

**REPORT
ON THE
HOME OFFICE AUDIT**

**SAFE HARBOR RESIDENTIAL SERVICES, INC.
HANFORD, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Kathryn Rodrigues**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

Gwendolyn Smith
Corporate Officer
Safe Harbor Residential Services, Inc.
318-A E 4th Street
Hanford, CA 93230

SAFE HARBOR RESIDENTIAL SERVICES, 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.

Gwendolyn Smith
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

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**COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST**

HOME OFFICE:
SAFE HARBOR RESIDENTIAL SERVICES, 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, Col 6) (Col 5 - Col 4)

1.	SAFE HARBOR RESIDENTIAL - BIRCH	1265575914	12/31/11	\$63,939	\$35,549	(\$28,390)
2.	SAFE HARBOR RESIDENTIAL - MAGNOLIA	1801018908	12/31/11	63,910	35,549	(28,361)
3.	SAFE HARBOR RESIDENTIAL - FARGO	1710109814	12/31/11	63,939	35,549	(28,390)
4.	SAFE HARBOR RESIDENTIAL - DOUTY	1336361435	12/31/11	63,705	35,549	(28,156)
5.					0	0
6.					0	0
7.					0	0
8.					0	0
9.					0	0
10.					0	0
11.					0	0
12.					0	0
13.					0	0
14.					0	0
15.					0	0
16.					0	0
17.					0	0
18.					0	0
19.					0	0
20.					0	0
21.					0	0
22.					0	0
23.					0	0
24.					0	0
25.					0	0

TOTALS

	\$255,493	\$142,195	(\$113,298)
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SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
SAFE HARBOR RESIDENTIAL SERVICES, 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. SAFE HARBOR RESIDENTIAL - BIRCH	1265575914	12/31/11	\$0	\$35,549	\$35,549
2. SAFE HARBOR RESIDENTIAL - MAGNOLIA	1801018908	12/31/11	0	35,549	35,549
3. SAFE HARBOR RESIDENTIAL - FARGO	1710109814	12/31/11	0	35,549	35,549
4. SAFE HARBOR RESIDENTIAL - DOUTY	1336361435	12/31/11	0	35,549	35,549
5.			0	0	0
6.			0	0	0
7.			0	0	0
8.			0	0	0
9.			0	0	0
10.			0	0	0
11.			0	0	0
12.			0	0	0
13.			0	0	0
14.			0	0	0
15.			0	0	0
16.			0	0	0
17.			0	0	0
18.			0	0	0
19.			0	0	0
20.			0	0	0
21.			0	0	0
22.			0	0	0
23.			0	0	0
24.			0	0	0
25.			0	0	0
TOTALS			\$0	\$142,195	\$142,195

(To Sch 1)

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
SAFE HARBOR RESIDENTIAL SERVICES, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY	Allocation Statistics Base:		Allocation Pool Expenses 3
	Accumulated Cost 1	Percent 2	
Program Services (Adj)	\$255,492	100.0000%	\$142,195
Nonprogram Services (Adj)		0.0000%	0
TOTAL	\$255,492	100.0000%	\$142,195

(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 2 X UCM)
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1.	SAFE HARBOR RESIDENTIAL - BIRCH	1265575914		2,190	\$35,549
2.	SAFE HARBOR RESIDENTIAL - MAGNOLIA	1801018908	6	2,190	35,549
3.	SAFE HARBOR RESIDENTIAL - FARGO	1710109814		2,190	35,549
4.	SAFE HARBOR RESIDENTIAL - DOUTY	1336361435	6	2,190	35,549
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
14.					0
15.					0
16.					0
17.					0
18.					0
19.					0
20.					0
21.					0
22.					0
23.					0
24.					0
25.					0

TOTALS

8,760 \$142,195

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	16.232306
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
SAFE HARBOR RESIDENTIAL SERVICES, 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 (Adj)	specify expense 4 (Adj)	specify expense 5 (Adj)	specify expense 6 (Adj)	
1. SAFE HARBOR RESIDENTIAL - BIRCH	1265575914	\$0	\$0	\$0	\$0	\$0	\$0
2. SAFE HARBOR RESIDENTIAL - MAGNOLIA	1801018908	0	0	0	0	0	0
3. SAFE HARBOR RESIDENTIAL - FARGO	1710109814	0	0	0	0	0	0
4. SAFE HARBOR RESIDENTIAL - DOUTY	1336361435	0	0	0	0	0	0
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
20.		0	0	0	0	0	0
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
TOTALS		\$0	\$0	\$0	\$0	\$0	\$0

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
SAFE HARBOR RESIDENTIAL SERVICES, 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 1-5)	(Col 2 + Col 3)		(Col 4 - Col 5)
1. Salaries-Officers	\$40,976	(\$40,976)	\$0		\$0
2. Salaries-Other	76,090		76,090		76,090
3. Payroll Taxes	5,228		5,228		5,228
4. Employee Benefits	8,531		8,531		8,531
5. Travel	311		311		311
6. Entertainment	0		0		0
7. Automobile	13,755	(9,656)	4,099		4,099
8. Depreciation-Building	0		0		0
9. Depreciation-Equipment	0		0		0
10. Other Depreciation and Amortization	64,142	(62,666)	1,476		1,476
11. Leases and Rentals	19,020		19,020		19,020
12. Interest-Mortgages	0		0		0
13. Interest-Other	259		259		259
14. Taxes and Licenses	0		0		0
15. Legal and Accounting	2,888		2,888		2,888
16. Insurance	2,750		2,750		2,750
17. Telephone	4,024		4,024		4,024
18. Utilities	3,259		3,259		3,259
19. Office Supplies	13,221		13,221		13,221
20. Nonprogram	0		0		0
21. Other-Dues and Subscription	1,039		1,039		1,039
22. Interest Income	0		0		0
23. Donations	0		0		0
24.			0		0
25.			0		0
26.			0		0
27.			0		0
28.			0		0
29.			0		0
30.			0		0
31.			0		0
32.			0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	\$255,493	(\$113,298)	\$142,195	\$0	\$142,195
				(To Sch 4)	(To Sch 3)

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAFE HARBOR RESIDENTIAL SERVICES, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		6
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>ADJUSTMENTS TO REPORTED POOLED COSTS</u>										
1	2	1	6	5	1	3	Salaries - Officers To eliminate owner compensation for reasonableness and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 902.2, 902.3, 902.4, 904.1, 906, 2300 and 2304	\$40,976	(\$40,976)	\$0
	2	7	6	5	7	3	Automobile	\$13,755		
2							To eliminate related party automobile lease expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 1005, 2102.3, 2103, 2300 and 2304		(\$4,382)	
3							To eliminate fuel expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 1005, 2102.3, 2300 and 2304		(3,008)	
4							To eliminate repairs and maintenance, license and insurance expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 1005, 2300 and 2304		(2,266) (\$9,656)	\$4,099
5	2	10	6	5	10	3	Other Depreciation and Amortization To eliminate unallowable goodwill not reimbursable under the Medi-Cal program. 42 CFR 413.20, 413.24 and 413.153 CMS Pub. 15-1, Sections 104.1, 104.10, 1215 and 2304	\$64,142	(\$62,666)	\$1,476

Provider Name			Fiscal Period				Provider NPI		Adjustments	
SAFE HARBOR RESIDENTIAL SERVICES, INC.			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				N/A		6	
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>										
6	5	2	2	3	2	2	Magnolia (Patient Days)	2,189	1	2,190
	5	4	2	3	4	2	Douty	2,182	8	2,190
							To adjust patient statistics to reflect proper allocation of cost between the facilities.			
							42 CFR 413.24			
							CMS Pub. 15-1, Sections 2102.1, 2302.4 and 2302.8			