



Dave Yost • Auditor of State

**ALEXSON HOLDINGS, INC./MANOR HOME
ASHTABULA COUNTY**

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Independent Auditor's Report on Applying Agreed-Upon Procedures

Mr. Chris Carson, Bureau Chief
Bureau of Audit Performance
Ohio Department of Medicaid
50 West Town Street, 5th Floor
Columbus, Ohio 43215

Dear Mr. Carson:

As required by Ohio Rev. Code § 5111.27 and Ohio Admin. Code § 5101:3-3-20 the Auditor of State's Office performed the procedures enumerated below to which the Ohio Department of Medicaid (ODM) also agreed. These procedures are designed to assist you in evaluating whether Alexson Holdings, Inc./Manor Home (hereafter referred to as the Provider) prepared its JFS 02524 ICF-MR Medicaid Cost Report (Cost Report) for the period January 1, 2011 through December 31, 2011 in accordance with the Medicaid cost report instructions and the Appendix to Ohio Admin. Code § 5101:3-3-71.1 (Cost Report Instructions) and to assist you in evaluating whether reported transactions complied with CMS Publication 15-1 (Provider Reimbursement Manual), and other compliance requirements described in the procedures below. Note that all rules and code sections relied upon in this report were those in effect during the Cost Report period and may be different from those currently in effect. Alexson Holdings, Inc./Manor Home's management is responsible for preparing this Cost Report. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of ODM. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Occupancy and Usage

1. ODM requested us to report variances if the Provider's inpatient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the Provider's inpatient days on the Monthly Census Summary Reports for the number of patient days for Medicaid and Non-Medicaid patients to those reported on *Schedule A-1*. We also footed the reports for accuracy.

We found that inpatient days incorrectly included 208 Hospice Days as Authorized Days when these days should have been posted to Veterans and Other Days on *Schedule A-1*. See Appendix A for the adjustment.

2. ODM requested us to report variances if total Medicaid inpatient days and total inpatient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days* for one month.

We compared the Medicaid inpatient days and total inpatient days reported on *Schedule A-1* for December 2011 with the total of all Daily Census reports for Medicaid inpatient days and total inpatient days. We also footed the reports for accuracy.

Occupancy and Usage (Continued)

We found no computational errors or variances where inpatient days were greater than reported for the month. However, we noted 17 hospice days reported under authorized Medicaid days instead of Veterans and Other Days. These 17 days are included in the total 208 days reported in procedure 1.

3. ODM requested us to report variances to *Schedule A-1, Summary of Inpatient Days* if total inpatient days were greater than those reported for one month.

We haphazardly selected six residents' medical records (10 percent) and compared the total days the resident was in the Provider's care for December 2011 with the total inpatient days reported on the Daily Census reports and *Schedule A-1, Summary of Inpatient Days*. For the selected individuals we also determined if the Provider included any waiver respite days as Medicaid or Medicare days and if bed hold days in excess of 30 in a calendar year received the proper authorization on form JFS 09402 in accordance with Ohio Admin. Code § 5101:3-3-16.8.

We found no variances where inpatient days were greater than reported for the month and no misclassified waiver respite days or unauthorized bed hold days.

4. ODM requested us to report variances if the Provider had reimbursed Medicaid days in excess of total Medicaid days reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the number of reimbursed Medicaid days per the Medicaid Information Technology System (MITS) with the total Medicaid days reported on *Schedule A-1*.

We found that total Medicaid days reported exceeded Medicaid reimbursed days per MITS.

Medicaid Paid Claims

ODM requested that we select paid claims for three Provider residents in one month and report any variances if the claims did not meet the applicable documentation requirements.

We selected all paid claims for three Provider residents for the month of December 2011 from MITS and compared the reimbursed Medicaid days to the days documented per the resident's medical records. We determined if the Provider's documentation met the general requirements of CMS Publication 15-1, Chapter 23 and Ohio Admin. Code § 5101:3-3-20, and if the days billed met the specific requirements of Ohio Admin. Code § 5101:3-3-16.8 (C) to (E) as an occupied or bed hold day and Ohio Admin. Code § 5101:-3-3-39 for the payment adjustment requirements for resident's discharge, admittance to hospital, death or election to receive hospice care.

We found no instances of non-compliance with these documentation requirements.

Non-Payroll Expenses

1. ODM requested that we compare the Provider's non-payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* and report reclassifications between schedules and adjustments resulting in decreased costs exceeding five percent of non-payroll expenses on any schedule.

Non-Payroll Expenses (Continued)

We compared all non-payroll expenses reported on *Schedule B-1*, *Schedule B-2* and *Schedule C* to the Provider's General Ledger Account Analysis and General Ledger Trial Balance reports to identify variances exceeding five percent of non-payroll expenses on any schedule.

We found no differences exceeding five percent on any one schedule.

2. ODM requested that we select a sample of 20 non-payroll expenses reported on *Schedule B-1*, *Other Protected Costs*; *Schedule B-2*, *Direct Care Cost Center*; *Schedule C*, *Indirect Cost Center*; and *Exhibit 3*, *Home Office Trial Balance* and report expenses exceeding \$500 which lacked supporting documentation, or were not properly allocated or were unallowable.

We haphazardly selected 20 non-payroll expenses from non-payroll accounts on *Schedule B-1*, *Schedule B-2*, and *Schedule C*. We reviewed these expenses to determine if they had supporting documentation, were properly allocated and classified, and were allowable expenses per the Cost Report Instructions, Ohio Admin. Code § 5101:3 and CMS Publication 15-1.

We found no differences exceeding \$500.

3. ODM requested that we review the allocation methodology used in the Provider's Home Office Allocation schedule allocating costs on *Schedule B-1*, *Other Protected Costs*; *Schedule B-2*, *Direct Care Cost Center*; *Schedule C*, *Indirect Cost Care Center*; and equity on *Schedule E-1*, *Return on Equity Capital of Proprietary Providers* and determine if it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, Section 2150 and the Cost Report Instructions. ODM requested that we report any reclassifications between schedules and adjustments resulting in decreased Home Office costs on any schedule.

We did not perform this procedure for Home Office expenses since the Provider did not report these costs on *Schedule B-1*, *Schedule B-2*, *Schedule C* or *Schedule E-1*. However, we did review the allocation methodology for \$337,402 in Indirect Consulting and Management expenses reported on *Schedule B-2* and *Schedule C*.

We noted that the contract with the management company for Indirect Consulting and Management expenses reported on *Schedule B-2* and *Schedule C* was based on six percent of net revenues per month. CMS Publication 15-1, Section 2102 states "Implicit in the intention that actual costs be paid to the extent they are reasonable is the expectation that the provider seeks to minimize its costs and that its actual costs do not exceed what a prudent and cost-conscious buyer pays for a given item or service. If costs are determined to exceed the level that such buyers incur, in the absence of clear evidence that the higher costs were unavoidable, the excess costs are not reimbursable under the program."

Furthermore, we noted that the same management company charged only two percent of net revenues per month to another intermediate care facility for the same services according to both contracts. Therefore, we reclassified the excess costs above two percent as non-federal reimbursable as reported on Appendix A.

Non-Payroll Expenses (Continued)

Officials' Response: Your report noted that the management fees were not reasonable and prudent based on the fact that they were billed based on a percentage of the provider's revenue. You noted that PRM 15-1 does not allow for the use of revenue as an allocation basis for home office costs. However, the provider and management company are not related parties, and the management fees are therefore not considered home office costs. A percentage of revenue is an allowable basis (and common practice in the industry) for determining the fees charged to the provider.

The percentage of revenue basis is a widely accepted in management fee agreements in the long-term care industry. In this case, there is no "allocation" based on revenue, rather there is a charge based on revenue which is the most common way in which the industry assesses management fees. Further, we provided you with support from the 2011 Medicaid cost report database (which included an analysis of all 148 facilities in the same peer group) that the providers' management fees were well within the amount of management fees reported by other providers. Therefore, we believe the management fees as reported were reasonable and allowable, and that adjustments related to the management fees should be removed from the audit report.

Auditor of State's Conclusion: Our draft report dated September 26, 2014 indicated that we did not have sufficient documentation to determine if management fees were allocable in relation to the benefits received, reasonable, and charged by the Provider at the cost the related management organization incurred to provide the services. We received additional documentation from the Provider showing the management company was a separately controlled entity and, correspondingly, that there was no issue with allocation of the management fees based on revenue. However, we still conclude these management fees were not reasonable or prudent as the same management company charged only two percent of net revenues per month to another intermediate care facility for the same services according to a comparison of both contracts.

CMS Publication, 15-1, Section 2135.3 (D)(1) states that the determination of the reasonable costs of purchased management and administrative support services should be evaluated by taking "The cost of contracts providing for a package of services, such as a full service management contract, will be compared if possible against a comparable package of services..." In addition, Section 2102 as mentioned above also states, "...If costs are determined to exceed the level that such buyers incur, in the absence of clear evidence that the higher costs were unavoidable, the excess costs are not reimbursable under the program."

In addition, we did not perform procedures as part of this engagement to review the management/consulting fees or home office costs of all the intermediate care facilities used in the reasonableness analysis provided by the Provider's independent accounting firm. Therefore, we do not know the nature and extent of those packages of services and if they were comparable to those particular services provided by the Provider's management company. With no clear justification of the higher costs, we reclassified the excess costs above two percent as non-federal reimbursable as reported on Appendix A.

4. ODM requested that we scan the Provider's non-payroll expenses reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Center* for nonfederal reimbursable costs or costs not properly classified exceeding \$500 or contractor costs over \$10,000 that should have been reported on *Schedule C-3, Costs of Services from Related Parties*.

Non-Payroll Expenses (Continued)

We scanned the Provider's general ledger and trial balance reports for non-payroll expenses reported on *Schedule B-1*, *Schedule B-2*, and *Schedule C* for non-federal reimbursable costs or costs not classified in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, or the Cost Report Instructions which exceeded \$500. We also scanned for any contractors with costs over \$10,000 which would require reporting on *Schedule C-3*.

We found differences exceeding \$500 as reported in Appendix A. We found no contracts which should be reported on *Schedule C-3*.

5. ODM requested that we compare the 2011 non-payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* by chart of account code to non-payroll costs reported by chart of account code in 2010 and obtain the Provider's explanation for non-payroll variances that increased by more than five percent and \$500 from the prior year's schedules and report adjustments exceeding \$500 and five percent of non-payroll costs on any schedule.

We compared the 2011 non-payroll costs reported on *Schedule B-1, Schedule B-2, and Schedule C* by chart of account code to non-payroll costs reported by chart of account code in 2010 and obtained the Provider's explanation for five non-payroll variances that increased by more than five percent from the prior year's schedules. The Provider indicated that Franchise Fee's increased due to change in the State's rate charged to ICF Homes. The Speech Therapist line item increased due to the ICF accepting a new patient with greater needs, and Employee Benefits increased since the ICF is self-insured and there were more claims by employees. Dues and Subscriptions increased since the ICF became a member of the Ohio Provider Resource Association.

We found no adjustments exceeding \$500 and five percent of non-payroll costs on any schedule.

Property

1. ODM requested we compare the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment; and Schedule D-2, Capital Additions/Deletions* with the Cost Report instructions and CMS Publication 15-1, and report any variances.

We compared the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Schedule D-1, and Schedule D-2* with the Cost Report Instructions and CMS Publication 15-1.

We found one inconsistency between the Provider's capitalization procedures and the guidelines listed above since the Provider is not incorporating a 10 percent salvage value when purchasing and capitalizing new assets.

Recommendation:

We recommend the Provider calculate a salvage value equal to 10 percent of historical cost when determining the initial net book value to be depreciated for each new capital asset purchase. See procedure 3 for corresponding adjustments.

Property (Continued)

Recommendation: (Continued)

The Provider's independent accounting firm responded, "We disagree with the assertion that most assets have salvage value, particularly in an ICF/IID setting, in which the capital assets often receive heavy and rough use due to the behavioral characteristics of the residents. We also assert that virtually no providers utilize the salvage value concept in this industry; however, we acknowledge the adjustments are immaterial to this settlement and we are not challenging these findings at this time."

2. ODM requested that we compare capital assets and corresponding depreciation listed on *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment; and Schedule D-2, Capital Additions/Deletions* to the Provider's Depreciation Schedule and Book Asset Detail report and report differences exceeding \$500.

We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1, and Schedule D-2* to the Provider's Fixed Asset/Depreciation Listing.

We found differences exceeding \$500 as reported in Appendix A.

3. ODM requested that we select a total of three additions, renovations, and/or deletions reported on *Schedule D-1, Analysis of Property, Plant and Equipment* and *Schedule D-2, Capital Additions/Deletions* and determine if the cost basis, useful life and depreciation expense were in accordance with the Cost Report Instructions and Ohio Admin. Code § 5101:3-3-01 (BB), and report any differences.

Due to the Provider not including salvage value, we increased the items selected for testing. We selected a total of four additions and one renovation reported on *Schedule D-1* and *Schedule D-2* and determined if the cost basis, useful life and depreciation expense were in accordance with Appendix A of Ohio Admin. Code § 5101:3-3-71.3 and 5101:3-3-01 (BB). We also determined if assets were used in residential care or should be reclassified as the Costs of Ownership in accordance with Ohio Admin § 5101:3 and CMS Publication 15-1.

We found assets requiring adjustment as reported in Appendix A.

4. ODM requested that we review the rent and lease agreements to determine if any related party lease costs were recorded in accordance Ohio Admin. Code §§ 5101:3-3-01(BB) and 5101:3-3-84.3, and that non-related party leases meet the requirements of FASB 13, if costs were recorded in *Schedule D, Analysis of Property, Plant and Equipment* in Lease and Rent Accounts 8060 or 8065, and report any differences.

We reviewed rent and lease agreements to determine if any related party lease costs were recorded in accordance Ohio Admin. Code §§ 5101:3-3-01(BB) and 5101:3-3-84.3, and that non-related leases met the requirements of FASB 13.

We found no differences.

Property (Continued)

5. ODM requested we compare the renovation costs and financing costs in the Non-extensive Renovation Letter to *Schedule D-1, Analysis of Property, Plant and Equipment*, if costs were recorded in *Schedule E, Balance Sheet*, Account 1300, Renovations, and report any differences.

We compared the renovation costs and financing costs in the Non-extensive Renovation Letter to *Schedule D-1*.

We found no differences.

6. ODM requested we review the Fixed Asset/Depreciation Listing to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. ODM also requested we review the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9, if transportation costs are recorded in *Schedule D-1, Analysis of Property, Plant and Equipment*, and report any differences.

We reviewed the Fixed Asset/Depreciation Listing to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. We also reviewed the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9.

We found no differences.

Payroll

1. ODM requested that we compare the Provider's payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs*; *Schedule B-2, Direct Care Cost Center*; *Schedule C, Indirect Cost Care Center*; *Schedule C-1, Administrator's Compensation* and *Schedule C-2, Owner's Relatives Compensation* and report reclassifications between schedules and adjustments resulting in decreased costs or hours exceeding five percent on any schedule.

We compared all salary, fringe benefits, payroll tax entries, and hours worked reported on *Schedule B-1, Schedule B-2, Schedule C, and Schedule C-1* to the Provider's Annual Departmental Payroll report and other supporting documentation to identify variances exceeding five percent of total payroll costs or hours reported on any schedule.

We found no differences exceeding five percent.

2. ODM requested that we select a sample of 10 employees reported on *Schedule B-1, Other Protected Costs*; *Schedule B-2, Direct Care Cost Center*; *Schedule C, Indirect Cost Care Center*; and *Exhibit 3, Home Office Trial Balance* and determine if any salaries and fringe benefits expenses exceeding \$500 were not properly allocated and classified or were unallowable.

We selected 10 employees (including all administrators and owners) and compared the Provider's employee personnel file information job description to the schedule in which each employee's salary and fringe benefit expenses were reported to determine if they were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, Chapter 9 and Section 2150, and the Cost Report Instructions to identify variances exceeding \$500.

We found one difference exceeding \$500 as reported in Appendix A.

Payroll (Continued)

3. ODM requested that we compare the 2011 payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation* by chart of account code to payroll costs reported by chart of account code in 2010 and obtain the Provider's explanation for five payroll variances that increased by more than five percent from the prior year's schedules. ODM also asked us to report adjustments exceeding \$500 and five percent of payroll costs on any schedule.

We compared the 2011 payroll costs reported on *Schedule B-1, Schedule B-2, Schedule C, and Schedule C-1* by chart of account code to payroll costs reported by chart of account code in 2010 and obtained the Provider's explanation for up to five payroll variances that increased by more than five percent from the prior year's schedules.

The Provider stated the fluctuations were due to pay increases in the Director of Nursing, Habilitation Supervisor, QMRP, and Administrator line items. Other Administrative Personnel increase was due to employee contract reallocations.

We found no differences exceeding \$500 and five percent of payroll costs on any schedule.

Revenue

1. ODM requested us to report differences on *Attachment 1, Revenue Trial Balance* exceeding five percent of total revenues reported.

We compared all revenues on the Provider's detailed revenue report with those revenues reported on *Attachment 1, Revenue Trial Balance* to determine if all revenues were reported in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, and the Cost Report Instructions.

We found no differences exceeding five percent.

2. ODM requested we scan the Provider's Revenue Ledger to identify any revenue offsets/applicable credits exceeding \$500 which the Provider did not record on *Attachment 2, Adjustments to Trial Balance* or were not offset against expenses on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; or Schedule C, Indirect Cost Care Center*.

We scanned the Provider's detailed revenue report for revenues which roll up to *Attachment 1* and the Provider's general ledger and trial balance reports for expenses which roll up to *Schedule B-1, Schedule B-2, and Schedule C* to identify any specific expenses tied to specific revenue accounts which result in revenue offsets which were not reported on *Attachment 2*, to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6 and 8.

We did not identify any revenue offsets/applicable credits exceeding \$500 which the Provider did not already record on *Attachment 2, Adjustments to Trial Balance*.

Assets, Liabilities, and Owner's Equity

ODM requested us to perform procedures 1 through 6 below if the Provider was a for-profit provider and if *Schedule E-1, Return on Equity Capital of Proprietary Providers* reported equity above zero.

1. ODM requested we compare Assets and Liabilities on the *Schedule E, Balance Sheet* with the Provider's trial balance report and other supporting documentation for those accounts greater than five percent of total reported assets or liabilities and identify any unsupported, unallowable or improperly classified amount per Ohio Admin. Code § 5101:3, CMS Publication 15-1, or the Cost Report Instructions.

We compared Assets and Liabilities on the *Schedule E, Balance Sheet* with the Provider's trial balance report and other supporting documentation such as prepaid items, and accounts receivable from the General Ledger and Trial Balance for those accounts greater than five percent of total reported assets or liabilities. We also noted if any amount was unsupported, unallowable or improperly classified per Ohio Admin. Code § 5101:3, CMS Publication 15-1, or the Cost Report Instructions.

We reported differences in Appendix A.

2. ODM requested we determine if the Provider is on a proper accrual basis and if their accrual policies are applied consistently between periods as required by the Cost Report Instructions and report any differences.

We determined if the Provider is on a proper accrual basis and their accrual policies are applied consistently between periods as required.

3. ODM requested we compare the Provider's ending account balance with the beginning balance for all accounts on *Schedule E, Balance Sheet* and obtain an explanation for any account ending balance with variances exceeding 25 percent of the beginning balance or \$100,000 and report any adjustments.

We compared the Provider's ending account balance with beginning balance for all accounts on *Schedule E* and obtained an explanation for any account ending balance with variances exceeding 25 percent or \$100,000 of the beginning balance. The Provider stated the increase in Other Receivables was because a negative beginning balance was incorrectly categorized as an asset in the prior year when it was actually a liability to the parent company. A similar negative ending balance was reported in Deferred Charges and Other Assets.

We reported differences in Appendix A; see also procedure 1 above.

4. ODM requested we compare the savings account balance on the trial balance report to *Schedule E, Balance Sheet* to determine if total cash on hand from investments/savings exceeds three months of the Provider's total annual operating expenses as reported *Schedule A-3, Summary of Costs* and is not allowable equity as Invested Funds, pursuant to CMS Pub. 15-1, Section 1218.2, and report any differences.

We compared the savings account balance on the trial balance report to *Schedule E* to determine if total cash on hand from investments/savings exceeds three months of the Provider's total annual operating expenses as reported *Schedule A-3* and is not allowable equity as Invested Funds, pursuant to CMS Pub. 15-1, Section 1218.2.

We found no differences.

Assets, Liabilities, and Owner's Equity (Continued)

5. ODM requested we compare reconciling items on the bank reconciliation report/schedule with the December 2011 bank statement and trial balance report, and report any differences.

We compared reconciling items on the bank reconciliation report/schedule with the December 2011 bank statement and trial balance report.

We found unsupported costs and/or balances as defined in CMS Publication 15-1, Section 2304 and adjusted the provider's allowable equity as reported in Appendix A.

6. We compared amounts reported on *Schedule E-1, Return on Equity Capital of Proprietary Providers* to supporting documentation to ensure net equity calculations for capital were in accordance with CMS Publication 15-1 and Ohio Admin. Code § 5101:3-3-01(BB).

We found items requiring adjustment as reported in Appendix A.

We received a response from Provider's independent accounting firm to exceptions noted above under Property, procedure 1 and Non-Payroll Expenses, procedure 3. We did not audit the response related to Property, procedure 1 and, accordingly, we express no opinion on it. However, we responded under Non-Payroll Expenses, procedure 3 in the section Auditor of State's Conclusion.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Provider's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the Provider, the Ohio Department of Medicaid, and the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

November 4, 2014

Appendix A
Alexson Holdings, Inc./Manor Home
2011 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule A-1 Summary of Inpatient Days				
1. January - Authorized Days (2)	1,539	(31)	1,508	To adjust for Hospice Days incorrectly included with total Medicaid Days
2. February - Authorized Days (2)	1,422	(28)	1,394	To adjust for Hospice Days incorrectly included with total Medicaid Days
3. March - Authorized Days (2)	1,605	(31)	1,574	To adjust for Hospice Days incorrectly included with total Medicaid Days
4. April - Authorized Days (2)	1,560	(30)	1,530	To adjust for Hospice Days incorrectly included with total Medicaid Days
5. May - Authorized Days (2)	1,612	(31)	1,581	To adjust for Hospice Days incorrectly included with total Medicaid Days
6. June - Authorized Days (2)	1,563	(30)	1,533	To adjust for Hospice Days incorrectly included with total Medicaid Days
7. July - Authorized Days (2)	1,643	(10)	1,633	To adjust for Hospice Days incorrectly included with total Medicaid Days
12. December - Authorized Days (2)	1,674	(17)	1,657	To adjust for Hospice Days incorrectly included with total Medicaid Days
1. January - Veterans and Other Days (8)	-	31	31	To adjust for Hospice Days incorrectly included with total Medicaid Days
2. February - Veterans and Other Days (8)	-	28	28	To adjust for Hospice Days incorrectly included with total Medicaid Days
3. March - Veterans and Other Days (8)	-	31	31	To adjust for Hospice Days incorrectly included with total Medicaid Days
4. April - Veterans and Other Days (8)	-	30	30	To adjust for Hospice Days incorrectly included with total Medicaid Days
5. May - Veterans and Other Days (8)	-	31	31	To adjust for Hospice Days incorrectly included with total Medicaid Days
6. June - Veterans and Other Days (8)	-	30	30	To adjust for Hospice Days incorrectly included with total Medicaid Days
7. July - Veterans and Other Days (8)	-	10	10	To adjust for Hospice Days incorrectly included with total Medicaid Days
12. December - Veterans and Other Days (8)	-	17	17	To adjust for Hospice Days incorrectly included with total Medicaid Days
Schedule B-2 Direct Care Cost Center				
21. Consulting and Management Fees-Direct Care - 6210 - Other/Contract Wages (2)	\$ 85,712	\$ (55,833)	\$ 29,879	To reclassify unallowable portion of Management fees
Schedule C Indirect Care Cost Center				
26. Administrator Compensation	\$ 57,963	\$ 4,843	\$ 62,806	To correct the amount of Administrator's Salary going to Manor Home
28. Consulting and Management Fees - Indirect - 7215 - Other/Contract Wages (2)	\$ 251,690	\$ 628		To reclassify management fee
		\$ (167,500)	\$ 84,818	To reclassify unallowable portion of Management fees
36. Laundry and Linen - 7250 - Other/Contract Wages (2)	\$ 8,903	\$ (628)	\$ 8,275	To reclassify management fee
52. Repair and Maintenance - 7340 - Other/Contract Wages (2)	\$ 28,912	\$ 2,300	\$ 31,212	To reclassify expense for incorrectly capitalized project (parking lot sealing)
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ 85,336	\$ 55,833		To reclassify unallowable portion of Management fees
		\$ 167,500	\$ 308,669	To reclassify unallowable portion of Management fees
Schedule C-1 Administrator's Compensation				
Section B, Row 1	\$ 57,963	\$ 4,843	\$ 62,806	To correct the amount of Administrator's Salary going to Manor Home

Appendix A (Page 2)
Alexson Holdings, Inc./Manor Home
2011 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule D Capital Cost Center				
3. Amortization - Leasehold Improvements - 8030 - Total (3)	\$ 660	\$ (153)	\$ 507	To adjust depreciation for the maintenance project (not a capital project)
4. Depreciation - Equipment - 8040 - Total (3)	\$ 6,821	\$ (18)		To adjust the overstated depreciation for the Copier
		\$ (11)		To adjust the overstated depreciation for the BiPap
		\$ (8)	\$ 6,784	To adjust the overstated depreciation for the BiPap
12. Depreciation/Amortization and Interest - 8500, 8570, 8580 - Total (3)	\$ 59,315	\$ 44,487	\$ 103,802	To adjust for the additional depreciation for the Renovation capital project
Schedule D-1 Analysis of Property, Plant and				
4. Leasehold Improvements - Additions or Reductions (3)	\$ 7,607	\$ (2,300)	\$ 5,307	To reclassify expense for incorrectly capitalized project (parking lot sealing)
4. Leasehold Improvements - Accumulated Depreciation End of Period (5)	\$ 1,127	\$ (153)	\$ 974	To adjust accumulated depreciation for the non-capital project (parking lot sealing)
4. Leasehold Improvements - Depreciation this Period (7)	\$ 660	\$ (153)	\$ 507	To adjust depreciation for the non-capital project (parking lot sealing)
5. Equipment - Additions or Reductions (3)	\$ -	\$ 6,992	\$ 6,992	To adjust new equipment purchases to the correct line item
5. Equipment - Accumulated Depreciation End of Period (5)	\$ 17,352	\$ (18)		To adjust the overstated accumulated depreciation for the Copier
		\$ (11)		To adjust the overstated accumulated depreciation for the BiPap
		\$ (8)	\$ 17,315	To adjust the overstated accumulated depreciation for the BiPap
5. Equipment - Depreciation this Period (7)	\$ 6,821	\$ (18)		To adjust the overstated depreciation for the Copier
		\$ (11)		To adjust the overstated depreciation for the BiPap
		\$ (8)	\$ 6,784	To adjust the overstated depreciation for the BiPap
6. Transportation - Additions or Reductions (3)	\$ 6,992	\$ (6,992)	\$ -	To adjust new equipment purchases to the correct line item
9. Depreciation/Amortization and Interest - Accumulated Depreciation End of Period (4)	\$ 113,687	\$ 44,487	\$ 158,174	To adjust accumulated depreciation for the Renovation capital project
9. Depreciation/Amortization and Interest - Depreciation/Amortization this Period (6)	\$ 59,315	\$ 44,487	\$ 103,802	To adjust for the additional depreciation for the Renovation capital project
Schedule E				
Current Assets				
2. Cash in Banks - General Account (Ending)	\$ 12,526	\$ (200)	\$ 12,326	To post a timing issue and subsequent correction by DPOH
7. Other Receivables (Beginning)	\$ (1,092,368)	\$ (1,092,368)	\$ -	To correct a Misclassification between Assets & Liabilities
Other Assets				
22. Deferred Charges and Other Assets (Ending)	\$ (1,662,799)	\$ (1,662,799)	\$ -	To correct a Misclassification between Assets & Liabilities
Current Liabilities				
26. Accounts Payable (Ending)	\$ 65,849	\$ (200)	\$ 65,649	To post a timing issue and subsequent correction by DPOH
30. Accrued Compensation (Ending)	\$ 40,058	\$ 65,540	\$ 105,598	To correct an unsupported Liability amount
33. Other Liabilities (Beginning)	\$ -	\$ 1,092,368	\$ 1,092,368	To correct a Misclassification between Assets & Liabilities
33. Other Liabilities (Ending)	\$ -	\$ 1,662,799	\$ 1,662,799	To correct a Misclassification between Assets & Liabilities



Dave Yost • Auditor of State

ALEXSON HOLDINGS, INC. / MANOR HOME

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2015**