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(PPHA-REV. 10/16)
Filing Instructions for the PPHA Annual Financial Report

IMPORTANT: READ THE INSTRUCTIONS FOR ENTERING ACF FINANCIAL DATA BEFORE BEGINNING THE ANNUAL REPORT FORMS.

INTRODUCTION

WHO MUST FILE
Every Private Proprietary Home for Adults (PPHA) that has been issued an Operating Certificate to operate an Adult Home or Residence for Adults must file an annual financial report with the Department of Health pursuant to Section 461-e (4)(a) of the Social Services Law. Reports must be filed electronically on the Department’s Health Commerce System (HCS). The PDF – format report or the original worksheet may be used as an aid in the completion of the electronic form. The original paper worksheet may be helpful when an exhibit or schedule refers to subcategories or subtotals.

DUE DATE
This report, including the three (3) Exhibits and all applicable Schedules, must be filed electronically on the HCS on or before the due date shown in the Dear Administrator Letter (DAL).

NON-Calendar FISCAL YEAR
For electronic filing purposes on the Health Commerce System (HCS), the fiscal year is the starting year for facilities operating on a non-calendar fiscal year. For example, a facility with a fiscal year of July 1, 2015 to June 30, 2016 would report this year on the HCS as 2015.

HOW THIS REPORT IS EXECUTED
The Certification of Operator page must be signed by each licensed operator; and for facilities with a capacity of ten or more residents, an independent licensed accountant must execute the required opinion. A facility with a capacity of less than ten residents does not need an opinion signed by an independent licensed accountant.

MAILING ADDRESS
The completed certification page should be sent by U.S. mail to the following address.

NEW YORK STATE DEPARTMENT OF HEALTH
CENTER FOR HEALTH CARE PROVIDER SERVICES & OVERSIGHT
DIVISION OF ACF & ASSISTED LIVING SURVEILLANCE
BUREAU OF LICENSURE & CERTIFICATION
875 CENTRAL AVENUE
ALBANY, NEW YORK 12206-1331
GENERAL INSTRUCTIONS

USE WHOLE NUMBERS ONLY

**ONLY** whole numbers should be used for this report. Follow standard rounding procedures by rounding to the nearest dollar (i.e., if less than $.50 eliminate; $.50-$ .99 increase to next dollar).

ACCRUAL METHOD

For purposes of this report, the accrual method of accounting is required. Revenue reported should reflect revenue earned during the reporting period, not necessarily when it is received. Expenses reported should reflect expenses incurred during the reporting period, not necessarily when paid.

EXPENSES TO BE REPORTED

Only expenses incurred to provide resident care shall be included in this report.

DEPRECIATION AND AMORTIZATION

For purposes of this report, the Straight Line method of computing depreciation and amortization is required. “Additional first year depreciation” should not be reported.

SALARY EXPENSE

For purposes of this report, salary expense is defined as those salaries incurred for services rendered by employees for the benefit of the facility. Include as salary expense: severance pay, bonuses, and other types of contingent compensation. Tax shelter annuities and other types of deferred compensation should also be reported as salary expense. Salary amounts should be reported before taking deductions. Salaries are recorded prior to deductions for federal, state and city income taxes, insurance, pension, etc. Vacation and sick pay, whether paid or accrued, is to be reported as salary expense. Salary expense should be reduced by workers’ compensation awards, jury duty fees, disability awards, etc. The value of meals and lodging provided as a form of compensation should not be reported here, but rather recorded in the applicable expense accounts.

ALLOCATION OF SALARIES

Salaries of staff members performing more than one function should be allocated based on hours spent in each function. In facilities where employees perform more than one function yet the time spent in each function does not vary significantly from week to week, alternative methods of allocation such as time records for random test periods are acceptable. Organizations should consult their accountant for proper procedures, as procedures used may affect his opinion.

If initial year payroll records were insufficient to properly allocate salaries, reasonable estimates of employee time spent in each function will be accepted. Your independent accountant should qualify his opinion accordingly.

ALLOCATION OF OVERHEAD COSTS

When certain costs are assigned to the facility in circumstances such as a shared building, other shared services, or a central office allocation, the basis for such allocation must be clearly documented.
EXPENSES REPORTED AS “OTHER”

All amounts in excess of $1,000 reported as “Other” in a schedule must be identified in the space provided on the continuation sheet, or on an itemized sub-schedule.

RELATIVE OR FAMILY RELATIONSHIP DEFINED

For purposes of this report, relative or family relationship shall mean: spouse, child (including stepchild or adopted child), parent, brother, sister, uncle, aunt, first cousin, nephew, niece, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, half-brother or half-sister.

SPECIFIC INSTRUCTIONS:

OPINION OF INDEPENDENT ACCOUNTANT:

For certifying this report, an accountant or accounting firm will not be considered independent if either:

1. A family relationship (defined above) between the public accountant or partner, supervisors, or auditors of the public accounting firm and the operator(s) or administrator of this facility.

2. A business relationship other than that related to accounting services between the operator(s) or administrator of the facility and the public accountant, partners or auditors of the public accounting firm.

QUALIFIED OPINION ACCEPTED:

Situations may exist in which the requisite unqualified opinion cannot be signed by an independent licensed accountant. This matter should be discussed with your accountant, and if he determines that qualifications of the opinion are necessary, then the specific circumstances that necessitate such qualifications should be submitted to the Department.

A qualified opinion must be accompanied by a letter from the operator positively stating that any record-keeping deficiencies resulting in the qualified opinion have been corrected.

CERTIFICATION OF OPERATOR:

Each operator must sign the certification statement. If additional space is needed, the certification should be retyped on the continuation sheet and signed by each operator. “Operator” includes all persons listed on the operating certificate in effect at the close of the fiscal year.

For homes operating under a partnership agreement with four or more partners, signatures representing 50% or more of the partnership interest are acceptable.

The certification page should be mailed to the New York State Department of Health at the address listed on page 1.
Exhibit A – BALANCE SHEET

**Current Assets:** Include in this section cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash, or consumed during the normal operating cycle of the business, usually a twelve month period.

<table>
<thead>
<tr>
<th>Line number</th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cash:</td>
<td>include cash on hand; cash in checking accounts, demand deposits, time deposits and certificates of deposit</td>
</tr>
<tr>
<td>2.</td>
<td>Resident Accounts Receivable:</td>
<td>include amounts due from residents for room, board, and other services already rendered in the operation of the facility. <strong>NOTE:</strong> The Line EA_02_01, Current Assets, Residents Accounts Receivable (Less Allowance for Uncollectible Accounts) is an informational field and is not included in the total current assets computation.</td>
</tr>
<tr>
<td>3.</td>
<td>Other Accounts Receivable:</td>
<td>include amounts due from parties other than residents for goods and services already rendered by the facility. Do not include any receivable due from owners or related parties.</td>
</tr>
<tr>
<td>4.</td>
<td>Accounts Receivable and Notes Receivable from Owners or Related Parties:</td>
<td>include amounts due from owners or related parties for goods and services already rendered in the operation of the facility. Notes receivable should include the current portion, or the amount that would normally be received in the next twelve months with the balance recorded on Line 30.</td>
</tr>
<tr>
<td>5.</td>
<td>Inventories:</td>
<td>include the amount of unused materials and supplies purchased for use in the operation of the facility.</td>
</tr>
<tr>
<td>6.</td>
<td>Prepaid Expenses:</td>
<td>include expenses of a recurring nature which are properly chargeable to a future accounting period, e.g., insurance premiums, rent, taxes, etc.</td>
</tr>
<tr>
<td>7.</td>
<td>Interest Receivable:</td>
<td>include the amount of interest earned but not yet received from notes, saving accounts, etc.</td>
</tr>
<tr>
<td>8 – 10</td>
<td>Other Current Assets:</td>
<td>include any other assets that qualify as current assets. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 10 and so designated.</td>
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</table>

**FixedAssets:** Include in this section those properties which the business retains (owns) for utilization in the course of its normal operation of rendering services. Costs should include those architectural, consulting and legal fees pertaining to acquisition, rehabilitation or construction, and the interest paid on construction loans during the period of construction.

**Historical Cost:** is defined as the cost incurred by the present owner since acquiring the asset and preparing it for the present owner’s initial use.
Accumulated Depreciation and Amortization: Include the accumulated amounts of depreciation and amortization which have been charged to expense during the lives of the respective fixed assets.

12. **Land:** include the acquisition costs of land currently used in the normal operation of the facility. Those costs incurred subsequent to acquisition to permanently improve the property, such as draining, clearing, landscaping and grading are proper additions to the capitalized cost of land. Land secured for a future plant site should be classified as "Other Fixed Assets" (Line 19), and land held for speculation or investment should be reported as "Investments" (Line 27).

13. **Land Improvements:** include restoration or improvements made to the land which have a limited life, e.g., blacktop, sidewalks, fencing, water systems, reseeding, new shrubs, etc. As these improvements have a limited life, they are depreciable assets.

14. **Buildings:** include the cost of the original building, new buildings and any remodeling or major extraordinary repair made to the building which would properly be depreciated over a duration longer than the current period of this report e.g., new roof, new bathrooms, etc.

15. **Non-Movable Equipment:** include equipment that would normally be fastened to the building, e.g., sinks, heating plant, elevators, etc. Also list any major renovations or replacements such as plumbing, electrical wiring, etc. which have a life longer than the current period covered by this report.

16. **Movable Equipment:** include all other equipment owned by the facility, e.g., beds, dressers, chairs, televisions, etc. which have a longer life than the current period covered by this report. Items such as dishes and linens should be expensed in the current period.

17. **Leasehold Improvements:** include improvements made by the lessee which become the property of the lessor upon expiration of the lease. The costs of such improvements must be amortized over the life of the lease, or sooner if the useful life is less than the term of the lease. If leased from a related party then the useful life as if it is owned, rather than leased, must be used.

18. **Motor Vehicles:** include all motor vehicles owned by the facility operator and used in the operation of the facility.

19–21 **Other Fixed Assets:** include any other asset that meets the definition of fixed assets. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 21.

22. **Total Fixed Assets:** Sum of Lines 12 through 21.

Investments and Other Assets: Include in this section acquired permanent investments intended to be held for a considerable period of time, intangible assets and other assets which cannot reasonably be categorized under the asset classifications aforementioned.

23. **Deferred Charges:** include those expenses of a non-recurring nature that are not recognized as costs of operations for the current or prior periods but involve a
future benefit. These are carried forward to be written off in future periods, e.g., unamortized debt discounts and expenses, bond discount, etc.

24. **Escrow Deposits**: include the monies held by one person which are to be delivered to another in the event of a contingency agreed upon by the parties, e.g., telephone deposits.

25. **Organization Expenses**: include expenses incurred in the original (start-up) and initial promotion of the business enterprise prior to the regular operation period, e.g., legal fees, state business taxes, stamp taxes, reasonable underwriting costs, office expenses incident to organizing, etc.

26. **Goodwill-Purchased Only**: include goodwill only when purchased in an arm’s length transaction. Only include goodwill when a business is purchased (or part of the business is purchased, as in the admission of a new partner) and the price paid exceeds the fair market value of all other assets acquired.

27 – 29 **Investments**: include on these lines all investments owned by the facility operator as of the last day of the report period. Itemize each type of investment. If additional space is needed, use the continuation sheet to identify the types and amounts with the total listed on Line 29 and so designated.

30. **Loans to Owners or Related Parties**: include the non-current portion of monies due from owners or related parties. Use the continuation sheet to indicate both the loan amount and recipient, with the total of the loans reported on this line.

31 – 33 **Other Assets**: include any other assets not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 31 and so designated.

34. **Total Investments and Other Assets**: Sum of Lines 23 through 33.

35. **Total Assets**: Sum of Lines 11, 22, and 34.

**Current Liabilities**: Include in this section those obligations whose liquidation is reasonably expected to require use of existing resources properly classified as current assets, or the creation of other current liabilities. Include any liability whose regular and ordinary liquidation is expected to occur within a relatively short period, usually a twelve-month period.

36. **Accounts Payable**: include the unpaid obligations incurred to vendors for goods and services used in the operation of the facility.

37. **Notes Payable**: include the current portion of the amount that would normally be paid in the next twelve months, with the balance recorded on the proper line under long-term liabilities.

38. **Loans Payable**: include the current portion or amount which would normally be paid in the next twelve months, with the balance recorded on Line 51. Do not include any loans payable to owners or related parties. Include such loans on Line 39 or 52.
39. **Loans from Owners or Related Parties**: include the current portion or the amount that would normally be paid in the next twelve months, with the balance recorded on Line 52.

40. **Accrued Payroll**: include the amount of expense for payroll that has been earned, but not yet paid to employees.

41. **Withholding and Social Security Taxes Payable**: include that amount of withholding taxes withheld from employee salaries but not yet remitted by the employer to the local depository, e.g., federal, state and city income taxes, employee share of Social Security tax, etc.

42. **Accrued Payroll Taxes Payable**: include the accrued payroll taxes payable by the employer, e.g., unemployment insurance, disability insurance, workers’ compensation, employer’s share of Social Security tax, etc.

43. **Accrued Business Taxes**: include accrued business taxes, e.g., unincorporated business taxes, occupancy tax, etc. Do not include taxes withheld from employees.

44. **Mortgage Payable**: include the current portion or amount that would normally be paid in the next twelve months, with the balance recorded on Line 50.

45. **Interest Payable**: include accrued interest on notes, loans, bonds or mortgages payable to others, excluding owners or related parties. Any interest payable to owners or related parties must be shown under “Other Current Liabilities” (Line 46) and so identified.

46 – 48 **Other Current Liabilities**: include on these lines any other current liability not previously referenced or identified. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 48 and so designated.

49. **Total Current Liabilities**: Sum of Lines 36 through 48.

**Long-Term Liabilities**: Include in this section any liability or portion thereof that would not normally be paid within the next twelve months.

50. **Mortgage Payable**: include the balance of mortgages payable not reported in Line 44.

51. **Loans Payable**: include the balance of loans payable not reported on Line 38. Do not include loans payable to owners or related parties.

52. **Loans from Owners or Related Parties**: include the balance of loans from owners or related parties not reported on Line 39. Use the continuation sheet to indicate both the loan amount and recipient, with the total of the loans reported on this line.

53 – 55 **Other Long Term Liabilities**: include on these lines any other liability of a long-term nature and itemize each. If more space is needed, use the continuation sheet to identify the accounts and amounts with the total liabilities listed on Line 53.
Filing Instructions for the PPHA Annual Financial Report (cont.)

56. **Total Long Term Liabilities**: Sum of Lines 50 through 55.

57. **Total Liabilities**: Sum of Lines 49 and 56.

**Capital**: In this section, include capital contributions and accumulated income/loss.

58. **Owner’s Capital**: include the amounts contributed by the owner or partners as permanent capital.

59. **Owner’s Income Account**: include the amount of accumulated income/loss retained in the business.

60. **Total Capital**: Sum of Lines 58 and 59.

61. **Total Liabilities and Capital**: Sum of Lines 57 and 60.

**Exhibit B – CHANGES IN CAPITAL**

1. **Balance at End of Prior Fiscal Year**: enter the amount of the total capital account as of the end of the prior fiscal year.

**Additions**:

2. **Net Income Exclusive of Operator’s Services**: include the Net Income reported on Exhibit C, SUMMARY OF EXPENSES AND REVENUE, Line 15, Column (c) (EC_15_03). If a Net Loss is shown, it should be reported on Line 11 of this schedule.

3. **Additional Capital Contributed**: include any additional permanent capital contributed by the owner or partners during the current fiscal period.

4 – 8 **Other**: include any additions to capital during the year that have not been previously identified in this section. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 8, and so designated.

9. **Total Additions**: Sum of Lines 2 through 8.

10. **Beginning Balance plus Additions**: Sum of Lines 1 and 9.

**Deductions** (do not precede the numbers entered in 11-16 with a negative sign; the total (Line 17) is subtracted):

11. **Net Loss Exclusive of Operator’s Services**: include the net loss reported on Exhibit C, Line 15, Column (c) (Line EC_15_03). If Net Income is shown, it should be reported on Line 2 of this schedule.

12. **Withdrawals and Distributions**: include all withdrawals and distributions of income or capital to owners or partners of the facility during the year. Also enter guaranteed payments made by a partnership to one of its partners for services to the extent the payments are determined without regard to the income of the partnership. List all amounts as positive numbers.
13 – 16 Other: include any other deduction from capital during the year that has not been previously identified in this section. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 16, and so designated.

17. Total Deductions: Sum of Lines 11 through 16.


Exhibit C – SUMMARY OF EXPENSES AND REVENUE: This Exhibit is to be completed after all applicable Schedules (refer to pages 10 – 22 for the Schedules and guidance). Each Schedule also contains a category for the value of Operator Services which is detailed on Schedule L, OPERATOR SERVICES. After completing the necessary Schedules, follow the instructions shown for each line of this Exhibit C.

1. Administrative and General: The detail for this category must be provided on Schedule A.

2. Attendant Services: The detail for this category must be provided on Schedule B.

3. Dietary Services: The detail for this category must be provided on Schedule C.

4. Housekeeping: The detail for this category must be provided on Schedule D.

5. Laundry and Linen: The detail for this category must be provided on Schedule E.

6. Other Services: The detail for this category must be provided on Schedule F.

7. Rent: There is not a separate Schedule for rent.

8. Rental of Equipment, Furniture, and Vehicles: There is not a separate Schedule for this category. Include at 8(a) the rental cost of equipment and furnishings, and any installation charges. Include at 8(b) the rental cost of vehicles.

9. Other Occupancy Costs: The detail for this category must be provided on Schedule G.

10. Other Expenses: The detail for this category must be provided on Schedule H.

11. Depreciation: The detail for this category must be provided on Schedule I.

12. Amortization: The detail for this category must be provided on Schedule J.

13. Total Expenses: Sum of Lines 1 through 12.

14. Revenue: The detail for this category must be provided on Schedule K, Section G (Line SK_04_01).
15. **Income (Loss) Exclusive of Operator’s Services:** Grand Total Revenue (Line EC_14_05) minus Total Expenses (Line EC_13_03) prior to inclusion of Operator’s Services.

16. **Net Income (Loss) Inclusive of Operator’s Services:** Grand Total Revenue (Line EC_14_05) minus Grand Total Expenses (Line EC_13_05) including Operator’s Services.

**ADMINISTRATIVE AND GENERAL EXPENSES (SCHEDULE A)** related to the general management, daily administration, and overall operation of the facility.

**Salaries:** Do not include the value of Operator Services.

1. **Administrator(s) salary (ies).**

2. **Assistant Administrator(s) salary (ies).**

3. **Office** personnel salaries, e.g., fiscal director, accountant, bookkeeper, business manager, clerk receptionist, typist, etc.

4 – 5 **Other** salary expense not identified above. Specify each line account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 5.

6. **Total Salaries:** Sum of Lines 1 through 5. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_01_01).

**Employee Health / Welfare Benefits**

7. **Social Security Tax (FICA).** Do not include the amount deducted from employees’ salaries.

8. **State and Federal Unemployment Insurance** for facility employees.

9. **Workers Compensation and Disability Insurance** premiums. Subtract premium rebates and employee contributions from this account.

If employee welfare plans cover a combination of the benefits identified on Lines 10 through 12 below, and a combined payment is made to the provider, the payment should be reported on Line 14 and so identified.

10. **Health Insurance** under its own or other employee health insurance plan. Subtract from this line employee contributions and dividends, refunds, or rebates received from insurance carriers.

11. **Employees’ Pension Plan** under its own or other employee pension plan. Subtract from this line employee contributions and dividends, refunds, or rebates received from insurance carriers.
12. **Group Life Insurance** under its own or other employee group life insurance plan. Subtract from this line employee contributions and dividends, refunds, or rebates received from insurance carriers.

13. **Employee Uniforms.** Include allowances to employees for purchase and maintenance of uniforms.

14 – 15 **Other** employee health and welfare benefits not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 15.


**Insurance:**

17. **Life Insurance on Key Personnel** – Cost of insurance premiums paid on the life of key personnel in which the facility is the named beneficiary.

18 – 23 **Other insurance** costs excluding employee health and welfare benefits recorded elsewhere. Subtract from these accounts dividends, refunds, or rebates received from insurance carriers or other agents.

If an insurance plan has a combination of coverage and a combined payment, the amount should be reported on Line 22. Line 23 should be used to identify other insurance costs not listed above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 23.

24. **Total Insurance** The sum of Columns 17 through 23.

**Interest Expenses**

25. **Applicable to Acquisition of Plant and Equipment** Interest expenses related to the purchase of fixed assets and land.

26. **To Finance Current Working Capital Requirements** related to day-to-day operation.

27 – 28 **Other** interest expense not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 28.

29. **Total Interest** The sum of Lines 25 through 28.

**Other Expenses**

30. **Dues and Subscriptions** – fees related to membership in national or local industry organizations; include subscriptions, reference, and resource publications purchased for use by staff.

31. **Office Supplies** including freight and delivery charges of consumable supplies used in administration, e.g., pens, pencils, papers, etc. Include payments to independent printers, commercial artists, etc. for printing of letterheads, pamphlets, financial reports, office forms, checks, etc.
Filing Instructions for the PPHA Annual Financial Report (cont.)

32. **Telephone Services** Do not include telephone directory advertisement costs in this account.

33. **Advertising** for the facility.

34. **Travel and Entertainment** costs, e.g., conferences, conventions, employee/operator travel, auto expenses, etc. Do not include transportation or entertainment costs for residents, or personal costs of operators.

35. **Legal and Accounting**

36. **Continuing Education** as mandated by State regulation.

37. **Printing & Postage** expenditures.

38. **Automobile Expenses** for maintenance and repairs of automobiles owned or leased by the facility, e.g., gas, oil, repairs, etc.

39. **Other** (specify).

40. **Total Other Expenses** The sum of Lines 30 through 39.

41. **Total Non-Salary** The sum of Lines 16, 24, 29 and 40. This amount must be recorded on Exhibit C (Line EC_01_02).

42. **Total Administrative and General Expenses** The sum of Lines 6 and 41. This amount must be recorded on Exhibit C (Line EC_01_03).

**ATTENDANT SERVICES (SCHEDULE B)**

1. **Salaries** of employees who supervise and/or assist in the safety, comfort, bathing, or dressing of residents. Do not include the value of operator services. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_02_01).

2 – 7 **Non-Salary** costs incurred in rendering attendant services. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total on Line 7. This amount must be recorded on Exhibit C (Line EC_02_02).

8. **Total Attendant Services** The sum of Lines 1 and 7. This amount must be recorded on Exhibit C (Line EC_02_03).

**DIETARY SERVICES (SCHEDULE C)**

1. **Salaries of Kitchen employees** whose duties entail food preparation and general sanitation of the cooking area, e.g., cooks, cook’s helpers, dishwasher, etc. Do not include the value of operator services.
2. **Salaries of Dining Room employees** whose duties include serving meals to residents, setting and clearing the tables, etc. Do not include the value of operator services.

3. **Total Salaries** The sum of Lines 1 and 2. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_03_01).

4. **Food** purchased by the facility for consumption by residents, staff and guests. Do not include payments received from employees or guests for food consumed on the premises. These payments are included in Schedule K – Other Revenue. Snacks and treats purchased on outings are charged to supplies and activities, Schedule F, SUPPLIES and ACTIVITIES Line A.2.

5. **Dietary Consultant** if retained on a fee basis. If the person is a facility employee, the salary should be reported on Line 1 of this schedule.

6. **Non-Food Supplies** expenses related to food preparation and service, e.g., paper products, dishes, utensils, pots, pans, etc.

7. **Purchase Contract** – payments for goods and services provided by independent contractors for dietary services.

8–10 **Other** expenses related to food preparation and consumption not identified above. Itemize each account. If additional space is needed, use the continuation

11. **Total Non-Salary** The sum of Lines 4 through 10. This amount must be recorded on Exhibit C (Line EC_03_02).

12. **Total Dietary Services** The sum of Lines 3 and 11. This amount must be recorded on Exhibit C (Line EC_03_03).

13. **Annual Number of Resident Meals (or trays) Served** (estimated).

14. **Annual Number of Employee and Guest Meals Served** (estimated). If the employees or guests are served a full meal similar to that served to residents; otherwise, an equivalent meal count should be estimated.

15. **Total Meals Served** The sum of Lines 13 and 14.

**HOUSEKEEPING SERVICES (SCHEDULE D)**

1. **Salaries** of employees responsible for keeping the building in an orderly, presentable, and sanitary condition, e.g., dusting, cleaning, etc. Do not include the value of operator services. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_04_01).

2. **Supplies** expense related to housekeeping, e.g., detergents, brooms, mops.

3. **Purchase Contracts** – payments for services by independent contractors for housekeeping.
4 – 5 Other expenses related to housekeeping not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 5.

6. **Total Non-Salary** The sum of Lines 2 through 5. This amount must be recorded on Exhibit C (Line EC_04_02).

7. **Total Housekeeping Services** The sum of Lines 1 and 6. This amount must be recorded on Exhibit C (Line EC_04_03).

**LAUNDRY AND LINEN SERVICES (SCHEDULE E)**

1. **Salaries** of employees responsible for laundry and linen. Do not include the value of operator services. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_05_01).

2. **Expense for Supplies** related to laundry and linen, e.g., soap, detergent.

3. **Purchase Contract** – payments to contractors for laundry and linen services.

4 – 5 Other expenses related to laundry and linen not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 5.

6. **Total Non-Salary** The sum of Lines 2 through 5. This amount must be recorded on Exhibit C (Line EC_05_02).

7. **Total Laundry and Linen** The sum of Lines 1 and 6. This amount must be recorded on Exhibit C (Line EC_05_03).

**OTHER SERVICES (SCHEDULE E)**

**Section A – Social & Recreation**

1. **Salaries** of employees whose duties are to provide for residents’ social, intellectual, recreational and cultural needs. Do not include the value of operator services.

2. **Supplies and Activities** – The costs of social and recreational supplies, resident entertainment and transportation to and from activities.

3. **Purchase Contracts** – Payments to contractors for social and recreation activities.

4 – 7 Other expenses related to social and recreational activities not identified above. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 7.

8. **Total Non-Salary** The sum of Lines 2 through 7.

9. **Total Social and Recreation** The sum of Lines 1 and 8.
Section B – Security

Security - This section is to be used only if specific expenses are incurred for safeguarding and protecting the premises and residents. If security functions are performed by personnel assigned to other program components, e.g., attendant, housekeeping, maintenance, no allocation should be made to this account.

10. **Salaries** of employees whose duties are to safeguard and protect the premises and its residents.

11. **Purchase Contract** – payments to contractors for security services.

12 – 15 **Other** expenses related to security not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 15.

16. **Total Non-Salary** The sum of Lines 11 through 15.

17. **Total Security** The sum of Lines 10 and 16.

Sections C and D Other (only if applicable)

18 – 33 **Other service components**, if applicable. Each service component should be separately identified and the expenses within each service component should be identified as salary and non-salary expense on the lines provided. If other service components exist, use the continuation sheet to identify each component and similarly separate expense into salary and non-salary.

34. **Total Salaries from Attachments** described above.

35. **Total Non-Salary Expenses from Attachments** (Continuation Sheets)

36. **Total Salaries – Other Services** The sum of Lines 1, 10, 18, 26 and 34. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_06_01).

37. **Total Non-Salary – Other Services** The sum of Lines 8, 16, 24, 32 and 35. This amount must be recorded on Exhibit C (Line EC_06_02).

38. **Total – Other Services** The sum of Lines 34 and 37. This amount must be recorded on Exhibit C (Line EC_06_03).

OTHER OCCUPANCY COSTS (SCHEDULE G)

1. **Maintenance Salaries** – Salaries of employees who perform general maintenance work including ordinary repairs and replacement of parts on building, equipment, etc. Do not include the value of operator services. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_09_01).

2. **Real Estate Taxes**

3. **Rent/Occupancy Taxes** (Only in applicable areas).
4. **Heat, Light and Power**
5. **Sales Tax on Capital Asset Purchases**
6. **Water and Sewer**
7. **Repairs and Maintenance** – Expenses for maintaining and repairing real property and equipment. The cost of major repairs which extend the useful life of the asset should be capitalized and depreciated over the estimated life in accordance with IRS guidelines and entered on Schedule I (Depreciation).
8. **Purchase Contract** – payments to contractors for maintenance services.
9 – 11 **Other** expenses related to occupancy costs not identified above. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 11.

12. **Total Non-Salary** The sum of Lines 2 through 11). This amount must be recorded on Exhibit C (Line EC_09_02).

13. **Total Other Occupancy Costs** The sum of Lines 1 and 12). This amount must be recorded on Exhibit C (Line EC_09_03).

**OTHER EXPENSES (SCHEDULE H)** Expenses not included elsewhere. Itemize each account. If additional space is needed, use the continuation sheet to identify the accounts and amounts with the total listed on Line 13. This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_10_05).

**DEPRECIATION (SCHEDULE I)**

The American Institute of Certified Public Accountants defines depreciation as a process of allocation:

“Depreciation accounting is a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation. Depreciation for the year is the portion of the total charge under such a system that is allocated to the year.”

Determination of whether an item should be expensed or capitalized should be made in accordance with IRS guidelines.

The schedule requires a breakdown in five categories. Because various acquisition dates and/or depreciation rates may be involved within the separate categories, detailed schedules may be needed.

The total depreciation amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_11_05).
AMORTIZATION (SCHEDULE J)

The schedule requires a breakdown in three categories. Because various acquisition dates and/or amortization rates may be involved within the separate categories, detailed schedules may be needed. The Total Amortization must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_12_05).

1. **Mortgage Costs**: Expenses related to obtaining a mortgage (must be amortized over the life of the mortgage). Do not include interest on fees capitalized as part of construction.

2. **Leasehold Improvements**: Must be amortized over the life of the lease or the useful life of the improvement, whichever is shorter. If leased from a related party then the useful life as it is owned must be used.

3. **Organization Costs**: Must be amortized over a minimum of five years.

4. **Total Amortization**: Must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_12_05).

REVENUE, RESIDENT CARE DAYS & CERTIFIED BED CAPACITY (SCHEDULE K)

**Revenue** received from residents for room, board and routine care, detailed as follows:

a. Revenue from private pay residents only.

b. Revenue from residents who receive Supplemental Security Income (SSI) only. Include all income, Social Security Administration (SSA) benefits, Supplemental Security Income (SSI) benefits, Veterans Administration (VA) benefits, etc.

c. Loss of earned income from SSI residents. This field represents the rental income earned from SSI residents that has yet to be received. The field is informational only and should not be included in the total revenue computation.

Total resident revenue for room, board and routine care (sum of A and B only).

**Revenue from Medicaid (MA)**

Revenue received from Medicaid for residents in a licensed Assisted Living Program (ALP) facility only.

**Revenue from Other Sources.**

**Other Revenue from Resident Care** - After subtracting any related expense, revenue related to resident care, e.g., transportation, guest meals, beauty salon, etc. should be included here. Itemize each account.

**Other Revenue not related to Resident Care** - After subtracting discounts or fees, include any revenue not directly related to resident care. Other Non-Resident revenue such as interest income, facility rental revenue, etc., should be included here. Itemize each account.

**Grand Total Revenue** (equals the sum of Income from residents (Private Pay + SSI, etc. + MA Revenue + Other Resident Revenue + Revenue not related to Care). This amount must be recorded on Exhibit C, SUMMARY OF EXPENSES AND REVENUE (Line EC_14_05).
Resident Care Days – calculated as follows:
The sum of the number of care days rendered to each resident who resided in the facility during the fiscal year. When census records are insufficient to complete this section, care days should be completed in the following manner:
1. List each resident who resided at the facility during the year.
2. For each listed resident who lived at the facility during the entire fiscal year, enter 365 next to the name.
3. For each resident who resided at the facility during part of the fiscal year, count the first day during the fiscal year he/she resided at the facility and continue forward to the date of discharge or the last day of the fiscal year, whichever is earlier. Do not count the day of discharge. Enter the number of days counted following the name.

Examples of Resident Care Days (RCD) Calculations are shown on the following page.

Example #1: Resident was residing at facility on January 1, and discharged on March 3.

<table>
<thead>
<tr>
<th>Month</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>31</td>
</tr>
<tr>
<td>February</td>
<td>28</td>
</tr>
<tr>
<td>March</td>
<td>02</td>
</tr>
</tbody>
</table>

TOTAL 61 Resident Care Days

Example #2: Resident was admitted to facility on March 12, and discharged on June 4.

<table>
<thead>
<tr>
<th>Month</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>20</td>
</tr>
<tr>
<td>April</td>
<td>30</td>
</tr>
<tr>
<td>May</td>
<td>31</td>
</tr>
<tr>
<td>June</td>
<td>03</td>
</tr>
</tbody>
</table>

TOTAL 84 Resident Care Days

4. The sum of the care days rendered to each resident listed should be included in the space provided in Part 2.

LICENSED BED CAPACITY – Licensed capacity as of last day of reporting period.

SERVICES OF OPERATORS (SCHEDULE L)
This schedule should be completed only when duties performed by an operator or spouse are essential to the operation of the facility and would otherwise require the paid assistance of employees. A separate schedule must be completed for each operator. Also include a separate schedule for operators’ spouses whose salaries are not reported elsewhere.
A description of the specific duties performed by the operator or spouse named in section 1. Each type of duty must be described within one of the functional classifications shown in Exhibit A, Column d; e.g., Attendant Services, Dietary Services, Administration and General, etc.
The line number in Exhibit A, Column d, where the estimated value of duties has been reported.
The estimated average weekly hours it takes the operator to perform each specific duty. Exclude “on call” periods.
Filing Instructions for the PPHA Annual Financial Report (cont.)

The estimated annual salary value of the operator’s services for each of the specific duties described in Column a. The value should represent the amount that would have to be paid to an employee if the operator’s or spouse’s time was unavailable.

4: SUM of the amounts stated in Column D above.

5: Salary actually paid to the operator.

6: Number of operators required to complete this schedule.

REPORT ON DETAILS OF EMPLOYEE/OPERATOR ANCILLARY BENEFITS (SCHEDULE M)

To establish complete transparency for employee and operator compensation, a report is required of ancillary benefits.

Ancillary benefits are expenses necessary both as additional incentives for individual services, and/or for the convenience of the facility over and above the benefits to the employees/operators as a whole.

The following is a list of the types of employee/operator ancillary benefits which must be reported and is not all-inclusive:

1. Housing, rooms, etc.: the actual cost to the facility or, in the event this is unobtainable, the annual fair rental value of comparable accommodations.
2. Food, meals and other provisions for employees/operators and their dependents whether provided through the communal facility or separately.
3. Services/Maintenance – Light, heat, power, laundry, telephone, etc.
4. Service Personnel – Housekeeper, cooks, etc.
5. Transportation – motor vehicles owned or rented, pooled or assigned, chauffeured or otherwise, including all expenses, e.g., fuel and maintenance.

A monetary value should be assigned to each ancillary benefit based on its actual cost to the facility. If costs are unknown and not readily determinable, a clearly documented estimate is acceptable.

SUPPLEMENTAL OPERATING INFORMATION (SCHEDULE N)

Section 1: List payments and/or non-paid amounts to operators during the reporting period and indicate the schedule(s) where these amounts are listed. Provide either a description of services rendered, or some other explanation of payments listed.

Section 2: Self-explanatory.

Section 3: List all payments to operators’ relatives including fees for accounting, legal, business consultation, etc. The average hours per week spent conducting facility business must be shown. “Relative” is defined on page 3.

RELATED PARTY TRANSACTIONS (SCHEDULE O)

Section 461-e of the Social Services Law requires the disclosure of information concerning related party transactions. A related party transaction is determined to occur when the facility pays or receives an aggregate of $500 or more during the reporting year in connection with transactions involving a person, or an affiliate of a person, named in Section P of this report. In addition, Generally Accepted Accounting Principles (GAAP) requires the disclosure of related party transactions in accordance with Financial Accounting Standards Board (FASB) pronouncements. Related party transactions that meet...
the FASB guidelines, but do not meet the Schedule O definition should be reported on the continuation sheet of this report.

If there are multiple related party transactions, separate schedules should be completed for each related party.

**Examples of Related Party Transactions:**

**Example #1:** Mr. X is the licensed operator of an Adult Care facility. He is also a business partner of Mr. Y. Their partnership owns the land and building where the facility is located and leases the property to Mr. X for $48,000 annually. Because Mr. X is both the facility operator and a partner in the business that leases the facility to him, and the total transaction is more than $500 annually, a related party situation exists that must be reported on Schedule O.

**Example #2:** Mr. X is the licensed operator of an Adult Care facility. He has a contract to purchase food and supplies from a company owned by Mr. Y’s brother for $3,000 annually. Mr. Y is the leaseholder of the facility (reported on Schedule P). Because Mr. Y has an interest in the land and building where the facility is located, and Mr. Y’s brother meets the definition of his affiliate (natural person – immediate family), and the transaction(s) for the food and supplies totals more than $500 annually, a related party situation exists that must be reported on Schedule O.

**Example #3:** Mr. X and Mr. Y are the licensed operators of an Adult Care facility. Mr. Y and Mr. Z own all the stock of a corporation that provides in-home nursing services in the community. Mr. Z is also the sole stockholder of a corporation that provides personal care attendant services to Adult Care facilities and has a contract to provide services to Mr. X and Mr. Y’s ACF for $30,000 annually. Because Mr. Z’s corporation meets the definition of an affiliate of Mr. Y (Mr. Z – controlling person corporation), a related party situation exists that must be reported on Schedule O.

**SPECIFIC INSTRUCTIONS FOR SCHEDULE O**

**Part I – General Information/Amount Paid**

**Related Party Name and Address**

**Telephone Number**

**Description of Relationship:** Provide a description detailing the related party relationship to the home. For example: Home operator Mr. X is a 50% partner in Related Party XYZ Corp.

**Description of Goods or Services Supplied:** Describe the type(s) of goods or services provided, list the dollar amount and disclose the line number(s) and page(s) where this amount is recorded in the Annual Report. If the entirety of the amount is for an individual’s wage or consultant fee, complete the hours paid Column and skip Parts II, III and IV.

**Part II – Expenses of the Related Entity**

For parties related to the operator, this section should include the actual cost of the related entity as it pertains to the goods and services it provided to the Adult Home. For related parties whose business activity solely pertains to the Adult Home (e.g., a related party holding company leasing property exclusively to the Adult Home), this disclosure should include the entire costs of the related company. For related parties that do not exclusively provide goods and services to the Adult Home, the costs reported in this section should pertain only to the costs incurred in order to provide goods and services to the Adult Home. Allocation methods may be utilized to split expenses that jointly benefit the home and other unrelated business activities. For example, a related party which provides nursing services to an Adult Home and a nursing home should split its actual costs and report only those pertaining to the Adult Home. The split may be based on statistics such as nursing hours.
Related Parties Transacting Business with Secondary Related Parties

In the event that related parties are transacting business with secondary related parties, it is necessary to combine expenses to complete this section. The reported costs should include the actual costs of the secondary related parties, not the amounts paid to them.

Example: Company Y is supplying attendant services to the Adult Home. Company Y is owned by the home’s operator. If Company Y rents office space from the operator, the disclosed cost in this section should not include the rent paid by Company Y. Instead, the costs should include the actual property costs of the office space that were incurred by the operator.

Personal Services: Enter salaries and wages incurred for the reporting period in addition to the total hours paid for each category: nurses, aids, office etc.

Salaries and wages paid to any owner, operator, related party or affiliate as defined in the instructions for Schedule P, in addition to total hours paid, should be listed separately on Line F. Attach additional sheets if necessary.

Part III – Related Party Asset Detail

For entities required to complete Part II, list the information for any assets related to the Adult Home operations. Allocation methods may be utilized to split costs that jointly benefit the home and other unrelated business activities. Current expense for Depreciation and Amortization should match amounts reported in Part II.

Part IV – Related Party Mortgage Indebtedness

For entities required to complete Part II, complete this for any mortgages or loans that involve a lien on property occupied by the Adult Home.

IMPORTANT: The interest amount listed as allocable to the facility should only be that portion of the interest applicable to the funds borrowed to fund the Adult Home operations. For example, if a related party holding company refinanced its original mortgage with a balance of $200,000 and borrowed an additional $100,000 for an unrelated project, the amount allocable to the facility should only include two-thirds of the total interest on the $300,000 loan.

Part V – Related Party – Rental Income

For parties related to the operator who own the real estate in which the facility is operated, report all rental income by source(s) including rents received from providers of services.

OWNERSHIP INFORMATION (SCHEDULE P)

This must be completed for each owner, operator, related party, or affiliate who has a beneficial interest in the operation or ownership of the facility.

The following definitions apply to this schedule:

1. Affiliate
   (a) with respect to a partnership, each partner thereof;
   (b) with respect to a corporation, each officer, director, principal stockholder and controlling person thereof;
   (c) with respect to a natural person,
      [a] each member of said person’s immediate family,
      [b] each partnership and each partner thereof of which said person or any affiliate of said person is a partner, and
      [c] each corporation in which said person or any affiliate of said person is an officer, director, principal stockholder or controlling person;
2. **Controlling Person** of any corporation, partnership or other entity: any person who has the power, directly or indirectly, to significantly influence or direct the actions or policies of such facility. Neither the Department nor any employee of the Department shall, by reason of his or her official position, be deemed a controlling person of any corporation, partnership or other entity;

3. **Immediate Family** - for purposes of this report, immediate family of any person includes: spouse, child (including stepchild or adopted child), parent, brother, sister, uncle, aunt, first cousin, nephew, niece, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, half-brother or half-sister;

4. **Principal Stockholder** of a corporation: any person who beneficially owns, holds or has the power to vote, with ten percent or more of any class of securities issued by said corporation.

**STAFFING (SCHEDULE Q)**

**Column A** – Enter the total salaries expense incurred for the reporting period. The total reported on Line 15 must agree with Line 13, Column a, Exhibit A.

**Column B** – Enter the total hours paid to all employees for the reporting period. Only include amount actually paid, not accrued vacation.

**Column C** – Show average salary per week, year, etc. or hourly wage (Column a divided by Column b).

**CONTINUATION SHEET(S)** Use as necessary.

END OF PPHA INSTRUCTIONS