



DEC 29 2011

Mr. Mark J. Gusek, CEO
The Village at Luther Square/LIFE-NWPA
149 West 22nd Street
Erie, Pennsylvania 16502

Dear Mr. Gusek:

Enclosed for your review is the final audit report of LIFE-NWPA recently completed by this office.

Your Agency's response has been incorporated into the final report and labeled Appendix A.

The final report will be forwarded to the Department's Office of Long Term Living (OLTL) to begin the Department's resolution process concerning the report contents. The staff from OLTL may be in contact with you to follow up on the corrective action actually taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to the DAR staff during the course of the fieldwork.

If you have any questions please contact Mr. Michael J. Kiely, Audit Manager of the Western Field Office, at (412) 565-2187.

Sincerely,

Tina L. Long, CPA
Director

Enclosure

c: Ms. Bonnie Rose
Mr. Grant Witmer
Mr. Randolph Nolen
Ms. Sallee Rowe

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov.



Mr. Timothy Costa
Executive Deputy Secretary
Office of the Secretary
333 Health & Welfare Building
Harrisburg, Pennsylvania 17120

DEC 29 2011

Dear Mr. Costa:

At the request of the Office of Long Term Living (OLTL), the BFO conducted a performance audit of the Village at Luther Square Pre-PACE (Program for All-Inclusive Care for the Elderly) program. The audit was requested to determine why the program has not transitioned from Pre-PACE to LIFE (Living Independence For the Elderly).

A draft of this report was reviewed by LIFE-NWPA and their comments, which are identified as Appendix A, are attached to this report. LIFE-NWPA elected not to have an exit conference.

Background

The Village at Luther Square operates two programs at their Erie, Pennsylvania facility: a licensed skilled nursing program and a Pre-PACE program, called LIFE-NWPA.

LIFE-NWPA entered into a contract with the Department of Public Welfare (DPW) in September 2007 to establish a Pre-PACE program with the intent that the program would transition to a full service LIFE program within two years after becoming operational. LIFE-NWPA enrolled their first client in December 2007.

A LIFE program is a managed care program that provides a comprehensive all-inclusive package of services. The program is known nationally as the PACE program; however, in Pennsylvania the PACE acronym was already in use for another statewide program, therefore, all providers have "LIFE" incorporated into their names.

A LIFE program enables an individual with long-term care needs to remain in the community rather than be placed in a nursing home. LIFE combines direct services such as adult day health and primary care with a network of community providers such as physician specialists, ancillary providers, hospitals, and nursing homes to create a comprehensive service delivery system.

LIFE program revenue is generated by pre-paid monthly capitated payments from Medicare and Medicaid. Starting a LIFE program requires the acquisition and development of a LIFE Center. The LIFE Center is the focal point of the program and combines the services of an adult day health center, primary care clinic, and rehabilitation facility into a single location. Transportation and in-home services are coordinated at the LIFE Center while inpatient, outpatient and physician specialist services are typically provided through contractual agreement. Additional services such as meals and recreational therapy are also provided at the LIFE Center.

Living Independence For the Elderly-Northwest PA

DPW has outlined a development process for LIFE programs that requires providers to begin operations under a Pre-Paid Health Plan contract that capitates services for Medicaid, referred to as Pre-PACE. Under Pre-PACE, providers are responsible for a specific package of services that is less comprehensive than required of a LIFE provider. The services are offered to individuals eligible for nursing facility services, who are either Medicaid eligible or self-pay. These services include:

- Primary care
- Nursing home
- Occupational and physical therapy
- Medications
- Transportation
- Adult day health
- Dental
- Podiatry
- Personal care

Once the provider transitions to LIFE, they are also responsible for inpatient hospitalization, specialty care and laboratory and diagnostics.

The Pre-PACE program allows the provider to:

- Develop the infrastructure necessary for the LIFE program
- Defer inpatient hospital risk until LIFE provider status is achieved
- Build enrollment
- Build financial stability prior to assuming full risk for Medicare benefits as required under LIFE provider regulations

Eligibility to enroll in the Pre-PACE or LIFE program is limited to individuals who meet the following criteria:

- Age 60 or older for Pre-PACE / Age 55 or older for LIFE
- Certified by the Commonwealth of Pennsylvania as eligible for nursing home level of care
- Reside in an area served by a LIFE provider
- At the point of enrollment can be safely served in a community setting

Clinical eligibility is determined by the local Area Agency on Aging (AAA) while financial eligibility is determined by the County Assistance Office (CAO). Once a person is enrolled as a participant, their care and services are coordinated by an Interdisciplinary Team (IDT) through a plan of care.

When an individual becomes a Pre-PACE or a LIFE enrollee the IDT assumes all case management authority for the enrollee and coordinates LIFE Center services with primary and in-home care.

Objectives, Scope, and Methodology

Our audit objectives were as follows:

Determine the status of LIFE-NWPA's transition from a Pre-PACE to LIFE program.

Determine the accuracy of calendar year 2010 quarterly reported costs of the Pre-PACE program.

The scope of the audit was limited to those procedures necessary to accomplish these objectives. In pursuing our objectives, we reviewed various internal and external source documents, accounting records and other pertinent reports. In addition, we conducted interviews with OLTL, LIFE-NWPA, and local AAA staff. Government auditing standards require that the BFO obtain an understanding of management controls that are relevant to the objectives described above.

The applicable controls were examined to the extent necessary to provide reasonable assurance of compliance with generally accepted accounting principles. Based on the BFO's understanding of the controls, no significant deficiencies came to our attention.

The BFO's fieldwork was conducted June 14-23, 2011. The results of our audit were discussed with LIFE-NWPA management at a closing conference on July 1, 2011. We conducted this performance audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This report, when presented in its final form, is available for public inspection.

Results of Fieldwork

Status of Transition

At the close of our fieldwork in June 2011, LIFE-NWPA's pre-PACE census was 63 clients. In consultation with [REDACTED] an approved LIFE Program consultant, they estimated that client enrollment would need to be at least 85 in order to make transition to the LIFE program economically sustainable. LIFE-NWPA management is projecting an average monthly net increase of three clients, which would allow them to reach the 85 person enrollment by February 2012. Working with their consultant, as required under the DPW Pre-PACE agreement, they anticipate applying for LIFE status by fall 2011 based on these projections. They estimate they can finalize the transition to a LIFE program by summer 2012 based on the estimated time to complete the established review and approval process.

Our analysis of enrollment data from January 1, 2008 through June 30, 2011, found that enrollment has historically increased at an average of only 1.5 clients per month. At this rate the client census would not reach 85 until September 2012. This would still allow them to reach their required census for transition by their target date of summer 2012.

Potential Barriers to Transition to LIFE

The Center for Medicare and Medicaid Services (CMS) has strict limits regarding marketing practices to attract potential LIFE program clients. Therefore, most clients are referrals from the local AAA. This is the case statewide as approximately 75% of a LIFE program's referrals typically come from the local AAA. This situation creates a potential conflict of interest because AAAs typically are direct providers of Pennsylvania Department of Aging (PDA) waiver services, an alternative service for the same clients.

On a quarterly basis, area nursing homes are required by the Pennsylvania Department of Health to issue a "Minimum Data Set" report listing clients with a pending discharge. The report is made available to the AAAs, but not to the LIFE programs. LIFE-NWPA identified this report as a possible source for increasing client enrollment.

Accuracy of 2010 CY Quarterly Reports of Pre-PACE Program

LIFE-NWPA has filed quarterly Pre-PACE program reports with OLTL beginning with the first quarter of calendar year 2008. The quarterly reports reflect LIFE-NWPA generating excess revenues that allow it to develop reserves that would be needed for a transition to the LIFE program. The cumulative excess revenue for the three calendar years ending 2010 totaled \$490,539.

One of our objectives was to determine the accuracy of the calendar year 2010 quarterly reports. Our audit concluded that while expenses reported by NWPA generally appear to be reasonable, appropriate and accurate, some expenses that could be attributed to the Pre-PACE program were not. The Village at Luther Square, in effect, subsidized the program by absorbing some expenses that were attributable to Pre-PACE.

Examples of expenses not charged to the Pre-PACE program include:

- Occupancy costs for the space associated with a LIFE center within the Village at Luther Square facility
- An allocable portion of salary and benefit expenses for three executive staff
- Allocated wage, benefit and supply expenses for the business office, central supply, maintenance and housekeeping staff
- Miscellaneous expenses, such as banking fees and payment in lieu of taxes for the Village at Luther Square facility

If these expenses had been allocated to Pre-PACE, cumulative excess revenues would have been significantly less than the \$490,530 reported and could potentially affect LIFE-NWPA's ability to operate a sustainable LIFE program.

Recommendations

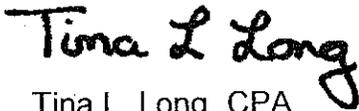
The BFO recommends that OLTL monitor LIFE-NWPA's quarterly progress towards the enrollment levels necessary for its transition to a LIFE program.

The BFO also recommends that OLTL monitor LIFE-NWPA's quarterly excess revenues to assure balances are adequate to sustain a LIFE program.

In accordance with our established procedures, an audit response matrix will be provided to OLTL. The OLTL will be responsible for completing the matrix and forwarding it to the DPW Audit Resolution Section within 60 days. The response to each recommendation should indicate OLTL's concurrence or non-concurrence, the corrective action to be taken, the staff from OLTL responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

We hope that this information will be useful. If you have any questions, or would like the BFO to provide further assistance in this matter, please contact Alex Matolyak, Audit Resolution Section, at (717) 783-7786.

Sincerely,



Tina L. Long, CPA
Director

**LIVING INDEPENDENCE FOR THE ELDERLY-NORTHWEST PA
RESPONSE TO THE DRAFT REPORT**

APPENDIX A



Mr. Michael J. Kiely
Department of Public Welfare
Bureau of Financial Operations
Western Field Office
Room 320, 11 Stanwix St.
Pittsburg, PA 15222

EMAIL pdf attachment Only

December 15, 2011
(Amended from December 10, 2011 Letter)

Mr. Kiely:

This is in response to Ms. Long's November 10, 2011 letter concerning your onsite audit beginning June 14, 2011 and closing with an exit conference of July 1, 2011.

Clarification Page 3 more likely should read:

- "Determine the status of LIFE-NWPA Pre-PACE to a Full PACE LIFE program."

Since the onsite the visit:

- Our census has grown from 63 to 73 with approximately 15 participants actually in the intake process.
- Our Full PACE application was submitted on schedule to the DPW/OLTL for 1st review on October 31, 2011.

The Lutheran Home for The Aged d/b/a The Village at Luther Square d/b/a LIFE-Northwestern Pennsylvania continues to further define and refine allocations of expenses to the LIFE-NWPA operations. The reasons for this are at least three fold in order to continue:

1. even more accurate GAAP.
 - a. More accounts for 2012 are being "flagged" for allocation. As proper allocation formulas are developed throughout 2012, as one would expect, proper journal entries will be made throughout the year to reallocate if needed.
 - b. More time studies are going to be done for "shared" staff.
2. a greater and greater transparency for easier and better processes for Board decisions.
3. To continue preparations for the LIFE-NWPA operations to register as its own 501(c)(3) corporate entity sometime after Full-PACE status is achieved.

149 West 22nd St. • Erie, PA 16502-2899
The Village at Luther Square: 814-452-3271 • Fax: 814-456-0383 • www.VALS.org
LIFE-NWPA: 814-456-5433 • Fax: 814-456-0383 • www.LIFENWPA.org

In relation to the financial reporting area, The Department may want to consider adopting the National Pace Association (NPA) Financial Benchmarking System on a quarterly basis for all LIFE/PACE center in Pennsylvania rather than the spreadsheet version report currently used. A sample of the data is attached.

If adopted the data may not only be more accurate and meaningful but also may be compared to data from throughout the country rather than the existing somewhat cumbersome spreadsheet currently used by The Department. Additionally I believe NPA uses this data in their national level discussions with CMS and therefore it may be a familiar report when having State Level discussions with CMS concerning the programs.

For More information on this a contact at NPA is:

Alan Gay
Program Manager
National PACE Association
801 North Fairfax Street, Suite 309
Alexandria, VA 22314
703-535-1570; Fax 703-535-1566
AlanG@npaonline.org

If you have any further questions please feel free to contact me at 814-870-7980

Sincerely,



Mark J. Gusek
Chief Executive Officer / Executive Director
The Lutheran Home for The Aged d/b/a
The Village at Luther Square d/b/a
LIFE-Northwestern Pennsylvania

C: Pr. K. Laber, email only
M. Tate, email only
J. Tucker, email only



PACE Financial Benchmarking Service

Costs and Revenues Per Member Per Month, and Financial Ratios for 2007

The National PACE Association invites you to participate in the 2007 update of the PACE Financial Benchmarking Service. Programs participating in the service will have access to per member per month (PMPM) cost benchmarks and financial ratio benchmarks reflecting the experience of other participating PACE programs. Through this service, NPA aims to be responsive to the requests we receive from our members for financial comparison information. The service will allow you to compare your costs, revenues and financial indicators over time and across other PACE providers. Only participating programs will have access to the benchmark information. Participation is limited to NPA members and is offered as a membership service at no additional cost to the program.

What Information Do You Need to Provide? By When?

Information for Per Member Per Month Benchmarks

To participate in the PACE Financial Benchmarking Service's PMPM component you will need to report your program's annual operating costs expressed in terms of standardized cost centers. This information is reported using an Excel spreadsheet provided by the association (please see Attachment 1). The spreadsheet is accompanied by specifications (Attachment 2) for allocating costs to the standardized cost centers. *Please note:* For 2007, we have relabeled the "Housing" cost category as "Assisted Living/Residential Care" to better reflect the costs that are reported in this category. Other than this change, all other revenue and cost categories are the same as in prior years. NPA staff can assist you in interpreting and applying the specifications. Examples of the PMPM information available to you are included in Attachments 3 and 4.

Information for Financial Ratio Benchmarks

To participate in the financial ratio benchmarking component you will need to provide NPA a copy of your organization's most recent annual, audited financial report for an accounting period ending on or before December 31, 2007. If you do not have an audited financial report, you may be able to participate by providing internal accounting reports that have information similar to an audited financial report. To determine if this is possible, please provide a copy of the alternative report to NPA. The financial statements will be used to calculate financial ratios (see Attachment 5) which will be reported to you, along with statistical comparisons and charts indicating trends over time. Sample charts are provided in Attachments 6 and 7.

When Does the Information Need to be Provided to NPA?

We would like to receive your completed spreadsheet and your financial statements by September 1, 2008.

Confidentiality

NPA will maintain the information you provide in strict confidence and protect that information from disclosure or identification. Only you and your program's designated contacts will have access to reports that identify your organization's data. General reports and comparisons will not identify specific programs and no identifiable data will be released to the service's users.

Services Provided

Benchmarking Reports – you will receive benchmarking reports indicating the range of experience across sites. If information from a sufficient number of programs is available to NPA, additional comparisons by program characteristic (e.g. size of enrollment, duration of operation) will also be provided. These reports will be provided for the PMPM and Financial Ratio comparisons to organizations submitting both cost and financial audit information. Organizations that participate in one or the other will only receive the reports corresponding to the information they provided.

Users Group - as a participant in the PACE Financial Benchmarking Service, you will be invited to join the service's users group. The users group guides the service's development, including the design and content of standard reports, the modification of the benchmarking data set, and options for transmitting and reviewing benchmark information. NPA wants the service to be valuable to you and strongly encourages your input through the users group.

If you have any questions related to the service please feel free to call either:

Alan Gay at 703/535-1570, alanga@mpaonline.org or Peter Fitzgerald at 703/535-1521, peterf@mpaonline.org.

Attachments:

1. Per Member Per Month Spreadsheet
2. Per Member Per Month Specifications
3. Per Member Per Month Sample Chart – Outpatient Specialist Costs
4. Per Member Per Month Sample Chart – Transportation Costs
5. Financial Ratios
6. Sample Financial Ratio Chart – Current Ratio
7. Sample Financial Ratio Chart – Days Cash on Hand Ratio

**Attachment 1:
Per Member Per Month Spreadsheet
FY07**

Organization:	
Contact Person:	
Phone Number:	

Item Ref. #	Description	Summary Measure Response (entry required)	Measure Response (entry required)	PMPM (calculated)	Your Percent
1	Year-Ending Date for Data Transmitted				
2	Number of days in reported period				
3	Enrollment				
4	Member Months - All				
5	Income - All	\$ -			
6		PACE - Medicare			
7		PACE - Medicaid			
8		PACE - Other			
9		Other			
10	Expenses - All	\$ -			0
11		PACE Center			0.0%
12			Primary Care		0.0%
13			Day Center		0.0%
14		Community Primary Care			0.0%
15		Community Adult Day Care			0.0%
16		Social Services			0.0%
17		Therapy			0.0%
18		Home Care			0.0%
19		Meals and Nutrition			0.0%
20		Transportation			0.0%
21		Outpatient Specialist			0.0%
22		Pharmacy			0.0%
23		DME and Supplies			0.0%
24		Labs and Diagnostics			0.0%
25		Nursing Home			0.0%
26		Hospital			0.0%
27		Assist'd Living/Res. Care			0.0%
28		Administrative			0.0%
29		Marketing			0
30		Insurance			0.0%
31		Depreciation			0.0%
32		Facility			0.0%
33		Other Expense			0.0%
34	INCOME (LOSS) FROM OPERATIONS	\$ -			#VALUE!

	area to enter response
	leave blank
	automatic calculation

**Attachment 1:
Per Member Per Month Spreadsheet
FY07**

9 Items included in Other revenue (Box 9)

- Alzheimer's unit revenue
- Interest/Dividend income
- Income from Investments
- Miscellaneous income
- Donations
- Management fees

33 Items included in Other Expense (Box 33)

- Interest Expense
- Alzheimer's Unit expenses
- Other Misc.

Attachment 2 PMPM Specifications

NPA Financial Benchmarking Service: Per Member Per Month (PMPM) Cost Category Specifications

Functional Cost Categories

- Generally, costs are reported by function (e.g. PACE Center) rather than by input or resource (e.g. RN salaries).
- Each functional cost category should include all expenses directly associated with the function e.g. salaries, supplies
- General and administrative costs should be reported in the designated cost categories for these items (see Item Reference numbers 28 through 32 below) rather than allocated across all categories

Allocation of Staff Expense

- Staff expenses should be allocated to one of the expense items as appropriate
- For staff expenses, include the following: salary, benefits (health insurance, pension, workmen's compensation, employee transportation assistance, parking, uniforms), taxes, employee recognition, professional development expenses, productive and nonproductive time, and professional licenses paid by the organization.
- An individual staff member's expense may be allocated across multiple cost categories if the individual contributes to multiple functions

Complete Transmittal

In order to transmit a complete set of cost information, you must provide all of the required items. If you have incurred no expenses in a cost item, enter 0.

Cost Item Specifications

The table below provides specific information on the cost to be assigned to each of the Per Member Per Month cost categories. The Item Reference Number in the table refers to the item's number in the related data entry screen (the Excel spreadsheet).

8/7/08

Attachment 2 PMPM Specifications

**NPA Financial Benchmarking Service:
Per Member Per Month (PMPM) Cost Category Specifications**

Item Ref. #	Item	Specification
1	Year-Ending Date for Data Transmitted	The last day of the period for which income and expenses are being reported
2	Number of days in reported period	Total number of days in the period for which income and expenses are being reported
3	Enrollment	Total number of participants enrolled in the PACE program at the year-ending date
4	Member Months - All	Total number of member months for the period being reported
5	Income - All	Total income for the PACE program
6	PACE - Medicare	Income received from Medicare for the provision of PACE services
7	PACE - Medicaid	Income received from Medicaid for the provision of PACE services
8	PACE - Other	Income received from sources other than Medicare or Medicaid (e.g. private pay) for the provision of PACE services
9	Income - Other	Income not related to the delivery of PACE services (e.g. foundation grants, interest income)
10	Expenses - All	Total of all expenses related to the PACE Program, as detailed below in items 11 – 31 below
11	PACE Center	Sum of Primary Care (item # 12) and Adult Day (# 13) below
12	Primary Care – PACE Center based	Medical Director Primary Care Physician(s) in Clinic or Home Nurse practitioner in Clinic or Home Nursing staff in Clinic or Day Center who provide primary care (Note: note home care nursing) Clinic administrative staff Medical Records Medical Records staff
13	Adult Day Care – PACE Center	PACE Day Center staff - all PACE Day Center staff – assistants PACE Day Center Supervisor Recreational Therapy - program Recreational Therapy - contracted Laundry
14	Contracted, Off-site Primary Care	Contracted, primary care costs of physicians, nurse practitioners, and nurses for delivering primary care in a location other than a PACE Center or participant's home.

8/7/08

Attachment 2 PMPM Specifications

Item Ref. #	Item	Specification
15	Contracted, Off-site Adult Day Care	Contracted, adult day care costs for services in a location other than a PACE Center
16	Social Services	Social Work staff - all
17	Therapy	Occupational Therapy - program Occupational Therapy - contracted Speech Therapy - program Speech therapy - contracted Physical Therapy - program Physical Therapy - contracted Therapy Provided Under Contract – other (Note – do not include Recreational Therapy, see # 12 above) Therapy - Other
18	Home Care	Home care – nursing Home care – personal assistance Lifeline monitoring Home care - Other
19	Meals	Food Plates and cutlery Staff Contracted Service Meals - Other
20	Transportation	Outsourced Transportation Costs (incl. Ambulance for non-inpatient) Van Fleet: Van leasing, Van repairs, Van maintenance, Auto gas and oil Transportation staff – drivers, assistants, other Other
21	Outpatient Specialist	Audiology Dentistry Optometry Podiatry Surgery Pathology Radiology Outpatient Dialysis Psychiatry/Psychology Other
22	Pharmacy	prescription drugs over the counter drugs dispensing/administrative Pharmacist Other

8/7/08

Attachment 2 PMPM Specifications

Item Ref. #	Item	Specification
23	DME and Supplies	Durable Medical Equipment Supplies: Clinic supplies, Day center supplies, Therapy supplies, Other supplies Other
24	Labs and Diagnostics	Lab costs Other diagnostic service costs (e.g. x-ray, MRI) Other
25	Nursing Home	Short stay/rehabilitative Long stay/permanent placement Other
26	Hospital	Ambulance Emergency Room Intensive Care Unit Medical/Surgical Rehabilitative Inpatient Dialysis Inpatient Psychiatric Other
27	Assisted Living/ Residential Care	PACE Housing Foster Care/Group Home Residential Care/Assisted Living ICF (>30 days) Other
28	Administrative	Admissions and Eligibility staff Program Management staff Travel Postage and courier Photocopying and printing Bank charges Accounting services Books and subscriptions Management Support Services Information Systems Licensing Fees Legal Fees Translation Services Administrative supplies Other
29	Marketing	Marketing staff Marketing expenses
30	Insurance	Insurance: Liability insurance, Stop-loss insurance, Facility Related Insurance

8/7/08

Attachment 2 PMPM Specifications

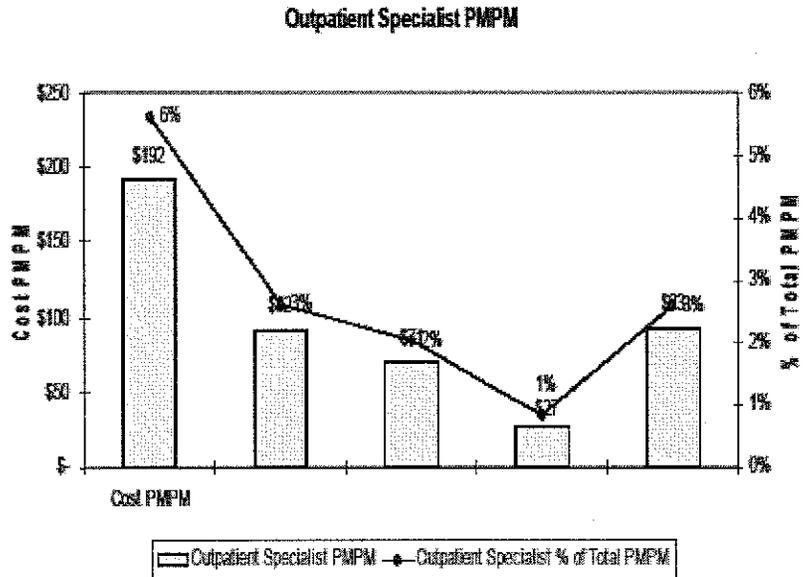
Item Ref. #	Item	Specification
31	Depreciation	Equipment Building Vehicles Information Systems/Computers
32	Facility	PACE Center Rent/Mortgage PACE Center utility costs Facility maintenance Equipment Maintenance Maintenance staff Other
33	Other Expense	Expenses not specified above (please describe in Notes section)
34	INCOME (LOSS) FROM OPERATIONS	Total Revenues minus Total Expenses

8/7/08

Outpatient Specialist PMPM

Outpatient specialist costs include:

- Audiology
- Dentistry
- Optometry
- Podiatry
- Surgery
- Pathology
- Radiology
- Outpatient Dialysis
- Psychiatry
- Psychology



Attachment 3

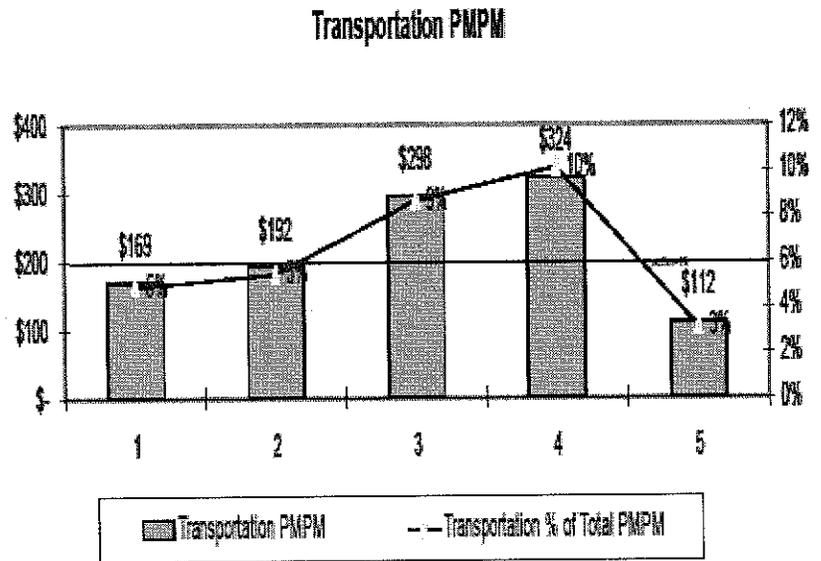
Transportation Costs PMPM

Transportation costs include:

Outsourced transportation, including ambulance for non-inpatient

Van Fleet: van leasing, repairs, maintenance, gas and oil

Transportation staff: drivers, assistants, other



Attachment 4



Financial Benchmarking Service:
Financial Ratios Calculated

1. Operating Margin Measures
 - Operating Margin
 - EBITDA Margin
 - Excess Margin
 - Return on Total Assets

2. Liquidity Measures
 - Days Cash-on-hand (unrestricted cash)
 - Current Ratio
 - Quick Ratio
 - Days in Accounts Receivable

3. Capital Structure Measures
 - Debt Service Coverage
 - Liabilities to Equity
 - Debt Service as a % of Total Operating and Non-Operating revenue
 - Long-term Debt as a % of Total Capital

4. Operational Measures
 - Operating expense as a % of Net Participant Revenue
 - Asset Turnover

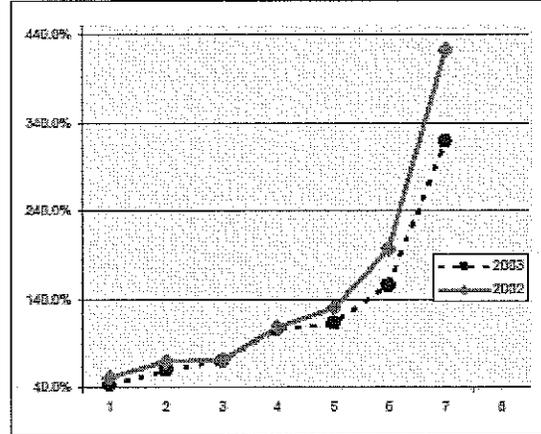
7/15/05

Current Ratio

Current Assets

Current Liabilities

This is a measure of an organization's liquidity, that specifically focuses on the organization's ability to meet current liabilities without drawing on long-term investments



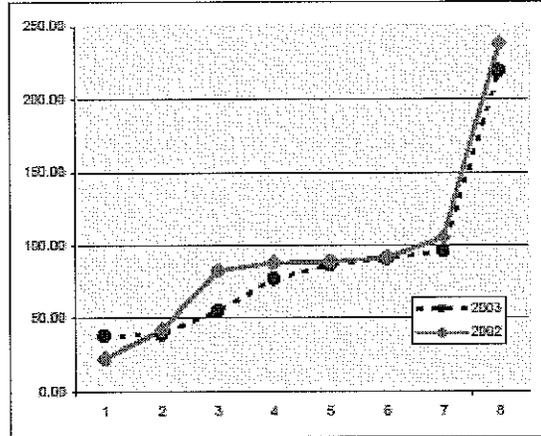
FYE	Count	Outliers	1stQ	Med	3rdQ	Worst	Best
2003	8	1	68.9%	109.6%	186.9%	42.9%	902.8%
2002	8	1	71.1%	119.4%	253.8%	52.8%	898.4%

Days Cash on Hand – Unrestricted

$$\frac{\text{Unrestricted Current Cash and Investments} + \text{Unrestricted non current Cash and Investments}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization} - \text{Bad Debt Expense}) / 365}$$

Measures an organization's ability to withstand fluctuations in operating results

- The asset balances used in this calculation include Board-restricted funds, but not trustee-held funds, restricted foundation or endowment funds, and funds restricted by HUD.
- Additional datapoints will be needed before a normative benchmark can be identified.



FYE	Count	Outliers	1stQ	Med	3rdQ	Worst	Best
2003	8		51	82	92	38	219
2002	8		72	88	94	23	238