

Lifestream Behavioral Center, Inc.
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FYE: 6/30/18

**LIFESTREAM BEHAVIORAL
CENTER, INC.
AND
SUBSIDIARIES CONSOLIDATED**

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**LIFESTREAM BEHAVIORAL
CENTER, INC.
AND
SUBSIDIARIES CONSOLIDATED
FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

Audited Financial Statements

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INDEPENDENT AUDITORS' REPORT

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

We have audited the accompanying consolidated financial statements of LifeStream Behavioral Center, Inc. (a nonprofit organization) and Subsidiaries (the Center), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 21-30 is presented for purposes of additional analysis as required by the State of Florida Department of Children and Families, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

December 6, 2018
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 7,852,784 | \$ 8,303,329 |
| Accounts Receivable from Patients, Net Contractual Allowances and Allowances for Uncollectible Accounts of \$443,913 in 2018 and \$930,200 in 2017 | 3,512,100 | 3,482,484 |
| Public Support Receivables | 3,005,022 | 2,840,500 |
| Note Receivable | 0 | 150,056 |
| Inventory | 865,453 | 710,166 |
| Prepaid Expenses and Other Current Assets | 885,221 | 808,610 |
| Total Current Assets | 16,120,580 | 16,295,145 |
| Restricted Deposits | 71,826 | 67,092 |
| Investments, Fair Value | 2,115,849 | 2,278,432 |
| Investments, Cost and Equity | 420,237 | 370,237 |
| Property and Equipment, Net | 19,986,659 | 19,173,075 |
| Intangible Assets, Net | 5,086 | 8,219 |
| Total Assets | \$ 38,720,237 | \$ 38,192,200 |

LIABILITIES AND NET ASSETS

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 2,034,002 | \$ 2,754,040 |
| Current Maturities of Long-term Debt | 566,824 | 642,750 |
| Unearned Revenues | 1,119,765 | 438,945 |
| Accrued Salaries and Other Current Liabilities | 2,250,649 | 2,550,110 |
| Total Current Liabilities | 5,971,240 | 6,385,845 |
| Other Liabilities | | |
| Note Payable, Less Current Maturities | 5,099,557 | 5,649,115 |
| Deferred Payment Loan | 0 | 14,000 |
| Interest Rate Swap | 447,763 | 723,771 |
| Total Other Liabilities | 5,547,320 | 6,386,886 |
| Total Liabilities | 11,518,560 | 12,772,731 |
| Net Assets | | |
| Unrestricted | 26,704,455 | 24,949,455 |
| Temporarily Restricted | 287,152 | 259,944 |
| Permanently Restricted | 210,070 | 210,070 |
| | 27,201,677 | 25,419,469 |
| Total Liabilities and Net Assets | \$ 38,720,237 | \$ 38,192,200 |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Public Support and Revenue | | |
| Public Support: | | |
| Federal Grants | \$ 13,077,297 | \$ 13,173,467 |
| State Grants | 7,775,030 | 6,324,730 |
| Local Grants | 7,924,128 | 8,208,617 |
| Total | <u>28,776,455</u> | <u>27,706,814</u> |
| Other Public Contributions and In-kind Support | 6,263,559 | 5,267,667 |
| Total Public Support | <u>35,040,014</u> | <u>32,974,481</u> |
| Revenue: | | |
| Net Patient Service Revenue | 14,625,239 | 15,481,848 |
| Rent Revenue - HUD Project | 27,918 | 29,583 |
| Investment Income | 226,087 | 203,726 |
| Other Revenue | 1,969,686 | 1,568,008 |
| Total Revenue | <u>16,848,930</u> | <u>17,283,165</u> |
| Total Public Support and Revenue | <u>51,888,944</u> | <u>50,257,646</u> |
| Expenses | | |
| Direct Program Services: | | |
| Assessment | 23,210 | 25,130 |
| Case Management | 1,761,078 | 1,708,993 |
| Crisis Stabilization | 2,579,199 | 2,137,470 |
| Crisis Support/Emergency | 927,934 | 824,065 |
| Day-night Programs | 936,711 | 825,259 |
| In-home and On-site | 425,258 | 422,143 |
| Inpatient | 5,776,362 | 6,016,186 |
| Intervention | 483,565 | 511,175 |
| Medical Services | 5,308,467 | 4,897,531 |
| Outpatient Treatment | 3,205,634 | 3,372,705 |
| Prevention | 216,040 | 234,015 |
| Room and Board with Supervision Level 1 | 1,473,755 | 1,504,713 |
| Room and Board with Supervision Level 2 | 3,801,940 | 3,729,132 |
| Room and Board with Supervision Level 4 | 143,865 | 190,507 |
| Substance Abuse Detox | 598,715 | 484,805 |
| CFR ARF | 1,140,100 | 1,068,736 |
| Supported Housing | 268,525 | 268,294 |
| Community Housing | 266,435 | 239,649 |
| TASC | 423,146 | 442,982 |
| ACT Team | 2,250,281 | 1,999,845 |
| Lake Academy | 3,733,071 | 3,662,969 |
| Child Welfare | 4,952,167 | 4,655,646 |
| Integrated Primary Care | 3,889,255 | 2,561,387 |
| Forensic Diversion | 994,525 | 901,065 |
| Lake Region Homes, Inc. | 111,481 | 82,858 |
| Anthony House, Inc. | 19,524 | 19,548 |
| Total Direct Program Services | <u>45,710,243</u> | <u>42,786,808</u> |
| Support Services: | | |
| Administrative and General | 2,447,048 | 2,962,598 |
| Other Support Services | 2,115,004 | 2,150,294 |
| Total Support Services | <u>4,562,052</u> | <u>5,112,892</u> |
| Fund Raising: | | |
| LifeStream Foundation, Inc. Events and Awards | 137,657 | 105,293 |
| Total Expenses | <u>50,409,952</u> | <u>48,004,993</u> |
| Changes in Unrestricted Net Assets | <u>\$ 1,478,992</u> | <u>\$ 2,252,653</u> |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Unrestricted Net Assets, Beginning of Year | \$ 24,949,455 | \$ 22,281,913 |
| Change in Unrestricted Net Assets | 1,478,992 | 2,252,653 |
| Other | | |
| Change in Fair Value of Interest Rate Swap Liability | <u>276,008</u> | <u>414,889</u> |
| Unrestricted Net Assets, End of Year | <u>\$ 26,704,455</u> | <u>\$ 24,949,455</u> |
| Temporary Restricted Net Assets | | |
| Beginning of Year | \$ 259,944 | \$ 293,947 |
| Contributions | 123,939 | 60,080 |
| Net Assets Released from Restriction | <u>(96,731)</u> | <u>(94,083)</u> |
| Temporary Restricted Net Assets, End of Year | <u>\$ 287,152</u> | <u>\$ 259,944</u> |
| Permanently Restricted Net Assets | | |
| Beginning of Year | <u>\$ 210,070</u> | <u>\$ 210,070</u> |
| Permanently Restricted Net Assets, End of Year | <u>\$ 210,070</u> | <u>\$ 210,070</u> |
| Total Increase in Net Assets | <u>\$ 1,782,208</u> | <u>\$ 2,633,539</u> |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 1,782,208 | \$ 2,633,539 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 1,318,110 | 1,322,383 |
| (Gain) Loss on Sale of Fixed Assets | 0 | 127,690 |
| Provisions for Bad Debt | 443,913 | 925,646 |
| Forgiveness of Deferred Payment Loan | (14,000) | (12,000) |
| Change in Value of Interest Rate Swap | (276,008) | (414,890) |
| Change in: | | |
| Accounts Receivable from Patients | (458,949) | (644,299) |
| Public Support Receivables | (179,102) | (424,052) |
| Notes Receivable | 150,056 | 127,549 |
| Prepaid Expenses and Other Current Assets | (231,898) | (991,356) |
| Accounts Payable | (720,038) | 31,060 |
| Accrued Salaries and Other Current Liabilities | (299,461) | (94,092) |
| Unearned Revenue | 680,820 | 36,087 |
| Net Cash Provided by (Used in) Operating Activities | 2,195,651 | 2,623,265 |
| Cash Flows from Investing Activities | | |
| Purchase of Property and Equipment | (2,111,295) | (551,901) |
| Proceeds from Sale of Property and Equipment | 0 | 132,814 |
| Purchases of Investments | 0 | (11,286) |
| Proceeds from Investments | 112,583 | 0 |
| Net Cash Provided by (Used in) Investing Activities | (1,998,712) | (430,373) |
| Cash Flows from Financing Activities | | |
| Repayment of Debt | (642,750) | (1,291,114) |
| Net Cash Provided by (Used in) Financing Activities | (642,750) | (1,291,114) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (445,811) | 901,778 |
| Cash and Cash Equivalents, Beginning of Year | 8,370,421 | 7,468,643 |
| Cash and Cash Equivalents, End of Year | \$ 7,924,610 | \$ 8,370,421 |
| <u>Shown in the Financial Statements as</u> | | |
| Cash and Cash Equivalents | \$ 7,852,784 | \$ 8,303,329 |
| Restricted Cash | 71,826 | 67,092 |
| Total | \$ 7,924,610 | \$ 8,370,421 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash Paid During the Year for Interest | \$ 344,138 | \$ 388,493 |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

A. Reporting Entity and Related Organizations

Organization and Purpose—Lake/Sumter Community Mental Health Center, Inc. was formed to provide comprehensive alcohol, drug abuse, and mental health services to the residents of Lake and Sumter Counties in 1971. Effective November 1, 1993, the name was changed to LifeStream Behavioral Center, Inc. (LifeStream). LifeStream provides acute inpatient psychiatric and substance abuse disorder care in its hospital facilities and a comprehensive array of residential, case management, psychiatric and therapy services, exceptional education schooling, and homeless services throughout Lake, Sumter, and Orange Counties. LifeStream is a not-for-profit corporation licensed in the State of Florida and is accredited by the Commission on Accreditation of Rehabilitation Facilities.

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of three related entities: Lake Region Homes, Inc. (LRH), LifeStream Behavioral Center Foundation, Inc. (the Foundation), and Anthony House, Inc. The consolidated entity is referred to as the Center through the financial statements.

LRH, a nonprofit corporation, was established for the purpose of constructing and operating a living facility used exclusively for clients of LifeStream. The facility was constructed from the proceeds of a Department of Housing and Urban Development (HUD) Section 202 mortgage and is subsidized from HUD Section 8 housing allowances.

The Foundation was established in 1989. The Foundation is a not-for-profit corporation and was formed for the purpose of providing additional funds for LifeStream's facilities and services. Certain members of the Board of Directors (the Board) of LifeStream also serve on the Board of the Foundation.

Anthony House, Inc. is a not-for-profit corporation and was formed for the purpose of providing shelter and rehabilitative services for the homeless. Anthony House, Inc. was acquired by LifeStream on June 9, 2010.

B. Summary of Significant Accounting Policies

Basis of Accounting—These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements present the financial position, activities, changes in net assets, and cash flows of LifeStream, the Foundation, LRH, and Anthony House, Inc. Significant inter-organizational transactions and balances between the entities have been eliminated.

The costs related to the administration of the Center's programs are summarized in the consolidated statements of activities. Personnel and operating expenses that are associated with a specific program are charged directly to that program. Personnel and operating expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses represent indirect costs of administrating these programs.

Financial Statement Presentation—The Center presents its financial statements under *Accounting Standards Codification* (ASC) 958-205. The Center is required to report information regarding its financial position and activities according to three classes of net assets as follows:

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

B. Summary of Significant Accounting Policies *(Continued)*

Financial Statement Presentation *(Continued)*

- *Unrestricted Net Assets*—Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board or may otherwise be limited by contractual agreements with outside parties.
- *Temporarily Restricted Net Asset*—Net assets whose use by the Center is subject to donor imposed stipulations that can be fulfilled by actions of the Center pursuant to those stipulations or that expire by the passage of time.
- *Permanently Restricted Net Assets*—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the investment return on these assets. Such assets consist of the Anthony House's restricted land. The Center has no endowments funds.

Revenues are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in unrestricted net assets. Satisfactions of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted assets are reported as reclassifications. Temporarily restricted revenue received and expended during the same fiscal year is recorded as unrestricted revenue and expense in the statement of activities.

Use of Estimates—The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—LifeStream considers cash and cash equivalents to include cash deposits, certificates of deposits, and money market accounts, which are treated as cash equivalents in the statement of cash flows.

Investments—The Center uses a fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels in the fair value hierarchy are:

- **Level 1**—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets, or liabilities.
- **Level 2**—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full-term of the assets or liabilities.
- **Level 3**—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

B. Summary of Significant Accounting Policies *(Continued)*

Financial Statement Presentation *(Continued)*

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Inventories—Inventories of supplies are stated at the lower of cost or market determined by the first-in, first-out method.

Restricted Deposits—Under regulatory agreement, LRH is required to set aside amounts for the replacement of property and other LRH expenditures approved by HUD. HUD-restricted deposits, which were \$49,159 and \$44,625 at June 30, 2018 and 2017, respectively, are held in separate accounts and generally are not available for operating purposes. The Center and LRH also hold restricted security deposits of \$22,667 and \$22,467 at June 30, 2018 and 2017, respectively.

Intangible Assets—Intangible assets consist of costs associated with obtaining certificates of need and are being amortized by the straight-line method over the terms of either 10 to 40 years or the related notes payable.

Property and Equipment—Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures, which equal or exceed \$1,000 that materially increase values, change capacities, or extend useful lives, are capitalized, as are interest costs during the period of construction for such expenditures.

Interest Rate Swap—The Center has adopted ASC 815, *Derivatives and Hedging*. This codification establishes accounting and reporting standards requiring that derivative instruments be recorded at fair value and included in the consolidated statement of financial position as assets or liabilities. The Center uses interest rate swaps to manage risks related to interest rate movements. Interest rate swap contracts are reported at fair value.

Public Support—Public support revenue from government grants is recorded based upon the terms of the grantor allotment, which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Center will be required to refund any deficiencies. Management is of the opinion that all monies recognized as public support have been earned as of June 30, 2018 and 2017. These amounts are reflected as unrestricted as the amounts are received and expended in the same year.

Accounts Receivable—Accounts receivable from patients are reduced by contractual allowances and an allowance for uncollectable accounts. In evaluating the collectability of accounts receivable, the Center analyzes historical trends for each of its major payer sources. For accounts receivable associated with services provided to patients who have third-party coverage, the Center analyzes the collectability of the related contractually due amounts as well as analyzes the collectability of co-pays and deductibles due from the specific patients receiving those services. For accounts receivable associated with self-pay patients, LifeStream records significant provisions for bad debts in the period in which the service is performed on both the basis of historical trends as well as specific patient related collectability information. Management regularly reviews data about all payer sources of revenues to estimate the appropriate allowance for doubtful accounts and the provision of bad debts.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

B. Summary of Significant Accounting Policies *(Continued)*

Financial Statement Presentation *(Continued)*

Annually, the Center reviews its gross charge master and any resulting changes are approved by the Board. Differences between gross charges and contractual rates, as well as the differences between gross charges and negotiated rates, are written off at the time of service. Differences between contractual or negotiated accounts receivable along with co-pay, deductible, and self-pay accounts receivable are further written off at the time of service to the estimated amounts collectable as charges against the allowable for uncollectable accounts. Further collectability related adjustments to accounts receivable are also charged against the allowable for uncollectable accounts for bad debts resulting after all reasonable collection efforts have been exhausted.

Net Patient Service Revenue—Net patient service revenue is reported at the net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Patient service revenue for private pay services is recorded on a sliding fee scale. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care—Under the charity care policy, which is based upon federal poverty guidelines, the Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. Unreimbursed charity care provided is excluded from gross patient service revenue. Such unreimbursed charges amounted to \$4,554,832 (current year amounts include PCU inpatient care) and \$3,883,007 for the years ended June 30, 2018 and 2017, respectively.

Annually, the Center also updates its sliding fee scale in coordination with the annual publication of the Federal Poverty Guidelines and the requirements of Chapter 65e-14, *Florida Administrative Code*. The resulting sliding fee discounts in co-pays for qualifying patients are recorded at the time of service.

In-kind Contributions—Revenues from in-kind contributions (primarily donated facilities and donated prescription drugs) are recognized as received based on the fair market value of the contribution. The fair market value of donated facilities was \$51,920 for the years ended June 30, 2018 and 2017. The fair market value of donated prescription drugs was \$5,730,643 and \$4,718,683 for the years ended June 30, 2018 and 2017, respectively.

Income Taxes—LifeStream, the Foundation, LRH, and Anthony House, Inc. were organized as not-for-profit organizations described under Section 501(c)(3) of the Internal Revenue Code and are exempt from Federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Advertising Costs—Advertising costs are expensed when incurred. Advertising expense was \$14,070 and \$14,417 for the years ended June 30, 2018 and 2017, respectively.

Reclassifications—Certain consolidated financial statements and note information from the prior year consolidated financial statements have been reclassified to conform with current year presentation format.

Subsequent Events—The Center has evaluated subsequent events through December 6, 2018, the date the financial statements were available to be issued. No subsequent events occurred that resulted in adjustments to the financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

B. Summary of Significant Accounting Policies (Concluded)

Financial Statement Presentation (Concluded)

New Accounting Pronouncements—Accounting Standards Update (ASU) No. 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) was issued in a prior year. The main provisions of ASU 2016-14, which amend the requirements for financial statements and notes in Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, require a not-for-profit entity to change the reporting of net asset classes, expense, and liquidity in their financial statements. This ASU is effective for annual periods in fiscal years beginning after December 15, 2017, although early adoption is permitted. LifeStream has not adopted ASU 2016-14 in the current year. Management is currently evaluating the future impact of the ASU on the LifeStream’s financial statements.

C. Property and Equipment

Property and equipment consist of the following:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|----------------------|----------------------|
| Construction in Process | \$ 217,354 | \$ 0 |
| Land and Improvements | 1,761,260 | 1,662,691 |
| Building and Improvements | 27,450,020 | 26,612,090 |
| Furniture and Equipment | <u>8,832,455</u> | <u>8,072,642</u> |
| | 38,261,089 | 36,347,423 |
| (Less Accumulated Depreciation) | <u>(18,274,430)</u> | <u>(17,174,348)</u> |
| Net Property and Equipment | <u>\$ 19,986,659</u> | <u>\$ 19,173,075</u> |

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense was \$1,297,714 and \$1,301,914 for the years ended June 30, 2018 and 2017, respectively. Estimated useful lives of property and equipment range as follows:

| | |
|---------------------------|--------------|
| Building and Improvements | 3 - 40 years |
| Furniture and Equipment | 3 - 20 years |

Certain fixed assets of the Center were purchased with federal, state, and local government support. As a result, if such assets are disposed, the granting agency that participated in the funding of the purchase has a contractual right to participate in the proceeds from the disposition. The historical cost and net book value of all such assets are recorded at June 30, 2018, as \$3,293,807 and \$2,221,063, respectively. The historical cost and net book value of all such assets are recorded at June 30, 2017, as \$3,293,807 and \$2,334,879, respectively.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

D. Investments and Fair Value

At June 30, 2018 and 2017, the fair value of financial instruments consisted of the following:

| Fair Market Value | 2018 | | | |
|---------------------------------|---------------------|-------------------|----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 28,855 | \$ 0 | \$ 0 | \$ 28,855 |
| Corporate Bonds | 928,502 | 0 | 0 | 928,502 |
| Common Stock - Public (level 1) | 1,100,532 | 0 | 0 | 1,100,532 |
| Foreign Bonds | 19,422 | 0 | 0 | 19,422 |
| Foreign Equities | 38,538 | 0 | 0 | 38,538 |
| Total | \$ 2,115,849 | \$ 0 | \$ 0 | \$ 2,115,849 |
| Interest Rate Swaps | 0 | 447,763 | 0 | 447,763 |
| Total | \$ 0 | \$ 447,763 | \$ 0 | \$ 447,763 |
| | | | | |
| Fair Market Value | 2017 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 29,544 | \$ 0 | \$ 0 | \$ 29,544 |
| Corporate Bonds | 1,059,776 | 0 | 0 | 1,059,776 |
| Common Stock - Public (level 1) | 1,142,984 | 0 | 0 | 1,142,984 |
| Foreign Bonds | 0 | 0 | 0 | 0 |
| Foreign Equities | 46,128 | 0 | 0 | 46,128 |
| Total | \$ 2,278,432 | \$ 0 | \$ 0 | \$ 2,278,432 |
| Interest Rate Swaps | \$ 0 | \$ 723,770 | \$ 0 | \$ 723,770 |
| Total | \$ 0 | \$ 723,770 | \$ 0 | \$ 723,770 |

Additionally, for fiscal years 2018 and 2017, \$420,237 and \$344,237 of investments, cost, and equity, are accounted for using the equity and cost method and are further discussed in Note U.

Investment return consisted of the following:

| | 2018 | 2017 |
|---------------------------|-------------------|-------------------|
| Interest and Dividends | \$ 37,377 | \$ 54,393 |
| Realized Gains/(Losses) | 89,878 | 51,636 |
| Unrealized Gains/(Losses) | 98,832 | 97,697 |
| Total | \$ 226,087 | \$ 203,726 |

E. Restricted Net Assets

Temporarily restricted net assets and permanently restricted net assets are available for the following purposes at June 30, 2018 and 2017:

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

E. Restricted Assets (Concluded)

| Temporarily Restricted Net Assets | 2018 | 2017 |
|--|-------------------|-------------------|
| Memoriams | \$ 15,793 | \$ 1,616 |
| Open Door | 61,827 | 92,060 |
| Capital Campaign | 15,733 | 0 |
| Suicide Prevention | 13,916 | 0 |
| Children's Services | 13,615 | 0 |
| Adult Mental Health | 42,310 | 42,310 |
| Child Mental Health | 41,930 | 41,930 |
| Adult Substance Abuse Disorder | 41,014 | 41,014 |
| Child Substance Abuse Disorder | 41,014 | 41,014 |
| Total | \$ 287,152 | \$ 259,944 |
| Permanently Restricted Net Assets | | |
| Anthony House - Land | \$ 210,070 | \$ 210,070 |

F. Accounts Receivable

Allowance for bad debts is estimated using the historical average of uncollectible accounts by program, subsequent cash collections, and prior knowledge and experience.

Accounts receivable consisted of the following:

| | 2018 | 2017 |
|-----------------------------|---------------------|---------------------|
| Patient Accounts Receivable | \$ 3,956,013 | \$ 4,412,684 |
| Allowance for Bad Debt | (443,913) | (930,200) |
| Net | \$ 3,512,100 | \$ 3,482,484 |

G. Notes Receivable

The Center held a note receivable from Project Health, Inc. secured by membership interest in Integral Health Plan, Inc., due in monthly installments of no less than \$12,000 plus interest at 12% through June 30, 2017.

Principal payments on notes receivable were due as follows:

Year ended June 30, 2018 \$ 6,800

H. Long-term Debt

Long-term debt consists of the following:

| | 2018 | 2017 |
|---|-------------|-------------|
| Mortgage Note Payable, Collateralized by Hospital and Administrative Buildings and Equipment, Payable in Varying Monthly Installments, Including Interest at 63.7% of 30-day LIBOR Plus 1.335%, through December 2018 | \$ 129,292 | \$ 355,848 |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

H. Long-term Debt (Concluded)

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Mortgage Note Payable to HUD, Collateralized by Property and Equipment with a Net Book Value of Approximately \$210,653, Payable in Monthly Installments of \$2,824, Including Interest at a Fixed Rate of 9.25%, through May 2030 | \$ 244,192 | \$ 254,948 |
| Mortgage Note Payable, Collateralized by Buildings, Payable in Varying Monthly Installments, Including Interest at 30-Day LIBOR Plus 1.85% through August 2028. Loan Related Costs were \$16,761 and 17,872 | 1,053,857 | 1,132,216 |
| Mortgage Note Payable, Collateralized by Hospital and Administrative Buildings and Equipment, Payable in Varying Monthly Installments, Including Interest at 63.7% of 30-Day LIBOR Plus 1.355%, through July 2028. Loan Related Costs were \$113,999 and 130,154 | 4,369,800 | 4,696,879 |
| Total Long-term Debt | 5,797,141 | 6,439,891 |
| (Less Loan Costs) | (130,760) | (148,026) |
| (Less Current Portion) | (566,824) | (642,750) |
| Long-term Portion | \$ 5,099,557 | \$ 5,649,115 |

Scheduled maturities on long-term debt is as follows:

| | | |
|--------------|-----------|------------------|
| 2019 | \$ | 566,824 |
| 2020 | | 459,475 |
| 2021 | | 483,600 |
| 2022 | | 508,476 |
| 2023 | | 534,660 |
| Thereafter | | 3,244,106 |
| Total | \$ | 5,797,141 |

Interest expense for the years ended June 30, 2018 and 2017, was \$308,845 and \$371,251, respectively.

Debt Covenants—The loan agreements relating to the variable rate and 6.25% mortgages payable to a bank contain various restrictive covenants related to maintenance of minimum tangible net worth, incurring additional debt, fixed charge ratios, and filing of required documents with the bank.

I. Interest Rate Swap Agreement

The Center used variable-rate debt to finance the construction of the hospital. The debt obligations expose the Center to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuation in cash flows resulting from interest rate risk. These swaps changed the variable rate cash flows exposure on the debt obligations to fixed-cash flows. Under the terms of the interest rate swaps, the Center receives variable interest rate payments and makes fixed interest payments, thereby creating the equivalent of fixed-rate debt.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

I. Interest Rate Swap Agreement (Concluded)

By using a derivative financial instrument to hedge its exposure to changes in interest rates, the Center exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Center, which creates credit risk for the Center. When the fair value of a derivative contract is negative, the Center owes the counterparty and, therefore, it does not possess credit risk. The Center minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

On August 20, 2007, the Center entered into a \$7,000,000 U.S. Dollar Rate Swap Transaction with an effective date of January 1, 2008, and a termination date of July 1, 2028. The swap was executed with the purpose of fixing the rate on the bonds issued by the City of Tavares, Florida. Under the terms of the agreement, the Center pays a fixed rate of 4.84% to Bank of America on a monthly basis and, in return, Bank of America pays the Center 63.7% of the monthly LIBOR rate plus 1.15%. At June 30, 2018 and 2017, the swap contract had a notional amount of \$4,368,801 and \$4,696,879, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2018 and 2017, was \$219,177 and \$315,813, respectively.

On December 29, 2003, the Center entered into a \$2,600,000 U.S. Dollar Rate Swap Transaction with an effective date of December 29, 2003, and a termination date of December 29, 2018. Under the terms of the agreement, the Center pays a fixed rate of 3.185% to Bank of America on a monthly basis and, in return, Bank of America pays the Center 63.7% of the monthly LIBOR rate plus 1.335%. At June 30, 2018 and 2017, the swap contract had a notional amount of \$115,766 and \$342,323, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2018 and 2017, was \$5,760 and \$14,662, respectively.

On July 17, 2013, the Center entered into a \$1,400,000 U.S. Dollar Rate Swap Transaction with an effective date of July 24, 2013, and a termination date of August 5, 2028. Under the terms of the agreement, the Center pays a fixed rate of 4.86% to Branch Banking and Trust Co. (BB&T) on a monthly basis and, in return, BB&T pays the Center the monthly LIBOR rate plus 1.85%. At June 30, 2018 and 2017, the swap contract had a notional amount of \$1,053,857 and \$1,132,216, respectively. The difference between interest earned and the interest obligation accrued is received or paid the fifth day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2018 and 2017, was \$51,071 and 84,396, respectively.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

J. Deferred Payment Loan

In December 2001, the Center entered into an agreement with the Sumter County Board of County Commissioners (the County) under the County's Sumter County State Housing Initiative Partnership (SHIP) Program. Under the SHIP Program, the Center received \$200,000 through a deferred payment loan. This loan has no required principal payments and does not accrue interest, as long as the Center continues to comply with the conditions set by the County, which primarily state that the property purchased with the loan continues to be used in accordance with the SHIP Program requirements. In addition, the principal of the loan will be forgiven at the rate of 7% each year beginning in 2004, provided the aforementioned conditions continue to be met. At June 30, 2018, in compliance with program requirements, the Center reduced outstanding principal by \$14,000, which reduces the deferred payment loan to an outstanding balance of \$0.

K. Net Patient Service Revenue

Revenue and Deductions—Gross patient service revenue is recorded on the accrual basis in the period in which services are provided, at the Center's established rates, except for patient service revenue for private pay patients, which is recorded on a sliding fee scale. Contractual adjustments are recorded as deductions from gross patient service revenue to determine net patient service revenue. Net patient service revenue for the years ended June 30, 2018 and 2017, consist of the following:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|----------------------|----------------------|
| Gross Patient Service Revenue | \$ 62,899,554 | \$ 60,856,151 |
| (Less Provisions for Contractual) | (48,274,315) | (45,374,303) |
| Net Patient Service Revenue | <u>\$ 14,625,239</u> | <u>\$ 15,481,848</u> |

The Center contracts with the Department of Children and Families (DCF) for the provision of mental health and substance use disorder services for children and adults on an availability basis and on a per unit basis, as defined in the contract. The gross patient service revenue for patients who receive program benefits under this DCF grant is reflected as gross revenue with corresponding deductions/write-offs necessary to adjust this amount to net realizable value.

Medicare and Medicaid—The Medicare program pays the Center for inpatient services on the "Prospective Payment System" subject to certain limitations. The Medicare and Medicaid programs reimburse the Center on a per visit basis for outpatient and certain inpatient services. Medicare and Medicaid patient service revenue as a percentage of gross patient service revenue approximates 16% and 20% for the years ended June 30, 2018 and 2017, respectively.

Final determination of amounts earned pursuant to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. Cost reports through the year ended June 30, 2017, have been audited and final settlement has been determined. The cost reports for the year ended 2018 have not been audited. The provisions for cost report settlements for 2018 are based on management's estimates of allowable costs and fee schedules. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

L. Retirement Plan

The Center sponsors a defined contribution retirement plan (the Plan) covering substantially all employees, which is based on attainment of age 21 and the completion of one year of service. The Center's contribution to the Plan is at the Board's sole discretion and was approximately \$887,586 and \$802,456 for the years ended June 30, 2018 and 2017, respectively.

M. Compensated Absences

Each permanent full time employee earns paid time off for vacation, sickness, and holidays based on tenure. Employees may accumulate up to 160 hours of paid time off. Eligible employees who end their employment with the Center are reimbursed for each day of accumulated leave.

N. Related-party Balances and Transactions

The Center purchased supplies from a vendor with a relationship to a Board member. The transactions were consummated at arm's length. The Center purchased \$186,143 and \$202,930 worth of supplies and furniture for fiscal years ended 2018 and 2017, respectively, and as of year-end owed \$9,169 and \$14,140 to the vendor for fiscal years ended 2018 and 2017, respectively.

The Center leases property to/from a vendor with a relationship to a Board Member. The transactions were consummated at arm's length. The Center paid rent of \$11,165 and received rent of \$33,259.

The Center purchased a certificate of deposit from a bank with a relationship to a Board member. The transaction was consummated at arm's length. The value of the certificate of deposit is \$250,000.

O. Commitments and Contingencies

Litigation—Management is aware of litigation claims or actions pending against the Center arising out of the ordinary course of business. However, these claims are within the professional liability policy limits. Therefore, no accrual for possible losses attributable to these incidents has been made.

P. Concentrations of Credit Risk

The Center grants credit without collateral to its patients. Most are local residents and are insured under third-party payer agreements. The Center has not experienced significant losses related to receivables from individual payers or groups of payers. Due to these factors, management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Center's patient accounts receivable.

The Center maintains cash balances with various financial institutions. Demand deposit and money market accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, the Center's uninsured cash balances totaled \$6,662,894.

Q. Leases

The Center leases outpatient facilities and parking space under operating leases. Rental expense for the years ended June 30, 2018 and 2017, was \$215,760 and \$251,161, respectively. Future minimum lease payments under these leases are provided below:

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

Q. Leases (Concluded)

Schedule of Minimum Lease Payments
Years Ended June 30

| 2019 | \$ 230,896 |
|------|------------|
| 2020 | 82,288 |
| 2021 | 48,548 |
| 2022 | 11,165 |
| 2023 | 11,165 |

R. Summary Information Relating to Financially Interrelated Entities

Summary financial information of Lake Region Homes, Inc., the Foundation, and Anthony House, Inc., which has been included in these consolidated financial statements, is shown below. Inter-entity transactions have not been eliminated from this summary data.

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Lake Region Homes, Inc. | | |
| Total Assets | \$ 113,133 | \$ 130,294 |
| Total Liabilities | 762,329 | 781,547 |
| Unrestricted Net Assets (Deficit) | (649,196) | (651,253) |
| Total Liabilities and Net Assets | 113,133 | 130,294 |
| Total Revenue | 100,737 | 112,896 |
| Total Expenses | (98,679) | (95,100) |
| Changes in Net Assets | \$ 2,058 | \$ 17,796 |

| | 2018 | 2017 |
|---|-------------|-------------|
| LifeStream Behavioral Center Foundation, Inc. | | |
| Total Assets | \$ 471,773 | \$ 449,216 |
| Unrestricted Net Assets (Deficit) | 211,831 | 189,274 |
| Temporarily Restricted Net Assets | 259,942 | 259,942 |
| Total Net Assets | 471,773 | 449,216 |
| Total Revenue | 256,945 | 254,672 |
| Total Expenses | (234,388) | (199,377) |
| Changes in Net Assets | \$ 22,557 | \$ 55,295 |

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Anthony House, Inc. | | |
| Total Assets | \$ 307,523 | \$ 326,722 |
| Total Liabilities | 27,614 | 27,614 |
| Unrestricted Net Assets | 69,839 | 89,038 |
| Permanently Restricted Net Assets | 210,070 | 210,070 |
| Total Liabilities and Net Assets | 307,523 | 326,722 |
| Total Revenue | 325 | 750 |
| Total Expenses | (19,524) | (19,548) |
| Changes in Net Assets | \$ (19,199) | \$ (18,798) |

S. Dependency on Government Support

The Center receives a substantial amount of support from federal, state, and local government agencies. A reduction in the level of future federal, state, or local support could have a substantial effect on the Center's programs and activities.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Continued)

T. Contingencies

LifeStream entered into a capitated contract with Beacon Health Strategies, LLC (BHS) effective January 1, 2015, to provide treatment for mental health and substance use disorder. The contract is for a three-year period with an automatic two-year extension unless terminated with a ninety-day notice. The contract includes various provisions, including a minimum maintenance of effort level, which if not met, requires remedial actions to take place.

Under the terms of the contract, patients that are covered by mental health and substance use disorders under a health plan are considered members covered under the contract. If a patient is deemed not covered under the contract, then prior authorization from BHS is required to qualify under the contract, unless it is for emergency services. The contract states that LifeStream shall have the ability to obtain authorization twenty-four hours a day, seven days a week, for each day of the calendar year. Under the contract, BHS is not liable for payment of services for those who have not received authorization, unless it is for emergency services.

The contract ended December 2017, and changed to a pay-as-you-go basis effective January 1, 2018.

U. Equity Investment

The Corporation, along with other similar not-for-profit organizations, purchased 15 shares of stock in Florida Premier Health Plan, Inc. (FPHP). FPHP was formed as a for-profit corporation by the Florida Council for Community Mental Health, Inc. to organize a provider service network.

The Corporation, along with other similar not-for-profit organizations, invested in Community Foundation of South Lake (CFSL). CFSL was formed as a non-profit to support community business involvement.

The Corporation, along with other similar not-for-profit organizations, invested in Progress Health System (PHS). PHS was formed as a non-profit for the purpose of enhancing the level and quality of services to clients (see note below for additional information).

Additionally, the Corporation invested in 150 Class C stock shares and 3 Class D stock shares in Mental Health Risk Retention Group, Inc. (MHRRG). MHRRG was formed as a for-profit organization by the Mental Health Corporations of America and National Council for Behavioral Health to create alternative liability insurance options for community behavioral health organizations.

V. Affiliation with Other Organizations

On January 1, 2015, LifeStream entered into an affiliation agreement with Meridian Behavioral Healthcare, Inc. Each entity is a Florida nonprofit corporation, which together with their respective subsidiaries and affiliates, will be referred to as Progress Health System. The Board of Progress Health System consists of an equal number of representatives from each of the affiliate corporations' Boards. The affiliation was organized for the purpose of enhancing the level and quality of services to clients in their respective communities in a cost-effective manner through the sharing of certain administrative functions while also providing a platform for providing a broader range of services on a regional basis.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(Concluded)

W. Subsequent Events

In September 2018, LSBC completed a refinancing with BB&T of the Bank of America bonds for \$4,296,080, issuance of additional debt for \$5,703,920 to build a new unit in South Lake and pay issuance costs. Bank of America agreed to “orphan” the SWAP related to the refunded debt. As of the time of refunding, the value of the SWAP was \$393,662.

Effective October 1, 2018, LSBC opted out of self-insurance and converted to a fully insured plan. In addition the Center has IBNR claims reserve for any claims incurred during the run out period.

Lifestream Behavioral Center, Inc.
FEI: 59-1561501
Form 990, Part IV, Line 20b Attachment
FYE: 6/30/18

SUPPLEMENTARY INFORMATION

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018

| | ASSESSMENT | CASE MANAGEMENT | CRISIS STABILIZATION |
|------------------------------------|------------------|--------------------|-------------------------|
| I. NET PATIENT REVENUE | \$ 43,796 | \$ 1,378,046 | \$ 2,224,713 |
| II. OTHER REVENUE | | | |
| Federal & State Grant Revenue | 0 | 480,900 | 1,133,296 |
| Local Grant Revenue | 0 | 25,000 | 192,377 |
| Other Revenue | 0 | 0 | 3,630 |
| TOTAL OTHER REVENUE | <u>0</u> | <u>505,900</u> | <u>1,329,303</u> |
| TOTAL REVENUE | <u>43,796</u> | <u>1,883,946</u> | <u>3,554,016</u> |
| III. PERSONNEL SERVICES | | | |
| Salaries | 0 | 1,042,871 | 823,908 |
| Fringe | 0 | 295,079 | 202,467 |
| TOTAL PERSONNEL SERVICES | <u>0</u> | <u>1,337,950</u> | <u>1,026,375</u> |
| OTHER EXPENSES | | | |
| Building Occupancy | 0 | 28,748 | 166,771 |
| Professional Services | 22,824 | 184,767 | 75,435 |
| Travel | 0 | 88,469 | 5,771 |
| Equipment Costs | 0 | 3,329 | 4,243 |
| Food Services | 0 | 98 | 117,830 |
| Medical & Pharmacy | 0 | 627 | 122,237 |
| Subcontracted Services | 0 | 0 | 895,740 |
| Insurance | 356 | 40,707 | 44,204 |
| Interest | 0 | 4,961 | 22,408 |
| Operating Supplies & Expense | 30 | 41,525 | 42,194 |
| Depreciation and Amortization | 0 | 29,897 | 55,991 |
| Donated Items | 0 | 0 | 0 |
| Foundation Events and Awards | 0 | 0 | 0 |
| TOTAL OTHER EXPENSES | <u>23,210</u> | <u>423,128</u> | <u>1,552,824</u> |
| TOTAL DIRECT EXPENSES | <u>23,210</u> | <u>1,761,078</u> | <u>2,579,199</u> |
| INDIRECT EXPENSES | | | |
| Administrative Overhead | 2,114 | 164,705 | 540,508 |
| TOTAL INDIRECT EXPENSES | <u>2,114</u> | <u>164,705</u> | <u>540,508</u> |
| TOTAL EXPENSES | 25,324 | 1,925,783 | 3,119,707 |
| NET OPERATING INCOME (LOSS) | <u>18,472</u> | <u>(41,837)</u> | <u>434,309</u> |
| NON-OPERATING REVENUE | <u>0</u> | <u>0</u> | <u>0</u> |
| NET INCOME (LOSS) | <u>\$ 18,472</u> | <u>\$ (41,837)</u> | <u>\$ 434,309</u> |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018
(Continued)

| EMERGENCY SERVICES | DAY - NIGHT | IN-HOME & ON-SITE | INPATIENT | INTERVENTION | MEDICAL SERVICES |
|-----------------------|-------------|----------------------|--------------|--------------|---------------------|
| \$ 14,588 | \$ 869,632 | \$ 257,504 | \$ 4,641,008 | \$ 337 | \$ 1,334,345 |
| 1,393,283 | 103,189 | 14,239 | 1,123,634 | 471,994 | 584,939 |
| 0 | 105,979 | 71,250 | 1,148,386 | 6,260 | 354,494 |
| 0 | 107,104 | 0 | 920,907 | 0 | 2,730,640 |
| 1,393,283 | 316,272 | 85,489 | 3,192,927 | 478,254 | 3,670,073 |
| 1,407,871 | 1,185,904 | 342,993 | 7,833,935 | 478,591 | 5,004,418 |
| 637,373 | 408,911 | 225,455 | 1,392,496 | 291,882 | 1,735,998 |
| 148,612 | 119,982 | 53,277 | 363,530 | 83,191 | 237,748 |
| 785,985 | 528,893 | 278,732 | 1,756,026 | 375,073 | 1,973,746 |
| 41,156 | 86,997 | 32,283 | 308,519 | 11,588 | 49,695 |
| 20,210 | 45,902 | 23,973 | 181,104 | 18,198 | 520,454 |
| 1,290 | 3,626 | 9,352 | 15 | 28,833 | 9,681 |
| 1,535 | 5,543 | 825 | 6,015 | 3,077 | 1,335 |
| 14,933 | 77,793 | 198 | 230,770 | 154 | 0 |
| 879 | 230 | 218 | 1,102,251 | 2,518 | 2,565,328 |
| 0 | 0 | 0 | 1,785,442 | 0 | 0 |
| 22,084 | 27,631 | 17,702 | 81,090 | 14,052 | 30,943 |
| 3,413 | 11,286 | 2,214 | 35,982 | 2,075 | 7,042 |
| 16,729 | 81,476 | 10,575 | 191,926 | 16,952 | 109,434 |
| 19,720 | 67,334 | 49,186 | 97,222 | 11,045 | 40,809 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 141,949 | 407,818 | 146,526 | 4,020,336 | 108,492 | 3,334,721 |
| 927,934 | 936,711 | 425,258 | 5,776,362 | 483,565 | 5,308,467 |
| 175,305 | 87,838 | 58,560 | 1,209,052 | 37,099 | 427,755 |
| 175,305 | 87,838 | 58,560 | 1,209,052 | 37,099 | 427,755 |
| 1,103,239 | 1,024,549 | 483,818 | 6,985,414 | 520,664 | 5,736,222 |
| 304,632 | 161,355 | (140,825) | 848,521 | (42,073) | (731,804) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| \$ 304,632 | \$ 161,355 | \$ (140,825) | \$ 848,521 | \$ (42,073) | \$ (731,804) |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018
(Continued)

| OUTPATIENT | PREVENTION | R&B w/ SPV LEVEL 1 | R&B w/ SPV LEVEL 2 | R&B w/ SPV LEVEL 4 | SUBSTANCE ABUSE DETOX |
|--------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| \$ 1,594,658 | \$ 0 | \$ 714 | \$ 944,454 | \$ 8,280 | \$ 265,793 |
| 498,353 | 159,892 | 1,622,235 | 2,550,230 | 165,992 | 356,397 |
| 858,425 | 0 | 0 | 534,960 | 15,000 | 0 |
| 22,695 | 0 | 0 | 282,784 | 15,106 | 210 |
| 1,379,473 | 159,892 | 1,622,235 | 3,367,974 | 196,098 | 356,607 |
| 2,974,131 | 159,892 | 1,622,949 | 4,312,428 | 204,378 | 622,400 |
| 1,919,306 | 118,165 | 912,036 | 1,721,854 | 52,674 | 169,887 |
| 452,405 | 31,162 | 214,799 | 494,097 | 19,595 | 44,345 |
| 2,371,711 | 149,327 | 1,126,835 | 2,215,951 | 72,269 | 214,232 |
| 133,743 | 10,995 | 70,709 | 329,903 | 14,899 | 57,736 |
| 239,650 | 6,591 | 47,848 | 71,930 | 18,387 | 20,381 |
| 64,700 | 8,795 | 1,884 | 15,319 | 1,639 | 0 |
| 12,012 | 42 | 3,458 | 26,298 | 961 | 663 |
| 925 | 7,468 | 86,344 | 498,092 | 14,226 | 22,186 |
| 17,724 | 33 | 4,494 | 28,056 | 66 | 27,766 |
| 0 | 0 | 0 | 1,043 | 0 | 214,732 |
| 84,692 | 6,265 | 31,006 | 109,101 | 4,659 | 10,355 |
| 23,970 | 2,528 | 10,317 | 53,270 | 1,323 | 3,714 |
| 162,443 | 8,680 | 30,029 | 173,756 | 9,419 | 17,814 |
| 94,064 | 15,316 | 60,831 | 246,709 | 6,017 | 9,136 |
| 0 | 0 | 0 | 32,512 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 833,923 | 66,713 | 346,920 | 1,585,989 | 71,596 | 384,483 |
| 3,205,634 | 216,040 | 1,473,755 | 3,801,940 | 143,865 | 598,715 |
| 271,499 | 15,195 | 102,316 | 304,660 | 12,006 | 126,871 |
| 271,499 | 15,195 | 102,316 | 304,660 | 12,006 | 126,871 |
| 3,477,133 | 231,235 | 1,576,071 | 4,106,600 | 155,871 | 725,586 |
| (503,002) | (71,343) | 46,878 | 205,828 | 48,507 | (103,186) |
| 0 | 0 | 0 | 8,848 | 0 | 0 |
| \$ (503,002) | \$ (71,343) | \$ 46,878 | \$ 214,676 | \$ 48,507 | \$ (103,186) |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018
(Continued)

| CRF ARF | SUPPORTED HOUSING | TASC | ACT TEAMS | TOTAL ADM PROGRAMS | PRIMARY CARE CLINICS |
|------------|----------------------|------------|--------------|-----------------------|-------------------------|
| \$ 377,313 | \$ 100,332 | \$ 28,800 | \$ 0 | \$ 14,084,313 | \$ 7,054 |
| 810,083 | 19,300 | 380,078 | 2,546,386 | 14,414,420 | 637,452 |
| 300,000 | 0 | 30,000 | 0 | 3,642,131 | 156,091 |
| 11,354 | 125,292 | 123,415 | 919 | 4,344,056 | 3,156,349 |
| 1,121,437 | 144,592 | 533,493 | 2,547,305 | 22,400,607 | 3,949,892 |
| 1,498,750 | 244,924 | 562,293 | 2,547,305 | 36,484,920 | 3,956,946 |
| 339,773 | 68,871 | 222,712 | 1,225,902 | 13,310,074 | 364,445 |
| 88,692 | 21,741 | 65,482 | 290,381 | 3,226,585 | 82,766 |
| 428,465 | 90,612 | 288,194 | 1,516,283 | 16,536,659 | 447,211 |
| 101,318 | 71,151 | 24,450 | 95,867 | 1,636,528 | 43,724 |
| 39,219 | 7,970 | 49,119 | 69,224 | 1,663,186 | 129,026 |
| 156 | 367 | 12,130 | 37,078 | 289,105 | 18,022 |
| 192 | 5,028 | 1,627 | 50,084 | 126,267 | 3,749 |
| 57,068 | 316 | 59 | 784 | 1,129,244 | 2,440 |
| 5,834 | 4 | 544 | 1,297 | 3,880,106 | 3,131,694 |
| 444,189 | 0 | 0 | 0 | 3,341,146 | 0 |
| 19,537 | 17,359 | 9,260 | 78,778 | 649,781 | 14,546 |
| 7,608 | 15,823 | 1,880 | 8,210 | 218,024 | 8,866 |
| 17,684 | 8,021 | 25,877 | 330,612 | 1,295,176 | 36,584 |
| 18,830 | 32,466 | 10,006 | 62,064 | 926,643 | 53,393 |
| 0 | 19,408 | 0 | 0 | 51,920 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 711,635 | 177,913 | 134,952 | 733,998 | 15,207,126 | 3,442,044 |
| 1,140,100 | 268,525 | 423,146 | 2,250,281 | 31,743,785 | 3,889,255 |
| 249,709 | 21,345 | 33,644 | 158,033 | 3,998,214 | 129,226 |
| 249,709 | 21,345 | 33,644 | 158,033 | 3,998,214 | 129,226 |
| 1,389,809 | 289,870 | 456,790 | 2,408,314 | 35,741,999 | 4,018,481 |
| 108,941 | (44,946) | 105,503 | 138,991 | 742,921 | (61,535) |
| 0 | 5,152 | 0 | 0 | 14,000 | 0 |
| \$ 108,941 | \$ (39,794) | \$ 105,503 | \$ 138,991 | \$ 756,921 | \$ (61,535) |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018
(Continued)

| ACADEMIC SERVICES | COMMUNITY HOUSING | CHILD WELFARE SVCS | JAIL DIVERSION SVCS | TOTAL NON-ADM PROGRAMS | TOTAL ADMIN AND SUPPORT |
|----------------------|----------------------|-----------------------|------------------------|------------------------------|----------------------------|
| \$ 320,266 | \$ 0 | \$ 3,588 | \$ 3 | \$ 330,911 | \$ 210,000 |
| 0 | 0 | 5,033,968 | 0 | 5,671,420 | 7,540 |
| 4,232,365 | 0 | 34,345 | 618,953 | 5,041,754 | (813) |
| 5,300 | 267,191 | 14,510 | 456,000 | 3,899,350 | (507,423) |
| 4,237,665 | 267,191 | 5,082,823 | 1,074,953 | 14,612,524 | (500,696) |
| 4,557,931 | 267,191 | 5,086,411 | 1,074,956 | 14,943,435 | (290,696) |
| 1,795,841 | 47,104 | 3,450,186 | 411,004 | 6,068,580 | 4,820,538 |
| 485,357 | 9,876 | 839,381 | 105,201 | 1,522,581 | 773,805 |
| 2,281,198 | 56,980 | 4,289,567 | 516,205 | 7,591,161 | 5,594,343 |
| 257,314 | 80,293 | 132,827 | 41,672 | 555,830 | (628,380) |
| 210,258 | 2,303 | 8,838 | 48,513 | 398,938 | (1,049,978) |
| 5,306 | 444 | 115,643 | 12,401 | 151,816 | 102,824 |
| 587,220 | 217 | 77,501 | 4,595 | 673,282 | 57,950 |
| 3,468 | 0 | 1,103 | 933 | 7,944 | (221,208) |
| 1,047 | 0 | 869 | 38,647 | 3,172,257 | 113,397 |
| 1,305 | 0 | 0 | 0 | 1,305 | (67,195) |
| 98,581 | 15,018 | 167,560 | 19,185 | 314,890 | 78,019 |
| 49,440 | 21,973 | 835 | 2,654 | 83,768 | 38,338 |
| 93,982 | 10,590 | 123,516 | 287,567 | 552,239 | 526,522 |
| 143,952 | 78,617 | 33,908 | 22,153 | 332,023 | 29,644 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,451,873 | 209,455 | 662,600 | 478,320 | 6,244,292 | (1,020,067) |
| 3,733,071 | 266,435 | 4,952,167 | 994,525 | 13,835,453 | 4,574,276 |
| 291,694 | 17,678 | 0 | 58,532 | 497,130 | (4,495,344) |
| 291,694 | 17,678 | 0 | 58,532 | 497,130 | (4,495,344) |
| 4,024,765 | 284,113 | 4,952,167 | 1,053,057 | 14,332,583 | 78,932 |
| 533,166 | (16,922) | 134,244 | 21,899 | 610,852 | (369,628) |
| 0 | 0 | 0 | 0 | 0 | 502,639 |
| \$ 533,166 | \$ (16,922) | \$ 134,244 | \$ 21,899 | \$ 610,852 | \$ 133,011 |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2018
(Concluded)

| LIFESTREAM BEHAVIORAL CENTER FOUNDATION, INC. | LAKE REGION HOMES, INC. | ANTHONY HOUSE, INC. | TOTAL |
|--|----------------------------|------------------------|---------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 14,625,224 |
| 0 | 85,611 | 0 | 20,178,991 |
| 0 | 0 | 0 | 8,683,072 |
| 256,945 | 27,928 | 325 | 8,021,181 |
| 256,945 | 113,539 | 325 | 36,883,244 |
| 256,945 | 113,539 | 325 | 51,508,468 |
| 0 | 0 | 0 | 24,199,192 |
| 0 | 0 | 0 | 5,522,971 |
| 0 | 0 | 0 | 29,722,163 |
| 0 | 31,213 | 0 | 1,595,191 |
| 0 | 0 | 0 | 1,012,146 |
| 0 | 0 | 0 | 543,745 |
| 0 | 0 | 0 | 857,499 |
| 0 | 0 | 0 | 915,980 |
| 0 | 0 | 0 | 7,165,760 |
| 0 | 0 | 0 | 3,275,256 |
| 0 | 16,523 | 0 | 1,059,213 |
| 0 | 35,293 | 0 | 375,423 |
| 2,129 | 18,545 | 0 | 2,394,611 |
| 369 | 9,907 | 19,524 | 1,318,110 |
| 0 | 0 | 0 | 51,920 |
| 231,890 | 0 | 0 | 231,890 |
| 234,388 | 111,481 | 19,524 | 20,796,744 |
| 234,388 | 111,481 | 19,524 | 50,518,907 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 234,388 | 111,481 | 19,524 | 50,518,907 |
| 22,557 | 2,058 | (19,199) | 989,561 |
| 0 | 0 | 0 | 516,639 |
| \$ 22,557 | \$ 2,058 | \$ (19,199) | \$ 1,506,200 |

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
HOSPITAL ONLY AND ALL OTHER COST CENTERS
YEAR ENDED JUNE 30, 2018

| | Hospital Cost Centers | | | | | Total Hospital | All Other Cost Centers | Consolidated Totals |
|------------------------------------|-----------------------|--------------|----------------------|----------------|--------------------|----------------|------------------------|---------------------|
| | Inpatient | ARF | Crisis Stabilization | Detoxification | Emergency services | | | |
| Public Support Revenue: | \$ 3,192,928 | \$ 1,121,436 | \$ 1,329,304 | \$ 356,608 | \$ 1,393,283 | \$ 7,393,559 | \$ 29,635,519 | \$ 37,029,078 |
| Gross Patient Revenue | \$ 15,172,881 | \$ 3,593,636 | \$ 7,671,012 | \$ 1,419,759 | \$ 116,214 | \$ 27,973,502 | \$ 34,926,052 | \$ 62,899,554 |
| Contractual Allowance | 10,531,872 | 3,216,323 | 5,446,301 | 1,153,966 | 101,625 | 20,450,087 | 27,824,229 | 48,274,316 |
| Net Patient Revenue | \$ 4,641,009 | \$ 377,313 | \$ 2,224,711 | \$ 265,793 | \$ 14,589 | \$ 7,523,415 | \$ 7,101,823 | \$ 14,625,238 |
| Total Public Support and Revenue | \$ 7,833,937 | \$ 1,498,749 | \$ 3,554,015 | \$ 622,401 | \$ 1,407,872 | \$ 14,916,974 | \$ 36,737,342 | \$ 51,654,316 |
| Expenses | | | | | | | | |
| Personnel Expenses: | | | | | | | | |
| Salaries | \$ 1,931,970 | \$ 471,352 | \$ 1,087,067 | \$ 235,676 | \$ 637,374 | \$ 4,363,439 | \$ 20,835,753 | \$ 25,199,192 |
| Fringe Benefits | 363,530 | 88,692 | 202,467 | 44,346 | 148,613 | 847,648 | 4,675,322 | 5,522,970 |
| Total Personnel Costs | \$ 2,295,500 | \$ 560,044 | \$ 1,289,534 | \$ 280,022 | \$ 785,987 | \$ 5,211,087 | \$ 25,511,075 | \$ 30,722,162 |
| Direct Expenses: | | | | | | | | |
| Building Occupancy | \$ 308,520 | \$ 101,318 | \$ 166,769 | \$ 57,736 | \$ 41,156 | \$ 675,499 | \$ 888,470 | \$ 1,563,969 |
| Professional Services | 181,103 | 39,218 | 75,435 | 20,380 | 20,209 | 336,345 | 675,799 | 1,012,144 |
| Travel | 15 | 156 | 5,771 | 0 | 1,290 | 7,232 | 536,511 | 543,743 |
| Equipment Cost | 6,015 | 192 | 4,242 | 662 | 1,534 | 12,645 | 844,847 | 857,492 |
| Food Services | 230,769 | 57,068 | 117,829 | 22,187 | 14,933 | 442,786 | 473,193 | 915,979 |
| Medical and Pharmacy | 1,102,251 | 5,834 | 122,236 | 27,766 | 879 | 1,258,966 | 5,906,788 | 7,165,754 |
| Subcontracted Services | 1,245,968 | 312,610 | 632,582 | 148,943 | 0 | 2,340,103 | (64,848) | 2,275,255 |
| Insurance | 81,091 | 19,536 | 44,205 | 10,355 | 22,082 | 177,269 | 865,417 | 1,042,686 |
| Interest | 35,982 | 7,608 | 22,408 | 3,714 | 3,413 | 73,125 | 267,006 | 340,131 |
| Operating Supplies and Expense | 191,927 | 17,683 | 42,193 | 17,813 | 16,728 | 286,344 | 2,077,595 | 2,363,939 |
| Depreciation | 97,223 | 18,830 | 55,991 | 9,136 | 19,720 | 200,900 | 1,087,412 | 1,288,312 |
| Donated Items | 0 | 0 | 0 | 0 | 0 | 0 | 51,920 | 51,920 |
| Total Other Direct Expenses | \$ 3,480,864 | \$ 580,053 | \$ 1,289,661 | \$ 318,692 | \$ 141,944 | \$ 5,811,214 | \$ 13,610,110 | \$ 19,421,324 |
| Total Direct Expenses | \$ 5,776,364 | \$ 1,140,097 | \$ 2,579,195 | \$ 598,714 | \$ 927,931 | \$ 11,022,301 | \$ 39,121,185 | \$ 50,143,486 |
| Indirect Expenses: | | | | | | | | |
| Center Administration | \$ 1,209,051 | \$ 249,709 | \$ 540,507 | \$ 126,872 | \$ 175,305 | \$ 2,301,444 | \$ (2,301,444) | \$ 0 |
| Total Indirect Expenses | \$ 1,209,051 | \$ 249,709 | \$ 540,507 | \$ 126,872 | \$ 175,305 | \$ 2,301,444 | \$ (2,301,444) | \$ 0 |
| Total Expenses | \$ 6,985,415 | \$ 1,389,806 | \$ 3,119,702 | \$ 725,586 | \$ 1,103,236 | \$ 13,323,745 | \$ 36,819,741 | \$ 50,143,486 |
| Changes in Unrestricted Net Assets | \$ 848,522 | \$ 108,943 | \$ 434,313 | \$ (103,185) | \$ 304,636 | \$ 1,593,229 | \$ (82,399) | \$ 1,510,830 |

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED SCHEDULE OF STATE EARNINGS FOR ALCOHOL, DRUG ABUSE, AND
MENTAL HEALTH SERVICES
YEAR ENDED JUNE 30, 2018

| | | |
|----|---|----------------------|
| 1 | Total SAMH Expenditures | \$ 40,037,650 |
| 2 | Less Other State and Federal Funds | 897,500 |
| 3 | Less Non-match SAMH Funds | 6,442,550 |
| 4a | Less Unallowable Costs per 65E-14, F.A.C. | 63,483 |
| 4b | Less Unallowable Patient Fees | 915,899 |
| 5 | Total Allowable Expenditures (sum of lines 1, 2, 3 and 4) | <u>31,718,218</u> |
| 6 | Maximum Available Earnings (line 5 multiplied by 75%) | 23,788,664 |
| 7 | Amount of State Funds Required Match (total of invoices paid by department, less line 3) | <u>7,645,623</u> |
| 8 | Excess of Available Earnings Over Amount of State Funds Received (subtract line 7 from line 6. If negative, the amount of the difference is due to the State up to the amount of line 7). | <u>\$ 16,143,041</u> |
| | Amount Due Department | <u>\$ 0</u> |

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2018

| Program | Cost Center | State Contracted Rate | Units of Service | Units of Services Paid by Other Sources | Units Eligible for Payment | Amount Paid by DCF | Value of Eligible Units | Amount Owed to DCF |
|--------------------------|----------------------|------------------------------|-------------------------|--|-----------------------------------|---------------------------|--------------------------------|---------------------------|
| Childrens' Mental Health | CSU | \$342.05 | 3650 | 2,439 | 1,211 | \$283,203 | \$414,223 | \$0 |
| Adult Mental Health | CSU | \$342.05 | 3650 | 178 | 3,472 | \$750,800 | \$1,187,598 | \$0 |
| Adult Substance Abuse | Detox | \$307.94 | 1825 | 313 | 1,512 | \$356,397 | \$465,605 | \$0 |
| Adult Mental Health | ARF | \$342.05 | 3650 | 444 | 3,206 | \$810,083 | \$1,096,612 | \$0 |
| Adult Mental Health | Trans Living - Res 1 | \$277.78 | 5840 | 0 | 5,840 | \$1,622,235 | \$1,622,235 | \$0 |

Lifestream Behavioral Center, Inc.
FEI: 59-1561501
Form 990, Part IV, Line 20b Attachment
FYE: 6/30/18

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2018

None

This Schedule was prepared in accordance with 65E-14.106 *Florida Administrative Code* labeled *Transaction Resulting in Additional Cost to the Program*.

Lifestream Behavioral Center, Inc.
FEI: 59-1561501
Form 990, Part IV, Line 20b Attachment
FYE: 6/30/18

OTHER REPORTS AND SCHEDULES

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CFDA/CSFA Number | Contract Grant Number | Reimbursable Expenditure |
|--|-----------------------------|----------------------------------|-------------------------------------|
| U. S. Department of Agriculture | | | |
| <i>Passed Through Florida Department of Elder Affairs:</i> | | | |
| <i>Child Nutrition Cluster:</i> | | | |
| National School Lunch Program | 10.555 | Y6019 | \$ 27,975 |
| National School Lunch Program | 10.558 | Y6019 | 1,472 |
| Total U. S. Department of Agriculture | | | 29,447 |
| U. S. Department of Housing and Urban Development | | | |
| <i>Passed Through Lake Region Homes:</i> | | | |
| Section 8 Housing Assistance Payment Program | 14.195 | 2017/2018 | 85,611 |
| <i>Passed Through Florida Department of Housing and Urban Development:</i> | | | |
| Community Development Block Grant | 14.218 | 2017/2018 | 8,539 |
| <i>Passed Through Florida Department of Housing and Urban Development:</i> | | | |
| <i>Passed Through Mid Florida:</i> | | | |
| Emergency Solutions Grant | 14.231 | 2017/2018 | 53,605 |
| <i>Passed Through Florida Department of Housing and Urban Development:</i> | | | |
| <i>Passed Through Hope House:</i> | | | |
| Supportive Housing Program | 14.235 | FL0399L4H201414 | 44,485 |
| Total U. S. Department of Housing and Urban Development | | | 192,240 |
| U. S. Department of Justice | | | |
| <i>Florida Department of Justice</i> | | | |
| <i>Passed Through Lake County, Florida:</i> | | | |
| Justice and Mental Health Collaboration Program | 16.745 | BJA-2017/12018 | 109,453 |
| Total U. S. Department of Justice | | | 109,453 |
| U. S. Department of Health and Human Services | | | |
| SAMHSA - Wellness Integration Network | 93.243 | 1H79SM062346-01 | 404,218 |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| SAMHSA - Wellness Integration Network | 93.243 | EH003 | 46,595 |
| | | | <u>450,813</u> |
| SAMHSA - Assisted Outpatient Team | 93.997 | 1H79SMO63543-01 | 758,945 |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Preservation and Support Services | 93.556 | C1718-FCC-LHS004 | 20,424 |
| Preservation and Support Services | 93.556 | C1718-CMA-LS004 | 54,313 |
| <i>Subtotal Expenditures - CFDA 93.556</i> | | | <u>74,737</u> |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | GHME1 | 53,770 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | EH003 | 172,835 |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | C1718-CMA-LS004 | 566,422 |
| <i>Subtotal Expenditures - 93.558</i> | | | <u>793,027</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Community Based Care Abuse Prevention Grants | 93.590 | C1718-FCC-LHS004 | 82,866 |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Grants to States for Access and Visitation Program | 93.597 | C1718-CMA-LS004 | 47,053 |

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018
(Continued)

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CFDA/CSFA Number | Contract Grant Number | Reimbursable Expenditure |
|--|-----------------------------|----------------------------------|-------------------------------------|
| U. S. Department of Health and Human Services (Concluded) | | | |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Child Welfare Services | 93.645 | C1718-FCC-LHS004 | \$ 5,613 |
| Child Welfare Services | 93.645 | C1718-CMA-LS004 | 295,493 |
| <i>Subtotal Expenditures - 93.645</i> | | | <u>301,106</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Foster Care - Title IV-E | 93.658 | C1718-FCC-LHS004 | 21,117 |
| Foster Care - Title IV-E | 93.658 | C1718-CMA-LS004 | 1,271,957 |
| <i>Subtotal Expenditures - 93.658</i> | | | <u>1,293,074</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Adoption Assistance | 93.659 | C1718-CMA-LS004 | 312,977 |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Child Abuse and Neglect | 93.669 | C1718-FCC-LHS004 | 4,155 |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| State Targets Response to the Opioid Crisis Grant | 93.788 | EH003 | 336,984 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| State Targets Response to the Opioid Crisis Grant | 93.788 | GHME1 | 60,230 |
| | | | <u>397,214</u> |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Medical Assistance Program | 93.778 | EH003 | 257,776 |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| Block Grant for Community Mental Health Services | 93.958 | 2017/2018 | 275,558 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Block Grant for Community Mental Health Services | 93.958 | EH003 | 400,264 |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| Block Grant for Community Mental Health Services | 93.958 | 2017/2018 | 25,222 |
| <i>Subtotal Expenditures - CFDA 93.958</i> | | | <u>701,044</u> |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| <i>Passed Through Lutheran Services Florida</i> | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | EH003 | 1,717,698 |
| <i>Passed Through Florida Alcohol and Drug Association:</i> | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | 2017/2018 | 352,750 |
| <i>Subtotal Expenditures - CFDA 93.959</i> | | | <u>2,070,448</u> |
| <i>Passed Through Florida Department of Children and Families:</i> | | | |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Crisis Counseling | 97.032 | EH003 | 7,500 |
| Total U.S. Department of Health and Human Services | | | <u>7,552,735</u> |
| Total Expenditures of Federal Awards | | | <u>7,883,875</u> |

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018
(Concluded)

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CFDA/CSFA Number | Contract Grant Number | Reimbursable Expenditures |
|--|-----------------------------|----------------------------------|--------------------------------------|
| State Courts System | | | |
| Florida Alcohol and Drug Abuse Association - Naltrexone | 22.022 | N/A | \$ 643,974 |
| State of Florida Department of Children and Families | | | |
| <i>Passed Through Mid Florida Homeless Commission:</i> | | | |
| Homeless Prevention Grant | 60.014 | PPZ250 | 20,137 |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| In Home Assistance | 60.075 | C1718-FBT-LHS004 | 93,461 |
| Community Forensic Beds | 60.114 | GHME1 | 628,609 |
| <i>Passed Through Lutheran Services, Florida:</i> | | | |
| Community Forensic Beds | 60.114 | EH003 | 48,073 |
| <i>Subtotal Expenditures - CSFA 60.114</i> | | | <u>676,682</u> |
| Public Safety, Mental Health, and Substance Abuse Local Matching Grant | 60.115 | 2017/2018 | 407,000 |
| CAT Team | 60.150 | 2017/2018 | 250,000 |
| <i>Passed Through Lutheran Services, Florida:</i> | | | |
| Substance Abuse and Mental Health - Crisis Prevention and Stabilization | 60.155 | EH003 | 1,123,634 |
| Centralized Receiving Systems | 60.163 | EH003 | 1,191,863 |
| Total State of Florida Department of Children and Families | | | <u>3,762,777</u> |
| Total Expenditures of State Financial Assistance | | | <u>4,406,751</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u><u>\$ 12,290,626</u></u> |

LIFESTREAM BEHAVIORAL CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

A. Basis of Accounting

Federal and state assisted programs administered by LifeStream Behavioral Center, Inc. and Subsidiaries (the Center) are accounted for within the Center's operating funds. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance has been prepared on the same basis of accrual accounting as the financial statements of the Center.

B. Indirect Cost Rate

The Center, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, unless otherwise specified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of LifeStream Behavioral Center, Inc. (a nonprofit organization) and Subsidiaries (the Center), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented or detected, and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Lifestream Behavioral Center, Inc.
FEI: 59-1561501
Form 990, Part IV, Line 20b Attachment
FYE: 6/30/18

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*
(*Concluded*)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 6, 2018
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAMS AND STATE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL**

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

Report on Compliance for Each Major Federal Programs and State Projects

We have audited LifeStream Behavioral Center, Inc. (a nonprofit organization) and Subsidiaries' (the Center) compliance with the types of compliance requirements described in the OMB *Compliance Supplement and the Department of Financial Services' State Project Compliance Supplement*, that could have a direct and material effect on each of the Center's major federal programs and state projects for the year ended June 30, 2018. The Center's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650 of the *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs and state projects occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal programs and state projects. However, our audit does not provide a legal determination of the Center's compliance.

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAMS AND STATE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL
(Continued)**

Opinion on Each Major Federal Programs and State Projects

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal programs and state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal programs and state projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal programs and state projects on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal programs and state projects will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal programs and state projects that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards and State Projects Required by the Uniform Guidance and Chapter 10.650 of the Rules of the Auditor General

We have audited the financial statements of the Center as of and for the year ended June 30, 2018, and have issued our report thereon dated December 6, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the

Lifestream Behavioral Center, Inc.
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Form 990, Part IV, Line 20b Attachment
FYE: 6/30/18

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAMS AND STATE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL
(Concluded)**

**Report on Schedule of Expenditures of Federal Awards and State Projects Required by the Uniform
Guidance (Concluded)**

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state projects is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

March 29, 2019
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

I. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of LifeStream Behavioral Center, Inc.
2. A. Material weaknesses identified?—No
B. Significant deficiencies identified not considered to be material weaknesses?—None reported.
3. No instances of noncompliance material to the financial statements of LifeStream Behavioral Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A. Material weaknesses identified?—No
B. Significant deficiencies identified not considered to be material weaknesses?—None reported
5. The auditors' report on compliance for the major federal programs and state projects for LifeStream Behavioral Center, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs or state projects for LifeStream Behavioral Center, Inc.
7. Major federal programs and state projects identified on the Schedule of Expenditures of Federal Awards and State Financial Assistance are as follows:

| <u>Programs</u> | <u>CFDA No.</u> | <u>CSFA No.</u> |
|---|-----------------|-----------------|
| Temporary Assistance for Needy Families | 93.558 | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | |
| Community Forensic Beds | | 60.114 |
| Public Safety, Mental Health and Substance Abuse | | 60.115 |
| Centralized Receiving Systems | | 60.163 |

8. The threshold for distinguishing Types A and B programs/projects was \$750,000 for major federal programs and \$300,000 for major state projects.
9. LifeStream Behavioral Center, Inc. qualified as a low-risk auditee under the provisions of the Uniform Guidance.

II. Financial Statement Findings

There were no findings or questioned costs relating to the financial statements, which are required to be reported in accordance with *Government Auditing Standards*.

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018
(Concluded)

III. Findings and Questioned Costs - Major Federal Programs

There were no findings or questioned costs relating to the major federal programs, which are required to be reported in accordance with OMB *Compliance Supplement*.

IV. Findings and Questioned Costs - Major State Projects

There were no findings or questioned costs relating to the major state projects, which are required to be reported in accordance with Chapter 10.650 of the *Rules of the Auditor General*. There were no audit findings in the prior year.

NOTICE

The various schedules and worksheets that follow this page are not required by the Internal Revenue Service. These pages are for your information only.

Form **990****Two Year Comparison Report****2016 & 2017**For calendar year 2017, or tax year beginning **07/01/17**, ending **06/30/18**

Name

Taxpayer Identification Number

LIFESTREAM BEHAVIORAL CENTER INC**59-1561501**

| | | 2016 | 2017 | Differences |
|--------------------------|--|----------------|------------|-------------|
| Revenue | 1. Contributions, gifts, grants | 1. 4,967,550 | 5,970,594 | 1,003,044 |
| | 2. Membership dues and assessments | 2. | | |
| | 3. Government contributions and grants | 3. 27,619,930 | 28,690,859 | 1,070,929 |
| | 4. Program service revenue | 4. 16,176,037 | 15,730,373 | -445,664 |
| | 5. Investment income | 5. 215,970 | 46,835 | -169,135 |
| | 6. Proceeds from tax exempt bonds | 6. | | |
| | 7. Net gain or (loss) from sale of assets other than inventory | 7. -132,814 | 88,689 | 221,503 |
| | 8. Net income or (loss) from fundraising events | 8. | | |
| | 9. Net income or (loss) from gaming | 9. | | |
| | 10. Net gain or (loss) on sales of inventory | 10. | | |
| | 11. Other revenue | 11. 509,656 | 556,194 | 46,538 |
| | 12. Total revenue. Add lines 1 through 11 | 12. 49,356,329 | 51,083,544 | 1,727,215 |
| Expenses | 13. Grants and similar amounts paid | 13. | | |
| | 14. Benefits paid to or for members | 14. | | |
| | 15. Compensation of officers, directors, trustees, etc. | 15. 381,525 | 407,305 | 25,780 |
| | 16. Salaries, other compensation, and employee benefits | 16. 28,497,818 | 29,835,471 | 1,337,653 |
| | 17. Professional fundraising fees | 17. | | |
| | 18. Other professional fees | 18. 1,821,295 | 1,601,768 | -219,527 |
| | 19. Occupancy, rent, utilities, and maintenance | 19. 1,101,954 | 1,130,929 | 28,975 |
| | 20. Depreciation and Depletion | 20. 1,291,910 | 1,288,312 | -3,598 |
| | 21. Other expenses | 21. 14,097,469 | 15,395,629 | 1,298,160 |
| | 22. Total expenses. Add lines 13 through 21 | 22. 47,191,971 | 49,659,414 | 2,467,443 |
| | 23. Excess or (Deficit). Subtract line 22 from line 12 | 23. 2,164,358 | 1,424,130 | -740,228 |
| Other Information | 24. Total exempt revenue | 24. 49,356,329 | 51,083,544 | 1,727,215 |
| | 25. Total unrelated revenue | 25. | | |
| | 26. Total excludable revenue | 26. 16,768,849 | 16,422,091 | -346,758 |
| | 27. Total assets | 27. 38,248,270 | 38,505,681 | 257,411 |
| | 28. Total liabilities | 28. 12,925,871 | 11,406,715 | -1,519,156 |
| | 29. Retained earnings | 29. 25,322,399 | 27,098,966 | 1,776,567 |
| | 30. Number of voting members of governing body | 30. 14 | 15 | |
| | 31. Number of independent voting members of governing body | 31. 14 | 14 | |
| | 32. Number of employees | 32. 824 | 907 | |
| | 33. Number of volunteers | 33. 32 | 5 | |

| | | |
|---|---------------------------|---|
| Form 990 | Tax Return History | 2017 |
| Name LIFESTREAM BEHAVIORAL CENTER INC | | Employer Identification Number 59-1561501 |

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|-------------------|-------------------|------|
| Contributions, gifts, grants | | | | 32,587,480 | 34,661,453 | |
| Membership dues | | | | | | |
| Program service revenue | | | | 16,176,037 | 15,730,373 | |
| Capital gain or loss | | | | -132,814 | 88,689 | |
| Investment income | | | | 215,970 | 46,835 | |
| Fundraising revenue (income/loss) | | | | | | |
| Gaming revenue (income/loss) | | | | | | |
| Other revenue | | | | 509,656 | 556,194 | |
| Total revenue | | | | 49,356,329 | 51,083,544 | |
| Grants and similar amounts paid | | | | | | |
| Benefits paid to or for members | | | | | | |
| Compensation of officers, etc. | | | | 381,525 | 407,305 | |
| Other compensation | | | | 28,497,818 | 29,835,471 | |
| Professional fees | | | | 1,821,295 | 1,601,768 | |
| Occupancy costs | | | | 1,101,954 | 1,130,929 | |
| Depreciation and depletion | | | | 1,291,910 | 1,288,312 | |
| Other expenses | | | | 14,097,469 | 15,395,629 | |
| Total expenses | | | | 47,191,971 | 49,659,414 | |
| Excess or (Deficit) | | | | 2,164,358 | 1,424,130 | |
| | | | | | | |
| Total exempt revenue | | | | 49,356,329 | 51,083,544 | |
| Total unrelated revenue | | | | | | |
| Total excludable revenue | | | | 16,768,849 | 16,422,091 | |
| Total Assets | | | | 38,248,270 | 38,505,681 | |
| Total Liabilities | | | | 12,925,871 | 11,406,715 | |
| Net Fund Balances | | | | 25,322,399 | 27,098,966 | |

Federal Statements**Taxable Interest on Investments**

| <u>Description</u> | <u>Amount</u> | <u>Unrelated Business Code</u> | <u>Exclusion Code</u> | <u>Postal Code</u> | <u>Acquired after 6/30/75</u> | <u>US Obs (\$ or %)</u> |
|--------------------|------------------|------------------------------------|---------------------------|------------------------|-----------------------------------|-----------------------------|
| INTEREST INCOME | \$ 46,835 | | 14 | | | |
| TOTAL | <u>\$ 46,835</u> | | | | | |

Federal Statements

Form 990, Part IX, Line 11g - Other Fees for Service (Non-employee)

| Description | Total Expenses | Program Service | Management & General | Fund Raising |
|-------------|----------------|-----------------|----------------------|--------------|
| OTHER FEES | \$ 1,479,579 | \$ 1,331,621 | \$ 118,366 | \$ 29,592 |
| TOTAL | \$ 1,479,579 | \$ 1,331,621 | \$ 118,366 | \$ 29,592 |

Form 990, Part IX, Line 24e - All Other Expenses

| Description | Total Expenses | Program Service | Management & General | Fund Raising |
|---------------------------|----------------|-----------------|----------------------|--------------|
| TELEPHONE | \$ 353,092 | \$ 317,783 | \$ 28,247 | \$ 7,062 |
| EMPLOYEE & PATIENT DEVEL. | 340,435 | 306,391 | 27,235 | 6,809 |
| FACT CLIENT SUPP FUNDING | 261,500 | 261,500 | | |
| PRINTING AND PUBLICATIONS | 239,759 | 215,783 | 19,181 | 4,795 |
| LINENS | 101,940 | 101,940 | | |
| HOSPITAL ASSESSMENT EXP | 81,229 | 81,229 | | |
| CONSUMMABLE EXPENSE | 79,222 | 71,300 | 6,338 | 1,584 |
| TAXES & LICENSES | 73,401 | 66,061 | 5,872 | 1,468 |
| COLLECTION SERVICE FEES | 72,679 | 72,679 | | |
| POSTAGE AND SHIPPING | 55,765 | 50,189 | 4,461 | 1,115 |
| PERSONNEL RECRUITMENT | 55,526 | 55,526 | | |
| DUES AND SUBSCRIPTIONS | 40,008 | 36,007 | 3,201 | 800 |
| DATA PROCESSING EXPENSE | 35,238 | 31,714 | 2,819 | 705 |
| BANK CHARGES | 31,285 | | 31,285 | |
| EDUCATIONAL SUPPLIES | 18,666 | 18,666 | | |
| MISCELLANEOUS EXPENSE | 16,592 | 14,933 | 1,327 | 332 |
| TOTAL | \$ 1,856,337 | \$ 1,701,701 | \$ 129,966 | \$ 24,670 |

Federal Statements

Schedule A, Part II, Line 1(e)

| Description | Amount |
|---------------------|----------------------|
| FEDERATED CAMPAIGNS | \$ 5,000 |
| LSBC FOUNDATION | 196,378 |
| GOVERNMENT GRANTS | 28,690,859 |
| DONATIONS | 38,573 |
| NONCASH DONATIONS | 5,730,643 |
| TOTAL | <u>\$ 34,661,453</u> |

Schedule A, Part II, Line 8(e)

| Description | Amount |
|-----------------|-------------------|
| INTEREST INCOME | \$ 46,835 |
| RENTAL INCOME | 556,194 |
| TOTAL | <u>\$ 603,029</u> |

Schedule A, Part II, Line 12 - Current year

| Description | Amount |
|-------------------------|----------------------|
| NET PATIENT REVENUE | \$ 14,625,239 |
| OTHER OPERATING REVENUE | 1,105,134 |
| TOTAL | <u>\$ 15,730,373</u> |