REPORT
ON THE
HOME OFFICE AUDIT

LRC HOMES, INC. AND LONIKA HOMES, INC.
MISSION VIEJO, CALIFORNIA

FISCAL PERIOD ENDED
DECEMBER 31, 2011

Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Margaret A. Varho
Audit Supervisor: Lan Nguyen
Auditor: Cynthia Richardson

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: July 2, 2013

Eleanor Del Rosario, President
LRC Homes, Inc.
24821 Argus Drive
Mission Viejo, CA 92691

LRC HOMES, INC. AND LONIKA HOMES, INC.
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2010. 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.

605 West Santa Ana Blvd., Building 28, Room 830, Santa Ana, CA 92701
(714) 558-4434 / (714) 558-4179 fax
Internet Address: www.dhcs.ca.gov

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(***Original signed by Margaret Varho***)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

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STATE OF CALIFORNIA SCHEDULE 1

COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST

HOME OFFICE:
LRC HOMES, INC. AND LONIKA HOMES, 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. Artemia House	1588730881	12/31/11	$230,785	$186,190	($44,595)
2. Argus Home	1588730881	12/31/11	217,342	187,560	(29,782)
3. Lori's Home	1588730881	12/31/11	312,392	183,363	(129,029)
4. Spartan Home	1457428427	12/31/11	232,024	162,294	(69,730)
5. Minos Home	1457428427	12/31/11	250,360	184,474	(65,886)
6. Doria Home	1457428427	12/31/11	207,293	175,312	(31,981)
7. Aphena Home	1457428427	12/31/11	204,916	172,829	(32,087)
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TOTALS			$1,655,112	$1,252,021	($403,090)

STATE OF CALIFORNIA

SCHEDULE 2

SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
LRC HOMES, INC. AND LONIKA HOMES, 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)	(From Sch 3)	(Col 4 + Col 5)
1. Artemia House	1588730881	12/31/11	$173,394	$12,796	$186,190
2. Argus Home	1588730881	12/31/11	174,670	12,890	187,560
3. Lori's Home	1588730881	12/31/11	170,761	12,602	183,363
4. Spartan Home	1457428427	12/31/11	151,140	11,154	162,294
5. Minos Home	1457428427	12/31/11	171,796	12,678	184,474
6. Doria Home	1457428427	12/31/11	163,264	12,048	175,312
7. Aphena Home	1457428427	12/31/11	160,951	11,878	172,829
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TOTALS			$1,165,976	$86,045	$1,252,021
					(To Sch 1)

STATE OF CALIFORNIA SCHEDULE 3

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
LRC HOMES, INC. AND LONIKA HOMES, 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 31)	$915,565	75.1105%	$86,045
Nonprogram Services (Adj 31)	303,392	24.8895%	28,513
TOTAL	$1,218,957	100.0000%	$114,558

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

	CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: (Client Days)	Allocated Pool Expense (Col 3 X UCM)
1.	Artemia House	1588730881		2,174	$12,796
2.	Argus Home	1588730881		2,190	12,890
3.	Lori's Home	1588730881		2,141	12,602
4.	Spartan Home	1457428427		1,895	11,154
5.	Minos Home	1457428427		2,154	12,678
6.	Doria Home	1457428427		2,047	12,048
7.	Aphena Home	1457428427		2,018	11,878
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26.	**TOTALS**			14,619	$86,045

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	5.885839

STATE OF CALIFORNIA SCHEDULE 4

DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
LRC HOMES, INC. AND LONIKA HOMES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

			Expense Directly Allocable to Chain Component				
CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Lead Salaries 3	Aides Salaries 4	Payroll Tax 5	Other Direct 6	AUDITED TOTAL 7
			(Adj 3) (Adj)	(Adj 2) (Adj)	(Adj 4, 9, 11) (Adj)	(Adj 5-8, 10) (Adj)	
1. Artemia House	1588730881	$79,751	($4,538)	$44,082	$6,189	$47,910	$173,394
2. Argus Home	1588730881	65,196	5,032	49,380	6,799	48,263	174,670
3. Lori's Home	1588730881	163,651	2,492	(41,995)	(569)	47,182	170,761
4. Spartan Home	1457428427	100,373	(13,502)	19,209	3,299	41,761	151,140
5. Minos Home	1457428427	100,715	8,199	8,790	6,623	47,469	171,796
6. Doria Home	1457428427	65,082	4,836	41,692	6,543	45,111	163,264
7. Aphena Home	1457428427	64,720	4,702	40,911	6,146	44,472	160,951
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TOTALS		$639,488	$7,221	$162,069	$35,030	$322,168	$1,165,976

(To Sch 2)

STATE OF CALIFORNIA SCHEDULE 5

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
LRC HOMES, INC. AND LONIKA HOMES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED COSTS 2	COST AUDIT ADJUSTMENTS 3	AUDITED COSTS 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 12-30) (Adj)	(Col 2 + Col 3)	(Adj 2-11) (Adj)	(Col 4 - Col 5)
1. Salaries-Officers	$0	$0	$0	$0	$0
2. Salaries-Other	0	0	0	0	0
3. Payroll Taxes	0	0	0	0	0
4. Employee Benefits	0	0	0	0	0
5. Travel	500	50	550	0	550
6. Entertainment	0	0	0	0	0
7. Automobile	0	0	0	0	0
8. Depreciation-Building	5,755	(5,755)	0	0	0
9. Depreciation-Equipment	0	0	0	0	0
10. Other Depreciation and Amortization	0	0	0	0	0
11. Leases and Rentals	5,400	(5,400)	0	0	0
12. Interest-Mortgages	0	0	0	0	0
13. Interest-Other	400	100	500	0	500
14. Taxes and Licenses	3,381	(1,326)	2,055	0	2,055
15. Legal and Accounting	34,306	(34,306)	0	0	0
16. Insurance	94,280	(1,873)	92,407	0	92,407
17. Telephone	0	0	0	0	0
18. Utilities	1,499	375	1,874	0	1,874
19. Office Supplies	2,668	667	3,335	0	3,335
20. Nonprogram	0	0	0	0	0
21. Home Operations	5,808	1,387	7,195	0	7,195
22. Client Transportation	37,310	(26,255)	11,055	11,055	0
23. Dietary/Grocery	140,920	241	141,161	141,161	0
24. Personal Care and Laundry	1,486	1	1,487	1,487	0
25. Aides-Salaries	609,070	(22,482)	586,588	586,588	0
26. Aides-Fringe Benefits	860	0	860	0	860
27. Lead-Salaries	176,462	0	176,462	176,462	0
28. Other-Salary	69,658	(24,572)	45,086	45,086	0
29. Administrator-Salary	266,310	(142,931)	123,379	123,379	0
30. Payroll Tax	90,568	(9,810)	80,758	80,758	0
31. Federal Tax	28,000	(28,000)	0	0	0
32. State Tax	74,377	(74,377)	0	0	0
33. Contributions	320	(320)	0	0	0
34. Other Administrative	5,774	8	5,782	0	5,782
TOTAL EXPENSES	$1,655,112	($374,578)	$1,280,534	$1,165,976	$114,558
				(To Sch 4)	(To Sch 3)

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						MEMORANDUM ADJUSTMENT			
1						To report the home office costs per the provider's supplemental Schedule 2, in accordance with the home office cost report forma			

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED DIRECT COSTS			
2	4	1	3	4	1	Artemia House	$43,150	$44,082	$87,232
	4	2	3	4	2	Argus Home	38,494	49,380	87,874
	4	3	3	4	3	Lori's Home	127,903	(41,995)	85,908
	4	4	3	4	4	Spartan Home	56,828	19,209	76,037
	4	5	3	4	5	Minos Home	77,639	8,790	86,429
	4	6	3	4	6	Doria Home	40,444	41,692	82,136
	4	7	3	4	7	Aphena Home	40,061	40,911	80,972
	5	25	5	5	25	Aides-Salaries	424,519	162,069	586,588
						To adjust aides salaries for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304			
3	4	1	2	4	1	Artemia House	$30,780	($4,538)	$26,242
	4	2	2	4	2	Argus Home	21,403	5,032	26,435
	4	3	2	4	3	Lori's Home	23,351	2,492	25,843
	4	4	2	4	4	Spartan Home	36,376	(13,502)	22,874
	4	5	2	4	5	Minos Home	17,801	8,199	26,000
	4	6	2	4	6	Doria Home	19,873	4,836	24,709
	4	7	2	4	7	Aphena Home	19,657	4,702	24,359
	5	27	5	5	27	Lead-Salaries	169,241	7,221	176,462
						To adjust leads salaries for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304			
4	4	1	2	4	1	Artemia House	$5,821	$4,004	$9,825
	4	2	2	4	2	Argus Home	5,299	4,598	9,897
	4	3	2	4	3	Lori's Home	12,397	(2,721)	9,676
	4	4	2	4	4	Spartan Home	7,169	1,395	8,564
	4	5	2	4	5	Minos Home	5,275	4,459	9,734
	4	6	2	4	6	Doria Home	4,765	4,486	9,251
	4	7	2	4	7	Aphena Home	5,002	4,118	9,120
	5	30	5	5	30	Payroll Tax	45,728	20,339	66,067 *
						To adjust payroll taxes for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED DIRECT COSTS			
5	4	1	2	4	1	Artemia House	$0	$1,644	$1,644
	4	2	2	4	2	Argus Home	0	1,656	1,656
	4	3	2	4	3	Lori's Home	0	1,619	1,619
	4	4	2	4	4	Spartan Home	0	1,433	1,433
	4	5	2	4	5	Minos Home	0	1,629	1,629
	4	6	2	4	6	Doria Home	0	1,548	1,548
	4	7	2	4	7	Aphena Home	0	1,526	1,526
	5	22	5	5	22	Client Transportation	0	11,055	11,055
						To directly assign client transportation expense for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 230			
6	4	1	2	4	1	Artemia House	$0	$20,992	$20,992
	4	2	2	4	2	Argus Home	0	21,147	21,147
	4	3	2	4	3	Lori's Home	0	20,673	20,673
	4	4	2	4	4	Spartan Home	0	18,298	18,298
	4	5	2	4	5	Minos Home	0	20,799	20,799
	4	6	2	4	6	Doria Home	0	19,766	19,766
	4	7	2	4	7	Aphena Home	0	19,486	19,486
	5	23	5	5	23	Dietary/Grocery	0	141,161	141,161
						To directly assign grocery expense for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304			
7	4	1	2	4	1	Artemia House	$0	$221	$221
	4	2	2	4	2	Argus Home	0	223	223
	4	3	2	4	3	Lori's Home	0	218	218
	4	4	2	4	4	Spartan Home	0	193	193
	4	5	2	4	5	Minos Home	0	219	219
	4	6	2	4	6	Doria Home	0	208	208
	4	7	2	4	7	Aphena Home	0	205	205
	5	24	5	5	24	Personal Care and Laundry	0	1,487	1,487
						To directly assign personal care expense for proper cost determination.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304			

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED DIRECT COSTS				
8	4	1	2	4	1	Artemia House		$0	$6,705	$6,705
	4	2	2	4	2	Argus Home		0	6,754	6,754
	4	3	2	4	3	Lori's Home		0	6,603	6,603
	4	4	2	4	4	Spartan Home		0	5,844	5,844
	4	5	2	4	5	Minos Home		0	6,643	6,643
	4	6	2	4	6	Doria Home		0	6,313	6,313
	4	7	2	4	7	Aphena Home		0	6,224	6,224
	5	28	5	5	28	Other-Salary		0	45,086	45,086
						To directly assign drivers salaries for proper cost determination.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				
9	4	1	2	4	1	Artemia House		$0	$536	$536
	4	2	2	4	2	Argus Home		0	540	540
	4	3	2	4	3	Lori's Home		0	528	528
	4	4	2	4	4	Spartan Home		0	467	467
	4	5	2	4	5	Minos Home		0	531	531
	4	6	2	4	6	Doria Home		0	505	505
	4	7	2	4	7	Aphena Home		0	498	498
	5	30	5	5	30	Payroll tax	*	66,067	3,605	69,672 *
						To directly assign drivers payroll tax for proper cost determination.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				
10	4	1	2	4	1	Artemia House		$0	$18,348	$18,348
	4	2	2	4	2	Argus Home		0	18,483	18,483
	4	3	2	4	3	Lori's Home		0	18,069	18,069
	4	4	2	4	4	Spartan Home		0	15,993	15,993
	4	5	2	4	5	Minos Home		0	18,179	18,179
	4	6	2	4	6	Doria Home		0	17,276	17,276
	4	7	2	4	7	Aphena Home		0	17,031	17,031
	5	29	5	5	29	Administrator-Salary		0	123,379	123,379
						To directly assign administrator's salaries for proper cost determination.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED DIRECT COSTS				
11	4	1	2	4	1	Artemia House		$0	$1,649	$1,649
	4	2	2	4	2	Argus Home		0	1,661	1,661
	4	3	2	4	3	Lori's Home		0	1,624	1,624
	4	4	2	4	4	Spartan Home		0	1,437	1,437
	4	5	2	4	5	Minos Home		0	1,633	1,633
	4	6	2	4	6	Doria Home		0	1,552	1,552
	4	7	2	4	7	Aphena Home		0	1,530	1,530
	5	30	5	5	30	Payroll tax	*	69,672	11,086	80,758
						To directly assign administrator's payroll tax for proper cost determination.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED POOLED COSTS				
12	2	08	6	5	08	Depreciation-Building		$5,755	($7,194)	($1,439) *
						To eliminate duplicate depreciation expenses already recorded on the facility cost report.				
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105				
13	2	05	6	5	05	Travel		$500	$125	$625 *
	2	08	6	5	08	Depreciation-Building	*	(1,439)	1,439	0
	2	11	6	5	11	Leases and Rentals		5,400	1,350	6,750 *
	2	13	6	5	13	Interest-Other		400	100	500
	2	14	6	5	14	Taxes and Licenses		3,381	845	4,226 *
	2	15	6	5	15	Legal and Accounting		34,306	8,577	42,883 *
	2	16	6	5	16	Insurance		94,280	23,570	117,850 *
	2	18	6	5	18	Utilities		1,499	375	1,874
	2	19	6	5	19	Office Supplies		2,668	667	3,335
	2	21	6	5	21	Home Operations		5,808	1,452	7,260 *
	2	22	6	5	22	Client Transportation		37,310	20,431	57,741 *
	2	23	6	5	23	Dietary/Grocery		140,920	77,170	218,090 *
	2	24	6	5	24	Personal Care and Laundry		1,486	813	2,299 *
	2	34	6	5	34	Other Administrative		5,774	1,444	7,218 *
						To reverse the provider's adjustments for proper cost determination.				
						42 CFR 413.20 and 413.24				
						CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8				
14	2	31	6	5	31	Federal Tax		$28,000	($28,000)	$0
	2	32	6	5	32	Sate Tax		74,377	(74,377)	0
						To eliminate state and/or federal income taxes.				
						42 CFR 413.9, 413.20 and 413.24				
						CMS Pub. 15-1, Sections 2122.2A, 2122.2B, 2300 and 2304				
15	2	33	6	5	33	Contributions		$320	($320)	$0
						To eliminate contribution/donation costs not related to patient care.				
						42 CFR 413.5(c)(7) and 413.9				
						CMS Pub. 15-1, Sections 608, 610 and 2102.3				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED POOLED COSTS			
16	2	15	6	5	15	Legal and Accounting *	$42,883	($42,883)	$0
						To eliminate legal fees not related to patient care.			
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			
17	2	11	6	5	11	Leases and Rentals *	$6,750	($6,750)	$0
						To eliminate home office lease expenses paid to a related party.			
						42 CFR 413.17, 413.134(h), 413.20 and 413.24			
						CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300 and 2304			
18	2	14	6	5	14	Taxes and Licenses *	$4,226	($1,598)	$2,628 *
	2	22	6	5	22	Client Transportation *	57,741	(40,664)	17,077 *
						To eliminate automobile expense due to insufficient documentation.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
19	2	14	6	5	14	Taxes and Licenses *	$2,628	($77)	$2,551 *
						To eliminate tax penalties and/or fines not related to patient care.			
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1			
20	2	14	6	5	14	Taxes and Licenses *	$2,551	($496)	$2,055
	2	16	6	5	16	Insurance *	117,850	(7,455)	110,395 *
						To eliminate automobile expense due to lack of documentation.			
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			
21	2	34	6	5	34	Other Administrative *	$7,218	($372)	$6,846 *
						To eliminate tax penalties and/or fines not related to patient care.			
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2122.1			
22	2	05	6	5	05	Travel *	$625	($75)	$550
	2	21	6	5	21	Home Operations *	7,260	(65)	7,195
	2	34	6	5	34	Other Administrative *	6,846	(1,064)	5,782
						To eliminate swim and racquet dues expense not related to patient care.			
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105			

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References										
	Cost Report			Audit Report						
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED POOLED COSTS				
23	2	25	6	5	25	Aides-Salaries		$184,551	($22,482)	$162,069 *
	2	28	6	5	28	Other-Salary		69,658	(24,571)	45,087 *
	2	29	6	5	29	Administrator-Salary		266,310	(37,648)	228,662 *
	2	30	6	5	30	Payroll Tax		44,840	(9,810)	35,030 *
						To eliminate nonprogram salaries not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3				
24	2	25	6	5	25	Aides-Salaries	*	$162,069	($162,069)	$0
	2	27	6	5	27	Lead-Salaries		7,221	(7,221)	0
	2	30	6	5	30	Payroll Tax	*	35,030	(20,338)	14,692 *
						To eliminate aides, leads salaries and related payroll tax expense that were directly assigned to each facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				
25	2	29	6	5	29	Administrator-Salary	*	$228,662	($105,285)	$123,377 *
						To reduce the salary paid to the related party administrator for reasonableness. 42 CFR 413.24 and 413.102 CMS Pub. 15-1, Chapter 9 and Section 2304				
26	2	16	6	5	16	Insurance	*	$110,395	($17,988)	$92,407
						To eliminate health insurance expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3				
27	2	22	6	5	22	Client Transportation	*	$17,077	($11,053)	$6,024 *
	2	23	6	5	23	Dietary/Grocery	*	218,090	(141,160)	76,930 *
	2	24	6	5	24	Personal Care and Laundry	*	2,299	(1,488)	811 *
						To eliminate client transportation, groceries, and personal care expenses that were directly assigned to each facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
	Cost Report			Audit Report					
Adj. No.	Page or Exhibit	Line	Col.	Sch.	Line	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED POOLED COSTS				
28	2	22	6	5	22	Client Transportation	*	$6,024	($6,024)	$0
	2	23	6	5	23	Dietary/Grocery	*	76,930	(76,930)	0
	2	24	6	5	24	Personal Care and Laundry	*	811	(811)	0
						To eliminate nonprogram expenses not related to patient care.				
						42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3				
29	2	28	6	5	28	Other-Salary	*	$45,087	($45,087)	$0
	2	30	6	5	30	Payroll Tax	*	14,692	(3,606)	11,086
						To eliminate drivers salaries that were directly assigned to each facility.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				
30	2	29	6	5	29	Administrator-Salary	*	$123,377	($123,377)	$0
	2	30	6	5	30	Payroll Tax	*	11,086	(11,085)	1
						To eliminate administrator's salaries that were directly assigned to each facility.				
						42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
LRC HOMES, INC. AND LONIKA HOMES, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	HOME OFFICE	31

Report References									
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						ADJUSTMENT TO REPORTED STATISTICS			
31	5	1	1	3	13.00	Program Services (Accumulated Cost)	0	915,565	915,565
	5	2	1	3	14.00	Nonprogram Services	0	303,392	303,392
	5	3	1	3	15.00	Total - Accumulated Cost	0	1,218,957	1,218,957
						To establish accumulated cost statistics for proper cost determination.			
						42 CFR 413.20 and 413.24			
						CMS Pub. 15-1, Sections 2150, 2150.3, 2300 and 2304			