

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**PAKSN, INC.  
VACAVILLE, CALIFORNIA**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

**Audits Section - Richmond  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Louise Wong  
Audit Supervisor: David Mui  
Auditors: Li Jing Yu**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

April 4, 2012

Prema Thekkek, Executive  
PAKSN, Inc.  
540 W. Monte Vista Avenue  
Vacaville, CA 95688

PAKSN, INC.  
FISCAL PERIOD ENDED DECEMBER 31, 2010

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 Summary of Audited Home Office Costs to Health Facilities 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. Summary of Audited Home Office Costs to Health Care Facilities
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.

Prema Thekkek  
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If you have further questions regarding this report, you may call the Audits Section - Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section - Richmond  
Financial Audits Branch

Certified

cc: Rick Dumdumaya  
Accounts Receivable Manager  
PAKSN, Inc.  
540 W. Monte Vista Avenue  
Vacaville, CA 95688

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## SUMMARY OF AUDITED HOME OFFICE CAPITAL AND NONCAPITAL RELATED COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:  
PAKSN, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		CAPITAL RELATED (SCHEDULE 3) 1	NONCAPITAL RELATED (SCHEDULE 3-1) 2	TOTAL AUDITED H.O. COSTS (COLUMN 1 + 2) 3
		FROM	TO			
<b><u>HEALTH CARE FACILITIES</u></b>						
1. Bay Point Healthcare Center	1467446278	01/01/10	12/31/10	\$4,355	\$83,056	\$87,411
2. Creekside Rehabilitation and Behavioral	1760496566	01/01/10	12/31/10	7,787	146,929	154,716
3. Fircrest Convalescent Hospital	1225051667	01/01/10	12/31/10	2,150	40,560	42,710
4. Gateway Care and Rehabilitation Center	1699798033	01/01/10	12/31/10	4,378	83,272	87,651
5. La Mariposa Care and Rehabilitation Center	1235152679	01/01/10	12/31/10	4,175	78,778	82,953
6. Manteca Care and Rehabilitation Center	1821082637	01/01/10	12/31/10	7,150	135,353	142,502
7. Martinez Convalescent Hospital	1609899046	01/01/10	12/31/10	1,546	29,954	31,500
8. Park Central Care and Rehabilitation Center	1831183649	01/01/10	12/31/10	4,334	82,280	86,615
9. Winsor House Convalescent Hospital	1336162775	01/01/10	12/31/10	2,962	55,897	58,860
10. Hilltop Care Center	1689867301	01/01/10	12/31/10	3,056	59,786	62,843
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>				<b>\$41,894</b>	<b>\$795,866</b>	<b>\$837,760</b>
<b><u>OTHER COMPONENTS</u></b>						
11. N/A				\$0	\$0	\$0
<b>SUBTOTAL (LINE 11 )</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>				<b>\$41,894</b>	<b>\$795,866</b>	<b>\$837,760</b>

COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

HOME OFFICE NAME:  
PAKSN, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		REPORTED HOME OFFICE COSTS (SCH. 9)	AUDITED H.O. COSTS (SCH. 3 & 3-1)	VARIANCE (COLUMN 2-1)	
		FROM	TO	1	2	3	
<b><u>HEALTH CARE FACILITIES</u></b>							
1.	Bay Point Healthcare Center	1467446278	01/01/10	12/31/10	\$80,570	\$87,411	\$6,841
2.	Creekside Rehabilitation and Behavioral	1760496566	01/01/10	12/31/10	144,059	154,716	10,657
3.	Fircrest Convalescent Hospital	1225051667	01/01/10	12/31/10	39,767	42,709	2,943
4.	Gateway Care and Rehabilitation Center	1699798033	01/01/10	12/31/10	81,000	87,651	6,651
5.	La Mariposa Care and Rehabilitation Center	1235152679	01/01/10	12/31/10	77,239	82,953	5,714
6.	Manteca Care and Rehabilitation Center	1821082637	01/01/10	12/31/10	132,263	142,502	10,239
7.	Martinez Convalescent Hospital	1609899046	01/01/10	12/31/10	28,608	31,500	2,892
8.	Park Central Care and Rehabilitation Center	1831183649	01/01/10	12/31/10	80,186	86,615	6,429
9.	Winsor House Convalescent Hospital	1336162775	01/01/10	12/31/10	54,805	58,860	4,055
10.	Hilltop Care Center	1689867301	01/01/10	12/31/10	56,542	62,843	6,301
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>					<b>\$775,039</b>	<b>\$837,760</b>	<b>\$62,721</b>
<b><u>OTHER COMPONENTS</u></b>							
11.	N/A				\$0	\$0	\$0
<b>SUBTOTAL (LINE 11 )</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>					<b>\$775,039</b>	<b>\$837,760</b>	<b>\$62,721</b>

SUMMARY ALLOCATION OF HOME OFFICE COSTS - CAPITAL RELATED

HOME OFFICE NAME:  
PAKSN, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT CAPITAL COSTS 1	FUNCTIONAL CAPITAL COSTS 2	POOLED CAPITAL COSTS (SCHEDULE 4) 3	TOTAL CAPITAL COSTS (COL. 1 TO 3)	
		FROM	TO					
<b><u>HEALTH CARE FACILITIES</u></b>								
1.	Bay Point Healthcare Center	1467446278	01/01/10	12/31/10	\$0	\$0	\$4,355	\$4,355
2.	Creekside Rehabilitation and Behavioral		01/01/10	12/31/10	0	0	7,787	7,787
3.	Fircrest Convalescent Hospital	1225051667	01/01/10	12/31/10	0	0	2,150	2,150
4.	Gateway Care and Rehabilitation Center	1699798033	01/01/10	12/31/10	0	0	4,378	4,378
5.	La Mariposa Care and Rehabilitation Center	1235152679	01/01/10	12/31/10	0	0	4,175	4,175
6.	Manteca Care and Rehabilitation Center	1821082637	01/01/10	12/31/10	0	0	7,150	7,150
7.	Martinez Convalescent Hospital	1609899046	01/01/10	12/31/10	0	0	1,546	1,546
8.	Park Central Care and Rehabilitation Center	1831183649	01/01/10	12/31/10	0	0	4,334	4,334
9.	Winsor House Convalescent Hospital	1336162775	01/01/10	12/31/10	0	0	2,962	2,962
10.	Hilltop Care Center	1689867301	01/01/10	12/31/10	0	0	3,056	3,056
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>					<b>\$0</b>	<b>\$0</b>	<b>\$41,894</b>	<b>\$41,894</b>
<b><u>OTHER COMPONENTS</u></b>								
11.	N/A				\$0	\$0	\$0	\$0
<b>SUBTOTAL (LINE 11 )</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>					<b>\$0</b>	<b>\$0</b>	<b>\$41,894</b>	<b>\$41,894</b>

(To Schedule 1 & 2)

SUMMARY ALLOCATION OF HOME OFFICE COSTS - NONCAPITAL RELATED

HOME OFFICE NAME:  
PAKSN, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT COSTS (SCH. 7-1) 1	FUNCTIONAL COSTS 2	POOLED COSTS (SCH. 4) 3	TOTAL NONCAPITAL COSTS (COL. 1 TO 3)	
		FROM	TO					
<b><u>HEALTH CARE FACILITIES</u></b>								
1.	Bay Point Healthcare Center	1467446278	01/01/10	12/31/10	\$880	\$0	\$82,176	\$83,056
2.	Creekside Rehabilitation and Behavioral	1760496566	01/01/10	12/31/10	0	0	146,929	146,929
3.	Fircrest Convalescent Hospital	1225051667	01/01/10	12/31/10	0	0	40,560	40,560
4.	Gateway Care and Rehabilitation Center	1699798033	01/01/10	12/31/10	658	0	82,614	83,272
5.	La Mariposa Care and Rehabilitation Center	1235152679	01/01/10	12/31/10	0	0	78,778	78,778
6.	Manteca Care and Rehabilitation Center	1821082637	01/01/10	12/31/10	446	0	134,907	135,353
7.	Martinez Convalescent Hospital	1609899046	01/01/10	12/31/10	776	0	29,178	29,954
8.	Park Central Care and Rehabilitation Center	1831183649	01/01/10	12/31/10	496	0	81,784	82,280
9.	Winsor House Convalescent Hospital	1336162775	01/01/10	12/31/10	0	0	55,897	55,897
10.	Hilltop Care Center	1689867301	01/01/10	12/31/10	2,117	0	57,669	59,786
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>					<b>\$5,373</b>	<b>\$0</b>	<b>\$790,493</b>	<b>\$795,866</b>
<b><u>OTHER COMPONENTS</u></b>								
11.	N/A				\$0	\$0	\$0	\$0
<b>SUBTOTAL (LINE 11 )</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>					<b>\$5,373</b>	<b>\$0</b>	<b>\$790,493</b>	<b>\$795,866</b>

(To Schedule 1 & 2)

## POOLED ALLOCATION OF HOME OFFICE COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:  
PAKSN, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	TOTAL AUDITED DAYS 1	CAPITAL (SCH. 8) 2	NONCAPITAL (SCH. 8) 3	TOTAL POOLED (COL. 2 + 3) 4
<b><u>HEALTH CARE FACILITIES</u></b>					
		(Adj. 23)			
1. Bay Point Healthcare Center	1467446278	\$33,760	\$4,355	\$82,176	\$86,531
2. Creekside Rehabilitation and Behavioral	1760496566	60,362	7,787	146,929	154,716
3. Fircrest Convalescent Hospital	1225051667	16,663	2,150	40,560	42,709
4. Gateway Care and Rehabilitation Center	1699798033	33,940	4,378	82,614	86,993
5. La Mariposa Care and Rehabilitation Center	1235152679	32,364	4,175	78,778	82,953
6. Manteca Care and Rehabilitation Center	1821082637	55,423	7,150	134,907	142,056
7. Martinez Convalescent Hospital	1609899046	11,987	1,546	29,178	30,724
8. Park Central Care and Rehabilitation Center	1831183649	33,599	4,334	81,784	86,119
9. Winsor House Convalescent Hospital	1336162775	22,964	2,962	55,897	58,860
10. Hilltop Care Center	1689867301	23,692	3,056	57,669	60,726
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>		324,754	\$41,894	\$790,493	\$832,387
<b><u>OTHER COMPONENTS</u></b>					
11. N/A		\$0	\$0	\$0	\$0
<b>SUBTOTAL (LINE 11 )</b>		\$0	\$0	\$0	\$0
<b>GRAND TOTAL</b>		324,754	\$41,894	\$790,493	\$832,387
		(To Schedule 3) (To Schedule 3-1)			
MULTIPLIER			0.129002	2.434129	

DIRECT ALLOCATION OF NONCAPITAL COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:  
PAKSN, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	REPORTED TOTAL (SCH. E-1)	Telephone and Telegraph Line 23 (Adj. 5)						AUDITED TOTAL
<b>HEALTH CARE FACILITIES</b>									
1.	Bay Point Healthcare Center	1467446278	\$0	\$880	\$0	\$0	\$0	\$0	\$880
2.	Creekside Rehabilitation and Behavioral	1760496566	0	0	0	0	0	0	0
3.	Fircrest Convalescent Hospital	1225051667	0	0	0	0	0	0	0
4.	Gateway Care and Rehabilitation Center	1699798033	0	658	0	0	0	0	658
5.	La Mariposa Care and Rehabilitation Center	1235152679	0	0	0	0	0	0	0
6.	Manteca Care and Rehabilitation Center	1821082637	0	446	0	0	0	0	446
7.	Martinez Convalescent Hospital	1609899046	0	776	0	0	0	0	776
8.	Park Central Care and Rehabilitation Center	1831183649	0	496	0	0	0	0	496
9.	Winsor House Convalescent Hospital	1336162775	0	0	0	0	0	0	0
10.	Hilltop Care Center	1689867301	0	2,117	0	0	0	0	2,117
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>			\$0	\$5,373	\$0	\$0	\$0	\$0	\$5,373
<b>OTHER COMPONENTS</b>									
11.	N/A		0	0	0	0	0	0	0
<b>SUBTOTAL (LINE 11)</b>			\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>GRAND TOTAL</b>			\$0	\$5,373	\$0	\$0	\$0	\$0	\$5,373

(To Schedule 3-1)

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
PAKSN, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

LINE NO.	COST CENTER DESCRIPTION	REPORTED POOLED ALLOC. (DHS 3095, SCH. 2)	ADJ. NOS.	ADJUSTMENT AMOUNTS	AUDITED POOLED COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Capital Related Costs - Buildings and Fixtures	\$0		\$0	\$0
2.00	Old Capital Related Costs - Movable Equipment	0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.00)	\$0		\$0	\$0
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Capital Related Costs - Buildings and Fixtures	\$0	1	\$7,661	\$7,661
5.00	New Capital Related Costs - Movable Equipment	0	1	26,590	26,590
6.00	SUBTOTAL (sum of lines 4 through 5.01)	\$0		\$34,251	\$34,251
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0	2	\$2,655	\$2,655
8.00	Taxes and Licenses - Not INCM	0	3	4,988	4,988
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	\$0		\$7,643	\$7,643
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$195,000		\$0	\$195,000
12.00	Salaries and Wages - Others	231,979	22	118,500	350,479
13.00	Payroll Taxes	50,556		0	50,556
14.00	Employee Benefits	31,080	16, 17	(5,944)	25,136
15.00	Profit Sharing/Pension Plans	0		0	0
16.00	Travel and Entertainment	6,868	6 - 8	(5,430)	1,438
17.00	Automobile	38,213	9, 10	(20,373)	17,840
18.00	Depreciation and Amortization	34,251	1	(34,251)	0
19.00	Building Rental	0		0	0
20.00	Equipment Rental	4,613		0	4,613
21.00	Utilities	14,679		0	14,679
22.00	Legal and Accounting	19,865	21	(5,446)	14,419
23.00	Telephone and Telegraph	52,079	4, 5, 12 - 15	(13,317)	38,762
24.00	Insurance	4,467	2	(2,655)	1,812
25.00	Taxes and Licenses	6,547	3	(4,988)	1,559
26.00	Corporate Maintenance Costs	0		0	0
27.00	Contributions	0		0	0
28.00	Interest Expense	0		0	0
29.00	Outside Services	29,973		0	29,973
30.00	Bank Charges	3		0	3
31.00	Cleaning, Office, and Supplies	29,373	4, 19 - 20	(6,229)	23,144
32.00	Repairs and Maintenance	4,606		0	4,606
33.00	Postage and Delivery	13,063	18	(2,403)	10,660
34.00	Workers Compensation	4,092		0	4,092
35.00	Continuing Education	299		0	299
35.01	Advertising	0		0	0
35.02	Dues and Subscriptions	1,423		0	1,423
35.03	Parking and Toll	2,010	11	(2,010)	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	\$775,039		\$15,454	\$790,493
37.00	TOTAL ALLOWABLE EXPENSES	\$775,039		\$57,348	\$832,387 (To Sch. 4)
38.00	NONREIMBURSABLE EXPENSES	\$0		\$0	\$0
<b>TOTAL EXPENSES</b>		\$775,039		\$57,348	\$832,387

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
PAKSN, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

LINE NO.	COST CENTER DESCRIPTION	REPORTED DIRECT ALLOC. (SCH. B, COL 6)	ADJ. NO.	ADJUSTMENT AMOUNTS	AUDITED DIRECT COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Capital Related Costs - Buildings and Fixtures	\$0		\$0	\$0
2.00	Old Capital Related Costs - Movable Equipment	0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.00)	\$0		\$0	\$0
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Capital Related Costs - Buildings and Fixtures	\$0		\$0	\$0
5.00	New Capital Related Costs - Movable Equipment	0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	\$0		\$0	\$0
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	\$0		\$0	\$0
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries and Wages - Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits	0		0	0
15.00	Profit Sharing/Pension Plans	0		0	0
16.00	Travel and Entertainment	0		0	0
17.00	Automobile	0		0	0
18.00	Depreciation and Amortization	0		0	0
19.00	Building Rental	0		0	0
20.00	Equipment Rental	0		0	0
21.00	Utilities	0		0	0
22.00	Legal and Accounting	0		0	0
23.00	Telephone and Telegraph	0	3	5,373	5,373
24.00	Insurance	0		0	0
25.00	Taxes and Licenses	0		0	0
26.00	Corporate Maintenance Costs	0		0	0
27.00	Contributions	0		0	0
28.00	Interest Expense	0		0	0
29.00	Outside Services	0		0	0
30.00	Bank Charges	0		0	0
31.00	Cleaning, Office, and Supplies	0		0	0
32.00	Repairs and Maintenance	0		0	0
33.00	Postage and Delivery	0		0	0
34.00	Workers Compensation	0		0	0
35.00	Continuing Education	0		0	0
35.01	Advertising	0		0	0
35.02	Dues and Subscriptions	0		0	0
35.03	Parking and Toll	0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	\$0		\$5,373	\$5,373
37.00	TOTAL ALLOWABLE EXPENSES	\$0		\$5,373	\$5,373
					(To Sch. 7-1)
38.00	NONREIMBURSABLE EXPENSES	\$0		\$0	\$0
	<b>TOTAL EXPENSES</b>	\$0		\$5,373	\$5,373

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
PAKSN, INC.FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

LINE NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS (SCH. B, COL 7)	ADJ. NO.	ADJUSTMENT AMOUNTS	AUDITED FUNCTIONAL COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Capital Related Costs - Buildings and Fixtures	\$0		\$0	\$0
2.00	Old Capital Related Costs - Movable Equipment	0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.00)	\$0		\$0	\$0
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Capital Related Costs - Buildings and Fixtures	\$0		\$0	\$0
5.00	New Capital Related Costs - Movable Equipment	0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	\$0		\$0	\$0
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	\$0		\$0	\$0
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries and Wages - Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits	0		0	0
15.00	Profit Sharing/Pension Plans	0		0	0
16.00	Travel and Entertainment	0		0	0
17.00	Automobile	0		0	0
18.00	Depreciation and Amortization	0		0	0
19.00	Building Rental	0		0	0
20.00	Equipment Rental	0		0	0
21.00	Utilities	0		0	0
22.00	Legal and Accounting	0		0	0
23.00	Telephone and Telegraph	0		0	0
24.00	Insurance	0		0	0
25.00	Taxes and Licenses	0		0	0
26.00	Corporate Maintenance Costs	0		0	0
27.00	Contributions	0		0	0
28.00	Interest Expense	0		0	0
29.00	Outside Services	0		0	0
30.00	Bank Charges	0		0	0
31.00	Cleaning, Office, and Supplies	0		0	0
32.00	Repairs and Maintenance	0		0	0
33.00	Postage and Delivery	0		0	0
34.00	Workers Compensation	0		0	0
35.00	Continuing Education	0		0	0
35.01	Advertising	0		0	0
35.02	Dues and Subscriptions	0		0	0
35.03	Parking and Toll	0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	\$0		\$0	\$0
37.00	TOTAL ALLOWABLE EXPENSES	\$0		\$0	\$0
38.00	NONREIMBURSABLE EXPENSES	\$0		\$0	\$0
	<b>TOTAL EXPENSES</b>	\$0		\$0	\$0

REPORTED HOME OFFICE COSTS

HOME OFFICE NAME:  
PAKSN, INC.

FISCAL PERIOD ENDED:  
DECEMBER 31, 2010

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT ALLOCATION		FUNCTIONAL ALLOCATION		POOLED ALLOCATION		TOTAL ALLOCATION HOME OFFICE COSTS		
		FROM	TO	CAPITAL RELATED COSTS (SCH. E)	NON-CAPITAL RELATED COSTS (SCH. E-1)	CAPITAL RELATED COSTS (SCH. F)	NON-CAPITAL RELATED COSTS (SCH. F-1)	CAPITAL RELATED COSTS (SCH. G)	NON-CAPITAL RELATED COSTS (SCH. G)			
<b>HEALTH CARE FACILITIES</b>												
1.	Bay Point Healthcare Center	1467446278	01/01/10	12/31/10						\$80,570	\$80,570	
2.	Creekside Rehabilitation and Behavioral	1760496566	01/01/10	12/31/10						144,059	144,059	
3.	Fircrest Convalescent Hospital	1225051667	01/01/10	12/31/10						39,767	39,767	
4.	Gateway Care and Rehabilitation Center	1699798033	01/01/10	12/31/10						81,000	81,000	
5.	La Mariposa Care and Rehabilitation Center	1235152679	01/01/10	12/31/10						77,239	77,239	
6.	Manteca Care and Rehabilitation Center	1821082637	01/01/10	12/31/10						132,263	132,263	
7.	Martinez Convalescent Hospital	1609899046	01/01/10	12/31/10						28,608	28,608	
8.	Park Central Care and Rehabilitation Center	1831183649	01/01/10	12/31/10						80,186	80,186	
9.	Winsor House Convalescent Hospital	1336162775	01/01/10	12/31/10						54,805	54,805	
10.	Hilltop Care Center	1689867301	01/01/10	12/31/10						56,542	56,542	
<b>SUBTOTAL (LINES 1 THROUGH 10)</b>										\$0	\$775,039	\$775,039
<b>OTHER COMPONENTS</b>												
11.	N/A									\$0	\$0	
<b>SUBTOTAL (LINE 11 )</b>										\$0	\$0	\$0
<b>GRAND TOTAL</b>										\$0	\$775,039	\$775,039

(To Sch. 2, Col. 1)

Provider Name						Fiscal Period		Provider NPI		Adjustments
PAKSN, INC.						JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		N/A		23
Report References						Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3095 Schedule	Line	Col.	Schedule	Line					
<b>RECLASSIFICATIONS OF REPORTED POOLED COSTS</b>										
1	Not Reported			8	4.00	New Capital Related Costs - Buildings and Fixtures	\$0	\$7,661	\$7,661	
	Not Reported			8	5.00	New Capital Related Costs - Movable Equipment	0	26,590	26,590	
	2	8	6	8	18.00	Depreciation and Amortization	34,251	(34,251)	0	
2	Not Reported			8	7.00	Other Capital Related Costs - Insurance	\$0	\$2,655	\$2,655	
	2	14	6	8	24.00	Insurance	4,467	(2,655)	1,812	
3	Not Reported			8	8.00	Other Capital Related Costs - Taxes and Licenses	\$0	\$4,988	\$4,988	
	2	15	6	8	25.00	Taxes and Licenses	6,547	(4,988)	1,559	
<p style="text-align: center;">To reclassify capital related costs for proper cost determination.                      42 CFR 413.5, 413.20, and 413.24                      CMS Pub. 15-1, Sections 2300, 2306, and 2307                      CMS Pub. 15-2, Section 2408</p>										
4	2	13	6	8	23.00	Telephone and Telegraph	\$52,079	\$285	\$52,364 *	
	2	21	6	8	31.00	Cleaning, Office, and Supplies	29,373	(285)	29,088 *	
<p style="text-align: center;">To reclassify cellular phone expense to the appropriate cost center for proper cost determination.                      42 CFR 413.20 and 413.24                      CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8</p>										
5	2	13	6	8	23.00	Telephone and Telegraph - Pooled	* \$52,364	(\$5,373)	\$46,991 *	
	2	13	4	8	23.00	Telephone and Telegraph - Direct	0	5,373	5,373	
	Not Reported			7-1	1.00	Bay Point Healthcare Center	0	880	880	
	Not Reported			7-1	4.00	Gateway Care and Rehabilitation Center	0	658	658	
	Not Reported			7-1	6.00	Manteca Care and Rehabilitation Center	0	446	446	
	Not Reported			7-1	7.00	Martinez Convalescent Hospital	0	776	776	
	Not Reported			7-1	8.00	Park Central Care and Rehabilitation Center	0	496	496	
	Not Reported			7-1	10.00	Hilltop Care and Rehabilitation Center	0	2,117	2,117	
<p style="text-align: center;">To adjust reported Verizon Wireless telephone expense to agree with the supporting invoices.                      42 CFR 413.20 and 413.24                      CMS Pub. 15-1, Sections 2300, 2304, and 2307</p>										

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
PAKSN, INC.				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				N/A		23
Report References						Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report							
Adj. No.	DHS 3095 Schedule	Line	Col.	Schedule	Line					
<b><u>ADJUSTMENTS TO REPORTED POOLED COSTS</u></b>										
	2	6	6	8	16.00	Travel and Entertainment	\$6,868			
6						To eliminate travel expense not related to patient care. 42 CFR 413.20, 413.24, and 413.9(c)(3) CMS Pub. 15-1, Sections 2102,3, 2105, 2300, and 2304		(\$627)		
7						To eliminate employee auto allowance in lieu of actual travel expense reimbursements and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$2,100)		
8						To eliminate charges made to meals and entertainment due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>(\$2,703)</u> (\$5,430)	\$1,438	
9	2	7	6	8	17.00	Automobile To eliminate vehicle expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$38,213	(\$10,825)	\$27,388 *	
10	2	7	6	8	17.00	Automobile To eliminate owner's luxury car lease which was not related to patient care. 42 CFR 413.20, 413.24, and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2104.3, 2300, and 2304	* \$27,388	(\$9,548)	\$17,840	
11	2	29	6	8	35.03	Parking and Toll To eliminate parking and toll expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,010	(\$2,010)	\$0	
*Balance carried forward from prior/to subsequent adjustments										

Provider Name				Fiscal Period				Provider NPI		Adjustments
PAKSN, INC.				JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				N/A		23
Report References						Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report							
Adj. No.	DHS 3095 Schedule	Line	Col.	Schedule	Line					
<b><u>RECLASSIFICATIONS OF REPORTED POOLED COSTS</u></b>										
	2	13	6	8	23.00	Telephone and Telegraph	*	46,991		
12						To eliminate telephone expense paid to American Express due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$526)	
13						To eliminate telephone expenses relating to Sprint PCS used by family members as non-allowable costs. 42 CFR 413.20, 413.24, and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2300, and 2304			(\$2,289)	
14						To eliminate telephone expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$4,950)	
15						To eliminate American Express charges paid for internet service due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$464) (\$8,229)	
16	2	4	6	8	14.00	Employee Benefits To eliminate meal reimbursements not related to patient care. 42 CFR 413.20, 413.24, and 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2144.3, 2300, and 2304		\$31,080	(\$1,080)	\$30,000 *
17	2	4	6	8	14.00	Employee Benefits To eliminate facility terminated employees' cobra payments not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	*	\$30,000	(\$4,864)	\$25,136

\*Balance carried forward from prior/to subsequent adjustments

Provider Name						Fiscal Period		Provider NPI		Adjustments
PAKSN, INC.						JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		N/A		23
Report References						Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report							
Adj. No.	DHS 3095 Schedule	Line	Col.	Schedule	Line					
<b><u>ADJUSTMENTS TO REPORTED POOLED COSTS</u></b>										
18	2	23	6	8	33.00	Postage and Delivery To eliminate postage and delivery expense paid to American Express due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$13,063	(\$2,403)	\$10,660	
	2	21	6	8	31.00	Cleaning, Office, and Supplies	*	\$29,088		
19						To eliminate office expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$2,351)		
20						To eliminate office expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$3,593) (\$5,944)	\$23,144	
21	2	12	6	8	22.00	Legal and Accounting To eliminate legal expense which belongs to unrelated facility. 42 CFR 413.20, 413.24, and 413.9(c)(3) CMS Pub. 15-1, sections 2102.3, 2105, 2300, and 2304	\$19,865	(\$5,446)	\$14,419	
22	2	2	6	8	12.00	Salaries and Wages - Others To include computer support salary expense from a related organization for proper cost determination. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1000, 2300, and 2304	\$231,979	\$118,500	\$350,479	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name						Fiscal Period						Provider NPI		Adjustments
PAKSN, INC.						JANUARY 1, 2010 THROUGH DECEMBER 31, 2010						N/A		23
Report References												As Reported	Increase (Decrease)	As Adjusted
Cost Report						Audit Report								
Adj. No.	DHS 3095 Schedule	Line	Col.	Schedule	Line	Explanation of Audit Adjustments								
<u>ADJUSTMENT TO REPORTED STATISTICS</u>														
23	5	6	2	4	6.00	Manteca Care and Rehabilitation Center (Patient Days) To adjust total patient days to agree with the provider's patients census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304						55,420	3	55,423