

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**DUMOLIN SERVICE CORPORATION  
SANTA ROSA, CALIFORNIA**

**FISCAL PERIOD ENDED  
JULY 31, 2008**

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

**Section Chief: Louise Wong  
Audit Supervisor: Jesse Duran  
Auditor: Maria Bernardez**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

January 25, 2010

Denise Keeley  
President/CEO  
DuMolin Service Corporation  
1455 N. Dutton Avenue, Suite B  
Santa Rosa, CA 95401

DUMOLIN SERVICE CORPORATION  
FISCAL PERIOD ENDED JULY 31, 2008

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended July 31, 2008. 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.

Denise Keeley  
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If you have 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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**COMPARISON OF REPORTED AND AUDITED  
HOME OFFICE COST**

HOME OFFICE:  
DUMOLIN SERVICE CORPORATION

FISCAL PERIOD ENDED:  
JULY 31, 2008

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. Roberts Road House	LTC60468F	7/31/2008	\$93,103	\$95,079	\$1,976
2. Cooper House	LTC60461F	7/31/2008	59,177	60,436	1,258
3. Douglas House	LTC60567F	7/31/2008	49,628	50,682	1,054
4. Sacramento House	LTC60457F	7/31/2008	59,177	60,436	1,258
5. Danny's Place	LTC80194F	7/31/2008	59,177	60,436	1,258
6. Mayette House	LTC60319G	7/31/2008	47,783	48,797	1,014
7. Redwood House	LTC80175F	7/31/2008	53,560	54,698	1,138
8. Velma House	LTC60785F	7/31/2008	59,177	60,436	1,259
9. Victoria Drive House	LTC60437G	7/31/2008	59,177	60,436	1,259

**TOTALS**

	\$539,961	\$551,435	\$11,474
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## SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:  
DUMOLIN SERVICE CORPORATIONFISCAL PERIOD ENDED:  
JULY 31, 2008

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. Roberts Road House	LTC60468F	7/31/2008	\$875	\$94,204	\$95,079
2. Cooper House	LTC60461F	7/31/2008	438	59,998	60,436
3. Douglas House	LTC60567F	7/31/2008	438	50,244	50,682
4. Sacramento House	LTC60457F	7/31/2008	438	59,998	60,436
5. Danny's Place	LTC80194F	7/31/2008	438	59,998	60,436
6. Mayette House	LTC60319G	7/31/2008	438	48,359	48,797
7. Redwood House	LTC80175F	7/31/2008	438	54,260	54,698
8. Velma House	LTC60785F	7/31/2008	438	59,998	60,436
9. Victoria Drive House	LTC60437G	7/31/2008	438	59,998	60,436
<b>TOTALS</b>			<u>\$4,379</u>	<u>\$547,056</u>	<u>\$551,435</u>
			(To Sch 1)		

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:  
DUMOLIN SERVICE CORPORATION

FISCAL PERIOD ENDED:  
JULY 31, 2008

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)	\$535,583	100.0000%	\$547,056
Nonprogram Services (Adj)	0	0.0000%	0
TOTAL	\$535,583	100.0000%	\$547,056

(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. Roberts Road House	LTC60468F		3,448	\$94,204
2. Cooper House	LTC60461F		2,196	59,998
3. Douglas House	LTC60567F		1,839	50,244
4. Sacramento House	LTC60457F		2,196	59,998
5. Danny's Place	LTC80194F		2,196	59,998
6. Mayette House	LTC60319G		1,770	48,359
7. Redwood House	LTC80175F		1,986	54,260
8. Velma House	LTC60785F		2,196	59,998
9. Victoria Drive House	LTC60437G		2,196	59,998

**TOTALS**

20,023	\$547,056
(To Sch 2)	

<b>UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)</b>	27.321380
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## DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:  
DUMOLIN SERVICE CORPORATIONFISCAL PERIOD ENDED:  
JULY 31, 2008

CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			3	4	5	6	
1. Roberts Road House	LTC60468F	\$875	\$0	\$0	\$0	\$0	\$875
2. Cooper House	LTC60461F	438	0	0	0	0	438
3. Douglas House	LTC60567F	438	0	0	0	0	438
4. Sacramento House	LTC60457F	438	0	0	0	0	438
5. Danny's Place	LTC80194F	438	0	0	0	0	438
6. Mayette House	LTC60319G	438	0	0	0	0	438
7. Redwood House	LTC80175F	438	0	0	0	0	438
8. Velma House	LTC60785F	438	0	0	0	0	438
9. Victoria Drive House	LTC60437G	438	0	0	0	0	438
<b>TOTALS</b>		<b>\$4,379</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,379</b>

(To Sch 2)

## STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:  
DUMOLIN SERVICE CORPORATIONFISCAL PERIOD ENDED:  
JULY 31, 2008

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adjs 1-9 )	(Col 2 + Col 3)		(Col 4 - Col 5)
1. Salaries-Officers	\$4,000		\$4,000		\$4,000
2. Salaries-Other	233,030		233,030		233,030
3. Payroll Taxes	42,139	20,897	63,036		63,036
4. Employee Benefits	10,914		10,914		10,914
5. Travel	777		777		777
6. Entertainment	0		0		0
7. Automobile	7,926		7,926		7,926
8. Depreciation-Building	0		0		0
9. Depreciation-Equipment	11,541		11,541		11,541
10. Other Depreciation and Amortization	0		0		0
11. Leases and Rentals	43,495	(115)	43,380		43,380
12. Interest-Mortgages	0		0		0
13. Interest-Other	23,680		23,680		23,680
14. Taxes and Licenses	3,675		3,675		3,675
15. Legal and Accounting	38,993	(1,089)	37,904		37,904
16. Insurance	0		0		0
17. Telephone	23,976		23,976		23,976
18. Utilities	2,338		2,338		2,338
19. Office Supplies	9,327	(544)	8,783		8,783
20. Nonprogram	0		0		0
21. Other (Specify) Fees	12,291	(6,720)	5,571		5,571
22. Advertising/Recruiting	11,251		11,251		11,251
23. Outside Services	5,878		5,878		5,878
24. Dues and Subscriptions	4,582	(798)	3,784		3,784
25. Late Payment	0		0		0
26. Operating Supplies	4,221		4,221		4,221
27. Meeting Expense	9,834		9,834		9,834
28. Postage	2,782		2,782		2,782
29. Professional Development	818	(200)	618		618
30. Repairs and Maintenance	19,947	42	19,989		19,989
31. Employee Benefits	2,217		2,217		2,217
32. Software Licensing Fees	5,951		5,951		5,951
33. Penalty	0		0		0
<b>TOTAL EXPENSES</b>	<b>\$535,583</b>	<b>\$11,473</b>	<b>\$547,056</b>	<b>\$0</b>	<b>\$547,056</b>
				(To Sch 4)	(To Sch 3)

Provider Name						Fiscal Period	Provider Number		Adjustments
DUMOLIN SERVICE CORPORATION						AUGUST 1, 2007 THROUGH JULY 31, 2008	ICFHO015		9
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>									
1	2	11	6	5	11	Leases and Rentals To adjust the reported leases and rentals expense to agree with the provider's general ledger. CMS Pub. 15-1, Sections 2300 and 2304	\$43,495	(\$115)	\$43,380
2	2	30	6	5	30	Repairs and Maintenance To adjust the reported repairs and repairs maintenance expense to agree with the provider's general ledger. CMS Pub. 15-1, Sections 2300 and 2304	\$19,947	\$42	\$19,989
3	2	15	6	5	15	Legal and Accounting To disallow income tax preparation expense not related to patient care. CMS Pub. 15-1, Sections 2100, 2102, 2300, and 2304	\$38,993	(\$450)	\$38,543 *
4	2	19	6	5	19	Office Supplies To adjust the reported office supplies expense to agree with the provider's general ledger. CMS Pub. 15-1, Sections 2300 and 2304	\$9,327	(\$544)	\$8,783
5	2	29	6	5	29	Professional Development To adjust the reported office supplies expense to agree with the provider's general ledger. CMS Pub. 15-1, Sections 2300 and 2304	\$818	(\$200)	\$618
6	2	21	6	5	21	Other (Specify) Fees To eliminate bank fines not related to patient care. CMS Pub. 15-1, Sections 2100, 2102, 2300, and 2304	\$12,291	(\$6,720)	\$5,571
7	2	24	6	5	24	Dues and Subscriptions To eliminate the non-allowable lobbying costs. CMS Pub. 15-1, Sections 2100, 2139, 2139.1, and 2139.2	\$4,582	(\$798)	\$3,784

\*Balance carried forward from prior/to subsequent adjustments

Provider Name						Fiscal Period	Provider Number		Adjustments	
DUMOLIN SERVICE CORPORATION						AUGUST 1, 2007 THROUGH JULY 31, 2008	ICFHO015		9	
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					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
8	2	3	6	5	3	Payroll Taxes To include the payroll taxes for proper cost finding. CMS Pub. 15-1, Sections 2300 and 2304	\$42,139	\$20,897	\$63,036	
9	2	3	6	5	15	Legal and Accounting To disallow accounting costs not related to DuMolin Homes. CMS Pub. 15-1, Sections 2300 and 2304	*	\$38,543	(\$639)	\$37,904

\*Balance carried forward from prior/to subsequent adjustments