

**REPORT
ON THE
HOME OFFICE AUDIT**

**POSITIVE LIFESTYLES, LLC
DELANO, CALIFORNIA**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Michael Harrold
Auditor: Jeanene Lopez**



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



EDMUND G. BROWN JR.
GOVERNOR

September 21, 2011

David Wheelock, Owner
Positive Lifestyles, LLC
302 Balboa Drive
Delano, CA 93215

POSITIVE LIFESTYLES, LLC
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended June 30, 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.

David Wheelock
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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:
POSITIVE LIFESTYLES, LLC

FISCAL PERIOD ENDED:
JUNE 30, 2010

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.	Positive Lifestyles #1	LTC80113G	6/30/10	\$31,905	\$20,503	(\$11,403)
2.	Positive Lifestyles #2	LTC80114G	6/30/10	31,905	20,503	(11,403)
3.					0	0
4.					0	0
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				<u>\$63,810</u>	<u>\$41,005</u>	<u>(\$22,806)</u>

SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
POSITIVE LIFESTYLES, LLC

FISCAL PERIOD ENDED:
JUNE 30, 2010

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. Positive Lifestyles #1	LTC80113G	6/30/10	\$0	\$20,503	\$20,503
2. Positive Lifestyles #2	LTC80114G	6/30/10	0	20,503	20,503
3.			0	0	0
4.			0	0	0
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			<u>\$0</u>	<u>\$41,005</u>	<u>\$41,005</u>
			(To Sch 1)		

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
POSITIVE LIFESTYLES, LLC

FISCAL PERIOD ENDED:
JUNE 30, 2010

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)	\$63,810	100.0000%	\$41,005
Nonprogram Services (Adj)		0.0000%	0
TOTAL	\$63,810	100.0000%	\$41,005

(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)
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1.	Positive Lifestyles #1	LTC80113G	2,190	\$20,503
2.	Positive Lifestyles #2	LTC80114G	2,190	20,503
3.				0
4.				0
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

4,380 \$41,005

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	9.361872
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
POSITIVE LIFESTYLES, LLC

FISCAL PERIOD ENDED:
JUNE 30, 2010

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. Positive Lifestyles #1	LTC80113G	\$0	\$0	\$0	\$0	\$0	\$0
2. Positive Lifestyles #2	LTC80114G	0	0	0	0	0	0
3.		0	0	0	0	0	0
4.		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:
POSITIVE LIFESTYLES, LLCFISCAL PERIOD ENDED:
JUNE 30, 2010

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 1-6)	(Col 2 + Col 3)	(Adj)	(Col 4 - Col 5)
1. Salaries-Officers			\$0		\$0
2. Salaries-Other	22,200	(10,200)	12,000		12,000
3. Payroll Taxes			0		0
4. Employee Benefits	3,359	(1,543)	1,816		1,816
5. Travel			0		0
6. Entertainment			0		0
7. Automobile	7,447	(6,098)	1,349		1,349
8. Depreciation-Building			0		0
9. Depreciation-Equipment			0		0
10. Other Depreciation and Amortization			0		0
11. Leases and Rentals			0		0
12. Interest-Mortgages			0		0
13. Interest-Other			0		0
14. Taxes and Licenses			0		0
15. Legal and Accounting			0		0
16. Insurance			0		0
17. Telephone			0		0
18. Utilities			0		0
19. Office Supplies			0		0
20. Nonprogram			0		0
21. Other-			0		0
22. Repairs & Maintenance			0		0
23. Dietary			0		0
24. Consultant			0		0
25. General Administrative	30,804	(4,964)	25,840		25,840
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	\$63,810	(\$22,805)	\$41,005	\$0	\$41,005
				(To Sch 4)	(To Sch 3)

Provider Name						Fiscal Period	Provider Number		Adjustments
POSITIVE LIFESTYLES, LLC						JULY 1, 2009 THROUGH JUNE 30, 2010	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				
ADJUSTMENTS TO REPORTED COSTS									
1	2	2	6	5	2.00	Salaries - Other To adjust salaries expense due to insufficient documentation and duplication of duties. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$22,200	(\$10,200)	\$12,000
2	2	4	6	5	4.00	Employee Benefits To adjust employee benefits expense due to insufficient documentation and duplication of duties. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,359	(\$1,543)	\$1,816
3	2	7	6	5	7.00	Automobile To adjust automobile expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$7,447	(\$6,098)	\$1,349
	2	25	6	5	25.00	General Administrative	\$30,804		
4						To adjust administrative expenses due to insufficient documentation and prior period expense. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304		(\$2,142)	
5						To eliminate state tax levied on income. 42 CFR 413.9 CMS Pub. 15-1, Section 2122.2(B)		(2,500)	
6						To eliminate expense not related to patient care and not prudent. 42 CFR 413.9 CMS Pub. 15-1, Sections 2103 and 2105.7		(322) (\$4,964)	\$25,840