

**Illinois Purchased Care Review Board
(IPCRB)**

**Financial Reporting Instructions
for the
Consolidated Financial Report (CFR)**

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I. General Instructions

1. The Consolidated Financial Report (CFR) is intended for interagency use within the state. However, **these instructions are applicable only for the Illinois Purchased Care Review Board reporting requirements.** Providers dealing with multiple Illinois state agencies should familiarize themselves with the reporting requirements of each agency. When the facility serves clients from more than one agency, due care should be taken to assure that requirements for each agency are met and, conversely, effort is not duplicated. Generally, this will mean preparing the report according to the requirements of the agency with the strictest rule for verification with the auditor's report.
2. The IPCRB must receive a copy of the independent auditor's report for the period reported on the CFR.
3. Providers reporting solely to the IPCRB have the following options for preparing and submitting the CFR:
 - a. The CFR may be included as part of the auditor's report with an "in relation to" opinion similar to the enclosed exhibit.
 - b. If program's costs and revenues are separately attested to in the auditor's report but the CFR is not included as part of that report, the provider may complete the CFR by presenting only the program's cost.
 - c. If the CFR is not part of the auditor's report or program costs and revenues are not attested to separately in the auditor's report, a crosswalk from the CFR to the audit of the costs and revenues for each program **must be submitted.** Additionally, all allocations from the agency total expense column to unattested programs must be supported by explanations of allocation methods.
4. Related organization costs will, usually, require that costs be reclassified. Expenses resulting from transactions with related organizations that are greater than the expense to the related organization are non-allowable and the difference must be recorded on line 47.

For Example, a related party owns a building and incurs ownership costs including depreciation and interest and charges a program, as rent, an amount for more or less than its ownership costs. When this happens, the program must reclassify the rent to depreciation, interest, and other, part of the "other" being any difference between the cost to the related party and the rent charged to the program. Any difference between the related party's costs and rent charged must also be recorded on line 47.

More information regarding related organization transactions can be found in 89 Ill. Admin. Code 900.310(i) and 900.321(a) (4).

5. All providers must also complete the Illinois Purchased Care Review Board Supplemental Schedule to the Consolidated Financial Reports. This report has no instructions of its own but does reference instructions for the CFR.

II. Cost Report Instructions

A. AGENCY INFORMATION

Data provided by the Agency Information Schedule will be used both to identify the provider and help to determine the methods and procedures to be used to set the program's rate.

- The Federal Employer Identification Number (FEIN) should be formatted as 99-9999999.
- The begin and end dates should be formatted as mm-dd-yyyy.
- The number of programs reported on the CFR simply identifies how many separate programs (excluding the agency as a whole and 'Other not allocated') will be contained in the report.
- In the Actual/Budgeted Costs cell, enter an "A" if actual costs are reported. Enter a "B" if budgeted costs are reported.
- In the Quarters Reported cell, enter a 1 if first-quarter costs are reported. Enter a 2 if the first- through the second-quarter costs are reported. Enter a 3 if the first-through the third-quarter costs are reported. Enter a 4 if a full year of costs is reported. The IPCRB requires that all four quarters be reported. If less than 4 quarters are reported, contact IPCRB staff at the Illinois State Board of Education for further instructions.
- In the Type of Ownership cells, place an "X" in the appropriate cell to identify the type of ownership. An "X" should be placed in only one cell.
- In the Basis of Maintaining Acctg Records cells, place an "X" in the appropriate cell to identify the basis of maintaining the agency's records. An "X" should be placed in only one cell.
- In the Agency Accreditation Completed By cell, enter the name of the body which has accredited your agency if such an accreditation has occurred.

B. PROGRAM NAMES

The model allows for two 12-character descriptions to be entered for each program being reported on the CFR. If a program services clients from DCFS and/or DHS, please enter contract numbers in the appropriate columns. **This report is not required by all state agencies. If your agency reports only to the Illinois Purchased Care Review Board this schedule is NOT required.**

C. SCHEDULE OF PROGRAM COSTS

Listed below is a definition for each line of the cost report, along with examples in most cases. **It is important that the line descriptions used in this report not be changed. Use the "Other (specify)" line for items not readily fit in a defined line.**

NOTE

The total costs are reported on lines 1 through 44. This includes non-reimbursable expenses. The non-reimbursable expenses are again reported on lines 45 through 48 where they are deducted from the total expenses to result in the net expenses calculated on line 49.

All non-reimbursable expenses included on line 47 must be listed on the Illinois Purchased Care Review Board supplemental schedule to the consolidated financial reports, indicating the description of the expense, amount, and which line number(s) they are included on as an expense (lines 1 through 44).

SECTION 1. DIRECT PROGRAM EXPENSE DEFINITIONS

Direct program expense is that which is caused directly by the personnel and object expenses in a program. It does not include management and general (general and administrative) or other administrative expenses. Similarly, support and ownership costs are reported elsewhere.

Line 1. Program Staff Salaries

Report the accrued salaries of program staff here. Examples would include teachers, teacher's aides, audiologists, speech therapists, occupational therapists, licensed clinical social workers, registered and licensed nurses, childcare workers, counselors, and paraprofessional aides. Salaries and wages should include vacation, holiday, or sick pay.

Do not report contracted staff or consultants on this line. Contracted program staff, including contracted temporaries, should be reported on line 4.

Do not report the cost of program clerical staff salaries on line 1. Clerical staff salaries are reported either on line 2 or 36 (see instructions for line 2).

The amount reported on lines 1 and 2 must match the total amount of costs reported on the **Personnel Schedule**.

Line 2. Program Clerical Staff Salaries

If your agency reports only to the Illinois Purchased Care Review Board, enter the accrued salaries of clerical staff under line 36 "Administrative Salaries", and the associated payroll taxes and fringe benefits on line 37 "Administrative Payroll Taxes and Fringe Benefits." Otherwise, report the accrued salaries of clerical staff

here, as instructed by the other Illinois state agency(ies) and the associated payroll taxes and fringe benefits on line 3.

Line 3. Program Staff Payroll Taxes and Fringe Benefits

This is the portion of the cost of payroll taxes and fringe benefits allocated to Program Staff reported in line 1 and 2.

These costs include:

- Employee Health and Retirement Benefits paid by an agency under its own or other employee health and retirement benefit plan.
- Payroll Taxes are the sum of the social security and other taxes payable by the employer under federal, state or local law.
- Worker's Compensation Insurance.
- Other Employee Benefits provided to the employee at employer expense.

Line 4. Program Consultants

Program consultants include those providing the following services: Vocational Services, Academic Instruction, Speech and Language Services, Occupational and Physical Therapy, Psycho/Social Services, Medical Care, Recreational Services and Habilitation/Personal Care.

The amount reported on Line 4 must match the total amount of costs reported on the **Program Consultant and Contractual** worksheet.

Line 5. Consumer Wages and Fringe Benefits

This represents the cost of paying wages and benefits to clients enrolled in the program. This should not be confused with Specific Assistance costs which are reported elsewhere.

Line 6. Medicine and Drugs

List here the costs of medicine and drug supplies. Included among these expenditures would be the object costs of complying with OSHA regulations pertaining to blood-borne pathogens.

The costs of supplies which are later separately reimbursed by the Department of Human Services or other State agency also should be reported on Line 47, 'Non-reimbursable Expenses, Other'.

Line 7. All Other Direct Service Equipment and Supplies

List here the cost of program-related materials and other supplies used by an agency. Items costing more than \$500 with a useful life of more than one year must be capitalized and depreciated. Such depreciation costs would be reported on lines 27 and 28.

Line 8. Staff Transportation

List here the object cost of operating vehicles associated with the travel of staff to or from client visits, court appearances, collateral contacts, offsite counseling/homemaker sessions or other similar activities. The costs may include vehicle insurance, license plates, gasoline and repairs and maintenance, or mileage reimbursement for use of personal cars.

Line 9. Client Transportation

List here the object cost of operating vehicles associated with transporting clients to parental visits, court appearances, counseling/therapy sessions or other similar activities. The costs may include vehicle insurance, license plates, gasoline and repairs and maintenance, or mileage reimbursement for use of personal cars. Transportation costs which could be reasonably reported on either line 8 or 9 should be reported on line 9.

Line 10. Transportation to/from School

This line is to be used solely for the cost of transporting children to or from school. This line would typically be completed only for programs operating a day or boarding school.

Line 11. Direct Service Staff Conferences and Conventions

List here the costs incurred through participation of program staff in training programs. The cost of conferences and conventions may be included here if agency program staff were participating.

Line 12. Program Insurance

List here the costs of all liability, malpractice, personal injury and other types of insurance not reported as property insurance or as employee benefits. The expense of malpractice insurance covering employees, consultants, and members of the board of directors while working in funded programs is allowable.

Amounts paid for key-man life insurance and unallowable malpractice (Unallowable malpractice insurance costs are those costs for covering individuals when working outside the funded program.) should be reported here. They should also be reported on line 47.

Line 13. Direct Client Specific Assistance

List here the object cost of providing individual clients with special needs where the items purchased become the property of the individual rather than the agency. Client allowances are also reported here. Clothing and allowances must also be reported on Line 47.

Line 14. Telecommunications Costs Assigned to Program

List here the portion of the total telephone expense that is associated with utilization either by clients in their living quarters or by direct service staff. The remaining portion of the total telephone costs is reported in the Administrative Expense section.

Line 15. Foster Care Payments

List here payments made from the provider agency to the foster parent for foster care services. This is commonly referred to as the 'Board Payment'.

Line 16. Other (specify)

List here other program costs not logically reported in the lines above.

Line 17. Total Program Expenses

List here the total of lines 1 through 16.

SECTION 2. SUPPORT EXPENSE DEFINITIONS

Support expenses are all costs that are associated with providing meals and housekeeping services.

Line 18. Support Salaries

List here the accrued salary cost associated with dietary, laundry and housekeeping. Salaries and wages should include vacation, holiday, or sick pay.

Do not report contracted staff or consultants on this line. Contracted staff and consultants are reported on line 22.

Line 19. Support Staff Payroll Taxes and Fringe Benefits

List here the portion of the cost of payroll taxes and fringe benefits allocated to Support Staff reported in line 18. These costs include:

- Employee Health and Retirement Benefits paid by an agency under its own or other employee health and retirement benefit plan.
- Payroll Taxes are the sum of the social security and other taxes payable by the employer under federal, state or local law.
- Worker's Compensation Insurance.
- Other Employee Benefits provided to the employee at employer expense.

Line 20. Dietary Supplies

Costs included here would be those supplies related to food and beverages, and other kitchen supplies. Non-capitalized kitchen equipment expenses within the guidelines should also be included here.

Line 21. Housekeeping and Laundry Supplies

Costs included here would be housekeeping supplies and laundry and linen supplies.

Line 22. Other (specify)

Include contracted support services. This could typically include contracted food services or contracted housekeeping staff.

Include other support costs not logically reported in the above lines.

Line 23. Total Support Expense

List here the total of lines 18 through 22.

SECTION 3. OCCUPANCY EXPENSE DEFINITIONS

Occupancy expenses are all costs arising from an agency's occupancy and use of land, buildings and offices. This includes maintenance salaries, security, depreciation on buildings, interest and lease costs.

All comprehensive hazard insurance including property liability insurance is listed here. To the degree possible, staff liability costs included in umbrella policies should not be reported under occupancy, but on line 12, 'Program Insurance'.

Line 24. Occupancy Salaries

List here the salaries and wages earned by an agency's regular employees (full- or part-time and by temporary employees) providing facility maintenance and related services. These are employees who make repairs and generally keep the physical plant in operating condition, including engineers. Salaries for security staff should also be reported here. Salaries and wages should include vacation, holiday, or sick pay.

Do not report contracted staff or consultants on this line. Contracted maintenance staff should be reported on line 34.

Line 25. Occupancy Payroll Taxes and Fringe Benefits

List here the portion of the cost of payroll taxes and fringe benefits allocated to maintenance and security staff.

These costs include:

- Employee Health and Retirement Benefits paid by an agency under its own or other employee health and retirement benefit plan.
- Payroll Taxes are the sum of the social security and other taxes payable by the employer under federal, state or local law.
- Worker's Compensation Insurance.
- Other Employee Benefits provided to the employee at employer expense.

Line 26. Building and Equipment Operations and Maintenance

List here the general physical plant operation and maintenance costs. Typically this would include the following object costs:

- Janitorial and Other Maintenance Supplies
- Building and Grounds Maintenance Supplies
- Equipment Maintenance
- Electricity and Utilities
- Property / Building Insurance

Line 27. Vehicle Depreciation

List here the cost of vehicle purchases less applicable salvage value over their established useful lives (usually over a 3-year period). If you used an accelerated depreciation method, the dollar amount of the accelerated depreciation which exceeds the amount that would be calculated using the straight-line method should be reported on line 47 in the non-allowable cost section.

Line 28. All other Depreciation and Amortization

List here the allocation of the cost of physical assets over their established useful lives. (Note that vehicle depreciation is reported separately on line 27 above.) Provision for depreciation is intended to spread the cost of such assets over the period of time in which their use benefits the program or supporting activities of the agency. If you used an accelerated depreciation method, the dollar amount of the accelerated depreciation which exceeds the amount that would be calculated using the straight-line method should be reported on line 47 in the non-allowable cost section.

Line 29. Vehicle Rent

List here the cost of rented or leased vehicles.

Line 30. All other Lease/Rent/Taxes

List here the cost of leasing property and equipment excluding vehicle rent expenditures reported on line 29 above. Property taxes are also reported on this line.

Line 31. Equipment under \$500

List here expensed Building Equipment and Furnishings (assets costing more than \$500 must be capitalized.)

Line 32. Mortgage and Installment Interest

Mortgage and installment interest is the cost of borrowing money for long-term building needs. Note that the interest costs on funds borrowed for construction incurred during the construction period must be capitalized as a part of the building cost and depreciated over the life of the building. (Operating interest is reported on line 33 below.)

Line 33. Operating Interest

Operating interest is the cost of money borrowed to meet short-term recurring spending needs such as payroll, telephone bills, etc. (Non-operating interest is reported on line 32 above.)

Line 34. Other (specify)

This line includes all ownership costs not identified above. This would include but is not limited to, contracted security staff, contracted facility maintenance and related services as well as required mortgage insurance. These contractors make repairs and generally keep the physical plant in operating condition. This includes contracted engineers.

Line 35. Total Occupancy Expense

List here the total of lines 24 through 34.

SECTION 4. ADMINISTRATIVE EXPENSE DEFINITIONS

Administrative expenses include direct program administration costs plus management and general costs. Program administration costs are those expenses that are caused by activities not related to an individual case, but related to running the overall program (and distinguished from support and occupancy costs). Management and general costs are defined below.

Line 36. Administrative Salaries

List here the accrued salaries and wages earned by all administrative, managerial, office and clerical employees (except for those clerical employees reported on line 2 in the program section). Typical positions include the administrator, assistant administrator, accountants/bookkeepers and administrative clerical titles. Salaries and wages should include vacation, holiday, or sick pay.

Do not report contracted staff or consultants on this line. Contracted staff, including contracted temporaries, should be reported on line 38.

Line 37. Administrative Payroll Taxes and Fringe Benefits

List here the portion of the cost of payroll taxes and fringe benefits allocated to Administrative Staff reported in line 36.

These costs include:

- Employee Health and Retirement Benefits paid by an agency under its own or other employee health and retirement benefit plan.
- Payroll Taxes are the sum of the social security and other taxes payable by the employer under federal, state or local law.
- Worker's Compensation Insurance.
- Other Employee Benefits provided to the employee at employer expense.

Line 38. Administrative Consultants

List here the costs of administrative consultants. Administrative consultants would include those fulfilling the following administrative functions: administrator, assistant administrator, accountants/bookkeepers and administrative clerical titles.

Line 39. Telecommunications Costs - Not Assigned to Program

List here the administrative telecommunications costs. This would include all telephone expenses that are not associated with utilization either by clients in their living quarters or by direct service staff.

The portion of the total telephone expense that is associated with utilization either by clients in their living quarters or by direct service staff is reported on line 14 in the program cost section.

Line 40. Office Supplies and Equipment

List here the costs of administrative office supplies and expensed equipment. The cost associated with staff-recruiting activities should be reported on this line.

Line 41. Allocation of Management and General (G&A)

Management and General (also referred to as General and Administrative) expenses are those administrative expenses which are not part of any one program, but are caused by services to all programs run by an agency. Examples are the salaries of executive staff in a large agency, business office expense, and the non-personnel expenses for those people (such as the cost of the office space and telephones those people use).

Management and general expenses must be allocated to programs in proportion to the management and general services received by each program. This is done by an allocation method. Acceptable allocation methods include:

- (1) time studies in which people report the proportion of time spent on each program and
- (2) a formula: the proportion of direct service salaries and fringe benefits in all direct programs.

This formula apportions or allocates a fair share of management and general costs to each program. Unacceptable methods include: guessing; units of service in this program divided by units of service in all programs; and allocation of management and general expenses to the programs where they will most likely be paid by the State.

Alternative Method of Reporting Management and General Costs

As an alternative to reporting management and general costs in this line, the costs that comprise management and general may be allocated vertically to the various line items. As an example, the rental cost of the business office that may be a component of total management and general costs could be alternatively reported on line 30 'All Other Lease/Rent/Taxes'. In the same way, the other costs that comprise management and general costs could be similarly allocated among the line items. However, no management and general costs can be reported under program costs.

Line 42. Other (specify)

List here all other administrative costs not already reported. Included here would be: subscriptions and reference materials, postage and shipping, outside printing and artwork, conferences, conventions and meetings not reported in line 11, moving and recruiting, and office supplies.

Line 43. Total Administrative Expenses

List here the total of lines 36 through 42.

Line 44. Total Expenses (Sum Lines 17, 23, 35, 43)

List here the total reported expenses.

Please note that these are the total costs. This includes non-reimbursable expenses. The non-reimbursable expenses are again reported on lines 45 through 48 where they are deducted from the total expenses to result in the net expenses calculated on line 49.

SECTION 5. NON-REIMBURSABLE EXPENSES

This section describes those items that are classified as non-reimbursable by the State of Illinois. These costs have already been reported on lines 1 through 44. They should again be reported in the non-reimbursable costs section.

Line 45. Depreciation on DMH/DD Funded Capital Assets Included Above

The portion of the depreciation cost of capital assets reported on lines 27 and 28 that are funded by DMH/DD is also reported here. For these purposes, this reference to 'funded' does not include reimbursements through purchase of service fees or ordinary grant funding.

Rather, only the depreciation costs of assets purchased using special DMH/DD funding directed to the purchase of the capital assets should be reported here.

Line 46. Costs of Production and Workshop Client Wages Included Above

Costs of production include any costs incurred for the sale of goods and services. Costs of production include staff salaries and wages, staff fringe benefits, client salaries and wages, client fringe benefits, consultants, contractual workers, consumable supplies, occupancy, transportation, expensed equipment purchases, lease/rent, interest, depreciation, and other miscellaneous expenses. Cost of production may be reported in Regular Work, Vocational Development, and Developmental Training. The portion of expenses that have already been reported that fall within this classification should also be reported here.

For State-funded vocational programs or developmental training (DT) programs, the expense of clients' wages is not reimbursable when the product or service is salable. Client wages and fringe benefits, if any, which are not related to the salable products and services may be reported on line 16 'Program Expenses, Other.'

Line 47. Other (specify)

The following costs are not reimbursed by the state. They should be reported, unless otherwise specified below, in aggregate on line 47 of the cost report. They should also be itemized in detail on the IPCRB supplemental schedule. These costs have already been reported on lines 1 through 44. They should again be reported in the non-reimbursable costs section.

- Medical care provided by licensed physicians and therapy services provided by psychiatrists, except for their diagnostic or evaluation services and consultation to education staff; licensed dentists, except for diagnosis or evaluation and consultation to education staff; other health or medical personnel, including nurses, except as they are providing school health services, as defined in 89 Ill. Admin. Code Section 900.310(e); and other medical personnel involved in the provision of ongoing medical care. Nursing services necessary to meet State child care licensing requirements are allowable.
- Supplies used by the medical care personnel listed under 1) above in carrying out activities that are not reimbursable.
- Overhead costs incurred by the medical care personnel listed in 1) above in the provision of services that are not reimbursable.

- Expenses resulting from transactions with related organizations that are greater than the expense to the related organization.
 - Where the provider makes rent/lease payments to a related organization rent/lease expense is disallowed and the capital costs of the related organization must be used.
 - Interest expense paid to a related organization is disallowed. However, interest expense incurred by the related organization is allowable.
 - The cost of goods and services purchased from a related organization shall be allowable to the extent that the cost to the provider does not exceed the cost to the related organization.
 - Providers may be required to submit evidence to substantiate or refute any claim of relatedness in determining allowable costs.
 - Providers shall identify all transactions with related organizations in their annual filing of the cost report.
 - Allowable costs of related organizations shall be added to the provider's costs for the same cost centers for determination of reasonable cost standards applicable to the provider's costs.

A "related organization" is one that:

- 1) directly or indirectly controls, or is controlled by, the provider; or
- 2) influences, or is influenced by, the provider in terms of financial and operational policies; or
- 3) is controlled or influenced by another organization that also controls or influences the provider.

- Non-straight-line depreciation. (However, straight-line depreciation is an allowable cost.) The amount of depreciation costs reported on lines 27 or 28 attributable to an accelerated depreciation method that exceeds the straight-line amount should be included on line 47.
- Research cost, other than costs for program evaluation. Program evaluation is the systematic examination of the effectiveness of specific program activities of the agency and is directed toward assessing the need to modify those activities. Pre-approved research that is a component of the contract is reimbursable.
- Bad debt and collection fees.
- Special benefits to owners, including owner and key-man life insurance, except insofar as required by lending institutions. The cost of benefits provided to owners that is not provided to all full-time employees is not allowable.
- Compensation to non-working owners and non-working officers' salary.
- Discounts, rebates, allowances and charity grants. Discounts, allowances and rebates received must be deducted from expenses because they represent cost offsets and thus are not allowable. Any reported cost of discounts, allowances and rebates must be included on line 47.

- Entertainment expenses. Report on line 47 the expense of entertaining with meals, lodging, parties, and other forms of entertainment since it is not allowable. This does not include parties for clients, which are a part of program activity expenses.
- Fundraising. Fundraising, advertising, and promotional expenses are not allowable. These costs should be included on line 47.
- Costs of production, including wages paid to students, incurred solely for the purpose of generating revenue from the sale of goods and services. Wages paid to students and other services approved by the State Board of Education for vocational training or educational arts and craft activities are allowable, even if they generate revenue.
- Costs incurred by owners or boards of directors for non-program activities, including that portion of overhead that should be allocated to these activities.
- Printing expenses not related to the program. Printing expenses that are related to fundraising are non-allowable and should be included in line 47.
- Travel, lodging, food and registration expenses to attend conferences, conventions, and meetings related to lobbying activities, association business, or entertainment. Costs to attend conferences and conventions held in-state, or within 50 miles of the state where the attendee is employed, are allowable under the following conditions:
 - The conference or convention is specifically related to special education, or the conference, convention or meeting was sponsored by the State.
 - Allowable conference and convention expenses shall be grouped under administrative costs and subject to the administrative ceiling, in accordance with 89 Ill. Admin. Code 900.330(b) (1).
 - Allowable employee development or training costs incurred to meet staff certification or licensure requirements of any State agency or other governmental unit may be reported under program costs.
- Dues to national, State and parent organizations. Membership dues are not allowable and should be reported on line 47.
- Scholarships or awards and grants to individuals.
- Fees for professional, technical, social or other organizations unrelated to the program.
- Non-client transportation, including staff transportation to and from work. Program-related staff transportation is an allowable cost.
- Meals provided to individuals who are not clients.
- Interest on loans among intra-organizational funds. Interest costs on transfers within an agency are not allowable. The related expense should be included on line 47.
- Fines, penalties and late fees.
- Mortgage and loan principal payments. Mortgage and loan principal payments should not be reported in the occupancy section. Expenditures for major

asset purchases are disclosed on the cost report through depreciation and interest costs reported on lines 27, 28 and 32.

- Contributions, donations and awards made by the provider.
- Asset acquisition costs. (That is, costs of items reported on the provider's books when those costs exceed \$500 for items having a life of one year or more. Depreciation for these items is, however, an allowable expense.)
- Contingencies. Contributions to a contingency reserve or any similar provision for unforeseen events are not allowable and should be included on line 47.
- Legal expenses incurred on behalf of clients for non-program activities, or legal expenses for litigation against governmental agencies. The cost of legal retainers is not allowable
- Imputed value of goods and services.
- Severance pay.
- Sales tax for not-for-profit organizations.
- Income tax. Federal and state income taxes are not allowable expenses.
- Student transportation to and from the provider's program, as a responsibility of the placing school district, reimbursable under Section 14-13.01 of the School Code [105 ILCS 5/14-13.01].
- Clothing and allowances.
- Costs of advertising for clients and public relations. Only advertising for staff recruitment and certain types of outreach is allowable. Advertising related to fundraising activities is not an allowable cost. Any advertising costs for the purpose of increasing utilization are not allowable. Advertising expense for client outreach is allowable only if an outreach component is required by the licensing authority or major government funding authority.
- Fees paid for trust fund administration
- Costs for a period other than the cost-reporting period are not allowable.
- The costs associated with lobbying efforts as well as political contributions are not allowable.
- Any malpractice insurance expense which would cover individuals when working outside of the funded program is not allowable and such expense should be included on line 47. The expense of malpractice insurance covering employees, consultants, and members of the board of directors while working in funded programs is allowable.
- The following interest expenses are not allowable and should be reported on line 47:
 - Interest payments related to a provider's assets that are unrelated to a special education program. Interest expense that is not necessary and proper for operation of the agency for the purpose of rendering service is not allowable.

- Funds borrowed for the personal benefit of employees, officers, or owners of the agency.
- Funds borrowed for investment purposes.
- Interest expense resulting from funds borrowed from related parties.
- Non-Client Occupancy Expense. Housing of non-clients is generally not allowable. However, if housing is being provided as part of a person's total compensation package, its value should be included as salary or fringe benefits as it is considered allowable.
- Bidding or Proposal Costs. Expenses relating to the development of bids or proposals are not allowable.
- Patent/Copyright Cost. Expenses relating to patents and copyrights are non-allowable.
- Rented Facility Space. This should not be confused with allowable program rent costs. Unallowable expenses are those that are associated with the rental of any portion of the building to others. Unallowable expenses may include, but are not to be limited to, building costs, telephones, utilities, office and janitorial services and supplies, etc. The costs of advertising, bookkeeping, rent collection, etc. which are associated with the rental are also not allowable.
- Costs Resulting from a Sale and Leaseback Transaction. The costs of a leaseback transaction that exceed the depreciation costs of the asset are not allowable. The costs of the transaction that exceed the depreciation costs of the asset should be included on line 47.
- Costs that are Separately Reimbursed. This generally refers to supplies and services within a program which are reimbursed by a funding source other than the State agency responsible for the cost and rate analysis. For example, the cost of drugs prescribed for a client is often reimbursed by the Department of Human Services. That amount of the reimbursement from DHS should be reported here as an offset to the total cost reported in line 6.
- Other Costs not Reasonably Related to Services. Other costs reported on the audit report but not reasonably related to program costs should be included on line 47. Examples of these types of other non-allowable costs would include: Theft, non-medicinal alcohol, and luxury autos.

Organization and pre-operating costs

The costs of organizing the facility prior to operation are allowable only if amortized over at least a five-year period using the straight-line method of amortization. Other pre-operating costs are allowable if amortized (straight-line) over a five-year period. Organization costs include those costs that are directly incidental to the formation of a corporation, other form of business or program. Allowable organization costs include such items as legal fees, accounting fees, incorporation fees, expenses of directors, and the expense of direct service staff training immediately prior to opening the program

Allowable pre-operating expenses are those operating expenses which are incurred in making preparation for rendering client care before the first client is admitted. These costs should be capitalized and amortized over a five-year period beginning when the first client is admitted.

Facility planning costs such as feasibility and engineering studies, architect fees, consultant fees and provider staff time should be added to the cost of the building and depreciated with other building costs over the estimated useful life of the building. Similarly, interest costs on funds borrowed for construction incurred during the construction period must be capitalized as a part of the building costs and depreciated over the useful life of the building.

Management consultant service expenses are not allowable when:

- a. Provided by employees already on the payroll.
- b. Occurring as a part of pre-operating activities unless the costs are necessary and incidental to the formation of a new corporation, other form of business, or new program and occurred immediately before the opening of the program

The non-allowable management consultant services should be identified on line 47.

Profit

Profit is not to be reported as a separate cost, either in the non-allowable or allowable cost sections of the report. Illinois Purchased Care Review Board will calculate the allowable profit per 89 Ill. Admin. Code Part 900.

D. SCHEDULE OF PROGRAM REVENUES

Revenues are generally broken out by revenue source. **Please note the separate line (13) for reporting special service fee for individual client's revenues.**

SECTION 1. FEES AND PURCHASE OF SERVICE

List here payments made for specific individuals for a specific program/service, usually for service provided at a specific date and time or continuously over a period of enrollment. Payments may be from a public or private source including units of government, education, individuals, or third-party payers. This includes payments assessed to an individual or family receiving the service such as fees/sliding fees, and assessments against pensions, Social Security, Supplemental Security, food stamps, survivor benefits, insurance, etc. This also includes specific fees for add-on-services provided within a larger program context (e.g. add-on fees for one-on-one aides.)

Tuition revenue from the Public School Districts should be reported on line 8.

SECTION 2. GRANT REVENUES

List here funding awarded toward full or partial support of a specific program/service, or agency, or facility serving an identified or targeted population.

SECTION 3. CONTRIBUTIONS AND OTHER

- A. List here contributions, gifts, endowments, transfers of assets, donations of monies, goods, or services. Contributions may be specifically restricted by the donor, or unrestricted.
- B. List here revenue from sales of goods and services or assets, income from rental of property to others, transportation reimbursement, food program reimbursement, and income from cafeteria and vending machines.

SECTION 4. INVESTMENT INCOME

List here interest earnings on assets and investments including those that are donor-restricted as well as those which are unrestricted.

E. REPORT OF SERVICE UNITS/DAYS/NIGHTS

Grant Programs

The “*Service Unit Type*” and “*Service Units Provided*” fields are not used by the Illinois Purchased Care Review Board. Providers dealing with multiple Illinois state agencies should familiarize themselves with the reporting requirements of the other agencies.

Purchased of Service/ Fee for Service

For “*Client Units/Days of Enrollment*” report the number of units or days of service for which clients were enrolled.

i.e. Days of Enrollment = enrollment days for student 1 + enrollment days for student 2 + ...

The actual number of units or days of service delivered (attendance days) are reported under “*Client Units/Days Delivered.*”.

The “*Number of Days the Program Operated*” is then reported. For a tuition rate, this should be the number of school days during the reporting period. Programs that require a room and board rate and was in operation for a full year would report 365 days. For room and board programs not in operation year round, report the number of days of operation including the holidays and weekends as operating days

If the program is licensed and has a licensed capacity, identify the licensed capacity at the beginning of the reporting period and at the end of the reporting period. The date of change should be formatted as mm-dd-yyyy.

F. PROGRAM PERSONNEL SCHEDULE

Position Column

Not all positions at an agency are listed here. Positions not listed should be reported on line 29 only if they are classified as program staff. The totals of all positions reported here should match the total on lines 1 and 2 of the Cost schedule.

The position column lists staff positions for which there are a set of uniform job descriptions. The position descriptions are intended to be functional in nature. Therefore, staff reasonably fitting into job descriptions should be reported under the associated position title. The position descriptions are largely based on those used by the United Way of Chicago. A description of each position is included at the end of these instructions.

Total Hours

Record the total number of hours paid and accrued including overtime hours for each position title filled during the year, or any portion thereof. Paid vacation, holidays and sick time are included in the sum of hours paid and accrued. For salaried positions, record only the non-overtime hours worked.

Total Amount Paid

Record the total dollars paid and accrued including overtime hours for each position title filled during the year or any portion thereof. Paid vacation, holidays and sick time are included in the sum of amounts paid and accrued.

For example, assume the following staffing history for an agency with a standard eight-hour day and 260 working days in a year:

<u>Name</u>	<u>Period on Staff</u>	<u># of Working Days</u>	<u>Hours Paid and Accrued</u>	<u>Wages Paid and Accrued</u>
Craig	7/1/95 - 6/30/96	260	2,080	\$24,960
Tom	7/1/95 - 6/30/96	260	2,080	\$24,960
Angie	4/1/96 - 6/30/96	65	520	\$ 6,240
Roger	7/1/95 - 10/31/96	87	696	\$ 8,352
Nancy	7/1/95 - 5/30/96	239	<u>1,912</u>	<u>\$22,944</u>
Totals			7,288	\$87,456

In this example, 7,288 hours were paid and accrued. The 7,288 would be reported in the 'Total Hours' column. \$87,456 would be reported in the 'Total Amount Paid' column.

Total Head Count

Record the end of year head count in that salary position. Part-time staff or staff allocated between differing positions or programs would be counted more than once. For example, a staff person working mornings in a group home program and afternoons in a counseling program would be counted as 1 in the group home program and 1 in the counseling program. Using the previous example, only Craig, Tom and Angie were present at the end of the reporting period. Therefore the head count would be reported as 3.

% Allocated

This column is based on the proportion of hours entered across programs.

Salaries and Wages (under the Program Headings)

Enter the dollars allocated to each program for salary and wage costs under the proper program headings and within the appropriate position description lines.

Number of Hours in a Standard Workweek

Identify the number of hours in a normal workweek. For example, if the work day begins at 8:30 and ends at 5:00 with a one-hour lunch between, the work day is 7 1/2 hours long. Therefore, the normal workweek consists of 37 1/2 hours. Record 37.5 in this box.

DESCRIPTION OF PROGRAM/CONTRACTUAL STAFF POSITIONS

Audiologist

Report credentialed audiologists on this line.

Behavior Therapist

Worker who develops behavioral therapies and programs usually for direct-care workers to carry out. Position may be credentialed (licensed, certified, registered).

Dietary Technician

Worker who carries out special dietary programs and recommendations of dietician, and who may prepare food. Does not include direct-care workers classified elsewhere.

Dietician

Credentialed worker who assesses dietary needs of individuals and makes dietary and feeding recommendations, designs diets and dietary programs, monitors

dietary programs and their delivery, aid participates in annual individual habilitation or rehabilitation planning.

Habilitation Aid / Child Care Worker

Workers whose primary functions include the provision of hands-on, face-to-face contact with the clients. This includes both day, residential, live-in/sleep-over staff, and respite care workers. It excludes foster parents, managers, supervisors and administrative staff, professional staff who are credentialed (licensed), and production-oriented workers.

Habilitation Professional or Supervisory Staff

Workers not classified elsewhere who are credentialed (licensed, registered, certified) or whose responsibilities are direct service supervisory.

LPN

Report Registered Licensed Practical Nurses on this line.

Mental Health Professional (MHP)

Provides services under the supervision of a qualified mental health professional. The mental health professional must possess a bachelor's degree, a practical nurse license, or have a minimum of five years experience in mental health or human services.

Occupational Therapist

Report Registered Credentialed Occupational Therapists on this line.

Physical Therapist

Report Registered Credentialed Physical Therapists on this line.

Physician

Report Registered Credentialed Physicians on this line.

Principal

Report the chief administrator of the education program on this line.

Program Director

Overall program director. Depending on size and structure of the agency, this person may function only as an administrator or may also have direct programmatic duties, such as counselors' supervisor, utilization review, case review, and may carry a clinical case load. Costs may therefore be split between program and administration lines in the expense reports. If there is a programmatic function performed by this person, then the associated hours and wages allocated to program functions are to be reported here.

Program Clerical Staff

Clerical staff that perform clinical record-keeping, client appointment tracking, case note typing and filing.

Psychiatrist

Report Registered Credentialed Psychiatrists on this line.

Psychologist

Report Registered Credentialed Psychologists on this line.

Qualified Mental Health Professional (QMHP)

- A. A physician licensed to practice medicine or osteopathy with training in mental health services or one year of clinical experience, under supervision, in treating problems related to mental illness, or specialized training in the treatment of children and adolescents.
- B. A psychiatrist who has successfully completed a training program in psychiatry approved by the American Medical Association, the American Osteopathic Association, or other training program identified as equivalent by the State of Illinois.
- C. A licensed psychologist with specialized training in mental health services.
- D. A licensed social worker possessing a master's or doctoral degree in social work with specialized training in mental health services.
- E. A licensed registered nurse with at least one year of clinical experience in a mental health setting or a Master's Degree in psychiatric nursing.
- F. A registered occupational therapist with at least one year of clinical experience in a mental health setting.
- G. An individual possessing a master's or doctoral degree in counseling and guidance, rehabilitation counseling, or family therapy, or related field, who has successfully completed a practicum and/or internship which includes a minimum of 1,000 hours, or who has one year of clinical experience under the supervision of a qualified mental health professional, or who is a licensed social worker holding a master's degree with two years of experience in mental health services.

Qualified Mental Retardation Professional (QMRP)

A QMRP must have at least one year of experience working directly with individuals with mental retardation or other developmental disabilities and be one of the following:

- A. A licensed doctor of medicine or osteopathy.
- B. A licensed registered nurse.
- C. A certified occupational therapist or occupational therapist assistant.
- D. A certified physical therapist.
- E. A registered physical therapist assistant or a graduate of a 2-year college-level program approved by the American Physical Therapy Association or comparable body.
- F. A psychologist with at least a master's degree in psychology from an accredited school.
- G. A social worker with a bachelor's degree from a college or university or graduate degree from a school of social work accredited or approved by the Council on Social Work Education or other comparable body.
- H. A speech-language pathologist or audiologist with a certificate of Clinical Competence in Speech-Language Pathology or Audiology granted by the American Speech Language Hearing Association or comparable body or

meeting the education requirements of licensure and who is in the process of accumulating the supervised experience required for licensure.

- I. A professional recreation staff person with a bachelor's degree in recreation or in a specialty area such as art, dance, music or physical therapy.
- J. A professional dietitian registered by the American Dietetics Association.
- K. A human services professional with a bachelor's degree in a human services field, including, but not limited to, sociology, special education, rehabilitation counseling or psychology.

Rehabilitative Services Associate (RSA)

Assists in provision of services in accordance with MRO Rules, Sections 132.155 and 132.170. Must be at least 21 years old, have demonstrated skills in the field of services to children, have demonstrated ability to work within agency structure and accept supervision, have demonstrated ability to work constructively with clients, other providers and the community.

Recreation Staff

Report Recreation Director and Staff on this line.

RN

Report Registered Credentialed Nurses on this line.

Social Worker

A licensed social worker possessing a master's or doctoral degree in social work with responsibility for application of social work skills.

Speech Therapist

Report Registered Credentialed Speech Therapists on this line.

Substance Abuse Counselor/Professional

Holds clinical certification as a Certified Alcohol and Drug Counselor and meets the requirements of Rule 2060.309 et seq.

Substance Abuse Paraprofessional

Direct-service worker (e.g. counselor trainee, intake worker, night coverage in residential rehabilitation) under supervision of the Substance Abuse Professional defined above.

Teacher

Teaches and works with children in an appropriate setting designed for the educational, social, and emotional development of children.

Teacher Aide

Staff working under the direct supervision of the teacher(s). Perform duties related to the care of children and operation of classrooms. May have limited responsibility for instruction.

Vocational Staff

Staff working in vocational training and education areas not producing goods or services for sale.

Other Academic

Those education or academic positions not better classified elsewhere.

Other Medical Care

Those medical positions not better classified elsewhere.

Other Habilitation/Rehabilitation

Those habilitation or rehabilitation positions not better classified elsewhere.

Other Substance Abuse

Those substance abuse positions not better classified elsewhere.

Lines 31 through 34 are to be completed for Medicaid-certified programs only. The definitions for these staff positions are included in the above listing. Note to all DCFS Medicaid Contracts - The expenses reported on Lines 31 through 34 must match the amount of salaries reported on line 1 of the COST schedule. The Department is requiring all Medicaid substitute care contracts to classify and report their program salaries into the categories of MHP, QMHP, QMRP and RSA.

G. PROGRAM CONSULTANT AND CONTRACTUAL SCHEDULE

This schedule is completed similarly to the Program Salary Schedule. However, the headcount information is not requested. The total amount must equal line 4 of the **Cost Schedule**.