. Health Insurance		To adjust to examined amount. (Florida Title XIX	\$
39. Worker's Comp.		Long-Term Care Reimbursement Plan, Section V.B.)	(1,293)
			<u>\$ (1,293)</u>

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Schedule of Adjustments
 For the Year Ended September 30, 2007

The following adjustment reported in the Schedule of Fair Rental Value Data are in accordance with the fair rental value system provisions of the Florida Title XIX Long-Term Care Reimbursement Plan and, where appropriate, the applicable sections of Chapters 100, Depreciation, and 2300, Adequate Cost Data and Cost Findings of the Provider Reimbursement Manual (CMS-Pub. 15-1). The Provider has been furnished with schedules developed during the course of the examination which detail allowable components of the fair rental value system.

Fair Rental Value System Data:

<u>Classification</u>	<u>Increase (Decrease)</u>
<u>Capital Additions and Improvements</u>	
1. Acquisition costs	\$ <u> -</u>
2. Retirements	\$ <u> -</u>
<u>Capital Replacements</u> (not examined)	
3. Acquisition costs	\$ <u> (39,615)</u>
4. Pass-through costs	\$ <u> (1,808)</u>
<u>Equity in Capital Assets</u> (not examined)	
5. Ending equity	\$ <u> (61,931)</u>
6. Average equity	\$ <u> (30,966)</u>
7. Return on equity before apportionment	\$ <u> 3,433</u>
8. Return on equity apportioned to Medicaid	\$ <u> 2,218</u>

Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Advocat, Inc. & Subsidiaries
 Schedule of Home Office Adjustments
 For the Year Ended December 31, 2006

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments to Home Office Costs</u>			
<u>Administration:</u>			
1. Accounting	730580	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	\$ (10,413)
2. Legal	730580	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	(223,703)
3. Consulting - Non-Related	730570	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(35,225)
4. Consulting - Non-Related	730570	To capitalize purchases. (Section 108.1, CMS Pub 15-1)	(75,853)
5. Consulting - Non-Related	730570	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(328,958)
6. Non-Capitalized Equip. Purchases	730610	To capitalize purchases. (Section 108.1, CMS Pub 15-1)	(643)
7. Non-Capitalized Equip. Purchases	730610	To capitalize purchases. (Section 108.1, CMS Pub 15-1)	(8,343)
8. Non-Capitalized Equip. Purchases	730610	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(5,610)
9. Non-Capitalized Equip. Purchases	730610	To disallow cost not related to proper cost report period. (Section 2304, CMS Pub 15-1)	(3,920)
10. Travel	730902	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(5,762)
11. Interest Expense - Non-Related	730907	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(31,754)
12. Dues & Subscriptions	730908	To disallow cost not related to proper cost report period. (Section 2304, CMS Pub 15-1)	(1,528)
13. Dues & Subscriptions	730908	To disallow cost not related to proper cost report period. (Section 2304, CMS Pub 15-1)	(1,009)
14. Other Administrative Expense	730990	To disallow cost not related to proper cost report period. (Section 2304, CMS Pub 15-1)	(10,000)
Net Adjustment to Home Office Administration Costs			<u>\$ (742,719)</u>
Portion allocated to Facility			<u>\$ (63,185)</u>

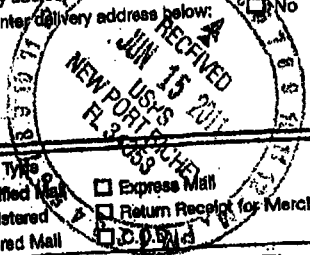
Senior Care Southern Pines, LLC d/b/a Southern Pines Healthcare Center
 Advocat, Inc. & Subsidiaries
 Schedule of Home Office Adjustments
 For the Year Ended December 31, 2006

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments to Home Office Costs (continued)</u>			
<u>Property:</u>			
15. Depreciation Exp - Bldg Impr.	930430	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	\$ (6,411)
16. Property Insurance	930910	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(12,151)
17. Personal Property Taxes	930930	To adjust to amount supported by Provider. (Section 2102.2, CMS Pub 15-1)	(5,754)
Net Adjustment to Home Office Property Costs			<u>\$ (24,316)</u>
Portion allocated to Facility			<u>\$ (1,593)</u>

Adjustments to Home Office Ending Equity Capital

No adjustments

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee X <i>Yessica Stetson</i></p> <p>B. Received by (Printed Name) <i>YESSICA STETSON</i></p> <p>C. Date of Delivery <i>6-15-11</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>Southern Pines Healthcare Center Senior Care Southern Pines 6140 Congress Street New Port Richey, FL 34653</p>	<p>3. Service Type: <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number 7008 1830 0000 6859 3286 <i>NH09-004L</i></p> <p><i>(Transfer from service label)</i></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	



U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only. No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark Here

**Southern Pines Healthcare Center
Senior Care Southern Pines
6140 Congress Street
New Port Richey, FL 34653**

7008 1830 0000 6859 3286

August 11, 2015

Zainab Day
 Administrator of Audit Services
 Audit Services
 Agency for Health Care Administration
 2727 Mahan Drive, MS #23
 Tallahassee, FL 32308

RE: Southern Pines Healthcare Center
 Audit Period/Engagement #: September 30, 2007, NH09-004L

Adj #	From	To	Adj #	From	To
Costs			Bad Debt		
1 Plant Ops Maint Equip	(3,979)	(1,990)	30 Medicaid Bad Debt	(7,544)	(3,772)
2 Plant Ops Other Contract	(9,654)	(4,827)	DPC		
3 Plant Ops RP	(265)	(133)	35 RN WC	(95)	(48)
4 Plant Ops Travel	(569)	(285)	36 LPN WC	(387)	(194)
5 Admin GLPL 3rd Prty	(3,814)	(1,907)	37 CNAs WC	(811)	(406)
6 Admin GLPL Deduct	(57,711)	(28,856)	39 All Dept WC	(1,293)	(647)
7 Admin Legal	(563)	(282)			
8 Admin Data Proc	(5,008)	(2,504)			
9 Admin Equip Rent	(617)	(309)			
10 Admin Print	(1,548)	(774)			
11 Admin Travel	(1,521)	(761)			
12 Admin Mgmt Fees RP	(63,518)	(31,759)			
13 DPC WC	(1,293)	(647)			
14 IPC Non-cap Equip	(2,809)	(1,405)			
15 IPC Equip Rent	(2,277)	(1,139)			
16 IPC Equip Rent	(2,666)	(1,333)			
17 IPC Oxygen	(6,268)	(3,134)			
18 IPC Education	(1,414)	(707)			
19 IPC Nursing RP	(2,379)	(1,190)			
20 IPC Travel	(3,098)	(1,549)			
21 Diet Non-capital	(903)	(452)			
22 Activ Supplies	(610)	(305)			
23 PT Travel	(569)	(285)			
24 OT Contracts	(2,364)	(1,182)			
25 Parenteral Contract NRP	(824)	(412)			
Property					
26 Prop Other Lease	2,666	1,333			
27 Prop Ins	(31,451)	(15,726)			
28 Prop Tax RE	(2,399)	(1,200)			
29 HO Prop	(1,593)	(797)			



Adj #	From	To	Adj #	From	To
Home Office - Admin			Home Office - Prop		
1 Acct	(10,413)	(5,207)	15 Depr Exp Bldg Impr	(6,411)	(3,206)
2 Legal	(223,703)	(111,852)	16 Prop Ins	(12,151)	(6,076)
3 Consult NRP	(35,225)	(17,613)	17 Personal Prop Tax	(5,754)	(2,877)
4 Consult NRP	(75,853)	(37,927)			
5 Consult NRP	(328,958)	(164,479)			
6 Non-capital Equip	(643)	(322)			
7 Non-capital Equip	(8,343)	(4,172)			
8 Non-capital Equip	(5,610)	(2,805)			
9 Non-capital Equip	(3,920)	(1,960)			
10 Travel	(5,762)	(2,881)			
11 Int Exp NRP	(31,754)	(15,877)			
12 Dues	(1,526)	(763)			
13 Dues	(1,009)	(505)			
14 Other Admin	(10,000)	(5,000)			