

Lifestream Behavioral Center, Inc.
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**LIFESTREAM BEHAVIORAL
CENTER, INC.
AND
SUBSIDIARIES CONSOLIDATED**

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

**LIFESTREAM BEHAVIORAL
CENTER, INC.
AND
SUBSIDIARIES CONSOLIDATED
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

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, 2017, and the related consolidated statements of activities, changes in net assets, and cash flows for the year 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, 2017, and the changes in its net assets and its cash flows for the year 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 to 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. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650 of the *Rules of the Auditor General of the State of Florida* is presented for purposes of additional analysis and is also 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 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.

Prior Period Financial Statements

The financial statements of the prior period were audited by a predecessor auditor, whose report dated October 26, 2016, expressed an unmodified opinion.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, 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 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 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 15, 2017
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 7,689,894	\$ 6,799,588
Accounts Receivable from Patients, Net Contractual Allowances and Allowances for Uncollectible Accounts of \$930,200 in 2017 and \$1,855,846 in 2016	3,482,484	3,778,411
Public Support Receivables	2,840,500	2,401,868
Investments	3,262,104	3,250,818
Note Receivable	150,056	277,605
Prepaid Expenses and Other Current Assets	1,518,776	527,420
Total Current Assets	<u>18,943,814</u>	<u>17,035,710</u>
Restricted Deposits	<u>67,092</u>	<u>55,620</u>
Property and Equipment, Net	<u>19,173,075</u>	<u>20,132,110</u>
Other Assets		
Intangible Assets, Net	<u>156,245</u>	<u>228,196</u>
Total Assets	<u>\$ 38,340,226</u>	<u>\$ 37,451,636</u>

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016
(Concluded)

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts Payable	\$ 2,754,040	\$ 2,722,980
Current Maturities of Long-term Debt	642,750	653,951
Unearned Revenues	438,945	402,858
Accrued Salaries and Other Current Liabilities	2,550,110	2,644,202
Total Current Liabilities	<u>6,385,845</u>	<u>6,423,991</u>
Other Liabilities		
Note Payable, Less Current Maturities	5,797,141	7,077,054
Deferred Payment Loan	14,000	26,000
Interest Rate Swap	723,771	1,138,661
Total Other Liabilities	<u>6,534,912</u>	<u>8,241,715</u>
Total Liabilities	<u>12,920,757</u>	<u>14,665,706</u>
Net Assets		
Unrestricted	24,949,455	22,281,913
Temporary Restricted	259,944	293,947
Permanently Restricted	210,070	210,070
	<u>25,419,469</u>	<u>22,785,930</u>
Total Liabilities and Net Assets	<u>\$ 38,340,226</u>	<u>\$ 37,451,636</u>

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Public Support and Revenue		
Public Support:		
Federal Grants	\$ 13,173,467	\$ 11,487,504
State Grants	6,324,730	1,451,700
Local Grants	8,208,617	7,402,598
Total	27,706,814	20,341,802
Other Public Contributions in In-kind Support	5,267,667	4,272,364
Total Public Support	32,974,481	24,614,166
Revenue:		
Net Patient Service Revenue	15,481,848	15,276,356
Rent Revenue - HUD Project	29,583	29,551
Investment Income	203,726	113,038
Other Revenue	1,568,008	1,946,136
Total Revenue	17,283,165	17,365,081
Total Public Support and Revenue	50,257,646	41,979,247
Expenses		
Direct Program Services:		
Assessment	25,130	25,826
Case Management	1,708,993	1,579,231
Crisis Stabilization	2,137,470	2,206,626
Crisis Support/Emergency	824,065	914,423
Day-night Programs	825,259	837,813
In-home and on-site	422,143	551,939
Inpatient	6,016,186	6,434,647
Intervention	511,175	478,409
Medical Services	4,897,531	5,435,843
Outpatient Treatment	3,372,705	3,047,601
Prevention	234,015	253,350
Room and Board with Supervision Level 1	1,504,713	1,472,371
Room and Board with Supervision Level 2	3,729,132	3,104,715
Room and Board with Supervision Level 4	190,507	171,761
Substance Abuse Detox	484,805	654,434
Supported Housing	507,943	221,077
TASC	442,982	383,108
CFR ARF	1,068,736	48,535
ACT Team	1,999,845	1,809,796
Lake Academy	3,662,969	3,709,593
Child Welfare	4,655,646	406,413
Integrated Primary Care	2,561,387	575,274
Non SAMH Programs	0	232,708
Forensic Diversion	901,065	1,019,148
Lake Region Homes, Inc.	82,858	96,783
Anthony House, Inc.	19,548	20,539
Total Direct Program Services	42,786,808	35,691,963
Support Services:		
Administrative and General	2,962,598	3,628,234
Other Support Services	2,150,294	3,869
Total Support Services	5,112,892	3,632,103
Fund Raising:		
LifeStream Foundation, Inc. Events and Awards	105,293	100,960
Total Expenses	48,004,993	39,425,026
Changes in Unrestricted Net Assets	\$ 2,252,653	\$ 2,554,221

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Unrestricted Net Assets, Beginning of Year	\$ 22,281,913	\$ 19,892,264
Change in Unrestricted Net Assets	2,252,653	2,554,221
Other		
Change in Fair Value of Interest Rate Swap Liability	<u>414,889</u>	<u>(164,572)</u>
Unrestricted Net Assets, End of Year	<u>\$ 24,949,455</u>	<u>\$ 22,281,913</u>
Temporary Restricted Net Assets		
Beginning of Year	\$ 293,947	\$ 234,992
Contributions	60,080	58,955
Net Assets Released from Restriction	<u>(94,083)</u>	<u>0</u>
Temporary Restricted Net Assets, End of Year	<u>\$ 259,944</u>	<u>\$ 293,947</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>

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,633,539	\$ 2,448,604
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,322,383	1,250,942
(Gain) Loss on Sale of Fixed Assets	127,690	(388,650)
Provisions for Bad Debt	925,646	659,857
Forgiveness of Deferred Payment Loan	(12,000)	(14,000)
Change in Value of Interest Rate Swap	(414,890)	164,572
Change in:		
Accounts Receivable from Patients	(644,299)	(586,814)
Public Support Receivables	(424,052)	(757,717)
Notes Receivable	127,549	(86,496)
Prepaid Expenses and Other Current Assets	(991,356)	137,811
Accounts Payable	31,060	1,360,756
Accrued Salaries and Other Current Liabilities	(94,092)	583,747
Unearned Revenue	36,087	103,426
Net Cash Provided by (Used in) Operating Activities	2,623,265	4,876,038
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(551,901)	(805,940)
Proceeds from Sale of Property and Equipment	132,814	1,009,000
Restricted Deposits - HUD Project	0	38,146
Purchase of Investments	(11,286)	(5,488,149)
Proceeds from Sales of Investments	0	3,460,298
Net Cash Provided by (Used in) Investing Activities	(430,373)	(1,786,645)
Cash Flows from Financing Activities		
Repayment of Debt	(1,291,114)	(630,310)
Net Cash Provided by (Used in) Financing Activities	(1,291,114)	(630,310)
Net Increase (Decrease) in Cash and Cash Equivalents	901,778	2,459,083
Cash and Cash Equivalents, Beginning of Year	6,855,208	4,396,125
Cash and Cash Equivalents, End of Year	\$ 7,756,986	\$ 6,855,208
<u>Shown in the Financial Statements as</u>		
Cash and Cash Equivalents	\$ 7,689,894	\$ 6,799,588
Restricted Cash	67,092	55,620
Total	\$ 7,756,986	\$ 6,855,208
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 388,493	\$ 428,232

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

LifeStream Behavioral Center Foundation, Inc. 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 Behavioral Center, Inc. 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. 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, 2017 AND 2016
(Continued)

B. Summary of Significant Accounting Policies (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 of Directors 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. Satisfaction 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—Cash and cash equivalents include all investments purchased with an original maturity of ninety days or less which have virtually no risk of loss of value of the principal amount of the investments.

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, 2017 AND 2016
(Continued)

B. Summary of Significant Accounting Policies *(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 \$44,625 and \$40,105 at June 30, 2017 and 2016, respectively, are held in separate accounts and generally are not available for operating purposes. The Center and LRH also hold restricted security deposits of \$14,167 and \$1,645, respectively.

Intangible Assets—Intangible assets consist of costs associated with obtaining certificates of need and loan costs that have been capitalized and are being amortized by the straight-line method over the terms of either 10 to 40 years or the related notes payable. Accumulated amortization amounted to \$347,247 and \$326,778 at June 30, 2017 and 2016, respectively.

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, 2017 and 2016. 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, 2017 AND 2016
(Continued)

B. Summary of Significant Accounting Policies (Concluded)

Annually the Center reviews its gross charge master and any resulting changes are approved by its Board of Directors. 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 \$3,883,007 and \$4,201,261 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016. The fair market value of donated prescription drugs was \$4,718,683 and \$3,633,565 for the years ended June 30, 2017 and 2016, respectively.

Income Taxes—LifeStream, the Foundation, LRH, and Anthony House 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.

Subsequent Events—The Center has evaluated subsequent events through December 15, 2017, 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, 2017 AND 2016
(Continued)

C. Property and Equipment

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land and Improvements	\$ 1,662,691	\$ 1,682,191
Building and Improvements	26,612,090	26,966,016
Furniture and Equipment	<u>8,072,642</u>	<u>7,895,728</u>
	36,347,423	36,543,935
(Less Accumulated Depreciation)	<u>(17,174,348)</u>	<u>(16,411,825)</u>
Net Property and Equipment	<u>\$ 19,173,075</u>	<u>\$ 20,132,110</u>

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense was \$1,301,914 and \$1,250,154 for the years ended June 30, 2017 and 2016, 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, 2017, as \$3,293,807 and \$2,334,879, respectively. The historical cost and net book value of all such assets recorded at June 30, 2016, was \$3,293,807 and \$2,448,694, respectively.

D. Investments

The investments are presented in the financial statements at fair value using level 1 fair value measures, except for the Privately Held Common Stock, which uses level 3 fair value measures and is valued based on the equity per share method, which was sold during the fiscal year. At June 30, 2017 and 2016, investments consisted of the following:

	Fair Market Value Level	<u>2017</u>		<u>2016</u>	
		Cost	Fair Value	Cost	Fair Value
Money Markets	N/A	\$ 562,114	\$ 562,323	\$ 626,013	\$ 626,013
Certificate of Deposit	N/A	50,000	50,365	50,000	51,149
Mutual Funds	1	24,397	29,544	58,060	68,553
U.S. Treasury Obligations	1	0	0	601,092	605,964
Corporate Bonds	1	1,036,670	1,059,776	913,562	950,069
Common Stock - Public (level 1)	1	1,018,810	1,142,984	510,972	546,317
Common St - Private (level 3)	3	91,747	370,984	91,747	360,983
Foreign Equities	1	41,411	46,128	38,508	41,770
Total		<u>\$ 2,825,149</u>	<u>\$ 3,262,104</u>	<u>\$ 2,889,954</u>	<u>\$ 3,250,818</u>

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

D. Investments (Concluded)

Investment return consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 54,393	\$ 40,541
Realized Gains/(Losses)	51,636	(46,013)
Unrealized Gains/(Losses)	97,697	118,510
Total	<u>\$ 203,726</u>	<u>\$ 113,038</u>

Change in fair value of level 3 assets consisted of the following:

Balance, June 30, 2015	\$ 360,983
Total Gain - Unrealized and Realized	<u>0</u>
Balance, June 30, 2016	360,983
Total Gain - Unrealized and Realized	<u>10,001</u>
Balance, June 30, 2017	<u>\$ 370,984</u>

E. Restricted Assets

Temporarily restricted net assets and permanently restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Temporarily Restricted Net Assets		
Donor Designated	\$ 93,674	\$ 135,334
Adult Mental Health	42,310	40,379
Child Mental Health	41,930	40,008
Adult Substance Abuse Disorder	41,014	39,113
Child Substance Abuse Disorder	41,014	39,113
Total	<u>\$ 259,942</u>	<u>\$ 293,947</u>
Permanently Restricted Net Assets		
Anthony House - Land	<u>\$ 210,070</u>	<u>\$ 210,070</u>

F. Accounts Receivable

Accounts receivable consisted of the following:

	<u>2017</u>	<u>2016</u>
Patient Accounts Receivable	\$ 4,412,684	\$ 5,634,257
Allowance for Bad Debt	(930,200)	(1,855,846)
Net	<u>\$ 3,482,484</u>	<u>\$ 3,778,411</u>

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

G. Notes Receivable

The Center holds 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 are due as follows:

Year ending June 30, 2018	<u>\$ 150,066</u>
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LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

H. Long-term Debt

Long-term debt consists of the following:

	2017	2016
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	\$ 355,848	\$ 572,670
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	254,948	264,758
Mortgage Note Payable, Collateralized by Buildings, Payable in Varying Monthly Installments, Including Interest at 30-Day LIBOR Plus 1.85%, through August 2028	1,132,216	1,206,872
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	4,696,879	5,008,325
Mortgage Note Payable, Collateralized by Main Street Property, Payable in Monthly Installments of \$6,871, Including Interest at a Fixed Rate of 6.25%, through December 2027	0	678,380
Total Long-term Debt	6,439,891	7,731,005
(Less Current Portion)	<u>(642,750)</u>	<u>(653,951)</u>
Long-term Portion	<u>\$ 5,797,141</u>	<u>\$ 7,077,054</u>

Scheduled maturities on long-term debt is as follows:

2018	\$	642,750
2019		566,824
2020		459,475
2021		483,600
2022		508,475
Thereafter		3,778,767
Total		<u>\$ 6,439,891</u>

Interest expense for the years ended June 30, 2017 and 2016, was \$371,251 and \$428,232, 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.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

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.

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, 2017 and 2016, the swap contract had a notional amount of \$4,696,879 and \$5,007,325, 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, 2017 and 2016, was \$315,813 and (\$112,074), 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, 2017 and 2016, the swap contract had a notional amount of \$342,323 and \$559,145, 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, 2017 and 2016, was \$14,662 and \$38,516, respectively.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

I. Interest Rate Swap Agreement (Concluded)

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, 2017 and 2016, the swap contract had a notional amount of \$1,132,216 and \$1,206,872, 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, 2017 and 2016, was \$84,396 and (\$68,675), respectively.

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, 2017, in compliance with program requirements, the Center reduced outstanding principal by \$12,000, which reduces the deferred payment loan to an outstanding balance of \$14,000.

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, 2017 and 2016, consist of the following:

	2017	2016
Gross Patient Service Revenue	\$ 60,856,151	\$ 57,108,966
(Less Provisions for Contractual)	(45,374,303)	(41,832,610)
Net Patient Service Revenue	<u>\$ 15,481,848</u>	<u>\$ 15,276,356</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 20% and 9% for the years ended June 30, 2017 and 2016, respectively.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

K. Net Patient Service Revenue (Concluded)

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, 2016, have been audited and final settlement has been determined. The cost reports for the year ended 2017 have not been audited. The provisions for cost report settlements for 2017 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.

L. Retirement Plan

The Center sponsors a defined contribution retirement 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 \$802,456 and \$668,379 for the years ended June 30, 2017 and 2016, 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 \$202,930 and \$126,545 worth of supplies and furniture for fiscal years ended 2017 and 2016, respectively, and as of year-end owed \$14,140 and \$32,034 to the vendor for fiscal years ended 2017 and 2016, 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 \$11,965 and received rent of \$25,950.

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.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

P. Concentrations of Credit Risk (Concluded)

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, 2017, the Center's uninsured cash balances totaled \$6,719,781.

Q. Leases

The Center leases outpatient facilities and parking space under operating leases. Rental expense for the years ended June 30, 2017 and 2016, was \$251,161 and \$172,618, respectively. Future minimum lease payments under these leases are provided below:

Schedule of Minimum Lease Payments	
Years Ended June 30	
2018	\$ 220,519
2019	216,832
2020	64,191
2021	17,971
2022	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.

	2017	2016
Lake Region Homes, Inc.		
Total Assets	\$ 130,294	\$ 134,746
Total Liabilities	781,547	803,796
Unrestricted Net Assets (Deficit)	(651,253)	(669,050)
Total Liabilities and Net Assets	130,294	134,746
Total Revenue	112,896	111,446
Total Expenses	(95,100)	(96,783)
Changes in Net Assets	\$ 17,796	\$ 14,663

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Continued)

R. Summary Information Relating to Financially Interrelated Entities (Concluded)

	<u>2017</u>	<u>2016</u>
LifeStream Behavioral Center Foundation, Inc.		
Total Assets	\$ 449,216	\$ 393,921
Unrestricted Net Assets (Deficit)	189,274	99,975
Temporarily Restricted Net Assets	259,942	493,896
Total Net Assets	449,216	393,921
Total Revenue	254,672	201,414
Total Expenses	(199,377)	(100,961)
Changes in Net Assets	\$ 55,295	\$ 100,453
	<u>2017</u>	<u>2016</u>
Anthony House, Inc.		
Total Assets	\$ 326,722	\$ 345,521
Total Liabilities	27,614	27,614
Unrestricted Net Assets	89,038	107,837
Permanently Restricted Net Assets	210,070	210,070
Total Liabilities and Net Assets	326,722	345,521
Total Revenue	750	700
Total Expenses	(19,548)	(20,539)
Changes in Net Assets	\$ (18,798)	\$ (19,839)

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.

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.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016
(Concluded)

U. Equity Investment

The Corporation along with other similar not-for-profit organizations invested \$15,000 for 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.

Additionally, the Corporation invested \$75,000 for 150 Class C stock shares and \$1,575 for 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 Directors 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.

W. Subsequent Event

In October 2017, Bank of America, the holder of the LSBC bonds of \$4,696,879 and swap of \$651,200, notified the Center that the bonds needed to be moved to another bond holder or would be called. The bond agreement provided the right of the bond holder to call the debt on or after November 30, 2014. Management expects to move or refinance the bonds before June 30, 2018.

Lifestream Behavioral Center, Inc.
FEI: 59-1561501
Form 990, Part IV, Line 20b Attachment
FYE: 6/30/17

SUPPLEMENTARY INFORMATION

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017

	ASSESSMENT	CASE MANAGEMENT	CRISIS STABILIZATION
I. NET PATIENT REVENUE	\$ 51,382	\$ 1,598,090	\$ 1,778,734
II. OTHER REVENUE			
Federal & State Grant Revenue	0	497,290	1,162,778
Local Grant Revenue	0	25,000	32,474
Other Revenue	0	0	8,285
TOTAL OTHER REVENUE	<u>0</u>	<u>522,290</u>	<u>1,203,537</u>
TOTAL REVENUE	<u>51,382</u>	<u>2,120,380</u>	<u>2,982,271</u>
III. PERSONNEL SERVICES			
Salaries	60	1,019,422	676,118
Fringe	20	287,466	166,715
TOTAL PERSONNEL	<u>80</u>	<u>1,306,888</u>	<u>842,833</u>
OTHER EXPENSES			
Building Occupancy	0	33,455	141,849
Professional Services	24,998	154,612	58,486
Travel	0	98,654	368
Equipment Costs	0	2,529	4,311
Food Services	0	33	86,381
Medical & Pharmacy	0	837	262,750
Subcontracted Services	0	0	574,183
Insurance	38	43,939	33,626
Interest	0	8,373	11,432
Operating Supplies & Expense	14	35,495	76,700
Depreciation	0	24,178	44,551
Donated Items	0	0	0
Foundation Events and Awards	0	0	0
TOTAL OTHER EXPENSES	<u>25,050</u>	<u>402,105</u>	<u>1,294,637</u>
TOTAL DIRECT EXPENSES	<u>25,130</u>	<u>1,708,993</u>	<u>2,137,470</u>
INDIRECT EXPENSES			
Administrative Overhead	2,149	227,220	454,007
TOTAL INDIRECT EXPENSES	<u>2,149</u>	<u>227,220</u>	<u>454,007</u>
TOTAL EXPENSES	<u>27,279</u>	<u>1,936,213</u>	<u>2,591,477</u>
NET OPERATING INCOME (LOSS)	<u>24,103</u>	<u>184,167</u>	<u>390,794</u>
NON-OPERATING REVENUE	<u>0</u>	<u>0</u>	<u>0</u>
NET INCOME (LOSS)	<u>\$ 24,103</u>	<u>\$ 184,167</u>	<u>\$ 390,794</u>

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017
(Continued)

EMERGENCY SERVICES	DAY - NIGHT	IN-HOME & ON-SITE	INPATIENT	INTERVENTION	MEDICAL SERVICES
\$ 51,821	\$ 970,136	\$ 288,285	\$ 5,559,990	\$ 554	\$ 1,351,789
1,432,736	62,803	14,118	501,417	517,918	300,598
0	47,816	70,000	976,241	8,000	304,357
0	63,941	7,038	914,446	0	2,803,678
1,432,736	174,560	91,156	2,392,104	525,918	3,408,633
1,484,557	1,144,696	379,441	7,952,094	526,472	4,760,422
565,533	374,101	250,467	1,902,912	296,520	1,357,291
131,668	113,708	64,274	469,267	82,516	201,448
697,201	487,809	314,741	2,372,179	379,036	1,558,739
43,383	73,798	20,536	399,249	13,432	71,592
16,038	40,221	35,434	164,666	20,162	612,308
963	558	7,440	1,039	27,344	13,176
1,477	9,757	1,591	12,133	1,618	1,879
9,560	88,664	78	243,129	88	507
1,333	586	1,281	739,545	4,281	2,563,785
0	0	0	1,616,133	0	0
17,906	26,302	9,102	94,653	11,152	23,469
3,449	9,154	3,007	32,176	5,395	5,835
19,994	47,790	16,721	215,886	32,633	17,067
12,761	40,620	12,212	125,398	16,034	29,174
0	0	0	0	0	0
0	0	0	0	0	0
126,864	337,450	107,402	3,644,007	132,139	3,338,792
824,065	825,259	422,143	6,016,186	511,175	4,897,531
160,493	96,806	59,252	1,269,991	54,682	493,321
160,493	96,806	59,252	1,269,991	54,682	493,321
984,558	922,065	481,395	7,286,177	565,857	5,390,852
499,999	222,631	(101,954)	665,917	(39,385)	(630,430)
0	19,302	0	0	0	0
\$ 499,999	\$ 241,933	\$ (101,954)	\$ 665,917	\$ (39,385)	\$ (630,430)

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017
(Continued)

OUTPATIENT	PREVENTION	R&B w/ SPV LEVEL 1	R&B w/ SPV LEVEL 2	R&B w/ SPV LEVEL 4	SUBSTANCE ABUSE DETOX
\$ 1,985,405	\$ 30,552	\$ 34	\$ 790,196	\$ 16,376	\$ 196,668
451,041	236,119	1,622,235	2,732,580	211,784	519,705
492,324	39,040	0	662,672	15,000	0
90,060	0	0	238,593	22,788	130
1,033,425	275,159	1,622,235	3,633,845	249,572	519,835
3,018,830	305,711	1,622,269	4,424,041	265,948	716,503
1,961,648	129,740	894,003	1,651,067	65,856	152,109
481,918	26,129	273,067	528,665	18,155	37,533
2,443,566	155,869	1,167,070	2,179,732	84,011	189,642
210,065	18,073	72,381	309,010	25,441	31,925
325,974	6,435	19,752	90,014	4,325	13,192
58,219	12,893	605	10,169	1,388	122
13,362	608	4,324	28,511	720	1,852
870	7,167	93,662	561,555	34,197	19,442
9,328	71	26,391	27,375	248	59,138
0	0	0	472	0	129,248
71,013	9,219	30,234	118,939	7,545	7,570
18,784	1,658	10,014	44,848	4,528	2,573
137,306	14,320	41,895	176,585	8,167	20,099
84,218	7,702	38,385	149,410	19,937	10,002
0	0	0	32,512	0	0
0	0	0	0	0	0
929,139	78,146	337,643	1,549,400	106,496	295,163
3,372,705	234,015	1,504,713	3,729,132	190,507	484,805
451,102	27,537	121,790	384,537	16,849	102,321
451,102	27,537	121,790	384,537	16,849	102,321
3,823,807	261,552	1,626,503	4,113,669	207,356	587,126
(804,977)	44,159	(4,234)	310,372	58,592	129,377
0	0	0	7,510	0	0
\$ (804,977)	\$ 44,159	\$ (4,234)	\$ 317,882	\$ 58,592	\$ 129,377

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017
(Continued)

CRF ARF	SUPPORTED HOUSING	TASC	ACT TEAMS	TOTAL ADM PROGRAMS	PRIMARY CARE CLINICS
\$ 293,229	\$ 117,086	\$ 31,528	\$ 132	\$ 15,111,987	\$ 10,867
1,045,429	17,297	496,622	2,210,703	14,033,173	712,393
410,497	0	40,000	0	3,123,421	175,000
2,063	117,632	110,440	55	4,379,149	1,669,719
1,457,989	134,929	647,062	2,210,758	21,535,743	2,557,112
1,751,218	252,015	678,590	2,210,890	36,647,730	2,567,979
338,059	71,917	203,306	1,080,390	12,990,519	399,511
83,354	17,459	71,745	278,183	3,333,290	83,890
421,413	89,376	275,051	1,358,573	16,323,809	483,401
70,924	79,054	26,420	92,465	1,733,052	54,332
29,244	8,598	73,341	64,614	1,762,414	262,964
185	384	12,511	26,071	272,089	19,930
2,155	3,414	614	35,657	126,512	5,043
43,191	2,642	0	1,819	1,192,985	1,609
131,375	0	3,084	1,921	3,833,329	1,664,993
287,091	0	0	0	2,607,127	0
16,814	14,585	11,912	68,218	616,236	14,260
5,716	13,131	3,370	7,595	191,038	5,259
38,352	3,810	22,554	292,651	1,218,039	25,778
22,276	33,892	14,125	50,261	735,136	23,818
0	19,408	0	0	51,920	0
0	0	0	0	0	0
647,323	178,918	167,931	641,272	14,339,877	2,077,986
1,068,736	268,294	442,982	1,999,845	30,663,686	2,561,387
226,738	27,152	56,242	182,952	4,415,141	127,222
226,738	27,152	56,242	182,952	4,415,141	127,222
1,295,474	295,446	499,224	2,182,797	35,078,827	2,688,609
455,744	(43,431)	179,366	28,093	1,568,903	(120,630)
0	4,490	0	0	31,302	0
\$ 455,744	\$ (38,941)	\$ 179,366	\$ 28,093	\$ 1,600,205	\$ (120,630)

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017
(Continued)

ACADEMIC SERVICES	COMMUNITY HOUSING	CHILD WELFARE SVCS	JAIL DIVERSION SVCS	TOTAL NON-ADM PROGRAMS	TOTAL ADMIN AND SUPPORT
\$ 332,471	\$ 0	\$ 26,520	\$ 0	\$ 369,858	\$ 0
0	0	4,371,846	0	5,084,239	0
4,015,124	0	374,984	611,941	5,177,049	38,931
6,460	272,886	12,354	340,995	2,302,414	62,149
4,021,584	272,886	4,759,184	952,936	12,563,702	101,080
4,354,055	272,886	4,785,704	952,936	12,933,560	101,080
1,717,733	45,222	3,173,334	352,214	5,688,014	4,949,484
466,837	9,961	760,831	94,692	1,416,211	865,076
2,184,570	55,183	3,934,165	446,906	7,104,225	5,814,560
234,951	62,925	124,861	32,243	509,312	(737,957)
209,877	3,062	86,529	18,038	580,470	(1,194,394)
4,495	475	113,679	5,009	143,588	118,409
668,680	1,021	66,214	6,083	747,041	67,596
1,248	0	837	1,693	5,387	(231,122)
2,443	28	3,374	36,138	1,706,976	111,575
1,379	0	0	0	1,379	9,972
81,204	22,036	119,090	15,111	251,701	102,275
45,424	5,786	4,410	3,081	63,960	124,818
94,076	5,155	180,533	319,980	625,522	518,716
134,622	83,978	21,954	16,783	281,155	275,618
0	0	0	0	0	0
0	0	0	0	0	0
1,478,399	184,466	721,481	454,159	4,916,491	(834,494)
3,662,969	239,649	4,655,646	901,065	12,020,716	4,980,066
352,265	18,954	315,115	65,178	878,734	(5,293,875)
352,265	18,954	315,115	65,178	878,734	(5,293,875)
4,015,234	258,603	4,970,761	966,243	12,899,450	(313,809)
338,821	14,283	(185,057)	(13,307)	34,110	414,889
0	0	0	0	0	517,808
\$ 338,821	\$ 14,283	\$ (185,057)	\$ (13,307)	\$ 34,110	\$ 932,697

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2017
(Concluded)

LIFESTREAM BEHAVIORAL CENTER FOUNDATION, INC.	LAKE REGION HOMES, INC.	ANTHONY HOUSE, INC.	TOTAL
\$ 0	\$ 0	\$ 0	\$ 15,481,845
0	83,305	0	19,200,717
0	0	0	8,339,401
254,672	29,583	750	7,028,717
254,672	112,888	750	34,568,835
254,672	112,888	750	50,050,680
0	0	0	23,628,017
0	0	0	5,614,577
0	0	0	29,242,594
0	27,552	0	1,531,959
0	4,165	0	1,152,655
0	0	0	534,086
0	0	0	941,149
0	0	0	967,250
0	0	0	5,651,880
0	0	0	2,618,478
0	15,626	0	985,838
0	24,006	0	403,822
21,819	1,394	24	2,385,514
834	10,115	19,524	1,322,382
0	0	0	51,920
176,724	0	0	176,724
199,377	82,858	19,548	18,723,657
199,377	82,858	19,548	47,966,251
0	0	0	0
0	0	0	0
199,377	82,858	19,548	47,966,251
55,295	30,030	(18,798)	2,084,429
0	0	0	549,110
\$ 55,295	\$ 30,030	\$ (18,798)	\$ 2,633,539

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES - HOSPITAL ONLY AND ALL OTHER COST CENTERS
YEAR ENDED JUNE 30, 2017

	Hospital Cost Centers					Total Hospital	All Other Cost Centers	Consolidated Totals
	Inpatient	ARF	Crisis Stabilization	Detoxification	Emergency services			
Public Support Revenue:	\$ 2,392,104	\$ 1,457,991	\$ 1,203,537	\$ 519,835	\$ 1,432,736	\$ 7,006,203	\$ 27,336,580	\$ 34,342,783
Gross Patient Revenue	\$ 14,413,396	\$ 2,352,841	\$ 6,709,008	\$ 873,857	\$ 171,096	\$ 24,520,198	\$ 36,335,953	\$ 60,856,151
Contractual Allowance and Bad Debts	\$ 8,853,406	\$ 2,059,612	\$ 4,930,273	\$ 677,189	\$ 119,275	\$ 16,639,755	\$ 28,734,548	\$ 45,374,303
Net Patient Revenue	\$ 5,559,990	\$ 293,229	\$ 1,778,735	\$ 196,668	\$ 51,821	\$ 7,880,443	\$ 7,601,405	\$ 15,481,848
Total Public Support and Revenue	\$ 7,952,094	\$ 1,751,220	\$ 2,982,272	\$ 716,503	\$ 1,484,557	\$ 14,886,646	\$ 34,937,985	\$ 49,824,631
Expenses								
Personnel Expenses:								
Salaries	\$ 1,902,912	\$ 338,059	\$ 676,118	\$ 152,109	\$ 565,533	\$ 3,634,731	\$ 19,993,289	\$ 23,628,020
Fringe Benefits	\$ 469,268	\$ 83,354	\$ 166,715	\$ 37,533	\$ 131,669	\$ 888,539	\$ 4,726,037	\$ 5,614,576
Total Personnel Costs	\$ 2,372,180	\$ 421,413	\$ 842,833	\$ 189,642	\$ 697,202	\$ 4,523,270	\$ 24,719,326	\$ 29,242,596
Direct Expenses:								
Building Occupancy	\$ 399,249	\$ 70,924	\$ 141,849	\$ 31,925	\$ 43,383	\$ 687,330	\$ 817,078	\$ 1,504,408
Professional Services	164,666	29,244	58,486	13,192	16,038	281,626	866,866	1,148,492
Travel	1,039	185	368	122	963	2,677	531,408	534,085
Equipment Cost	12,133	2,155	4,311	1,852	1,477	21,928	919,222	941,150
Food Services	243,129	43,191	86,381	19,442	9,560	401,703	565,548	967,251
Medical and Pharmacy	739,545	131,375	262,750	59,138	1,333	1,194,141	4,457,740	5,651,881
Subcontracted Services	1,616,133	287,091	574,183	129,248	0	2,606,655	11,823	2,618,478
Insurance	94,653	16,814	33,626	7,570	17,906	170,569	799,644	970,213
Interest	32,176	5,716	11,432	2,573	3,449	55,346	324,469	379,815
Operating Supplies and Expense	215,887	38,352	76,701	20,099	19,994	371,033	1,991,245	2,362,278
Depreciation	125,398	22,276	44,551	10,003	12,761	214,989	1,076,922	1,291,911
Donated Items	0	0	0	0	0	0	51,920	51,920
Total Other Direct Expenses	\$ 3,644,008	\$ 647,323	\$ 1,294,638	\$ 295,164	\$ 126,864	\$ 6,007,997	\$ 12,413,885	\$ 18,421,882
Total Direct Expenses	\$ 6,016,188	\$ 1,068,736	\$ 2,137,471	\$ 484,806	\$ 824,066	\$ 10,531,267	\$ 37,133,211	\$ 47,664,478
Indirect Expenses:								
Center Administration	\$ 1,269,991	\$ 226,738	\$ 454,008	\$ 102,322	\$ 160,492	\$ 2,213,551	\$ (2,213,551)	\$ 0
Total Indirect Expenses	\$ 1,269,991	\$ 226,738	\$ 454,008	\$ 102,322	\$ 160,492	\$ 2,213,551	\$ (2,213,551)	\$ 0
Total Expenses	\$ 7,286,179	\$ 1,295,474	\$ 2,591,479	\$ 587,128	\$ 984,558	\$ 12,744,818	\$ 34,919,660	\$ 47,664,478
Changes in Unrestricted Net Assets	\$ 665,915	\$ 455,746	\$ 390,793	\$ 129,375	\$ 499,999	\$ 2,141,828	\$ 18,325	\$ 2,160,153

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED SCHEDULE OF STATE EARNINGS FOR ALCOHOL, DRUG ABUSE, AND
MENTAL HEALTH SERVICES
YEAR ENDED JUNE 30, 2017

1	Total SAMH Expenditures	\$ 38,957,090
2	Less Other State and Federal Funds	2,177,218
3	Less Non-match SAMH Funds	6,909,772
4a	Less Unallowable Costs per 65E-14, F.A.C.	62,764
4b	Less Unallowable Patient Fees	874,215
5	Total Allowable Expenditures (sum of lines 1, 2, 3 and 4)	<u>28,933,121</u>
6	Maximum Available Earnings (line 5 multiplied by 75%)	21,699,840.75
7	Amount of State Funds Required Match (total of invoices paid by department, less line 3)	<u>5,628,840</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>\$ 16,071,001</u>
	Amount Due Department	<u>\$ 0</u>

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF BED DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2017

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	1,891	1,759	\$286,732	\$601,518	\$0
Adult Mental Health	CSU	\$342.05	3650	201	3,449	\$811,818	\$1,179,663	\$0
Adult Substance Abuse	Detox	\$307.94	2190	231	1,959	\$519,705	\$603,139	\$0
Adult Mental Health	ARF	\$342.05	3650	345	3,305	\$1,045,429	\$1,130,484	\$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: 6/30/17

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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: 6/30/17

OTHER REPORTS AND SCHEDULES

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

Florida/State Agency, Pass-Through Entity Federal Programs/State Project	CFDA/CSFA Number	Contract Grant Number	Reimbursable Expenditure
U. S. Department of Agriculture			
<i>Passed Through Florida Department of Elder Affairs:</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	Y6019	\$ 31,769
National School Lunch Program	10.558	Y6019	1,581
Total U. S. Department of Agriculture			<u>33,350</u>
U. S. Department of Housing and Urban Development			
<i>Passed Through Lake Region Homes:</i>			
Section 8 Housing Assistance Payment Program	14.195	2016/2017	83,305
<i>Passed Through Florida Department of Housing and Urban Development:</i>			
Community Development Block Grant	14.218	2016/2017	26,461
<i>Passed Through Florida Department of Housing and Urban Development:</i>			
<i>Passed Through Hope House:</i>			
Supportive Housing Program	14.235	FL0399L4H201414	55,318
Total U. S. Department of Housing and Urban Development			<u>165,084</u>
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		61,231
Total U. S. Department of Justice			<u>61,231</u>
U. S. Department of Health and Human Services			
SAMHSA - Wellness Integration Network	93.243	1H79SM062346-01	435,600
SAMHSA - Assisted Outpatient Team	93.997	1H79SMO63543-01	355,785
<i>Passed Through Kids Central, Inc.:</i>			
Preservation and Support Services	93.556	C1617-FCC-LS004	11,851
Preservation and Support Services	93.556	C1617-CMA-LS004	20,638
Subtotal Expenditures - CFDA 93.556			<u>32,489</u>
<i>Passed Through Florida Department of Children and Families:</i>			
Temporary Assistance for Needy Families	93.558	GHME1	97,352
<i>Passed Through Lutheran Services Florida:</i>			
Temporary Assistance for Needy Families	93.558	EH003	180,001
<i>Passed Through Kids Central, Inc.:</i>			
Temporary Assistance for Needy Families	93.558	C1617-FCC-LS004	8,516
Temporary Assistance for Needy Families	93.558	C1617-FBT-LS004	13,966
Temporary Assistance for Needy Families	93.558	C1617-CMA-LS004	517,762
Subtotal Expenditures - 93.558			<u>817,597</u>
<i>Passed Through Kids Central, Inc.:</i>			
Community Based Care Abuse Prevention Grants	93.590	C1617-FCC-LS004	60,546
<i>Passed Through Kids Central, Inc.:</i>			
Grants to States for Access and Visitation Programs	93.597	C1617-CMA-LS004	18,614

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017
(Continued)

Florida/State Agency, Pass-Through Entity Federal Programs/State Project	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	C1617-FCC-LS004	\$ 6,236
Child Welfare Services	93.645	C1617-FBT-LS004	10,227
Child Welfare Services	93.645	C1617-CMA-LS004	116,828
<i>Subtotal Expenditures - 93.645</i>			<u>133,291</u>
<i>Passed Through Kids Central, Inc.:</i>			
Foster Care - Title IV-E	93.658	R2017-TGC-D004	10,455
Foster Care - Title IV-E	93.658	C1617-FCC-LS004	23,538
Foster Care - Title IV-E	93.658	C1617-FBT-LS004	38,604
Foster Care - Title IV-E	93.658	C1617-CMA-LS004	1,197,569
<i>Subtotal Expenditures - 93.658</i>			<u>1,270,166</u>
<i>Passed Through Kids Central, Inc.:</i>			
Adoption Assistance	93.659	C1617-CMA-LS004	265,854
<i>Passed Through Kids Central, Inc.:</i>			
Community Based Care Abuse Prevention Grants	93.667	R2017-TGC-D004	7,398
<i>Passed Through Kids Central, Inc.:</i>			
Child Abuse and Neglect	93.669	C1617-FCC-LS004	4,805
Child Abuse and Neglect	93.669	C1617-FBT-LS004	7,880
<i>Subtotal Expenditures - CFDA 93.669</i>			<u>12,685</u>
<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	3,719
Medical Assistance Program	93.778	EH003	265,039
<i>Passed Through Florida Department of Children and Families:</i>			
<i>Passed Through Lutheran Services Florida</i>			
Block Grant for Community Mental Health Services	93.958	EH003	673,816
<i>Passed Through Florida Department of Children and Families:</i>			
Block Grant for Community Mental Health Services	93.958	2016/2017	1,622,235
<i>Subtotal Expenditures - CFDA 93.958</i>			<u>2,296,051</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	1,862,499
<i>Passed Through Florida Alcohol and Drug Association</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	2016/2017	356,906
<i>Passed Through Florida Department of Children and Families</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	GHME1	33,630
<i>Subtotal Expenditures - CFDA 93.959</i>			<u>2,253,035</u>
Total U.S. Department of Health and Human Services			<u>8,227,869</u>
Total Expenditures of Federal Awards			<u>8,487,534</u>

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017
(Concluded)

Florida/State Agency, Pass-Through Entity Federal Programs/State Project	CFDA/CSFA Number	Contract Grant Number	Reimbursable Expenditures
State Courts System			
Florida Alcohol and Drug Abuse Association - Naltrexone	22.022	N/A	\$ 173,612
State of Florida Department of Children and Families			
<i>Passed Through Mid Florida Homeless Commission</i>			
Homeless Prevention Grant	60.014	PPZ250	32,807
<i>Passed Through Kids Central, Inc.:</i>			
In Home Assistance	60.075	C1617-FBT-LS004	5,291
In Home Assistance	60.075	C1617-FCC-LS004	95,770
<i>Subtotal Expenditures - CSFA 60.075</i>			<u>101,061</u>
Community Forensic Beds	60.114	GHME1	260,019
<i>Passed Through Lutheran Services, Florida</i>			
Community Forensic Beds	60.114	EH003	48,073
<i>Subtotal Expenditures - CSFA 60.114</i>			<u>308,092</u>
Public Safety, Mental Health and			
Substance Abuse Local Matching Grant	60.115	2016/2017	448,210
<i>Passed Through Lake County, Florida:</i>			
Public Safety, Mental Health and			
Substance Abuse Local Matching Grant	60.115	2016/2017	1,048,987
<i>Subtotal Expenditures - CSFA 60.115</i>			<u>1,497,197</u>
CAT Team	60.150	2016/2017	750,000
<i>Passed Through Lutheran Services, Florida</i>			
SAMH - Assisted Living Program	60.154	EH003	547,000
Centralized Receiving Systems	60.163	EH003	1,957,968
Total State of Florida Department of Children and Families			<u>5,194,125</u>
Total Expenditures of State Financial Assistance			<u>5,367,737</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 13,855,271</u>

LIFESTREAM BEHAVIORAL CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

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

LifeStream Behavioral 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, 2017, 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 15, 2017.

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 entity'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: 6/30/17

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 15, 2017
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT 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 Program and State Project

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, 2017. The Center's major federal programs and state projects are identified in the summary of auditor's 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.

Auditor's 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 program and state project 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 program and state project. 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 PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL
(Concluded)**

Opinion on Each Major Federal Program and State Project

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 project for the year ended June 30, 2017.

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 program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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 program and state project 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 program and state project 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 program and state project 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.

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.

December 15, 2017
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

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 auditor's report on compliance for the major federal program and state project 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:

Programs	CFDA No.	CSFA No.
SAMHSA – Wellness Integration Network	93.243	
Foster IV-E	93.658	
SAMHSA – Assisted Outpatient Team	93.997	
Community Forensic Beds		60.114
SAMH – Assisted Living Program		60.154
Centralized Receiving Systems		60.163

8. The threshold for distinguishing Types A and B program/project was \$750,000 for major federal programs and \$300,000 for major state programs.
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, 2017
(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.

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the LifeStream Behavioral Center, Inc. and Subsidiaries (the Center), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated December 15, 2017.

Auditor's Responsibility

We conducted our audit 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.650 of the *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in accordance with Uniform Guidance, and Chapter 10.650 of the *Rules of the Auditor General*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 15, 2017, should be considered in conjunction with this management letter.

Additional Matter

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

December 15, 2017
Ocala, Florida

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.

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	\$ 215,970		14			
TOTAL	<u>\$ 215,970</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	\$ 1,746,647	\$ 1,571,982	\$ 139,732	\$ 34,933
TOTAL	\$ 1,746,647	\$ 1,571,982	\$ 139,732	\$ 34,933

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

Description	Total Expenses	Program Service	Management & General	Fund Raising
REPAIRS AND MAINTENANCE	\$ 403,253	\$ 362,928	\$ 32,260	\$ 8,065
EMPLOYEE & PATIENT DEVEL.	265,914	239,323	21,273	5,318
FACT CLIENT SUPPORT FUNDI	240,896	240,896		
LINENS	220,086	220,086		
PRINTING AND PUBLICATIONS	194,752	175,277	15,580	3,895
DUES AND SUBSCRIPTIONS	97,111	87,400	7,769	1,942
HOSPITAL ASSESSMENT EXP	88,938	88,938		
CONSUMMABLE EXPENSE	88,244	79,419	7,060	1,765
COLLECTION SERVICE FEES	63,205	63,205		
DATA PROCESSING EXPENSE	58,617	52,756	4,689	1,172
POSTAGE AND SHIPPING	55,116	49,605	4,409	1,102
TAXES & LICENSES	52,020	46,818	4,162	1,040
BANK CHARGES	27,569		27,569	
EDUCATIONAL SUPPLIES	13,778	13,778		
PERSONNEL RECRUITMENT	10,415	10,415		
MISCELLANEOUS EXPENSE	1,573	1,416	126	31
TOTAL	\$ 1,881,487	\$ 1,732,260	\$ 124,897	\$ 24,330

Federal Statements

Schedule A, Part II, Line 8(e)

Description	Amount
INTEREST INCOME	\$ 215,970
RENTAL INCOME	509,656
TOTAL	<u>\$ 725,626</u>

Schedule A, Part II, Line 12 - Current year

Description	Amount
NET PATIENT REVENUE	\$ 15,481,848
OTHER OPERATING REVENUE	694,189
TOTAL	<u>\$ 16,176,037</u>