

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**DAVIDSON RESIDENTIAL HOMES  
MERCED, 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: Kristina Nacino  
Auditor: Svetlana Lysenko**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 04, 2013

Julie Davidson, Administrator  
Davidson Residential Homes  
3022 G Street, Suite 101  
Merced, CA 95340

DAVIDSON RESIDENTIAL HOMES  
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.

Julie Davidson  
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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:  
DAVIDSON RESIDENTIAL HOMES

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI 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.	Davidson Adult Home	1184811895	12/31/2011	\$26,564	\$18,695	(\$7,869)
2.	Davidson Children's Home	1346437050	12/31/2011	27,313	19,221	(8,092)
3.	Davidson Donna Drive Home	1659566511	12/31/2011	27,325	19,230	(8,095)
4.	Davidson Sun Valley Ct Home	1841487550	12/31/2011	27,325	19,230	(8,095)
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**

				\$108,527	\$76,376	(\$32,151)
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## SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:  
DAVIDSON RESIDENTIAL HOMESFISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI 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. Davidson Adult Home	1184811895	12/31/2011	\$0	\$18,695	\$18,695
2. Davidson Children's Home	1346437050	12/31/2011	0	19,221	19,221
3. Davidson Donna Drive Home	1659566511	12/31/2011	0	19,230	19,230
4. Davidson Sun Valley Ct Home	1841487550	12/31/2011	0	19,230	19,230
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
<b>TOTALS</b>			<b>\$0</b>	<b>\$76,376</b>	<b>\$76,376</b>

(To Sch 1)

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:  
DAVIDSON RESIDENTIAL HOMES

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY	Allocation Statistics Base: Accumulated Cost 1	Percent 2	Allocation Pool Expenses 3
Program Services (Adj 3)	\$1,534,055	70.9558%	\$76,376
Nonprogram Services (Adj 3)	627,933	29.0442%	31,263
TOTAL	\$2,161,988	100.0000%	\$107,639

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	NPI NUMBER	Audit Adjustment	Allocation Statistic: (Client Days)	Allocated Pool Expense (Col 2 X UCM)
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1. Davidson Adult Home	1184811895		2,129	\$18,695
2. Davidson Children's Home	1346437050		2,189	19,221
3. Davidson Donna Drive Home	1659566511		2,190	19,230
4. Davidson Sun Valley Ct Home	1841487550		2,190	19,230
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

8,698 \$76,376

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	8.780882
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:  
DAVIDSON RESIDENTIAL HOMES

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI 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. Davidson Adult Home	1184811895	\$0	\$0	\$0	\$0	\$0	\$0
2. Davidson Children's Home	1346437050	0	0	0	0	0	0
3. Davidson Donna Drive Home	1659566511	0	0	0	0	0	0
4. Davidson Sun Valley Ct Home	1841487550	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
<b>TOTALS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

(To Sch 2)

## STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:  
DAVIDSON RESIDENTIAL HOMESFISCAL 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 1,2)	(Col 2 + Col 3)	(Adj )	(Col 4 - Col 5)
1. Salaries-Officers			\$0		\$0
2. Salaries-Other	26,700		26,700		26,700
3. Payroll Taxes	2,440		2,440		2,440
4. Employee Benefits	5,610		5,610		5,610
5. Travel	0		0		0
6. Entertainment	0		0		0
7. Automobile	0		0		0
8. Depreciation-Building	0		0		0
9. Depreciation-Equipment	1,292	(88)	1,204		1,204
10. Other Depreciation and Amortization	0		0		0
11. Leases and Rentals	30,307		30,307		30,307
12. Interest-Mortgages	0		0		0
13. Interest-Other	1,244		1,244		1,244
14. Taxes and Licenses	145		145		145
15. Legal and Accounting	7,154		7,154		7,154
16. Insurance	1,002		1,002		1,002
17. Telephone	7,054		7,054		7,054
18. Utilities	1,882		1,882		1,882
19. Office Supplies	7,903		7,903		7,903
20. Nonprogram	0		0		0
21. Miscellaneous Income	0		0		0
22. Repairs & Maintenance	1,173		1,173		1,173
23. Client Personal Care	0		0		0
24. Health Insurance	0		0		0
25. Other Gen & Admin-Employee Expense	7,824		7,824		7,824
26. Other Gen & Admin-Fingerprints/CPR/Physicals	1,628		1,628		1,628
27. Other Gen & Admin-Training	57		57		57
28. Workers Comp	0		0		0
29. Other Gen & Admin-Bank Service Charges	62		62		62
30. Other Gen & Admin-Postage	601		601		601
31. Other Gen & Admin-Professional Fees-Computer Services	888		888		888
32. Other Gen & Admin-Membership and Association Dues	2,761		2,761		2,761
33. Other Gen & Admin-Franchise Tax Fee	800	(800)	0		0
34. 401K Employer Contribution for Employee	0		0		0
<b>TOTAL EXPENSES</b>	<b>\$108,527</b>	<b>(\$888)</b>	<b>\$107,639</b>	<b>\$0</b>	<b>\$107,639</b>
				(To Sch 4)	(To Sch 3)

Provider Name							Fiscal Period		Provider NPI		Adjustments
DAVIDSON RESIDENTIAL HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		N/A		3
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><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
1	2	9	6	5	9	N/A	Depreciation - Equipment To adjust depreciation to agree with the cost basis of audited asset. 42 CFR 413.20, 413.24, 413.50 and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302 and 2304	\$1,292	(\$88)	\$1,204	
2	2	33	6	5	33	N/A	Other General and Administrative - Franchise Tax Fee To eliminate non-allowable franchise tax fee. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2122.2, 2122.4, 2300 and 2304	\$800	(\$800)	\$0	

Provider Name							Fiscal Period	Provider NPI		Adjustments
DAVIDSON RESIDENTIAL HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		3
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><u>ADJUSTMENT TO REPORTED STATISTICS</u></b>										
3	5	1	1	3	1	2	Program Services (Accumulated Cost)	108,527	1,425,528	1,534,055
	5	2	1	3	2	2	Nonprogram Services	0	627,933	627,933
	5	3	1	3	3	2	Total Accumulated Cost Statistics	108,527	2,053,461	2,161,988
							To adjust accumulated cost statistics to properly allocate the home office costs to activities not related to patient care.			
							42 CFR c(3), 413.17, 413.24 and 413.50			
							CMS Pub. 15-1, Sections 2102.3, 2105, 2150, 2304, 2306 and 2328			