

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**RESCARE, INC.  
LOUISVILLE, KENTUCKY**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Rancho Cucamonga  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Julio M. Cueto  
Audit Supervisor: Virat Shah  
Auditor: Robert Neely**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 24, 2013

Board of Directors  
ResCare, Incorporated  
9901 Linn Station Road  
Louisville, KY 40223-3808

RESCARE, INC.  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the Comparison of Reported and Audited Home Office Cost represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Comparison of Reported and Audited Home Office Cost and supporting schedules
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

Board of Directors  
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If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief  
Audits Section—Rancho Cucamonga  
Financial Audits Branch

Certified

cc: Steven B. Mowery  
Vice President of Reimbursement

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**COMPARISON OF REPORTED AND AUDITED  
HOME OFFICE COST - GROUP HOMES**

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
			(From Sch 2, Col 6) (Col 5 - Col 4)		
1. Armstrong Home	1215064589	12/31/11	19,923	19,611	(312)
2. Brian Home	1003943838	12/31/11	17,861	17,581	(280)
3. Brighton Home	1528195690	12/31/11	18,940	18,643	(297)
4. Buen Tiempo Drive	1073782645	12/31/11	22,562	22,209	(353)
5. Calle Vejar Home	1548396971	12/31/11	19,559	19,253	(306)
6. Christopher Lane 1-Orange Co.	1962637249	12/31/11	17,492	17,218	(274)
7. Chuparrosa Home	1154458701	12/31/11	19,047	18,748	(299)
8. East 8th Street (View Pointe)	1174650873	12/31/11	23,783	23,411	(372)
9. East 11th	1518094812	12/31/11	18,882	18,586	(296)
10. Edgemont Home	1508993874	12/31/11	19,058	18,759	(299)
11. Fairway Court	1063681690	12/31/11	24,382	24,000	(382)
12. Farroll Community Home	1407982382	12/31/11	20,973	20,644	(329)
13. Florinda Home	1811024649	12/31/11	18,643	18,350	(293)
14. Grand Avenue Home	1174650394	12/31/11	19,800	19,489	(311)
15. Grove House - Orange County	1275669376	12/31/11	19,442	19,137	(305)
16. Hill House - Orange County	1932235942	12/31/11	20,449	20,128	(321)
17. Lauriston Drive	1881863504	12/31/11	22,242	21,893	(349)
18. La Vine Home	1841327285	12/31/11	19,276	18,974	(302)
19. Lillian Home	1487781753	12/31/11	20,390	20,071	(319)
20. Magnolia Community Home	1568598969	12/31/11	20,665	20,341	(324)
21. Monte Vista Home	1902933278	12/31/11	20,461	20,140	(321)
22. Newcomb House	1295862563	12/31/11	18,074	17,791	(283)
23. Ocala Court	1316116940	12/31/11	22,558	22,204	(354)
24. Occidental Home	1962530220	12/31/11	24,694	24,307	(387)
25. Olive 2 House - Orange County	1861528804	12/31/11	20,875	20,548	(327)
26. Palmyra Home	1033246301	12/31/11	20,677	20,353	(324)
27. Palomar Home	1316073125	12/31/11	20,179	19,863	(316)
28. Periera Drive Home	1902933666	12/31/11	17,044	16,777	(267)
29. Rainbow Home	1437285251	12/31/11	17,631	17,354	(277)
30. Taylor Community Home	1457487852	12/31/11	20,479	20,158	(321)
31. The Pike	1033246681	12/31/11	17,376	17,104	(272)
32. Villa Home	1093842361	12/31/11	20,324	20,005	(319)
33. Christopher Lane -2 Orange Co.	1992930176	12/31/11	19,740	19,431	(309)
34. Camino Aleta	1568657765	12/31/11	22,494	22,142	(352)
35.					
36.					
37.					
38.					
39. All Others			98,186,296	95,682,928	(2,503,368)
<b>TOTALS</b>			<u>\$98,872,271</u>	<u>\$96,358,153</u>	<u>(\$2,514,120)</u>

COMPARISON OF REPORTED AND AUDITED  
HOME OFFICE COST - LARGE HOMES

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
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(From Sch 2-1, Col 6) (Col 5 - Col 4)

1.	Casa De Vida	1689889131	12/31/11	231,373	227,714	(3,659)
2.	Edgewood Center	1467587899	12/31/11	296,625	291,974	(4,651)
3.	Glenridge Center	1477688810	12/31/11	369,116	363,281	(5,835)
4.	Hy-Lond Garden Center	1033244470	12/31/11	428,724	422,982	(5,742)
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38.						
39.	All Others			101,628,463	99,134,232	(2,494,231)

**TOTALS**

\$102,954,301      \$100,440,184      (\$2,514,118)

## SUMMARY OF DIRECT AND ALLOCATED POOL COST GROUP HOMES

HOME OFFICE:  
RESCARE, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4 (From Sch 4)	POOLED EXPENSES 5 (From Sch 3)	TOTAL DIRECT & POOLED FACILITY EXPENSE 6 (Col 4 + Col 5)
1. Armstrong Home	1215064589	12/31/11	\$0	\$19,611	\$19,611
2. Brian Home	1003943838	12/31/11	0	17,581	17,581
3. Brighton Home	1528195690	12/31/11	0	18,643	18,643
4. Buen Tiempo Drive	1073782645	12/31/11	0	22,209	22,209
5. Calle Vejar Home	1548396971	12/31/11	0	19,253	19,253
6. Christopher Lane 1-Orange Co.	1962637249	12/31/11	0	17,218	17,218
7. Chuparrosa Home	1154458701	12/31/11	0	18,748	18,748
8. East 8th Street (View Pointe)	1174650873	12/31/11	0	23,411	23,411
9. East 11th	1518094812	12/31/11	0	18,586	18,586
10. Edgemont Home	1508993874	12/31/11	0	18,759	18,759
11. Fairway Court	1063681690	12/31/11	0	24,000	24,000
12. Farroll Community Home	1407982382	12/31/11	0	20,644	20,644
13. Florinda Home	1811024649	12/31/11	0	18,350	18,350
14. Grand Avenue Home	1174650394	12/31/11	0	19,489	19,489
15. Grove House - Orange County	1275669376	12/31/11	0	19,137	19,137
16. Hill House - Orange County	1932235942	12/31/11	0	20,128	20,128
17. Lauriston Drive	1881863504	12/31/11	0	21,893	21,893
18. La Vine Home	1841327285	12/31/11	0	18,974	18,974
19. Lillian Home	1487781753	12/31/11	0	20,071	20,071
20. Magnolia Community Home	1568598969	12/31/11	0	20,341	20,341
21. Monte Vista Home	1902933278	12/31/11	0	20,140	20,140
22. Newcomb House	1295862563	12/31/11	0	17,791	17,791
23. Ocala Court	1316116940	12/31/11	0	22,204	22,204
24. Occidental Home	1962530220	12/31/11	0	24,307	24,307
25. Olive 2 House - Orange County	1861528804	12/31/11	0	20,548	20,548
26. Palmyra Home	1033246301	12/31/11	0	20,353	20,353
27. Palomar Home	1316073125	12/31/11	0	19,863	19,863
28. Periera Drive Home	1902933666	12/31/11	0	16,777	16,777
29. Rainbow Home	1437285251	12/31/11	0	17,354	17,354
30. Taylor Community Home	1457487852	12/31/11	0	20,158	20,158
31. The Pike	1033246681	12/31/11	0	17,104	17,104
32. Villa Home	1093842361	12/31/11	0	20,005	20,005
33. Christopher Lane -2 Orange Co.	1992930176	12/31/11	0	19,431	19,431
34. Camino Aleta	1568657765	12/31/11	0	22,142	22,142
35.				0	0
36.				0	0
37.				0	0
38.				0	0
39.				95,682,928	95,682,928
<b>TOTALS</b>			<b>\$0</b>	<b>\$96,358,153</b>	<b>\$96,358,153</b>

(To Sch 1)

SUMMARY OF DIRECT AND ALLOCATED POOL COST LARGE HOMES

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4	POOLED EXPENSES 5	TOTAL DIRECT & POOLED FACILITY EXPENSE 6
			(From Sch 4-1)	(From Sch 3-1)	(Col 4 + Col 5)
1. Casa De Vida	1689889131	12/31/11	\$0	\$227,714	\$227,714
2. Edgewood Center	1467587899	12/31/11	\$0	\$291,974	291,974
3. Glenridge Center	1477688810	12/31/11	\$0	\$363,281	363,281
4. Hy-Lond Garden Center	1033244470	12/31/11	\$65,400	\$357,582	422,982
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39. All Others			4,185,347	94,948,885	99,134,232
<b>TOTALS</b>			<u>\$4,250,747</u>	<u>\$96,189,437</u>	<u>\$100,440,184</u>
			(To Sch 1-1)		

## ALLOCATION OF POOLED EXPENSES GROUP HOMES

HOME OFFICE:  
RESCARE, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

## PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base: Accumulated Cost 2	Percent 3	Allocation Pool Expenses 4
Program Services (Adj 8)	\$1,399,578,502	100.0000%	\$96,358,153
Nonprogram Services (Adj )		0.0000%	0
TOTAL	\$1,399,578,502	100.0000%	\$96,358,153

(From Sch 5)

## PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: (Accum Cost)	Allocated Pool Expense (Col 3 X UCM)
1. Armstrong Home	1215064589		284,843	\$19,611
2. Brian Home	1003943838		255,366	17,581
3. Brighton Home	1528195690		270,783	18,643
4. Buen Tiempo Drive	1073782645		322,576	22,209
5. Calle Vejar Home	1548396971		279,639	19,253
6. Christopher Lane 1-Orange Co.	1962637249		250,091	17,218
7. Chuparrosa Home	1154458701		272,315	18,748
8. East 8th Street (View Pointe)	1174650873		340,033	23,411
9. East 11th	1518094812		269,959	18,586
10. Edgemont Home	1508993874		272,469	18,759
11. Fairway Court	1063681690		348,597	24,000
12. Farroll Community Home	1407982382		299,853	20,644
13. Florinda Home	1811024649		266,534	18,350
14. Grand Avenue Home	1174650394		283,078	19,489
15. Grove House - Orange County	1275669376		277,958	19,137
16. Hill House - Orange County	1932235942		292,361	20,128
17. Lauriston Drive	1881863504		317,989	21,893
18. La Vine Home	1841327285		275,593	18,974
19. Lillian Home	1487781753		291,523	20,071
20. Magnolia Community Home	1568598969		295,448	20,341
21. Monte Vista Home	1902933278		292,532	20,140
22. Newcomb House	1295862563		258,404	17,791
23. Ocala Court	1316116940		322,514	22,204
24. Occidental Home	1962530220		353,057	24,307
25. Olive 2 House - Orange County	1861528804		298,450	20,548
26. Palmyra Home	1033246301		295,624	20,353
27. Palomar Home	1316073125		288,507	19,863
28. Periera Drive Home	1902933666		243,684	16,777
29. Rainbow Home	1437285251		252,066	17,354
30. Taylor Community Home	1457487852		292,793	20,158
31. The Pike	1033246681		248,430	17,104
32. Villa Home	1093842361		290,568	20,005
33. Christopher Lane -2 Orange Co.	1992930176		282,230	19,431
34. Camino Aleta	1568657765		321,601	22,142
35.				0
36.				0
37.				0
38.				0
39. All Others			1,389,771,034	95,682,928

## TOTALS

1,399,578,502 \$96,358,153

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Accumulated Cost)

0.068848

ALLOCATION OF POOLED EXPENSES LARGE HOMES

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base: Accumulated Cost 2	Percent 3	Allocation Pool Expenses 4
Program Services (Adj 14)	\$1,399,578,502	100.0000%	\$96,189,437
Nonprogram Services (Adj )		0.0000%	0
TOTAL	\$1,399,578,502	100.0000%	\$96,189,437

(From Sch 5-1)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: (Accum Cost)	Allocated Pool Expense (Col 3 X UCM)
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1. Casa De Vida	1689889131		3,313,311	\$227,714
2. Edgewood Center	1467587899		4,248,322	291,974
3. Glenridge Center	1477688810		5,285,859	363,281
4. Hy-Lond Garden Center	1033244470		5,202,940	357,582
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
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22.				0
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26.				0
27.				0
28.				0
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30.				0
31.				0
32.				0
33.				0
34.				0
35.				0
36.				0
37.				0
38.				0
39. All Others			1,381,528,070	94,948,885

TOTALS

1,399,578,502 \$96,189,437

(To Sch 2-1)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Accumulated Cost)	0.068727
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS GROUP HOMES

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			specify expense 3	specify expense 4	specify expense 5	specify expense 6	
1. Armstrong Home	1215064589	\$0	\$0	\$0	\$0	\$0	\$0
2. Brian Home	1003943838	0	0	0	0	0	0
3. Brighton Home	1528195690	0	0	0	0	0	0
4. Buen Tiempo Drive	1073782645	0	0	0	0	0	0
5. Calle Vejar Home	1548396971	0	0	0	0	0	0
6. Christopher Lane 1-Orange Co.	1962637249	0	0	0	0	0	0
7. Chuparrosa Home	1154458701	0	0	0	0	0	0
8. East 8th Street (View Pointe)	1174650873	0	0	0	0	0	0
9. East 11th	1518094812	0	0	0	0	0	0
10. Edgemont Home	1508993874	0	0	0	0	0	0
11. Fairway Court	1063681690	0	0	0	0	0	0
12. Farroll Community Home	1407982382	0	0	0	0	0	0
13. Florinda Home	1811024649	0	0	0	0	0	0
14. Grand Avenue Home	1174650394	0	0	0	0	0	0
15. Grove House - Orange County	1275669376	0	0	0	0	0	0
16. Hill House - Orange County	1932235942	0	0	0	0	0	0
17. Lauriston Drive	1881863504	0	0	0	0	0	0
18. La Vine Home	1841327285	0	0	0	0	0	0
19. Lillian Home	1487781753	0	0	0	0	0	0
20. Magnolia Community Home	1568598969	0	0	0	0	0	0
21. Monte Vista Home	1902933278	0	0	0	0	0	0
22. Newcomb House	1295862563	0	0	0	0	0	0
23. Ocala Court	1316116940	0	0	0	0	0	0
24. Occidental Home	1962530220	0	0	0	0	0	0
25. Olive 2 House - Orange County	1861528804	0	0	0	0	0	0
26. Palmyra Home	1033246301	0	0	0	0	0	0
27. Palomar Home	1316073125	0	0	0	0	0	0
28. Periera Drive Home	1902933666	0	0	0	0	0	0
29. Rainbow Home	1437285251	0	0	0	0	0	0
30. Taylor Community Home	1457487852	0	0	0	0	0	0
31. The Pike	1033246681	0	0	0	0	0	0
32. Villa Home	1093842361	0	0	0	0	0	0
33. Christopher Lane -2 Orange Co.	1992930176	0	0	0	0	0	0
34. Camino Aleta	1568657765	0	0	0	0	0	0
35.							
36.							
37.							
38.							
39.							
<b>TOTALS</b>		\$0	\$0	\$0	\$0	\$0	\$0

(To Sch 2)

DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS LARGE HOMES

HOME OFFICE:  
RESCARE, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Taxes				AUDITED TOTAL 7	
			Legal Fees 3	New Cap Bldgs 4	Taxes, Repairs, Utilities 5	Cleaning, Other 6		
1. Casa De Vida	1689889131	\$0	\$0	\$0	\$0	\$0	\$0	
2. Edgewood Center	1467587899	0	0	0	0	0	0	
3. Glenridge Center	1477688810	0	0	0	0	0	0	
4. Hy-Lond Garden Center	1033244470	0	65,400	0	0	0	65,400	
5.		0	0	0	0	0	0	
6.		0	0	0	0	0	0	
7.		0	0	0	0	0	0	
8.		0	0	0	0	0	0	
9.		0	0	0	0	0	0	
10.		0	0	0	0	0	0	
11.		0	0	0	0	0	0	
12.		0	0	0	0	0	0	
13.		0	0	0	0	0	0	
14.		0	0	0	0	0	0	
15.		0	0	0	0	0	0	
16.		0	0	0	0	0	0	
17.		0	0	0	0	0	0	
18.		0	0	0	0	0	0	
19.		0	0	0	0	0	0	
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21.		0	0	0	0	0	0	
22.		0	0	0	0	0	0	
23.		0	0	0	0	0	0	
24.		0	0	0	0	0	0	
25.		0	0	0	0	0	0	
26.		0	0	0	0	0	0	
27.		0	0	0	0	0	0	
28.		0	0	0	0	0	0	
29.		0	0	0	0	0	0	
30.		0	0	0	0	0	0	
31.		0	0	0	0	0	0	
32.		0	0	0	0	0	0	
33.		0	0	0	0	0	0	
34.		0	0	0	0	0	0	
35.		0	0	0	0	0	0	
36.		0	0	0	0	0	0	
37.		0	0	0	0	0	0	
38.		0	0	0	0	0	0	
39. All Others		0	3,996,802	39,642	121,567	27,336	4,185,347	
<b>TOTALS</b>			\$0	\$4,062,202	\$39,642	\$121,567	\$27,336	\$4,250,747

(To Sch 2-1)

## STATEMENT OF REIMBURSABLE COSTS GROUP HOMES

HOME OFFICE:  
RESCARE, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adjs 1-7)	(Col 2 + Col 3)		(Col 4 - Col 5)
1. Salaries-Officers	\$7,838,383		\$7,838,383		\$7,838,383
2. Salaries-Other	26,869,650		26,869,650		26,869,650
3. Payroll Taxes	3,030,826		3,030,826		3,030,826
4. Employee Benefits	12,360,570	(65,317)	12,295,253		12,295,253
5. Travel	3,584,728		3,584,728		3,584,728
6. Entertainment	0		0		0
7. Automobile	26,004		26,004		26,004
8. Depreciation-Building	99,101		99,101		99,101
9. Depreciation-Equipment	6,423,481		6,423,481		6,423,481
10. Other Depreciation and Amortization	669,913		669,913		669,913
11. Leases and Rentals	2,366,776		2,366,776		2,366,776
12. Interest-Mortgages	0		0		0
13. Interest-Other	10,906,825	(70,396)	10,836,429		10,836,429
14. Taxes and Licenses	3,217,221		3,217,221		3,217,221
15. Legal and Accounting	280,441	(119,623)	160,818		160,818
16. Insurance	3,220,310		3,220,310		3,220,310
17. Telephone	1,430,219	(464,625)	965,594		965,594
18. Utilities	292,293		292,293		292,293
19. Office Supplies	(464,625)	464,625	0		0
20. Nonprogram	0		0		0
21. Dietary	0		0		0
22. Other (Specify)	0		0		0
23. Donations/Public Relations	0		0		0
24. Outside Services	12,739,026	(2,329,177)	10,409,849		10,409,849
25. Employee Recruitments	371,751		371,751		371,751
26. Maintenance and Repair	2,134,284		2,134,284		2,134,284
27. Postage/Mail	483,888		483,888		483,888
28. Dues and Subscriptions	988,313		988,313		988,313
29. Bad Debt	0		0		0
30. Non-Allowable Medicaid	0		0		0
31. Education and Training	73,288		73,288		73,288
32.	0		0		0
33. Misc Rev/Other Credits	(70,396)	70,396	0		0
34.	0		0		0
<b>TOTAL EXPENSES</b>	<b>\$98,872,270</b>	<b>(\$2,514,117)</b>	<b>\$96,358,153</b>	<b>\$0</b>	<b>\$96,358,153</b>
				(To Sch 4)	(To Sch 3)

## STATEMENT OF REIMBURSABLE COSTS LARGE HOMES

HOME OFFICE:  
RESCARE, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adjs 9-13)	(Col 2 + Col 3)		(Col 4 - Col 5)
1. Old Cap. Rel. Costs -- Bldgs			\$0		\$0
2. Old Cap. Rel. Costs -- Movable			0		0
3.			0		0
4. New Cap. Rel. Costs -- Bldgs	2,150,609		2,150,609	39,642	2,110,967
5. New Cap. Rel. Costs -- Movable	7,453,456		7,453,456		7,453,456
6.			0		0
7. Insurance Premiums			0		0
8. Taxes & Licenses	15,433		15,433	15,433	0
9. Other			0		0
10.			0		0
11. Salaries of Officers			0		0
12. Salaries & Wages of Others	41,476,425		41,476,425		41,476,425
13. Payroll Taxes	3,030,826		3,030,826		3,030,826
14. Employee Benefits - Payroll	3,028,519	(65,317)	2,963,202		2,963,202
15. Employee Benefits - Non-Payroll	398,745		398,745		398,745
16. Profit Sharing / Pension	2,383,924		2,383,924		2,383,924
17. Legal Fees	4,163,225		4,163,225	4,062,202	101,023
18. Auditing & Accounting Fees	1,516,985	(119,623)	1,397,362		1,397,362
19. Utilities	292,293		292,293	73,398	218,895
20. Communications	1,430,219		1,430,219		1,430,219
21. Travel & Entertainment	3,584,728		3,584,728		3,584,728
22. Transportation	7,540		7,540		7,540
23. Cleaning Office & Admin Support	481,026		481,026	24,209	456,817
24. Minor Equipment Expensed	120,743		120,743		120,743
25. Repairs & Maintenance	2,135,174		2,135,174	32,736	2,102,438
26. Dues & Subscriptions	988,313		988,313		988,313
27. Contributions			0		0
28. Insurance Premiums - Non Cap	3,072,562		3,072,562		3,072,562
29. Taxes & Licenses - Non-Cap	2,966,098		2,966,098		2,966,098
30. Interest Expense	12,914,730		12,914,730		12,914,730
31. Other Expense	339,800		339,800		339,800
32. Advertising/Recruitment	457,854		457,854		457,854
33. Temporary Labor Services	498,962		498,962		498,962
34. Staff Education & Seminars	602,380		602,380		602,380
35. Other Professional Services	6,817,158	(2,329,177)	4,487,981	3,127	4,484,854
35.01. Director Fees	626,574		626,574		626,574
35.02. Non Allowable Expenses			0		0
<b>TOTAL EXPENSES</b>	<b>\$102,954,301</b>	<b>(\$2,514,117)</b>	<b>\$100,440,184</b>	<b>\$4,250,747</b>	<b>\$96,189,437</b>
				(To Sch 4-1)	(To Sch 3-1)

Provider Name							Fiscal Period	Provider NPI		Adjustments
RESCARE, INC. (GROUP HOMES)							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE		14
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
1	2	13	6	5	13	3	Interest - Other	\$10,906,825		\$10,836,429
	2	33	6	5	33	3	Misc Rev / Other Credits	(70,396)	(\$70,396)	0
							To reclassify the reported negative balance to Interest - Other. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		70,396	
2	2	17	6	5	17	3	Telephone	\$1,430,219	(\$464,625)	\$965,594
	2	19	6	5	19	3	Office Supplies	(464,625)	464,625	0
							To reclassify the reported negative balance to Telephone. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name							Fiscal Period	Provider NPI		Adjustments
RESCARE, INC. (GROUP HOMES)							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE		14
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
3	2	4	6	5	4	3	Employee Benefits To eliminate Eric Post's 2009/2010 UK tax return expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$12,360,570	(\$65,317)	\$12,295,253
4	2	15	6	5	15	3	Legal and Accounting To eliminate Merrill Communications, LLC., Corporate Communications, Inc., Frost, Brown, Todd, and Computershare expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$280,441	(\$119,623)	\$160,818
	2	24	6	5	24	3	Outside Services	\$12,739,026		
5							To eliminate Merrill Communications, Computershare, Frost, Brown, Todd LLC., and Shareholder.com costs incurred primarily for the benefit of investors, but not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2134.9		(\$360,336)	
6							To eliminate bank charges that are not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(518,146)	
7							To eliminate Onex Corporation costs associated with the acquisition of capital stock and not related to patient care. 42 CFR 413.5, 413.9(b)(2) and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2134.2, 2134.9, 2134.10, and 2134.11		<u>(1,450,695)</u> (\$2,329,177)	\$10,409,849

Provider Name							Fiscal Period			Provider NPI		Adjustments
RESCARE, INC. (GROUP HOMES)							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			HOME OFFICE		14
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col						
<u>ADJUSTMENT TO REPORTED STATISTICS</u>												
8	5			3		2	Program Services To adjust the Home Office allocation basis to agree with the audited financial statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3, 2300, 2304, and 2306	1,413,585,395	(14,006,893)	1,399,578,502		

Provider Name							Fiscal Period	Provider NPI		Adjustments
RESCARE, INC. (LARGE HOMES)							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE		14
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
9	B	14	8	5-1	14	3	Employee Benefits-Payroll Related To eliminate Eric Post's 2009/2010 UK tax return expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$3,028,519	(\$65,317)	\$2,963,202
10	B	18	8	5-1	18	3	Auditing and Accounting Fees To eliminate Merrill Communications, LLC., Corporate Communications, Inc., Frost, Brown, Todd, and Computershare expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$1,516,985	(\$119,623)	\$1,397,362
	B	35	8	5-1	35	3	Other Professional Services	\$6,814,031		
11							To eliminate Merrill Communications, Computershare, Frost, Brown, Todd LLC., and Shareholder.com costs incurred primarily for the benefit of investors, but not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2134.9		(\$360,336)	
12							To eliminate bank charges that are not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(518,146)	
13							To eliminate Onex Corporation costs associated with the acquisition of capital stock and not related to patient care. 42 CFR 413.5, 413.9(b)(2) and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2134.2, 2134.9, 2134.10, and 2134.11		<u>(1,450,695)</u> (\$2,329,177)	\$4,484,854

Provider Name							Fiscal Period		Provider NPI		Adjustments
RESCARE, INC. (LARGE HOMES)							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		HOME OFFICE		14
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report								
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Col					
<u>ADJUSTMENT TO REPORTED STATISTICS</u>											
14	G	27	1	3-1		2	Other Operations To adjust the Home Office allocation basis to agree with the audited financial statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.3, 2300, 2304, and 2306	1,413,585,395	(14,006,893)	1,399,578,502	