

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**NORTHBAY HEALTHCARE CORPORATION  
FAIRFIELD, CALIFORNIA**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2007**

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

**Section Chief: Louise Wong  
Audit Supervisor: Sandra Garcia  
Auditor: Medy Lamorena**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

January 7, 2010

Arthur E. DeNio  
Chief Financial Officer  
NorthBay Healthcare Corporation  
4500 Business Center Drive  
Fairfield, CA 94534

NORTHBAY HEALTHCARE CORPORATION  
FISCAL PERIOD ENDED DECEMBER 31, 2007

We have examined the Medi-Cal Home Office cost report for the fiscal period ended December 31, 2007. 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.

Arthur E. DeNio  
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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

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

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		CAPITAL RELATED  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. NorthBay Medical Center	ZZR00367F	01/01/07	12/31/08	\$0	\$19,904,857	\$19,904,857
2. Vaca Valley Hospital	HSP30680F	01/01/07	12/31/08	0	9,163,597	9,163,597
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>				<b>\$0</b>	<b>\$29,068,453</b>	<b>\$29,068,453</b>
<b><u>OTHER COMPONENTS</u></b>						
3. NorthBay Healthcare Foundation	N/A	01/01/07	12/31/08	\$0	\$29,595	\$29,595
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	01/01/07	12/31/08	0	360,826	360,826
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>				<b>\$0</b>	<b>\$390,421</b>	<b>\$390,421</b>
<b>GRAND TOTAL</b>				<b>\$0</b>	<b>\$29,458,874</b>	<b>\$29,458,874</b>

## COMPARISON OF REPORTED AND AUDITED HOME OFFICE COSTS

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		REPORTED HOME OFFICE COSTS (SCH. 9)	AUDITED H.O. COSTS (SCH. 3-1)	VARIANCE (COLUMN 2-1)
		FROM	TO	1	2	3
<b><u>HEALTH CARE FACILITIES</u></b>						
1. NorthBay Medical Center	ZZR00367F	01/01/07	12/31/08	\$21,080,228	\$19,904,857	(\$1,175,371)
2. Vaca Valley Hospital	HSP30680F	01/01/07	12/31/08	9,694,524	9,163,597	(530,927)
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>				<b>\$30,774,752</b>	<b>\$29,068,454</b>	<b>(\$1,706,298)</b>
<b><u>OTHER COMPONENTS</u></b>						
3. NorthBay Healthcare Foundation	N/A	01/01/07	12/31/08	\$30,649	\$29,595	(\$1,054)
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	01/01/07	12/31/08	374,366	360,826	(13,540)
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>				<b>\$405,015</b>	<b>\$390,421</b>	<b>(\$14,594)</b>
<b>GRAND TOTAL</b>				<b>\$31,179,767</b>	<b>\$29,458,874</b>	<b>(\$1,720,892)</b>

SUMMARY ALLOCATION OF HOME OFFICE COSTS - NONCAPITAL RELATED

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		DIRECT COSTS (SCH. 7-1) 1	FUNCTIONAL COSTS (SCH. 5-1) 2	POOLED COSTS (SCH. 4) 3	TOTAL NONCAPITAL COSTS (COL. 1 TO 3)	
		FROM	TO					
<b><u>HEALTH CARE FACILITIES</u></b>								
1.	NorthBay Medical Center	ZZR00367F	01/01/07	12/31/08	\$0	\$17,498,436	\$2,406,421	\$19,904,857
2.	Vaca Valley Hospital	HSP30680F	01/01/07	12/31/08	0	8,056,915	1,106,682	9,163,597
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>					<b>\$0</b>	<b>\$25,555,351</b>	<b>\$3,513,102</b>	<b>\$29,068,453</b>
<b><u>OTHER COMPONENTS</u></b>								
3.	NorthBay Healthcare Foundation	N/A	01/01/07	12/31/08	\$0	\$26,096	\$3,499	\$29,595
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	01/01/07	12/31/08	0	318,090	42,736	360,826
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>					<b>\$0</b>	<b>\$344,186</b>	<b>\$46,235</b>	<b>\$390,421</b>
<b>GRAND TOTAL</b>					<b>\$0</b>	<b>\$25,899,537</b>	<b>\$3,559,337</b>	<b>\$29,458,874</b>

(To Schedule 1 & 2)

POOLED ALLOCATION OF HOME OFFICE COSTS TO CHAIN COMPONENTS

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

		MEDI-CAL NUMBER	TOTAL COST (SCH. 9) 1	CAPITAL 2	NONCAPITAL 3	TOTAL POOLED (COL. 2 + 3) 4
<b><u>HEALTH CARE FACILITIES</u></b>						
1.	NorthBay Medical Center	ZZR00367F	\$21,080,228	\$0	\$2,406,421	\$2,406,421
2.	Vaca Valley Hospital	HSP30680F	9,694,524	0	1,106,682	1,106,682
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			<b>\$30,774,752</b>	<b>\$0</b>	<b>\$3,513,102</b>	<b>\$3,513,102</b>
<b><u>OTHER COMPONENTS</u></b>						
3.	NorthBay Healthcare Foundation	N/A	\$30,649	\$0	\$3,499	\$3,499
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	374,366	0	42,736	42,736
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			<b>\$405,015</b>	<b>\$0</b>	<b>\$46,235</b>	<b>\$46,235</b>
<b>GRAND TOTAL</b>			<b>\$31,179,767</b>	<b>\$0</b>	<b>\$3,559,337</b>	<b>\$3,559,337</b>
					(To Schedule 3-1)	
MULTIPLIER				0.000000	0.114155	

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	Purchasing 8400	Communication 8470	Management Information Systems 8480	Finance 8510	Budget and Reimbursement 8512	Patient Accounting 8530	Occupational Health Billing 8532
<b>HEALTH CARE FACILITIES</b>								
1. NorthBay Medical Center	ZZR00367F	\$1,065,535	\$234,502	\$6,548,320	\$931,255	\$528,079	\$2,260,738	\$253,167
2. Vaca Valley Hospital	HSP30680F	438,388	103,695	2,895,626	411,795	233,513	1,216,346	115,520
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>		<b>\$1,503,923</b>	<b>\$338,197</b>	<b>\$9,443,946</b>	<b>\$1,343,051</b>	<b>\$761,592</b>	<b>\$3,477,084</b>	<b>\$368,687</b>
<b>OTHER COMPONENTS</b>								
3. NorthBay Healthcare Foundation	N/A	0	67	1,876	267	151	0	0
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	761	0	3,021	0	0	0
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>		<b>\$0</b>	<b>\$828</b>	<b>\$1,876</b>	<b>\$3,288</b>	<b>\$151</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>		<b>\$1,503,923</b>	<b>\$339,025</b>	<b>\$9,445,822</b>	<b>\$1,346,339</b>	<b>\$761,743</b>	<b>\$3,477,084</b>	<b>\$368,687</b>

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	<b>MEDI-CAL NUMBER</b>	<b>Credit and Collections</b>	<b>Managed Care Operations</b>	<b>NorthBay Healthcare Hospital</b>	<b>NorthBay Health Advantage Administration</b>	<b>Facilities Development</b>	<b>Business Development</b>	<b>Managed Care Services</b>
		<b>8550</b>	<b>8590</b>	<b>8612</b>	<b>8614</b>	<b>8616</b>	<b>8618</b>	<b>8619</b>
<b><u>HEALTH CARE FACILITIES</u></b>								
1. NorthBay Medical Center	ZZR00367F	\$729,979	\$59,387	\$1,047,838	\$15,404	\$255,292	\$211,452	\$159,221
2. Vaca Valley Hospital	HSP30680F	392,751	31,952	463,348	7,702	127,646	93,503	70,406
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>		<b>\$1,122,730</b>	<b>\$91,339</b>	<b>\$1,511,186</b>	<b>\$23,106</b>	<b>\$382,937</b>	<b>\$304,955</b>	<b>\$229,627</b>
<b><u>OTHER COMPONENTS</u></b>								
3. NorthBay Healthcare Foundation	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	0	0	17,431	288,883	0	0
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,431</b>	<b>\$288,883</b>	<b>\$0</b>	<b>\$0</b>
<b>GRAND TOTAL</b>		<b>\$1,122,730</b>	<b>\$91,339</b>	<b>\$1,511,186</b>	<b>\$40,537</b>	<b>\$671,820</b>	<b>\$304,955</b>	<b>\$229,627</b>

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	Governing Board 8620	Administrative Services 8622	Community Relations 8630	Personnel 8650	Insurance 8840	Other Employee Benefit 8880/85	AUDITED TOTAL NONCAPITAL
<b><u>HEALTH CARE FACILITIES</u></b>								
1. NorthBay Medical Center	ZZR00367F	\$2,857	\$866,211	\$245,889	\$1,969,436	\$92,905	\$20,970	\$17,498,436
2. Vaca Valley Hospital	HSP30680F	1,264	383,033	156,860	863,293	41,082	9,192	8,056,915
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>		<b>\$4,121</b>	<b>\$1,249,243</b>	<b>\$402,749</b>	<b>\$2,832,728</b>	<b>\$133,987</b>	<b>\$30,163</b>	<b>\$25,555,351</b>
<b><u>OTHER COMPONENTS</u></b>								
3. NorthBay Healthcare Foundation	N/A	\$1	\$248	\$16,958	\$6,433	\$27	\$68	\$26,096
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	9	2,810	4,239	925	0	10	318,090
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>		<b>\$10</b>	<b>\$3,059</b>	<b>\$21,197</b>	<b>\$7,358</b>	<b>\$27</b>	<b>\$78</b>	<b>\$344,186</b>
<b>GRAND TOTAL</b>		<b>\$4,131</b>	<b>\$1,252,302</b>	<b>\$423,946</b>	<b>\$2,840,086</b>	<b>\$134,014</b>	<b>\$30,241</b>	<b>\$25,899,537</b>

(To Schedule 3-1)

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS STATISTICS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

		<b>MEDI-CAL NUMBER</b>	<b>Purchasing (Total Supply Exp) 8400</b>	<b>Communication (Total Expenses) 8470</b>	<b>Management Information (Total Expenses) 8480</b>	<b>Finance (Total Expenses) 8510</b>	<b>Budget and Reimbursement (Total Expenses) 8512</b>	<b>Patient Accounting (Total Revenues) 8530</b>
			<b>Adj. 13</b>		<b>Adj. 13</b>			
<b>HEALTH CARE FACILITIES</b>								
1.	NorthBay Medical Center	ZZR00367F	18,753,285	167,105,398	167,105,398	167,105,398	167,105,398	771,700,956
2.	Vaca Valley Hospital	HSP30680F	7,715,582	73,892,955	73,892,955	73,892,955	73,892,955	415,198,833
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			<b>26,468,867</b>	<b>240,998,353</b>	<b>240,998,353</b>	<b>240,998,353</b>	<b>240,998,353</b>	<b>1,186,899,789</b>
<b>OTHER COMPONENTS</b>								
3.	NorthBay Healthcare Foundation	N/A	0	47,884	47,884	47,884	47,884	0
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	542,168	0	542,168	0	0
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			<b>0</b>	<b>590,052</b>	<b>47,884</b>	<b>590,052</b>	<b>47,884</b>	<b>0</b>
<b>GRAND TOTAL</b>			<b>26,468,867</b>	<b>241,588,405</b>	<b>241,046,237</b>	<b>241,588,405</b>	<b>241,046,237</b>	<b>1,186,899,789</b>
TOTAL STATISTICS			26,468,867	241,588,405	241,046,237	241,588,405	241,046,237	1,186,899,789
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$1,503,923	\$339,025	\$9,445,822	\$1,346,339	\$761,743	\$3,477,084
UNIT COST MULTIPLIER			0.056819	0.001403	0.039187	0.005573	0.003160	0.002930

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS STATISTICS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

<u>HEALTH CARE FACILITIES</u>		<b>MEDI-CAL NUMBER</b>	<b>Occupational Health Billing (Occup.Health Rev.) 8532</b>	<b>Credit and Collections (Total Revenues) 8550</b>	<b>Managed Care Operations (Total Revenues) 8590</b>	<b>Vacaville Adult Day Center (Time Spent) 8607</b>	<b>Alzheimers Resource (Time Spent) 8608</b>	<b>Alzheimers Day Care Center (Time Spent) 8609</b>
1.	NorthBay Medical Center	ZZR00367F	1,677,234	771,700,956	771,700,956	0	0	0
2.	Vaca Valley Hospital	HSP30680F	765,320	415,198,833	415,198,833	0	0	0
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			<b>2,442,554</b>	<b>1,186,899,789</b>	<b>1,186,899,789</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>OTHER COMPONENTS</u>								
3.	NorthBay Healthcare Foundation	N/A	0	0	0	0	0	0
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	0	0	1	1	1
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>GRAND TOTAL</b>			<b>2,442,554</b>	<b>1,186,899,789</b>	<b>1,186,899,789</b>	<b>1</b>	<b>1</b>	<b>1</b>
TOTAL STATISTICS			2,442,554	1,186,899,789	1,186,899,789	1	1	1
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$368,687	\$1,122,730	\$91,339	\$0	\$0	\$0
UNIT COST MULTIPLIER			0.150943	0.000946	0.000077	0.000000	0.000000	0.000000

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS STATISTICS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	<b>MEDI-CAL NUMBER</b>	<b>Corporation Administration (Accum. H.O. Exp.) 8610</b>	<b>NorthBay Healthcare (Total Expenses) 8612</b>	<b>NorthBay Health (Time Spent) 8614</b>	<b>Facilities Development (Time Spent) 8616</b>	<b>Community Affairs (Time Spent) 8617</b>	<b>Business Development (Total Expenses) 8618</b>	
<b><u>HEALTH CARE FACILITIES</u></b>								
1.	NorthBay Medical Center	ZZR00367F	0	167,105,398	38	38	0	167,105,398
2.	Vaca Valley Hospital	HSP30680F	0	73,892,955	19	19	0	73,892,955
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			0	240,998,353	57	57	0	240,998,353
<b><u>OTHER COMPONENTS</u></b>								
3.	NorthBay Healthcare Foundation	N/A	0	0	0	0	0	0
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	0	43	43	0	0
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			0	0	43	43	0	0
<b>GRAND TOTAL</b>			0	240,998,353	100	100	0	240,998,353
TOTAL STATISTICS			0	240,998,353	100	100	0	240,998,353
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$0	\$1,511,186	\$40,537	\$671,820	\$0	\$304,955
UNIT COST MULTIPLIER			0.000000	0.006271	405.370000	6718.200000	0.000000	0.001265

**FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN  
COMPONENTS STATISTICS - NONCAPITAL RELATED**

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	<b>MEDI-CAL NUMBER</b>	<b>Managed Care Services (Total Expenses) 8619</b>	<b>Governing Board (Total Expenses) 8620</b>	<b>Physician Recruitment/Sup (Disallowed Exp.) 8621</b>	<b>Administrative Services (Total Expenses) 8622</b>	<b>Community Relations (Time Spent) 8630</b>	<b>Personnel (FTE) 8650</b>	
		<b>Adj. 13</b>			<b>Adj. 13</b>			
<b><u>HEALTH CARE FACILITIES</u></b>								
1.	NorthBay Medical Center	ZZR00367F	167,105,398	167,105,398	0	167,105,398	58	915.42
2.	Vaca Valley Hospital	HSP30680F	73,892,955	73,892,955	0	73,892,955	37	401.27
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			240,998,353	240,998,353	0	240,998,353	95	1,317
<b><u>OTHER COMPONENTS</u></b>								
3.	NorthBay Healthcare Foundation	N/A	0	47,884	47,884	47,884	4	2.99
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	542,168	0	542,168	1	0.43
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			0	590,052	47,884	590,052	5	3
<b>GRAND TOTAL</b>			240,998,353	241,588,405	47,884	241,588,405	100	1,320
TOTAL STATISTICS			240,998,353	241,588,405	47,884	241,588,405	100	1,320
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$229,627	\$4,131	\$0	\$1,252,302	\$423,946	\$2,840,086
UNIT COST MULTIPLIER			0.000953	0.000017	0.000000	0.005184	4239.460000	2151.401020

FUNCTIONAL ALLOCATION OF EXPENSES TO CHAIN COMPONENTS STATISTICS - NONCAPITAL RELATED

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

		<b>MEDI-CAL NUMBER</b>	<b>Insurance (Total Expenses) 8840</b>	<b>Taxes (Total Expenses) 8850</b>	<b>Interest (Total Expenses) 8870</b>	<b>Other Employee Benefit (FTE) 8880/85</b>	<b>Other Unassigned (Total Expenses) 8891</b>
<b><u>HEALTH CARE FACILITIES</u></b>							
1.	NorthBay Medical Center	ZZR00367F	167,105,398	167,105,398	167,105,398	915.42	167,105,398
2.	Vaca Valley Hospital	HSP30680F	73,892,955	73,892,955	73,892,955	401.27	73,892,955
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>			<b>240,998,353</b>	<b>240,998,353</b>	<b>240,998,353</b>	<b>1,317</b>	<b>240,998,353</b>
<b><u>OTHER COMPONENTS</u></b>							
3.	NorthBay Healthcare Foundation	N/A	47,884	47,884	47,884	2.99	47,884
4.	NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	0	0	0	0.43	0
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>			<b>47,884</b>	<b>47,884</b>	<b>47,884</b>	<b>3</b>	<b>47,884</b>
<b>GRAND TOTAL</b>			<b>241,046,237</b>	<b>241,046,237</b>	<b>241,046,237</b>	<b>1,320</b>	<b>241,046,237</b>
TOTAL STATISTICS			241,046,237	241,046,237	241,046,237	1,320	241,046,237
COST TO BE ALLOCATED (FROM SCHEDULE 8)			\$134,014	\$0	\$0	\$30,241	\$0
UNIT COST MULTIPLIER			0.000556	0.000000	0.000000	22.907939	0.000000

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATIONFISCAL PERIOD ENDED:  
DECEMBER 31, 2007

ACCOUNT NO.	COST CENTER DESCRIPTION	REPORTED POOLED ALLOC.	ADJ. NOS.	ADJUSTMENT AMOUNTS	AUDITED POOLED COSTS
8400	Purchasing	\$0		\$0	\$0
8470	Communication	0		0	0
8480	Management Information Systems	0		0	0
8510	Finance	0		0	0
8512	Budget and Reimbursement	0		0	0
8530	Patient Accounting	0		0	0
8532	Occupational Health Billing	0		0	0
8550	Credit and Collections	0		0	0
8590	Managed Care Operations	0		0	0
8607	Vacaville Adult Day Center	0		0	0
8608	Alzheimers Resource Center	0		0	0
8609	Alzheimers Day Care Center	0		0	0
8610	Corporation Administration	4,493,637	1 - 5, 12	(934,300)	3,559,337
8612	NorthBay Healthcare Hospital Administration	0		0	0
8614	NorthBay Health Advantage Administration	0		0	0
8616	Facilities Development	0		0	0
8617	Community Affairs	0		0	0
8618	Business Development	0		0	0
8619	Managed Care Services	0		0	0
8620	Governing Board	0		0	0
8621	Physician Recruitment/Supplies	0		0	0
8622	Administrative Services	0		0	0
8630	Community Relations	0		0	0
8650	Personnel	0		0	0
8840	Insurance	0		0	0
8850	Taxes	0		0	0
8870	Interest	0		0	0
8880/85	Other Employee Benefit	0		0	0
8891	Other Unassigned Costs	0		0	0
	SUBTOTAL	<u>\$4,493,637</u>		<u>(\$934,300)</u>	<u>\$3,559,337</u>
	TOTAL ALLOWABLE EXPENSES	<u>\$4,493,637</u>		<u>(\$934,300)</u>	<u>\$3,559,337</u> (To Sch. 4)
	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	TOTAL EXPENSES	<u>\$4,493,637</u>		<u>(\$934,300)</u>	<u>\$3,559,337</u>

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

ACCOUNT NO.	COST CENTER DESCRIPTION	REPORTED DIRECT ALLOC.	ADJ. NOS.	ADJUSTMENT AMOUNTS	AUDITED DIRECT COSTS
8400	Purchasing	\$0		\$0	\$0
8470	Communication	0		0	0
8480	Management Information Systems	0		0	0
8510	Finance	0		0	0
8512	Budget and Reimbursement	0		0	0
8530	Patient Accounting	0		0	0
8532	Occupational Health Billing	0		0	0
8550	Credit and Collections	0		0	0
8590	Managed Care Operations	0		0	0
8607	Vacaville Adult Day Center	0		0	0
8608	Alzheimers Resource Center	0		0	0
8609	Alzheimers Day Care Center	0		0	0
8610	Corporation Administration	0		0	0
8612	NorthBay Healthcare Hospital Administration	0		0	0
8614	NorthBay Health Advantage Administration	0		0	0
8616	Facilities Development	0		0	0
8617	Community Affairs	0		0	0
8618	Business Development	0		0	0
8619	Managed Care Services	0		0	0
8620	Governing Board	0		0	0
8621	Physician Recruitment/Supplies	0		0	0
8622	Administrative Services	0		0	0
8630	Community Relations	0		0	0
8650	Personnel	0		0	0
8840	Insurance	0		0	0
8850	Taxes	0		0	0
8870	Interest	0		0	0
8880/85	Other Employee Benefit	0		0	0
8891	Other Unassigned Costs	0		0	0
	<b>SUBTOTAL</b>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	<b>TOTAL ALLOWABLE EXPENSES</b>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	<b>NONREIMBURSABLE EXPENSES</b>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	<b>TOTAL EXPENSES</b>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

ACCOUNT NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS	ADJ. NOS.	ADJUSTMENT AMOUNTS	AUDITED FUNCTIONAL COSTS
8400	Purchasing	\$1,503,923		\$0	\$1,503,923
8470	Communication	339,025		0	339,025
8480	Management Information Systems	9,445,822		0	9,445,822
8510	Finance	1,361,447	12	(15,108)	1,346,339
8512	Budget and Reimbursement	761,743		0	761,743
8530	Patient Accounting	3,477,084		0	3,477,084
8532	Occupational Health Billing	368,687		0	368,687
8550	Credit and Collections	1,123,428	12	(698)	1,122,730
8590	Managed Care Operations	91,339		0	91,339
8607	Vacaville Adult Day Center	0		0	0
8608	Alzheimers Resource Center	0		0	0
8609	Alzheimers Day Care Center	0		0	0
8610	Corporation Administration	0		0	0
8612	NorthBay Healthcare Hospital Administration	1,511,186		0	1,511,186
8614	NorthBay Health Advantage Administration	45,885	12	(5,348)	40,537
8616	Facilities Development	672,220	6	(400)	671,820
8617	Community Affairs	0		0	0
8618	Business Development	304,955		0	304,955
8619	Managed Care Services	933,681	7,12	(704,054)	229,627
8620	Governing Board	10,136	8	(6,005)	4,131
8621	Physician Recruitment/Supplies	0		0	0
8622	Administrative Services	1,252,302		0	1,252,302
8630	Community Relations	423,946		0	423,946
8650	Personnel	2,878,975	12	(38,889)	2,840,086
8840	Insurance	134,014		0	134,014
8850	Taxes	0		0	0
8870	Interest	0		0	0
8880/85	Other Employee Benefit	50,093	9,10	(19,852)	30,241
8891	Other Unassigned Costs	(3,767)	11	3,767	0
	SUBTOTAL	<u>\$26,686,124</u>		<u>(\$786,587)</u>	<u>\$25,899,537</u>
	TOTAL ALLOWABLE EXPENSES	<u>\$26,686,124</u>		<u>(\$786,587)</u>	<u>\$25,899,537</u> (To Sch. 6-1)
	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
	<b>TOTAL EXPENSES</b>	<u><u>\$26,686,124</u></u>		<u><u>(\$786,587)</u></u>	<u><u>\$25,899,537</u></u>

## REPORTED HOME OFFICE COSTS

HOME OFFICE NAME:  
NORTHBAY HEALTHCARE CORPORATION

FISCAL PERIOD ENDED:  
DECEMBER 31, 2007

	MEDI-CAL NUMBER	FISCAL PERIODS ENDING DURING HOME OFFICE FISCAL YEAR		REPORTED SUMMARY OF ALLOCATION COSTS	TOTAL ALLOCATION HOME OFFICE COSTS
		FROM	TO		
<b><u>HEALTH CARE FACILITIES</u></b>					
1. NorthBay Medical Center	ZZR00367F	01/01/07	12/31/08	\$21,080,228	\$21,080,228
2. Vaca Valley Hospital	HSP30680F	01/01/07	12/31/08	9,694,524	9,694,524
<b>SUBTOTAL (LINES 1 THROUGH 2)</b>				<b>\$30,774,752</b>	<b>\$30,774,752</b>
<b><u>OTHER COMPONENTS</u></b>					
3. NorthBay Healthcare Foundation	N/A	01/01/07	12/31/08	\$30,649	\$30,649
4. NorthBay Medical Office Assoc. & Vaca Valley Plaza	N/A	01/01/07	12/31/08	374,366	374,366
<b>SUBTOTAL (LINES 3 THROUGH 4)</b>				<b>\$405,015</b>	<b>\$405,015</b>
<b>GRAND TOTAL</b>				<b>\$31,179,767</b>	<b>\$31,179,767</b>

(To Sch. 2, Col. 1)

Provider Name							Fiscal Period		Provider Number		Adjustments
NORTHBAY HEALTHCARE CORPORATION							JANUARY 1, 2007 THROUGH DECEMBER 31, 2007				13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
	8	3			8610	10	Corporation Administration	\$4,493,637			
1							To eliminate contribution/donation costs not related to patient care. CMS Pub. 15-1, Sections 608, 2102.3, 2105.7, 2105.8, and 2304		(\$68,413)		
2							To eliminate legal fees not related to patient care. CMS Pub. 15-1, Sections 2300, 2102.3, and 2304		(\$33,843)		
3							To eliminate legal fees considered non-allowable and the program must not be borne with unreasonable cost. CMS Pub. 15-1, Sections 2102.1, 2102.3, 2105.4, 2300, and 2304		(\$731,805)		
4							To eliminate taxes not related to patient care and due to insufficient documentation. CMS Pub. 15-1, Sections 2300, 2102.3, and 2304		(\$225)		
5							To eliminate other expenses not related to patient care and due to insufficient documentation. CMS Pub. 15-1, Sections 2300, 2102.3, 2105.7, 2105.8, and 2304		(\$79,625) (\$913,911)	\$3,579,726 *	
6	8	3			8616	10	Facilities Development - Other Expenses To eliminate other benefits due to insufficient documentation. CMS Pub. 15-1, Sections 2300, 2102.3, 2105.8, and 2304	\$672,220	(\$400)	\$671,820	
7	8	3			8619	10	Managed Care Services To adjust the managed care services expenses to agree with the provider's record. CMS Pub. 15-1, Sections 2300 and 2304	\$933,681	(\$700,733)	\$232,948 *	
*Balance carried forward from prior/to subsequent adjustments											

Provider Name							Fiscal Period			Provider Number		Adjustments
NORTHBAY HEALTHCARE CORPORATION							JANUARY 1, 2007 THROUGH DECEMBER 31, 2007					13
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<b>ADJUSTMENTS TO REPORTED COSTS</b>												
8	8	3			8620	10	Governing Board To eliminate other expenses not related to patient care. CMS Pub. 15-1, Sections 2300, 2102.3, 2105.7, 2105.8, and 2304	\$10,136	(\$6,005)	\$4,131		
	8	3			8880	10	Other Employee Benefit	\$50,093				
9							To eliminate other benefits not related to patient care. CMS Pub. 15-1, Sections 2300, 2102.3, 2105.8, and 2304		(\$2,676)			
10							To eliminate other benefits due to insufficient documentation. CMS Pub. 15-1, Sections 2300, 2102.3, 2105.8, and 2304		(\$17,176)			
									(\$19,852)	\$30,241		
11	8	3			8891	10	Other Unassigned Costs To adjust other unassigned cost pertaining to gain or losses on disposal of assets. CMS Pub. 15-1, Sections 130 and 132	(\$3,767)	\$3,767	\$0		
12	8	3			8510	10	Finance	\$1,361,447	(\$15,108)	\$1,346,339		
	8	3			8550	10	Credit and Collection	1,123,428	(698)	1,122,730		
	8	3			8610	10	Corporation Administration	* 3,579,726	(20,389)	3,559,337		
	8	3			8614	10	NorthBay Health Advantage Administration	* 45,885	(5,348)	40,537		
	8	3			8619	10	Managed Care Services	* 232,948	(3,321)	229,627		
	8	3			8650	10	Personnel To adjust the provider's adjustments pertaining to the building rental to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	2,878,975	(38,889)	2,840,086		

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider Number		Adjustments
NORTHBAY HEALTHCARE CORPORATION							JANUARY 1, 2007 THROUGH DECEMBER 31, 2007					13
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report										
		Work Sheet	Part	Title	Line	Col.						
<b><u>ADJUSTMENTS TO REPORTED STATISTICS</u></b>												
13	6-1	4			8470	4	Communications (Total Expenses)		523,993	18,175	542,168	
	6-1	4			8510	4	Finance		523,993	18,175	542,168	
	6-1	4			8620	4	Governing Board		523,993	18,175	542,168	
	6-1	4			8622	4	Administrative Services		523,993	18,175	542,168	
	6-1	N/A			N/A	N/A	Sub-total - Total Expenses		571,877	18,175	590,052	
	6-1	N/A			N/A	5	Grand Total - Total Expenses		241,570,230	18,175	241,588,405	
to adjust reported NBMOA and VV Plaza total expenses statistics to agree with the provider's records. CMS Pub. 15-1, Sections 2300, 2304, and 2306												