REPORT
ON THE
RATE SETTING AUDIT

REALITOS
LA VERNE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1164558714

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: Lucia Martinez
Auditor: Richard Cruz

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

July 16, 2013

David Hooyenga, President
Monte Vista Child Care Center, Inc
13342 Victoria Street
Rancho Cucamonga, CA 91739

REALITOS
NATIONAL PROVIDER IDENTIFIER (NPI) 1164558714
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. 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 accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	331,963	$	161.38
Net Audit Adjustment		(13,622)		(6.62)
Audited Cost/Cost Per Day	$	318,341	$	154.76

This audit report includes the:

1. Audit Report Schedules 1 and 2

2. Audit Adjustments Schedule

3. Audited Allocation of Home Office Cost

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rates Development Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)
Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)
Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

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: Samantha Parola, CPA
Wiebe & Associates
377 N. Central Avenue
Upland, CA 91786

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
REALITOS

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1164558714

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,044	2,044
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)	13	13
4. Total Client Days	2,057	2,057
5. Total Client Care Expenses (From Sch. 2)	$ 331,963	$ 318,341
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 161.38	$ 154.76
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
REALITOS

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1164558714

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	$ 6,396	$ (208)	$ 6,188
050	Leases and Rentals				0
055	Real Property Taxes		2,891		2,891
060	Personal Property Taxes				0
065	Mortgage Interest	2, 3	25,586	(18,422)	7,164
070	Property Insurance	4	844	(75)	769
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 35,717	$ (18,705)	$ 17,012
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 11,270	$	$ 11,270
085	Utilities		5,840		5,840
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		14,738		14,738
100	Personal Care and Laundry		479		479
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 32,327	$ 0	$ 32,327
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 68,044	$ (18,705)	$ 49,339
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 14,558	$	$ 14,558
120	QMRP Fringe Benefits		2,934		2,934
125	Lead Salaries		16,351		16,351
130	Lead Fringe Benefits		3,296		3,296
135	Aides Salaries		101,700		101,700
140	Aides Fringe Benefits		20,500		20,500
145	Other Salaries		11,256		11,256
150	Other Fringe Benefits		2,269		2,269
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 172,864	$ 0	$ 172,864

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
REALITOS

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1164558714

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 644	$	$ 644
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,620		1,620
175	Occupational Therapy Consultant		1,080		1,080
180	Pharmacist Consultant	5	761	1,899	2,660
185	Nurse Consultant		19		19
190	Psychologist Consultant		3,240		3,240
195	Physician Consultant		4,243		4,243
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 11,607	$ 1,899	$ 13,506
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$	$	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		21,376		21,376
230	Other General and Administrative*** (excluding Adult Day Services)	5-7	58,072	3,184	61,256
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 79,448	$ 3,184	$ 82,632
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 331,963	$ (13,622)	$ 318,341
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 331,963	$ (13,622)	$ 318,341

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
REALITOS	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1164558714	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
1	4	045	4	2	045	3	Depreciation and Amortization To adjust depreciation to agree with the provider's documentation and audit findings. 42 CFR 413.20, 413.24, 413.50, and 413.134 CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304	$6,396	($208)	$6,188
		065	4	2	065	3	Mortgage Interest	$25,586		
2 4							To eliminate mortgage interest expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		($7,676)	
3							To adjust mortgage interest expense to agree with the provider's documentation. 42 CFR 413.20, 413.24, and 413.153 CMS Pub. 15-1, Sections 202.2, 2300, and 2304		(10,746) ($18,422)	$7,164
4	4	070	4	2	070	3	Property Insurance To adjust property insurance expense to agree with the provider's property insurance policy statements. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$844	($75)	$769
5	4.1	180	4	2	180	3	Pharmacist Consultant	$761	$1,899	$2,660
	4.1	230	4	2	230	3	Other General and Administrative To reconcile the reported expenses to agree with the provider's trial balance. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	58,072	(1,899)	56,173 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
REALITOS	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1164558714	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS				
	4.1	230	4	2	230	3	Other General and Administrative	*	$56,173		
6							To adjust liability insurance and surety bond expense to agree with the provider's supporting documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			$75	
7							To adjust reported home office costs to agree with the Monte Vista Child Care Center, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			5,008 $5,083	$61,256

*Balance carried forward from prior/to subsequent adjustments