REPORT
ON THE
HOME OFFICE AUDIT

SOUTH VALLEY CARE HOMES INC. - REDDING
GILROY, CALIFORNIA

FISCAL PERIOD ENDED
DECEMBER 31, 2009

Audits Section—Sacramento
Financial Audits Branch
Audits and Investigations
California Department of Health Care Services

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

November 30, 2010

Brian Adams, Owner
South Valley Care Homes Inc. - Redding
5810 Obata Way #1
Gilroy, CA 95020

SOUTH VALLEY CARE HOMES INC. - REDDING
FISCAL PERIOD ENDED DECEMBER 31, 2009

We have examined the Medi-Cal Home Office cost report for the fiscal period ended December 31, 2009. 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.

If you have further questions regarding this report, you may call the Audits Section-Sacramento at (916) 650-6994.

Original Signed By

Steven Gary, Chief
Audits Section-Sacramento
Financial Audits Branch

Certified

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STATE OF CALIFORNIA SCHEDULE 1

COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST

HOME OFFICE:
SOUTH VALLEY CARE HOMES INC. - REDDING

FISCAL PERIOD ENDED:
DECEMBER 31, 2009

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
				(From Sch 2, Col 6)	(Col 5 - Col 4)
1. RIVERPARK ICF/DD-H	LTC80186F	12/31/09	$72,912	$45,144	($27,768)
2. SHADOWRUN ICF/DD-H	LTC80286F	12/31/09	35,716	45,144	9,428
3. TRAILVIEW ICF/DD-H	LTC80174F	12/31/09	49,562	45,144	(4,418)
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			$158,190	$135,432	($22,758)

STATE OF CALIFORNIA

SCHEDULE 2

SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
SOUTH VALLEY CARE HOMES INC. - REDDING

FISCAL PERIOD ENDED:
DECEMBER 31, 2009

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. RIVERPARK ICF/DD-H	LTC80186F	12/31/09	$0	$45,144	$45,144
2. SHADOWRUN ICF/DD-H	LTC80286F	12/31/09	0	45,144	45,144
3. TRAILVIEW ICF/DD-H	LTC80174F	12/31/09	0	45,144	45,144
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			$0	$135,432	$135,432
					(To Sch 1)

STATE OF CALIFORNIA SCHEDULE 3

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
SOUTH VALLEY CARE HOMES INC. - REDDING

FISCAL PERIOD ENDED:
DECEMBER 31, 2009

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)	$158,189	100.0003%	$135,432
Nonprogram Services (Adj)		0.0000%	0
TOTAL	$158,189	100.0003%	$135,432

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: Client Days (Adj 5)	Allocated Pool Expense (Col 3 X UCM)
1. RIVERPARK ICF/DD-H	LTC80186F	5	1,608	$45,144
2. SHADOWRUN ICF/DD-H	LTC80286F	5	1,608	45,144
3. TRAILVIEW ICF/DD-H	LTC80174F	5	1,608	45,144
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			4,824	$135,432

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	28.074711

STATE OF CALIFORNIA

SCHEDULE 4

DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
SOUTH VALLEY CARE HOMES INC. - REDDING

FISCAL PERIOD ENDED:
DECEMBER 31, 2009

CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component specify expense 3	specify expense 4	specify expense 5	specify expense 6	AUDITED TOTAL 7
			(Adj) (Adj)	(Adj) (Adj)	(Adj) (Adj)	(Adj) (Adj)	
1. RIVERPARK ICF/DD-H	LTC80186F	$0	$0	$0	$0	$0	$0
2. SHADOWRUN ICF/DD-H	LTC80286F	0	0	0	0	0	0
3. TRAILVIEW ICF/DD-H	LTC80174F	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)

STATE OF CALIFORNIA SCHEDULE 5

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
SOUTH VALLEY CARE HOMES INC. - REDDING

FISCAL PERIOD ENDED:
DECEMBER 31, 2009

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 1-4)	(Col 2 + Col 3)	(Adj)	(Col 4 - Col 5)
1. Home Operations & Maintenance	$4,708		$4,708		$4,708
2. Utilities	1,072	(128)	944		944
3. Client Transportation	2,452		2,452		2,452
4. Personal Care And Laundry	57		57		57
5. QMRP Salaries	21,530		21,530		21,530
6. QMRP Benefits	3,386	(801)	2,585		2,585
7. Lead Salaries	4,854		4,854		4,854
8. Lead Benefits	764	(181)	583		583
9. Aides Salaries	92,235	(7,000)	85,235		85,235
10. Aides Benefits	14,508	(3,431)	11,077		11,077
11. Other Consultants	8,881	(8,881)	0		0
12. Other General and Administrative	3,742	(2,335)	1,407		1,407
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
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	$158,189	($22,757)	$135,432	$0	$135,432
				(To Sch 4)	(To Sch 3)

Provider Name	Fiscal Period	Provider Number	Adjustme
SOUTH VALLEY CARE HOMES INC. - REDDING	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	N/A	5

Adj. No.	Report References: Cost Report: MC530 Page or Exhibit	Cost Report: Line	Cost Report: Col.	Audit Report: Sch.	Audit Report: Line	Audit Report: Col.	Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS				
1	2	2	6	5	2.00		Utilities		$1,072	($128)	$944
	2	6	6	5	6.00		QMRP Benefits		3,386	(801)	2,585
	2	8	6	5	8.00		Lead Benefits		764	(181)	583
	2	9	6	5	9.00		Aides Salaries		92,235	(7,000)	85,235
	2	10	6	5	10.00		Aides Benefits		14,508	(3,431)	11,077
	2	11	6	5	11.00		Other Consultants		8,881	(8,881)	0
	2	12	6	5	12.00		Other General and Administration		3,742	3,344	7,086
							To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304				
	2	12	6	5	12.00		Other General and Administration	*	$7,086		
2							To eliminate unallowable Non Sufficient Funds bank charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3			($507)	
3							To eliminate accounting expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304			(5,014)	
4							To eliminate unallowable penalties and late charges not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3			(158)	
										($5,679)	$1,407

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustme
SOUTH VALLEY CARE HOMES INC. - REDDING	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	N/A	5

Report References										
	Cost Report			Audit Report						
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch.	Line	Col.	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED POOLED STATISTICS			
5	4	1	2	3	1.00		Riverpark ICF/DD-N (Client Days)	2,217	(609)	1,608
	4	2	2	3	2.00		Shadowrun ICF/DD-N	1,086	522	1,608
	4	3	2	3	3.00		Trailview ICF/DD-N	1,507	101	1,608
							To adjust client days allocation statistics for proper cost finding.			
							42 CFR 413.17 and 413.60			
							CMS Pub. 15-1, Sections 2150.3D, 2205 and 2304			