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State of Florida
Department of Children and Families

Rick Scott
Governor

Mike Carroll
Secretary

Walter T, Sachs
Regional Managing Director
Northwest Region

DATE: March 30, 2017

TO: David L. Fairbanks
Deputy Secretary

FROM: Walter T. Sachs
Regional Managing Director
Northwest Region

SUBJECT: SFY 2017 Risk Pool Application

Lakeview Center, Inc. d.b.a FamiliesFirst Network (FFn), the Community-Based Care (CBC) Lead Agency for Circuit 1 met the eligibility criteria for submission of a 2017 Risk Pool Application. As Regional Managing Director of the Northwest Regions, I am confirming and approving the FFn Risk Pool Application.

The Northwest Region provided technical assistance in developing and submitting a Plan to Achieve Financial Viability and continues to provide assistance through monthly meetings with FFn, as well as quarterly meetings with Barney Ray, Director of the Office CBC/ME Financial Accountability.

FamiliesFirst Network has been implementing the Financial Viability Plan with a high degree of fidelity.

ATTACHMENTS: FFn Risk Pool Funding Application SFY 2016-17

cc: JoShonda Guerrier, Assistant Secretary for Child Welfare
Barney Ray, Director, Office CBC/ME Financial Accountability
Randall Fleming, Director, NWR Strategic Planning and Community Services
Lisa Carden, CBC Contract Manager, Circuit 1

Risk Pool Application SFY 2016-17

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Please complete all items and submit electronically to the Regional Managing Director. Upon review and concurrence of the Risk Pool Request, the Regional Managing Director will submit the application to the Deputy Secretary for the Department.

Lead Agency Name: Lakeview Center, Inc. d.b.a. FamiliesFirst Network

Region: 1 Contract No.:AJ481

Address:1221 West Lakeview Avenue

Pensacola, FL 32501

Lead Agency Contact: Shawn Salamida Phone No.:(850) 453-7745

Contract Manager: Lisa Carden Phone No.:(850) 483-6676

This request is being submitted in response to an anticipated current year deficit in excess of available carry forward funds.

Financials:

1) Confirm the dollar amount being requested: $768,156

2) Confirm that funds will be expended by the end of the current fiscal year: X Yes ☐No

3) How do you propose to use these funds to address or correct the underlying cause of the shortfall? Our financial viability plan has been implemented as a part of normal operations. Funds received in response to this application will be used to address the deficit incurred from normal operations.

Lead Agency Name:

Region: 1 Contract No.:AJ481

M Allison Hill 3.28-2017

Lead Agency CEO/ED Name and Signature Date

Lisa Conder 3/30/17

CBC Contract Manager Name and Signature Date

Regional Managing Director Name:

Please confirm the following:

The Lead Agency submitted a Financial Viability Plan. ☑ Yes ☐ No

The Lead Agency is actively working its Financial Viability Plan. ☑ Yes ☐ No

Please check the applicable box to indicate your level of support of this application:

✓ Concur

*Do Not Concur

3/30/17

Regional Managing Director Signature Date

*Rationale:

(This item must be completed if "Do Not Concur" is checked.)

Exhibit A

Section 409.990(7), Florida Statutes:

(a) The department, in consultation with the Florida Coalition for Children, Inc., shall develop and implement a community-based care risk pool initiative to mitigate the financial risk to eligible lead agencies. This initiative must include:

1. A risk pool application and protocol developed by the department which outlines submission criteria, including, but not limited to, financial and program management, descriptive data requirements, and timeframes for submission of applications. Requests for funding from risk pool applicants must be based on relevant and verifiable service trends and changes that have occurred during the current fiscal year. The application must confirm that expenditure of approved risk pool funds by the lead agency will be completed within the current fiscal year.

2. A risk pool peer review committee, appointed by the secretary and consisting of department staff and representatives from at least three nonapplicant lead agencies, which reviews and assesses all risk pool applications. Upon completion of each application review, the peer review committee shall report its findings and recommendations to the secretary, providing, at a minimum, the following information:

a. Justification for the specific funding amount required by the risk pool applicant based on the current year's service trend data, including validation that the applicant's financial need was caused by circumstances beyond the control of the lead agency management;

b. Verification that the proposed use of risk pool funds meets at least one of the purposes specified in paragraph (c); and

c. Evidence of technical assistance provided in an effort to avoid the need to access the risk pool and recommendations for technical assistance to the lead agency to ensure that risk pool funds are expended effectively and that the agency's need for future risk pool funding is diminished.

(b) Upon approval by the secretary of a risk pool application, the department may request funds from the risk pool in accordance with s. 216.181(6)(a).

(c) The purposes for which the community-based care risk pool shall be used include:

1. Significant changes in the number or composition of clients eligible to receive services.
2. Significant changes in the services that are eligible for reimbursement.
3. Continuity of care in the event of failure, discontinuance of service, or financial misconduct by a lead agency.
4. Significant changes in the mix of available funds.

(d) The department may also request in its annual legislative budget request, and the Governor may recommend, that the funding necessary to effect paragraph (c) be appropriated to the department. In addition, the department may request the allocation of funds from the community-based care risk pool in accordance with s. 216.181(6)(a). Funds from the pool may be used to match available federal dollars.

1. Such funds shall constitute partial security for contract performance by lead agencies and shall be used to offset the need for a performance bond.

2. The department may separately require a bond to mitigate the financial consequences of potential acts of malfeasance or misfeasance or criminal violations by the service provider.

Framework For
Plan to Achieve Financial Viability
June 30, 2017

A. Context Information

1. Scope of Analysis. For purposes of this analysis, include core service funding and expenditures. Core services funding includes from the Schedule of Funds: Section A&B, Medicaid Administration, Promoting Safe and Stable Families Grant, State Access Visitation Grant and Training. Core service funding does not include Maintenance Adoption Subsidies (MAS), Independent Living/Extended Foster Care, Children's Mental Health Wraparound or non-recurring funding such Safety Management Services. Any expenditures above funding provided in non-core services funding should be included as a projected use of core services funding.

2. Attachment A shows the department's information regarding your organization's core service funding and expenditure history.

3. For SFY 2016-2017, your funding available is estimated by the department to be:

   a. Initial approved operating budget $34,221,547

   b. Estimated carry forward funding $ 106,138

   c. Total $34,327,685

   Insert amounts from Attachment A

4. Your SFY 2015-2016 core service expenditures were estimated to be $32,783,834

5. If SFY 2016-2017 core service expenditures are equal to the prior year, you would have a projected surplus/~~deficit~~ of $50,765

6. In performing your analysis of causal factors, please use the Office of Child Welfare "spinner" reports and other FSFN data. Attachment B shows a list of performance measures that DCF will include in the report that will accompany the CBC financial viability reports.

B. CBC Analysis

1. Based on your analysis of your current financial position, what is your calculation of your initial core service funds available?

   a. Initial approved operating budget $34,221,547

   b. Carry forward $ 106,138

   c. Other projected revenue (identify)

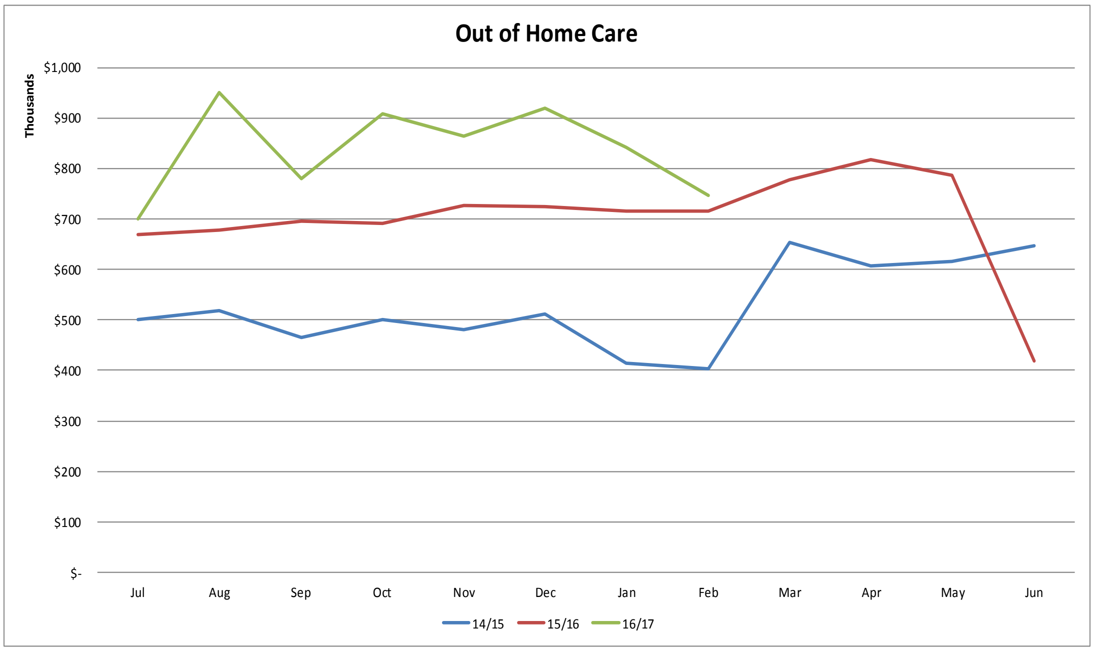
   Total $34,327,685

2. What is your projected level of core service expenditures for SFY 2016-2017? $34,796,996

3. What are the primary factors causing expenditures to increase or decrease over last fiscal year?

The primary factors causing expenditures to increase over the prior fiscal year are:

a. the 45% increase in OHC levels over the prior 18 month period is the primary factor for FFN's increase in expenditures for the 16/17 SFY. The graph below compares costs directly related to OHC, for the periods of July 2014 – February 2017, with the 16/17 period highlighted in green.



b. a corresponding increase in group care placements,

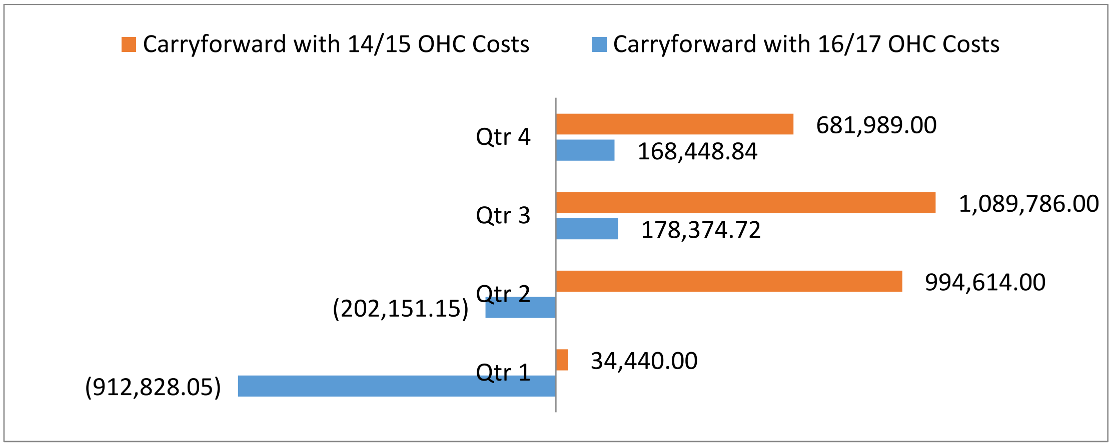
c. an increased acuity of need requiring more intensive, higher cost placements,

d. investments in our case management workforce (added positions due to increasing OHC caseload, market adjustment to bring positions closer to the midpoint of industry standards to improve retention and slow turnover), and

e. an over-extended prevention and diversion service array that lacked standardization

4. What is your projected ~~surplus~~/deficit for the end of SFY 2016-2017?

   Currently $768,156 is our projected deficit which is directly related to an increase in OHC levels and overall OHC costs. In reference to the graph below, the graph shaded in blue represents carryforward balances by quarter with actual expenditures updated for the months of July 2016 – February 2017. The graph shaded in orange represents a calculated carryforward balance by quarter with 16/17 actual and projected OHC costs replaced with 14/15 actual OHC costs. For the purposes of this comparison, if 14/15 OHC costs replaced 16/17 OHC costs, for the 16/17 state fiscal year, FFN's carryforward balance would be a projected $2.8M surplus.



5. List your projected expenditures as of each fiscal quarter which can serve as milestones to gauge progress.

September 30, 2016	$8,943,993
December 31, 2016	$8,650,803
March 31, 2017	$8,543,068
June 30, 2017	$8,659,132

6. If you do not project a deficit for SFY 2016-2017, what are the key indicators that you will monitor to assure that expenditures stay within revenues?

   a. Factors related to case manager caseload-

   b. Factors related to prevention service array utilization and entries into care –

   c. Factors related to group care placements and the cost of children while in care –

What actions are you planning (either factors you control or factors involving key partners) to ensure expenditures remain within funds available?

7. If you are projecting a deficit for the fiscal year, identify the key causal factors that are affecting your expenditure levels:

   a. Factors related to entries into care - Circuit 1 has over the past two years trended higher than the state rate, sometimes double, for entries into care. This came down for approximately a six month period when Decision Support Team calls occurred before any removal. As supervisors graduated from that process, the rate began to climb again, so DSTs were reinstated around Dec 16-Jan 17. Walton County, in particular, has one of the highest removal rates in the state and was recently part of a statewide review of the top 5 removal counties that continue to be monitored by the Secretary. The substance abuse epidemic has been the primary factor in the Walton County removal spike. It is wiping out entire families, so that when a child must be sheltered, licensed care is the only option. There has also been an uptick in lockout removals, which at times occur from the bench as a child is being released from DJJ and the parent indicates they do not want to have the child return home. It can also be a result of juvenile sexual offender charges where the judge determines other children would not be safe if the youth returned home and orders them into foster care instead. Additionally, families who have tried to access APD services but were not able to navigate their complex system and receive services before things reached a crisis have resulted in numerous youth with extremely high needs being sheltered when the parents refused to allow them back into the home.

   b. Factors related to the cost of children while in care - There has been a 50% increase in out-of-home care since January 2014. What was once a sufficient foster home capacity was not able to sustain a 50% increase. This has resulted in youth needing to be placed in other, often more expensive, settings. Additionally, the types of youth coming into care have experienced much higher trauma and require higher levels of care to stabilize them. As noted above, youth who are lockouts ordered into foster care from the DJJ bench are much more challenging to place. They often have restrictions on not being placed with children younger or at least not sharing a room. Youth who have weapons charges or sexual offender status are very difficult to place and often end up costing double the rate if they cannot share a room. Youth who need APD services but whose families were unable to navigate the system and receive help end up in placements that cost as much as $12,000 a month for one child. These are kids whose needs are very intense, but they need the developmental services APD can provide, not behavioral health placements. Two children are currently costing FFN $300,000 a year for placement alone. Both qualify for APD. Safe Harbor beds, which we are expected to utilize for HT victims if there is space available, cost as much as $8-9000 a month. There are very few of these homes currently and none are covered by Medicaid despite being a treatment program, which drives up the cost. FFN has several youth in this level of care currently.

Approximately 5% of FFN's licensed care population accounts for nearly 30% of the cost. This group is reviewed regularly to assess treatment needs and step-down options in our weekly "high utilizer staffing."

c. Factors related to exits from care - Despite the substantial increase in removals, FFN has exceeded the state rate for discharges almost every month over the past two years, often substantially. In an adequately resourced system, the number of kids entering care should roughly match the number of kids exiting care each month. With a surge of entries, the system could not respond quickly enough, and even FFN's high rate of discharge compared to the rest of the state has not been enough to offset the number coming in. The initial group of children who entered care when the increase began and could not be safely reunified have now progressed to the adoptions unit, which may experience stalls in exiting care due to judges not issuing TPR orders timely, appeals dragging on, home studies taking longer than anticipated to complete and the level of trauma making suitable matches very difficult to obtain.

Please refer to the Risk Pool Review Protocol (Attachment D) for more detailed analytic elements which may be useful in identifying causal factors to be included in your analysis.

8. Based on this analysis, develop a plan of action detailing the actions necessary to mitigate costs and bring projected expenditures in line with revenues. Your actions should be realistic and include activities within your control and activities that will require coordination with key partners. Include actions, time frames and responsible person(s)/entity(ies) in your plan. See Attachment C for an example of a corrective action plan which may be useful in formatting your action plan. It is expected that your plan will be focused on key causal factors and key actions. Please do not include extensive data charts or historical information that are not directly relevant to the issues in your plan.

We have reviewed our current system of care for cost efficiency opportunities related to personnel. Initially our approach began with a review of our current FTE to client ratio. In FY13/14 our budgeted caseload ratio was 18:1. Recent increases in legislative appropriations that were intended for investments in case management allowed us to increase case worker pay as well as gradually reduce the budgeted caseload ratio to 15:1 by hiring additional case managers. However this could not be sustained due to continued increases in OHC.

We know that while 15:1 ratios (and lower) are optimal, effective services can be delivered with a 17:1 threshold. Our goal is to return to 15:1 levels in the near future. However our current budget position and demand for services does not allow it. With an initial 15/16 budget target of 15:1, the increase in dependency case management clients equated to an increase of a combined 20 additional family service counselors and support staff to maintain our 15:1 case ratio target. Personnel cost reductions represent approximately 31% of our overall cost reduction strategy and includes the realignment of our target ratio from 15:1 to 17:1 levels. During our review of the first and second quarters of the 15/16 state fiscal year we identified three service centers that were over staffed based on our initial target of 15:1. Based on this review we realigned staff to new positions and identified additional cost saving opportunities though a reduction of staffing levels. The overall reduction of staff included a new target of 17:1 through natural attrition. Together with a careful review from our leadership and dependency case management team managers we recognized efficiencies that would translate to cost saving opportunities for the following service centers:

Santa Rosa Service Center - reduction of 1 Family Service Counselor
Escambia County Service Center - reduction of 1 Support Staff, 1 Unit Manager, 1 Family Service Worker, and 7 Family Service Counselors
Okaloosa County/Ft Walton Beach Service Center - reduction of 8 Family Service Counselors
Adoption Unit - reduction of 2 Family Service Counselors

This cost containment strategy began on July 1, 2016 with the anticipation that any savings recognized would be dependent on the rate at which our staffing levels decreased though natural attrition. Therefore to quantify this savings we conducted a study of turnover rates for each unit where potential costs reductions were identified. Based on this study we calculated a projected savings of total personnel costs in the amount of $676,161 which includes $528,251 in total salaries and $147,910 in fringe benefits (total savings to be recognized mostly within the third and fourth quarter of the 16/17 state fiscal year). Salary and benefit expense targets are exclusively dependent on the level of out of home care variation and therefore savings related the increase in functional ratio is subject to change.

A major priority has been the realignment of our contracted prevention services. In FY15/16, over 10% of FFN's total budget was spent on prevention and diversion services ($4.4M). Yet Circuit One maintained a removal rate that was well above the state average. Additionally, our service lines were not in alignment with the state's vison for family support services. Therefore, our initial approach was to create a more efficient and effective system of prevention care through the use of "need specific" prevention service lines. This has been accomplished by splitting prevention services into three separate programs (safety management services, and evidence-based wraparound and Home Builders models) that focuses and identifies the level of care to meet the needs of each specific child. Now, FFN is the only lead agency who has achieved a rating of "4" by the Department for Family Support Services.

The new service lines were contracted beginning July 1, 2016 and include the Wraparound Model, Safety Management Services and the Home Builders model. For each service line, budget to actuals for all subcontracting entities were taken into consideration when developing rates and contract limits for each service area. The Wraparound and Safety Management service lines were contracted by area/county whereas the Home Builders contract covered all four areas/counties. This allowed for each contract to be thoroughly analyzed using data that was not only area specific but also need specific. This information was then used to tailor a detailed costs analysis for each individual contract where contract area specific data was used to allocate funds awarded for each applicable OCA. Using this analysis, not to exceed limits were then established for each contract and included within FFN's 16/17 state fiscal year budget. When comparing total contracted annual not to exceed amounts related to the 16/17 prevention service lines to the previous contracted amounts for the Family Service Team contracts (in effect for 15/16), our immediate savings recognized for the 16/17 state fiscal year was calculated as $338,146 or 20% of our total cost reduction plan.

Thus far, utilization of the new service array has not been optimal. FFN is working closely with our providers and DCF to increase utilization. For example, DCF has created space to co-locate at least one staff person from the provider agency in their county in order to increase visibility and access.

In similar fashion, a review of services was conducted to identify service lines which could otherwise be obtainable outside of our system of care. From this review the Family Care Unit service line was assessed for reasonableness. The purpose of the Family Care Unit (FCU) is to provide mental health and substance abuse screening and assessment in the form of biopsychosocial assessments. An internal review of this service line indicated that these services were considered to be a function of the behavioral health system and therefore should be accessible outside of FFN fund programming. After a period of analysis and discussion with our provider partners, it was decided that we would eliminate the service line for the Escambia and Santa Rosa County areas effective October 1, 2016 and further reduce this service in Okaloosa and Walton Counties effective January 1, 2017. The reduction of services in Escambia and Santa Rosa counties offers an immediate savings of $327,089 or 19% of our total cost reduction plan. Beginning January 1, 2017, a reduction of monthly assessments, not to exceed 14 per month for Okaloosa County and 6 per month for Walton County, will realize a cost savings of $74,215 or 4% of our total cost reduction plan for the 16/17 state fiscal year.

FFN will assess and re-design the continuum of therapeutic placement capacity and overlay for children and youth with complex behavioral needs. Together with a system of partners, FFN plans to lead a gap analysis of current therapeutic placement continuum and identify opportunities to re-align resources to fill gaps.

Part of the system wide review of services included the review of specialized foster care and foster care for children who do not warrant specialized or therapeutic care, but who may have special issues making them harder to place in a traditional setting. Matrix is a short-term (6 to 12 months) specialized program funded by FFN and designed for children who require more than traditional foster care. Specialized foster parents work with Matrix counselors to provide support and stabilization for children who are either waiting to enter a more intensive therapeutic foster home setting (such as CHIPS or CIRCLE) or who are transitioning back to the family or adoptive home. Matrix was developed by Lakeview Center, Inc. and is managed by the Behavioral Health division of Lakeview Center with the understanding that the program is cost reimbursed by FFN. Based on a review of costs associated with the program it was determined that a 26% rate reduction would be applied beginning October 1, 2016. This rate reduction accounts for $289,107 of potential savings and accounts for 17% of FFN's total cost reduction plan (based on current level of need).

Outside of the Matrix program, FFN has recognized a need within Circuit One for additional specialized placement options for children with behavioral challenges and diagnoses that limit functioning but do not qualify them for Agency for Persons with Disabilities services. Currently placements that fall within this category have been placed with a single provider who is able to provide assurances that include a "no turn away" policy. Current administrative daily rates associated with these placements range from $145 for a level one placement to $215 for level three placements.

The National Youth Advocate Program was awarded a contract to replace our current provider and has been finalized to be effective as of March 1, 2017. This contract is expected to replace existing services with services that will provide sufficient capacity to meet the growing needs of this region which relates to lock-out youth and cross-system youth. In addition to meeting these needs, an expectation of a 26% daily administrative rate reduction built into the contract as well as leveraging for Medicaid eligible services is expected to benefit our system of care overall. The total anticipated costs savings for this initiative is anticipated to account for 9% of FFN's total cost reduction plan or $154,514 recognized within the 17/18 state fiscal year (based on current level of need).

Out of home care costs have also increased significantly during 16/17 period. Part of this increase was due to the increased level of need associated with the individual child and the increased volume of children being placed. This resulted in both an increase in monthly rates for licensed care along with an overall increase in residential group home placements. FFN continues to monitor licensed care and group home placements to review the financial feasibility of each program against the effectiveness of services provided. Through these monitorings, FFN developed an in-depth review process of identifying relatives and conducting home studies to identify potential relative placements. Other cost tracking mechanisms include a continued effort towards the review of Utilization Management reports to track cost trending in licensed OHC. Further, FFN continues to engage its working relationships with other organizations such as APD, DJJ, and ME to discuss opportunities for cost sharing. It is important to note that as FFN considers the decrease in licensed OHC a viable option to reduce future costs; costs reductions within this area are not easily quantifiable due to the independent nature of each case. Therefore our cost reduction strategy includes the reduction of these costs for savings recognized as a long term strategy and is not considered as part of our cost reduction initiative for the 16/17 state fiscal year.

9. Given the actions detailed in your plan, what is your updated estimate of your end of year surplus/ deficit? What are your expected quarterly expenditure milestones associated with this projection?

    a. September 30, 2016 $8,943,993

    b. December 31, 2016 $8,650,803

    c. March 31, 2017 $8,543,068

    d. June 30, 2017 $8,659,132

10. If you do not realistically project ending the fiscal year without a deficit, please outline the actions you intend to take to permit you to continue operations through the year without disruption to client services or delay or disruption in payment to employees, providers or others. How will you manage cash flow and otherwise fulfill your fiduciary responsibilities?

In the event that FamiliesFirst Network ends the 16/17 contract year in a deficit, it is Lakeview Center, Inc.'s intention to maintain normal operations for FamiliesFirst Network for the remaining 16/17 fiscal year. It is Lakeview Center, Inc.'s understanding that the deficit, specifically related to the 16/17 contract year, will be carried into the 17/18 contract year, from which such deficit will be reduced by any surplus achieved by FamiliesFirst Network within the 17/18 contract year.

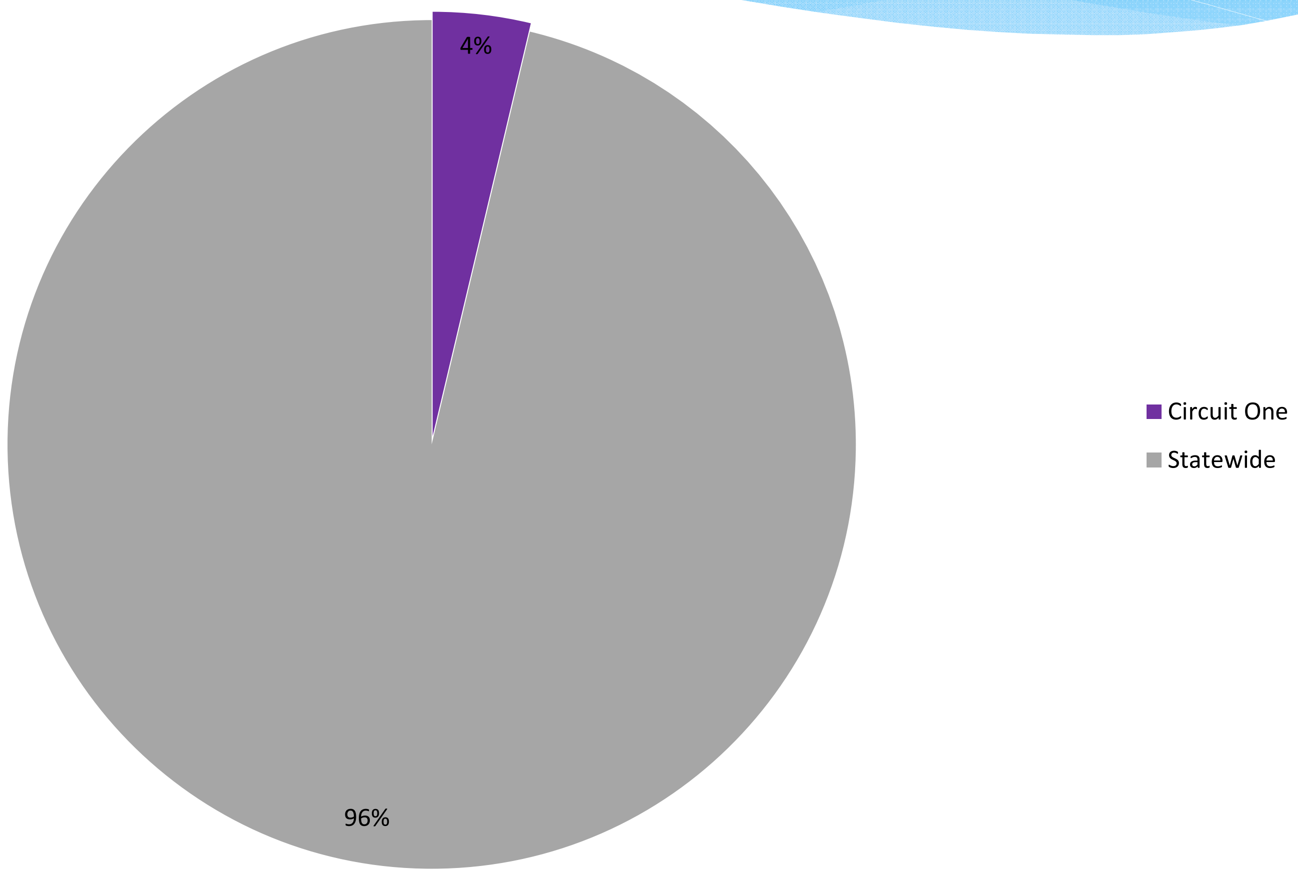
11. Additional information – Include any supplemental information that is relevant to your plan.

CBC System of Care Report

FamiliesFirst Network

Demographics by CBC

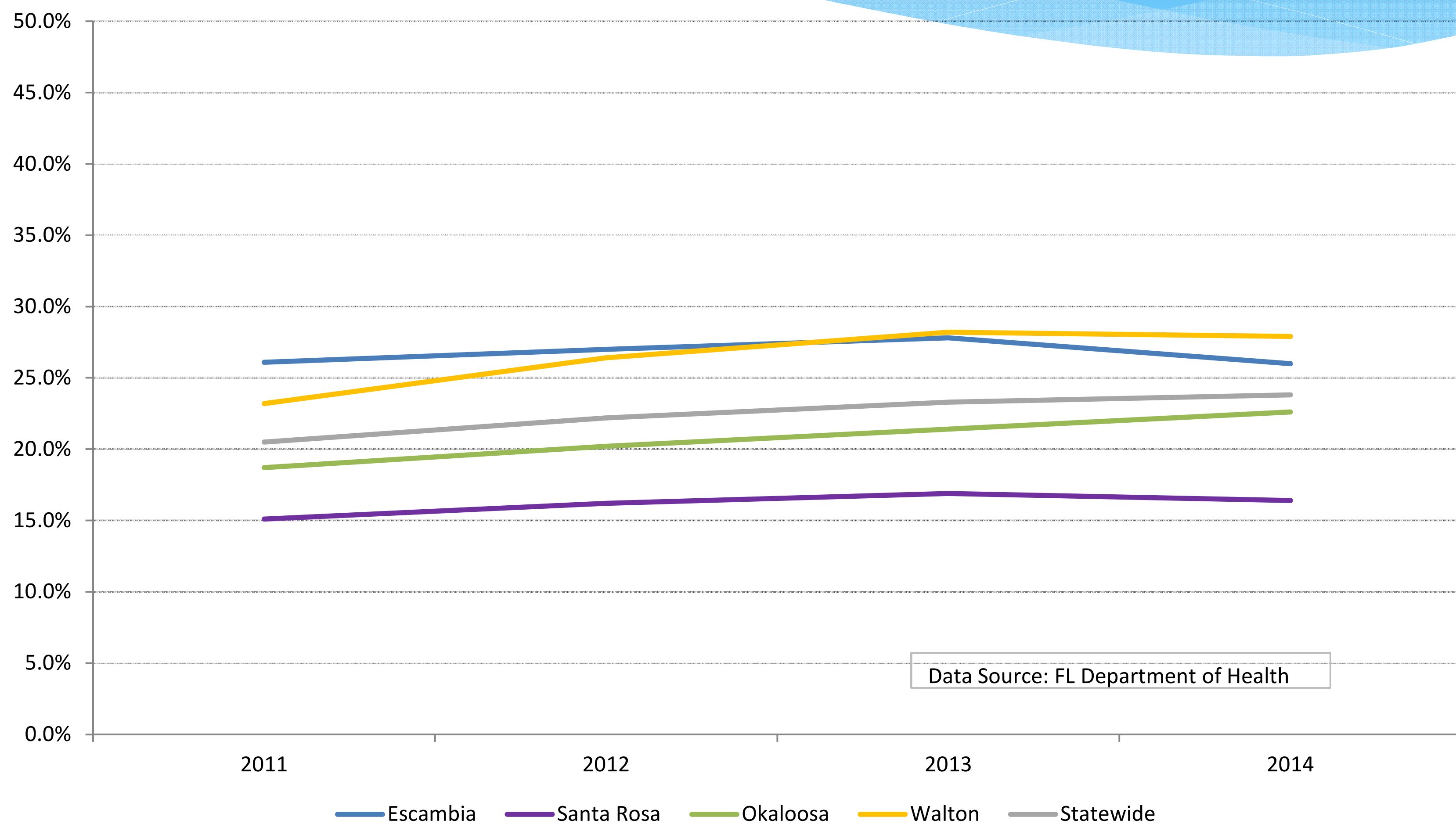
Percentage of Child Population in Florida
7/31/2016



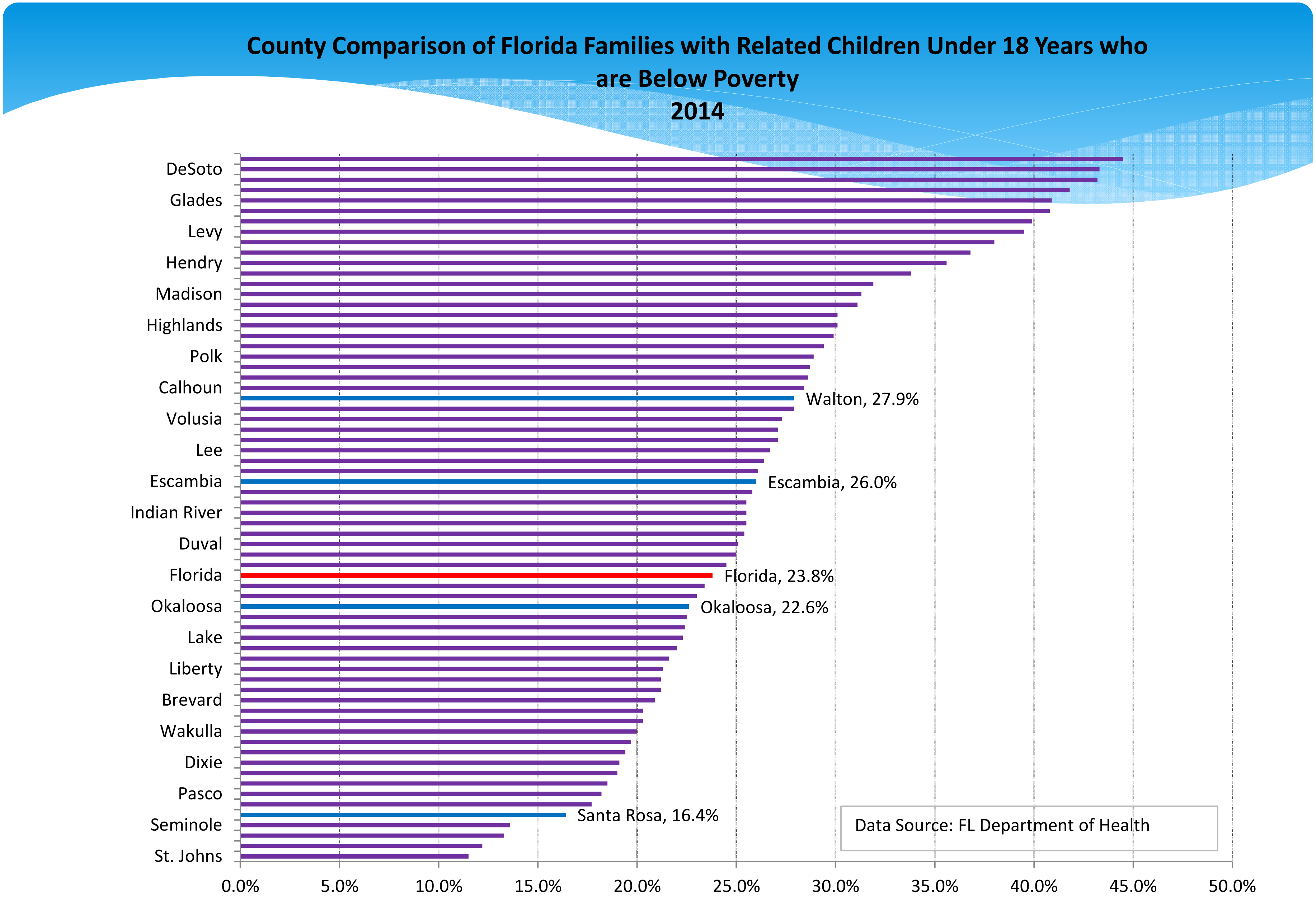
Data Source: Child Welfare Service Trend Reports

Escambia, Santa Rosa, Okaloosa, and Walton counties make up 4% of the state's child population.

Percentage of Families with Related Children Under 18 Years who are Below Poverty
2011 to 2014

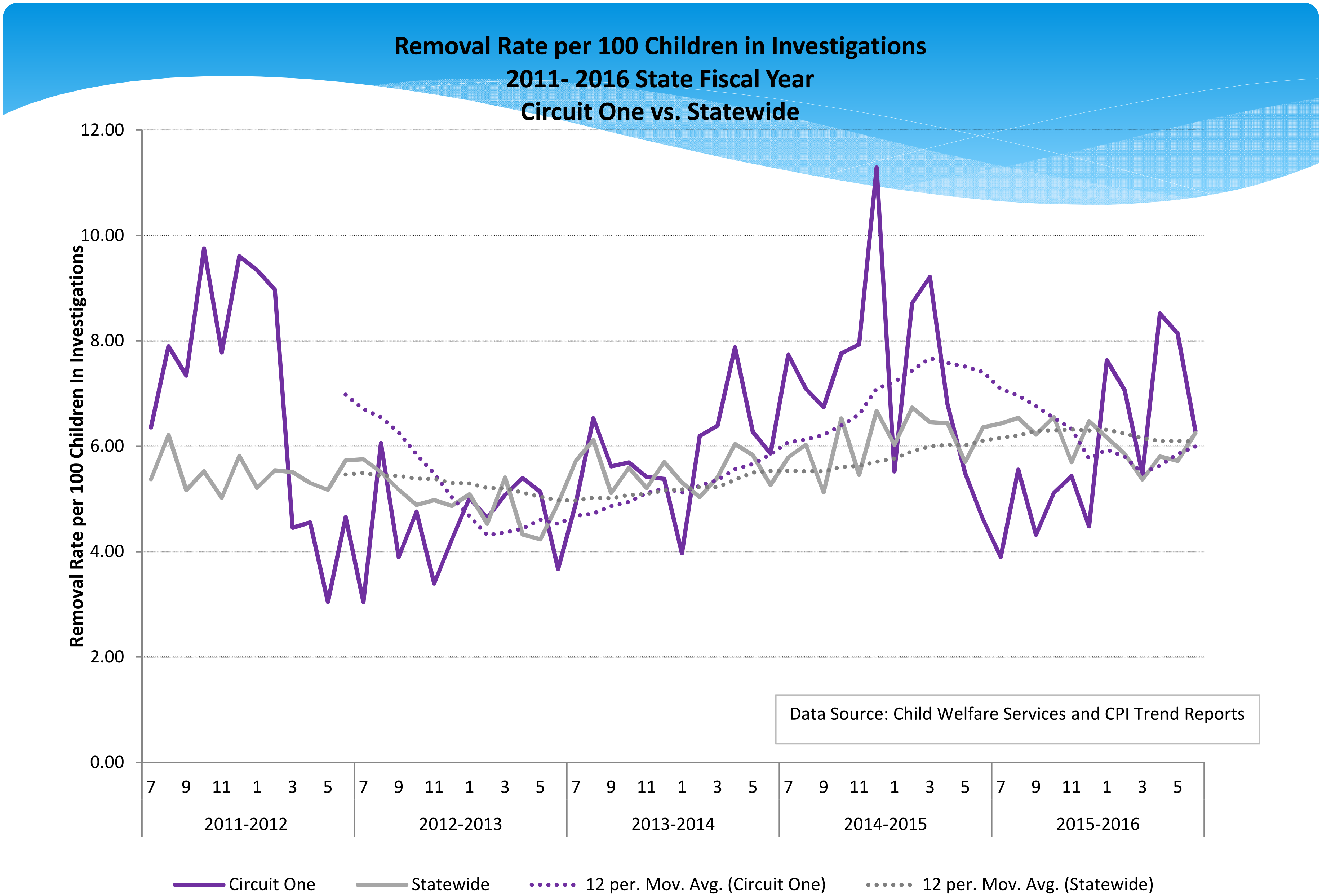


Escambia and Walton counties have remained above the statewide percentage of children who are below poverty since 2011 (data not available for 2015 and 2016).

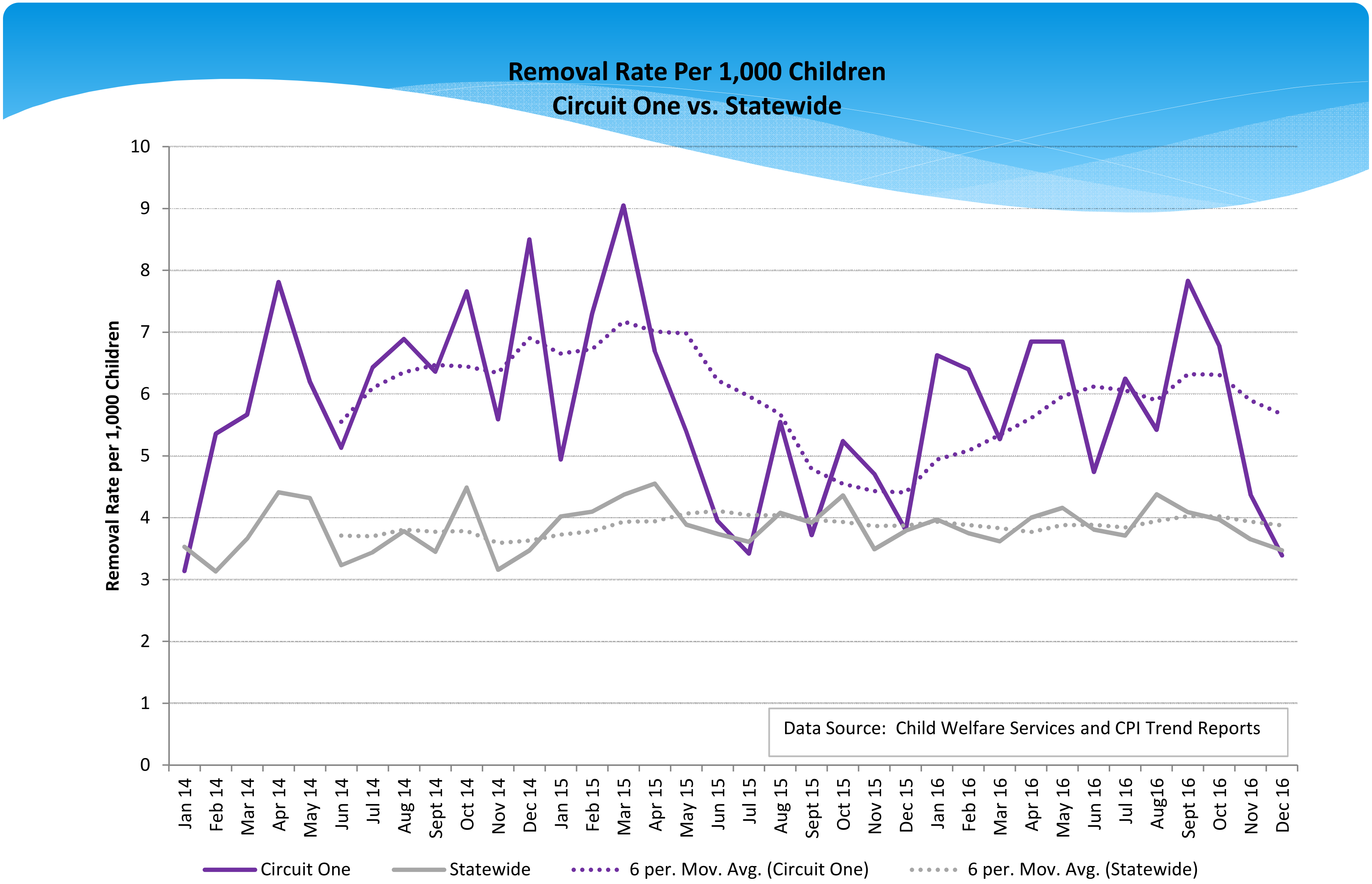


County Comparison of Florida Families with Related Children Under 18 Years who are Below Poverty
2014
DeSoto
Glades
Levy
Hendry
Madison
Highlands
Polk
Calhoun
Volusia
Lee
Escambia
Indian River
Duval
Florida
Okaloosa
Lake
Liberty
Brevard
Wakulla
Dixie
Pasco
Seminole
St. Johns
Walton, 27.9%
Escambia, 26.0%
Florida, 23.8%
Okaloosa, 22.6%
Santa Rosa, 16.4%
Data Source: FL Department of Health
0.0%
5.0%
10.0%
15.0%
20.0%
25.0%
30.0%
35.0%
40.0%
45.0%
50.0%

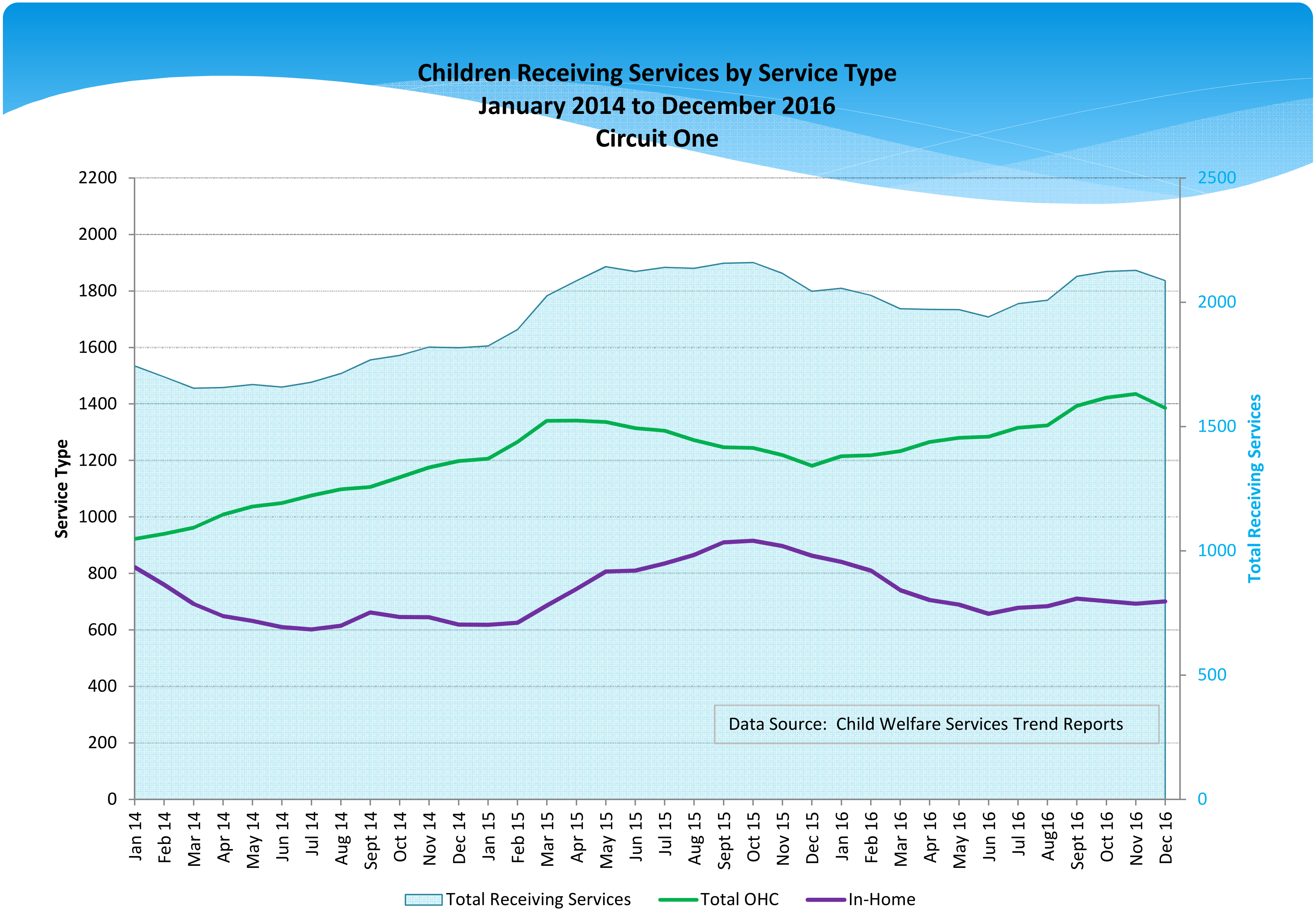
Removal Rates



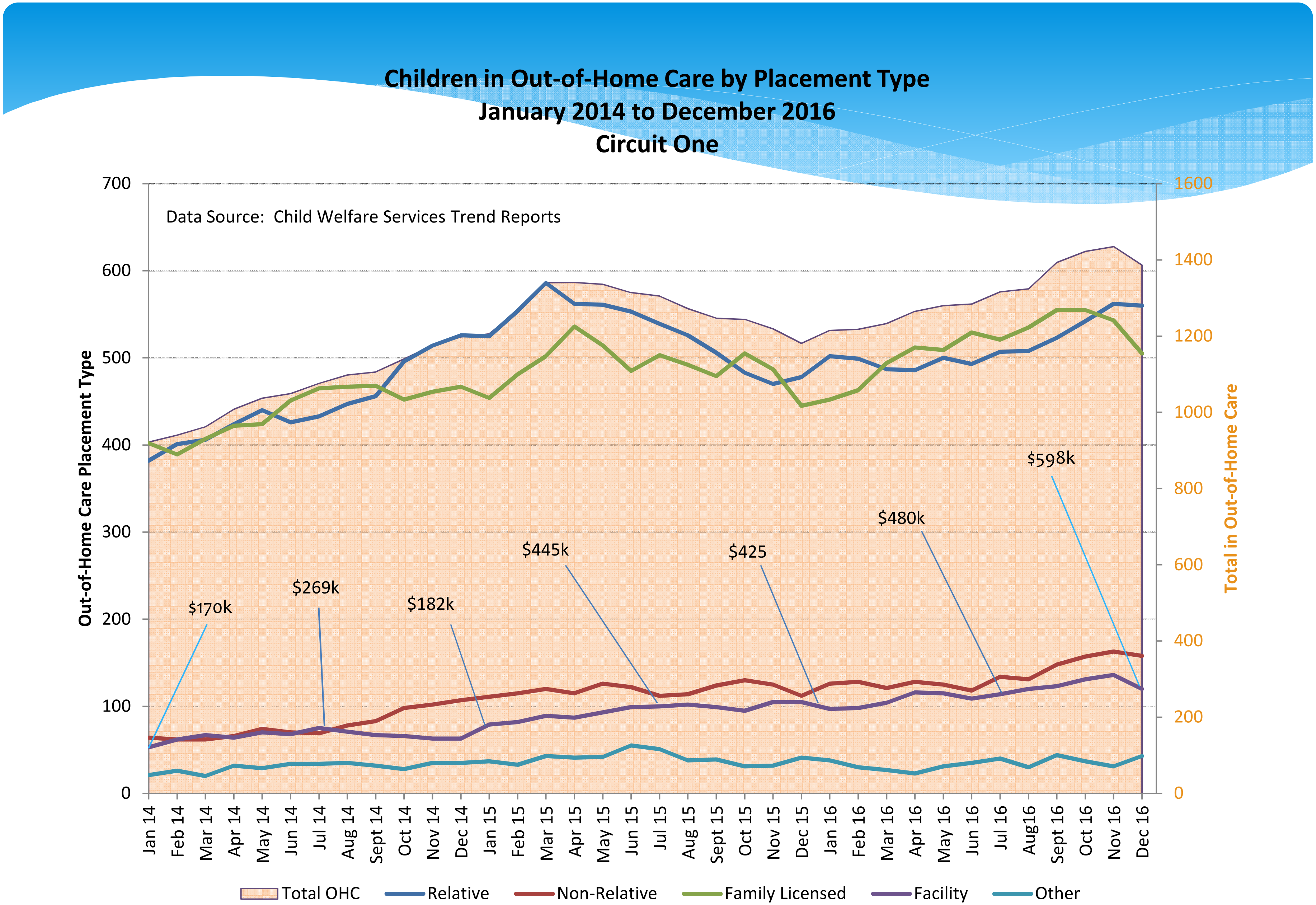
During the 2014 calendar year, circuit one trended much higher than the state as to the removal rate per 100 children in investigations. While circuit one trended down in the six period moving average in the end of 2015/ beginning of 2016, the actual rate was at or well above the state rate during that time so it will likely trend up again for the moving average.


Removal Rate Per 1,000 Children
Circuit One vs. Statewide
Removal Rate per 1,000 Children
10
9
8
7
6
5
4
3
2
1
0
Jan 14
Feb 14
Mar 14
Apr 14
May 14
Jun 14
Jul 14
Aug 14
Sept 14
Oct 14
Nov 14
Dec 14
Jan 15
Feb 15
Mar 15
Apr 15
May 15
Jun 15
Jul 15
Aug 15
Sept 15
Oct 15
Nov 15
Dec 15
Jan 16
Feb 16
Mar 16
Apr 16
May 16
Jun 16
Jul 16
Aug16
Sept 16
Oct 16
Nov 16
Dec 16
Data Source: Child Welfare Services and CPI Trend Reports
Circuit One
Statewide
6 per. Mov. Avg. (Circuit One)
6 per. Mov. Avg. (Statewide)

Children in Care

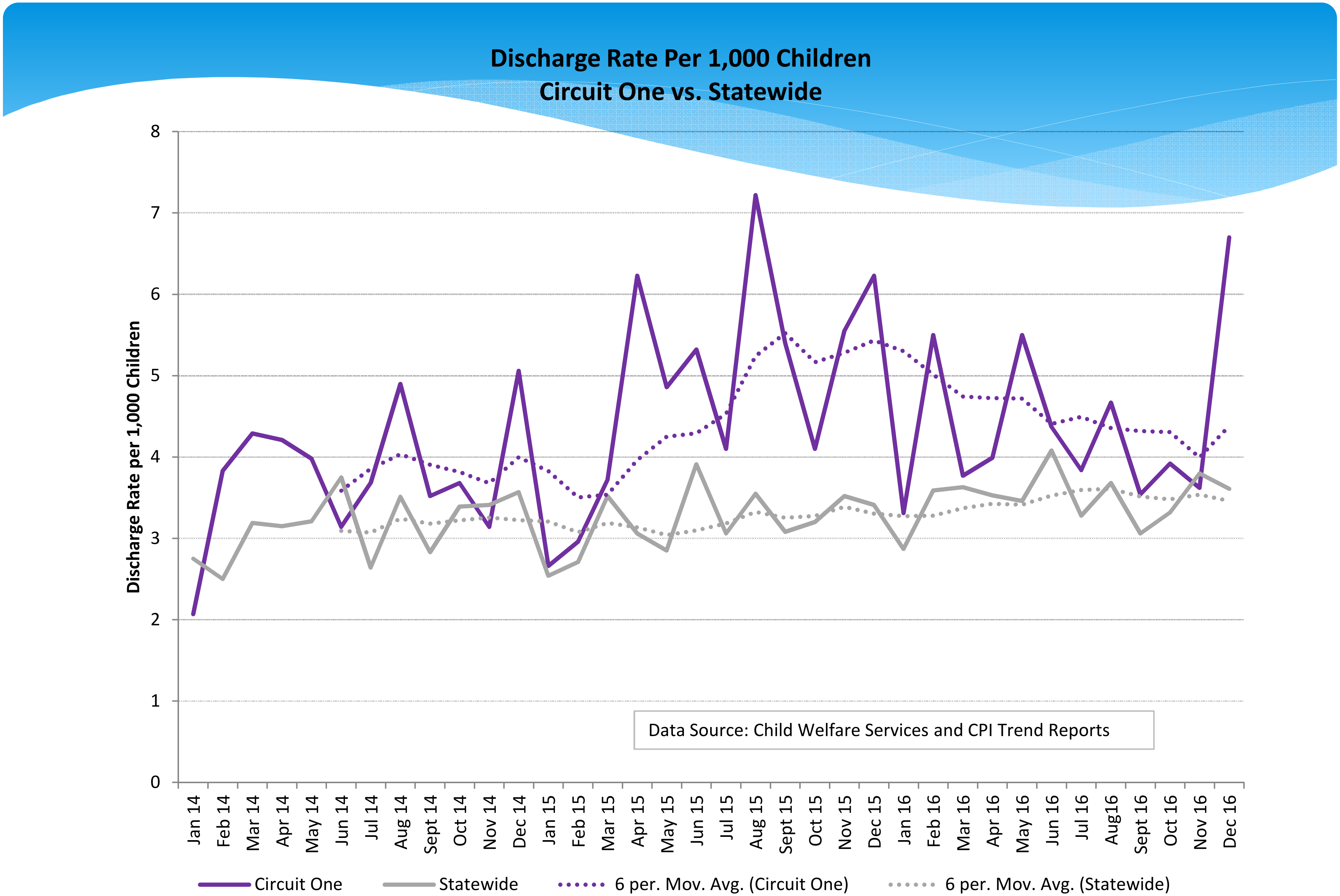


While there has only been a 19.7% increase in total children receiving services, there has been a 50.3% increase of children in OHC since January 2014.



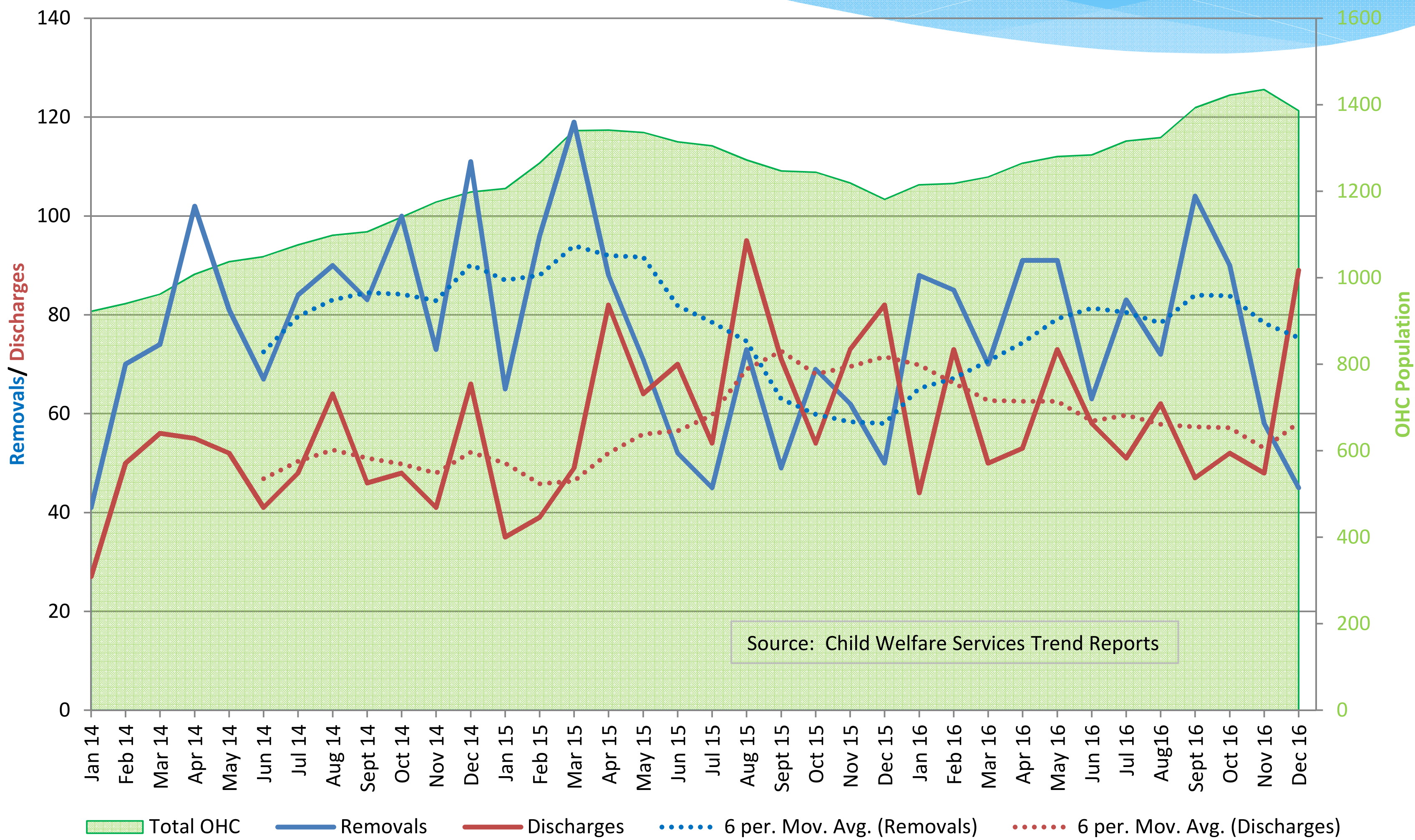
Facility (Residential Group Care) has increased 126.4% since January 2014. However, it is important to note that the percentage of FFN children placed in group care has remained between 5.26% and 9.48% of the total OHC population.

Discharges

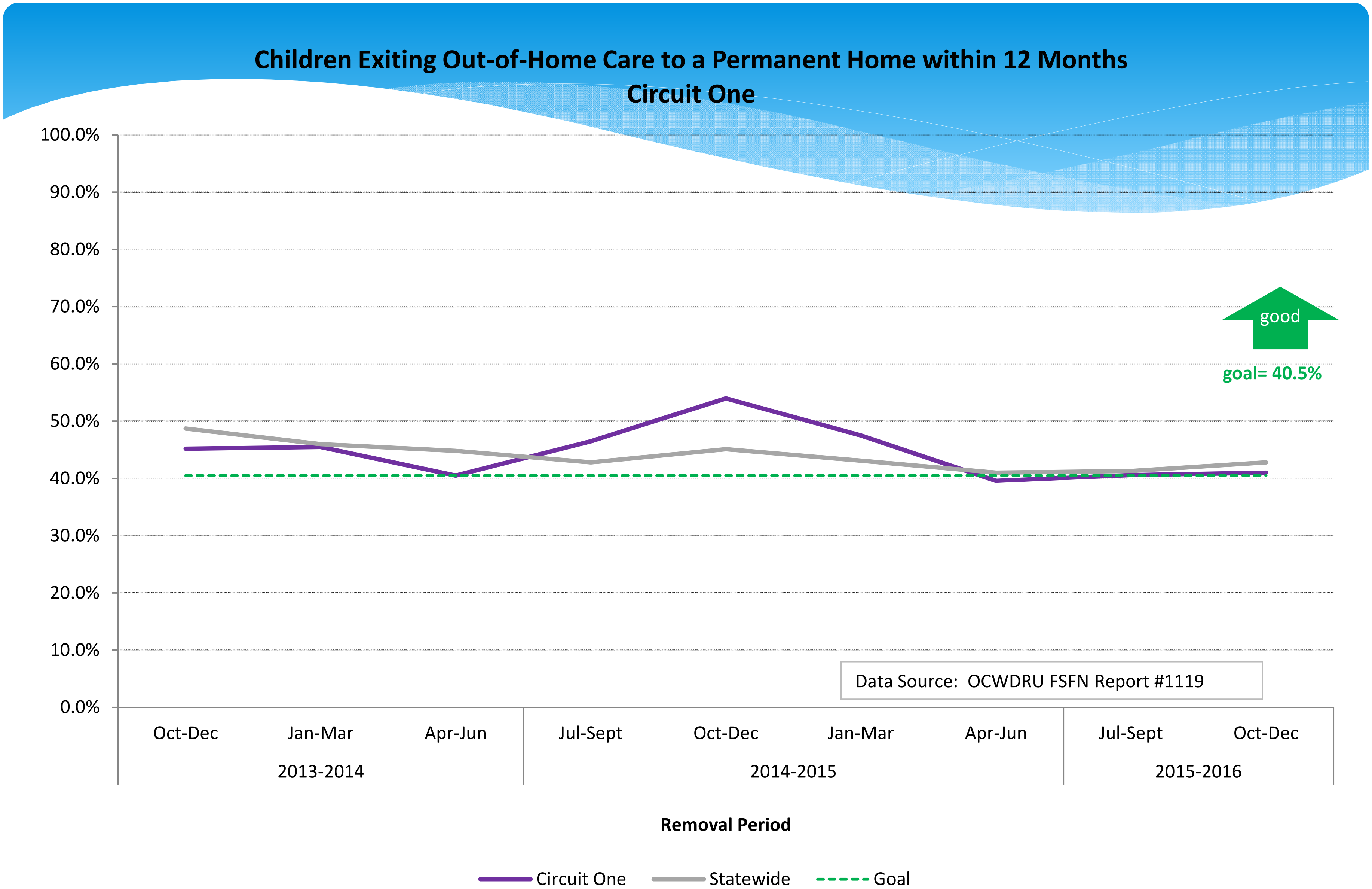


While Circuit One has exceeded the state rate during much of the reporting period, OHC continues to rise due to the very high numbers of removals coming in.

Removals, Discharges, and Out-of-Home Care Population
January 2014 to December 2016
Circuit One



Permanency


Children Exiting Out-of-Home Care to a Permanent Home within 12 Months
Circuit One
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
good
goal= 40.5%
Data Source: OCWDRU FSFN Report #1119
Oct-Dec
Jan-Mar
Apr-Jun
2013-2014
Jul-Sept
Oct-Dec
Jan-Mar
Apr-Jun
2014-2015
Jul-Sept
Oct-Dec
2015-2016
Removal Period
Circuit One
Statewide
Goal

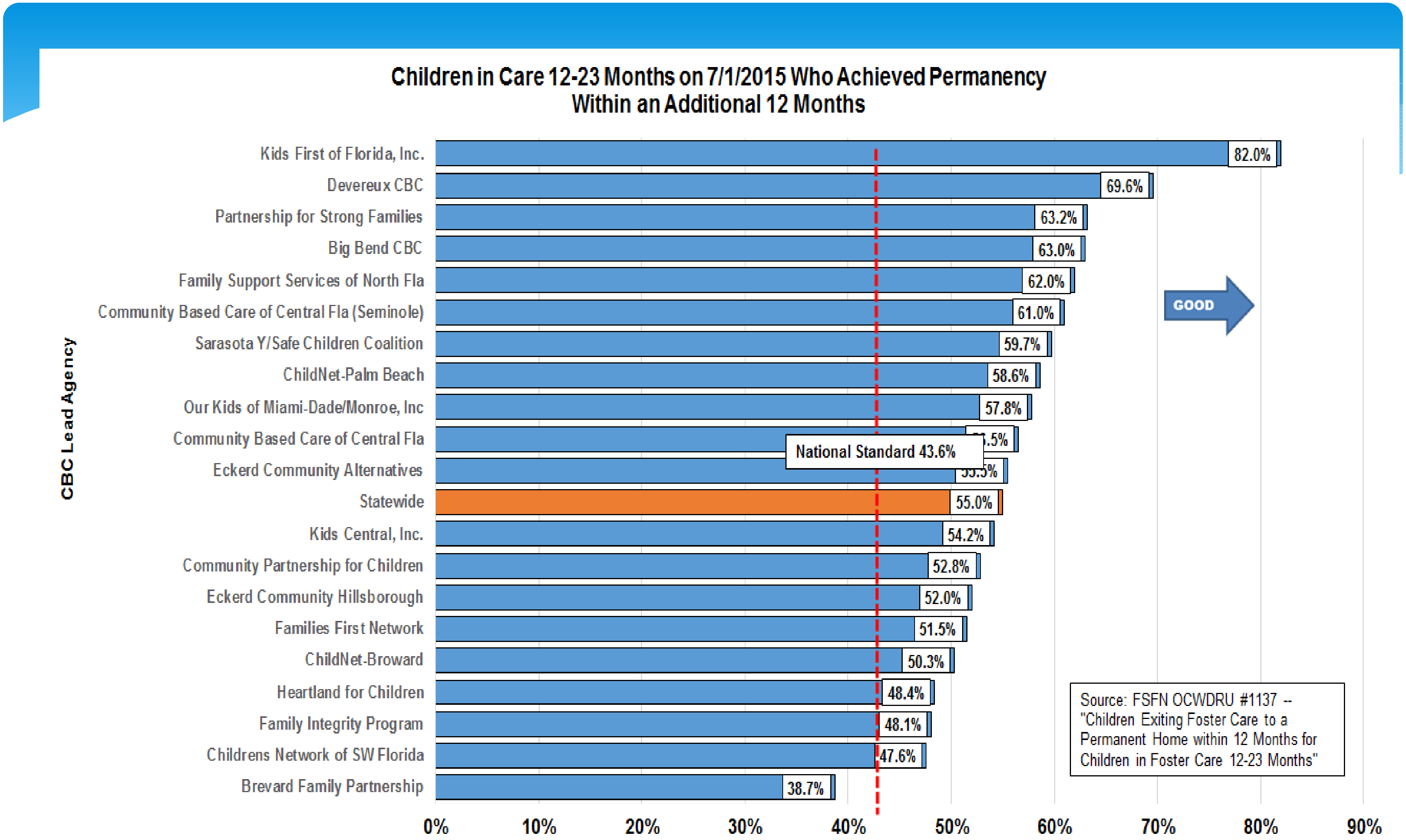
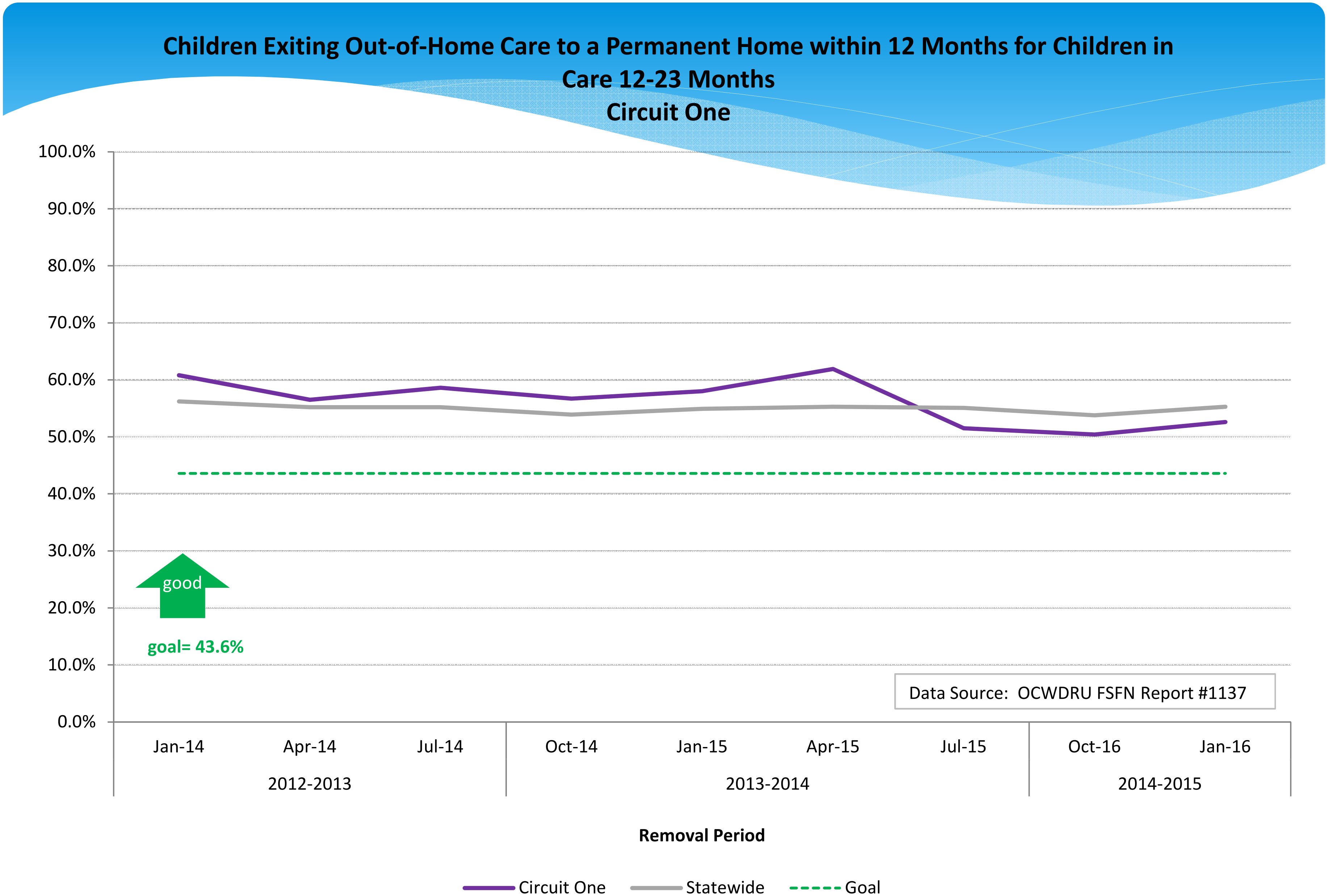


**Chart copied from the 8/2016 Child Welfare Key Indicators Monthly Report


Children Exiting Out-of-Home Care to a Permanent Home within 12 Months for Children in Care 12-23 Months
Circuit One
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
good
goal= 43.6%
Data Source: OCWDRU FSFN Report #1137
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Jul-15
Oct-16
Jan-16
2012-2013
2013-2014
2014-2015
Removal Period
Circuit One
Statewide
Goal

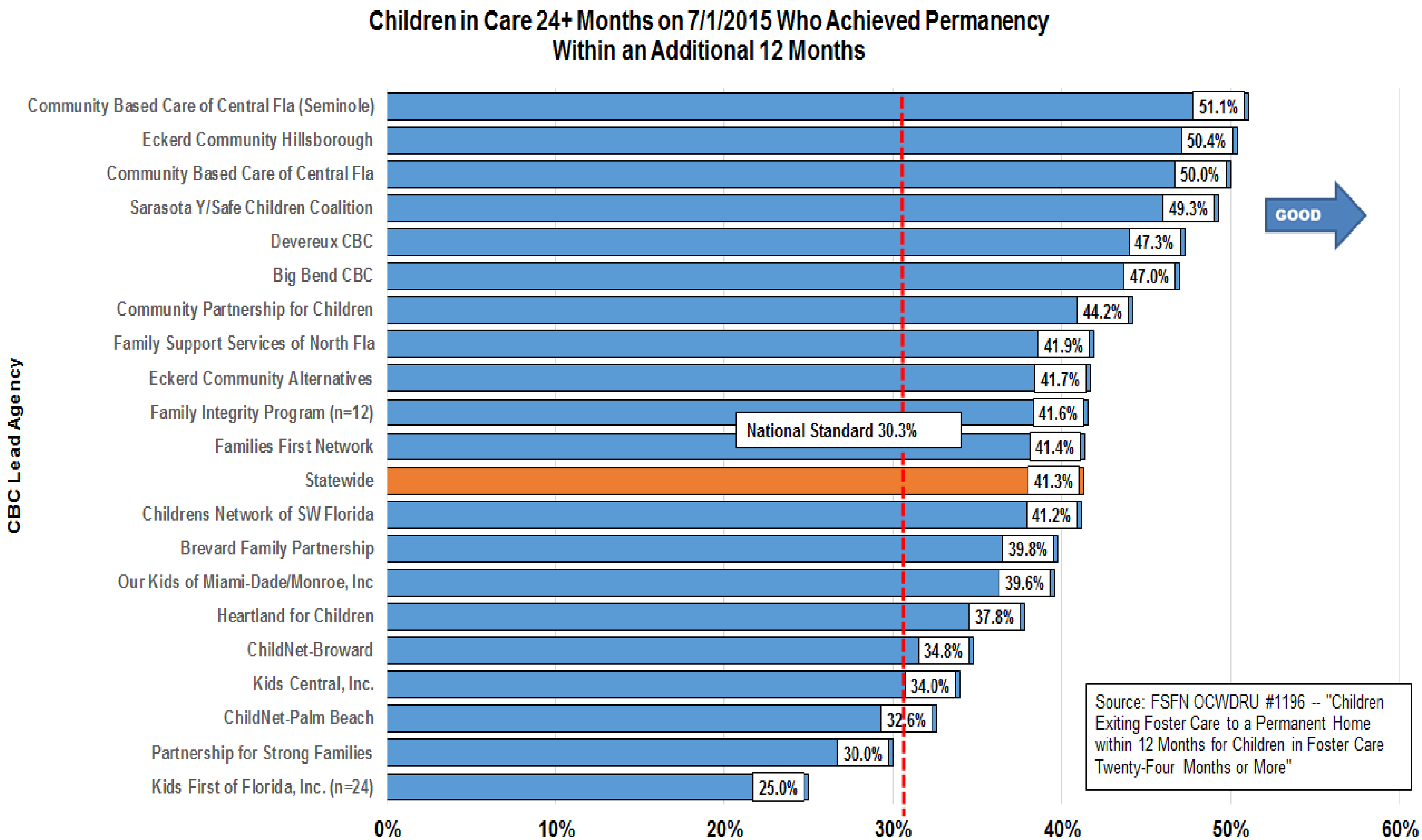
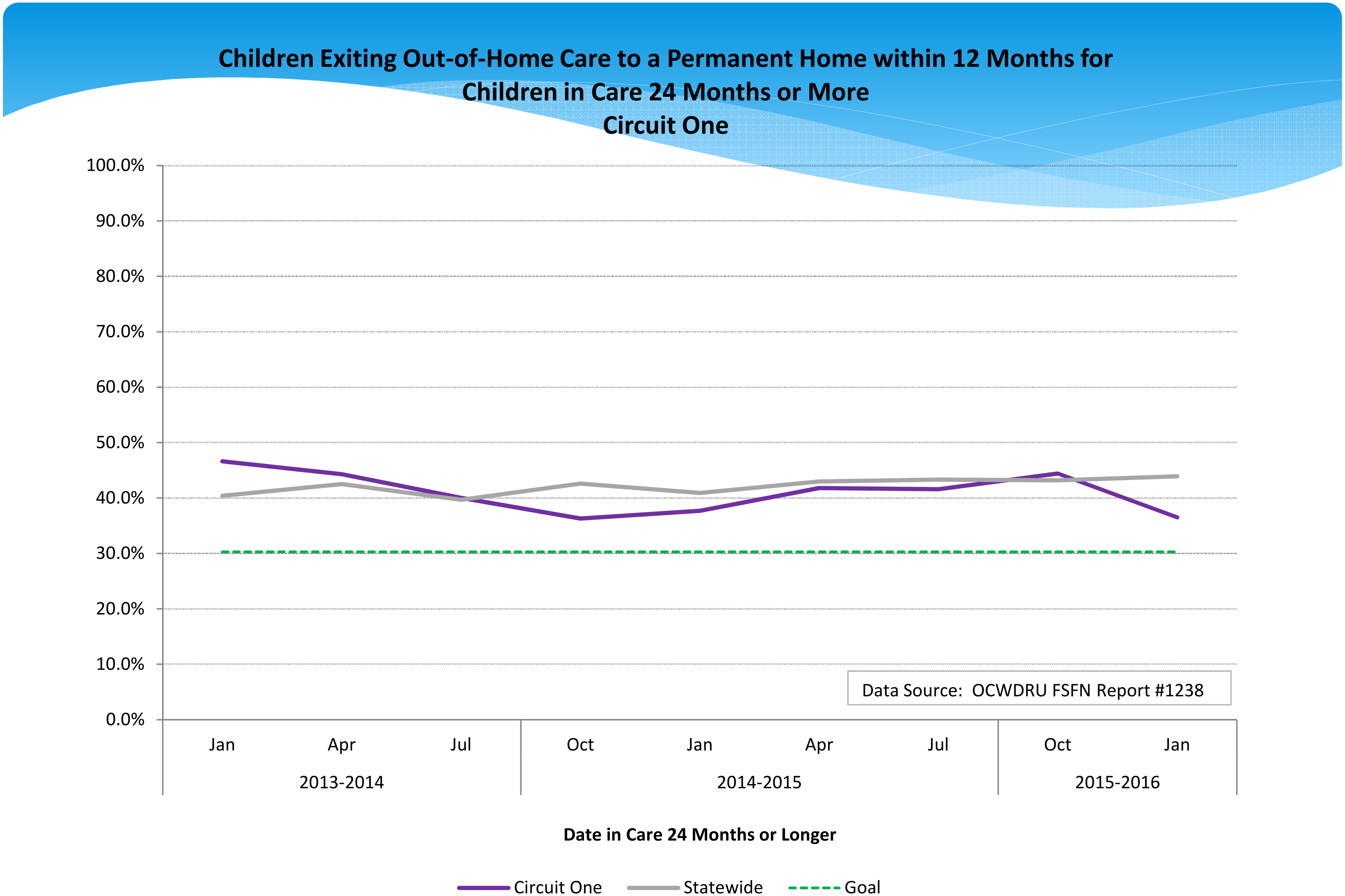
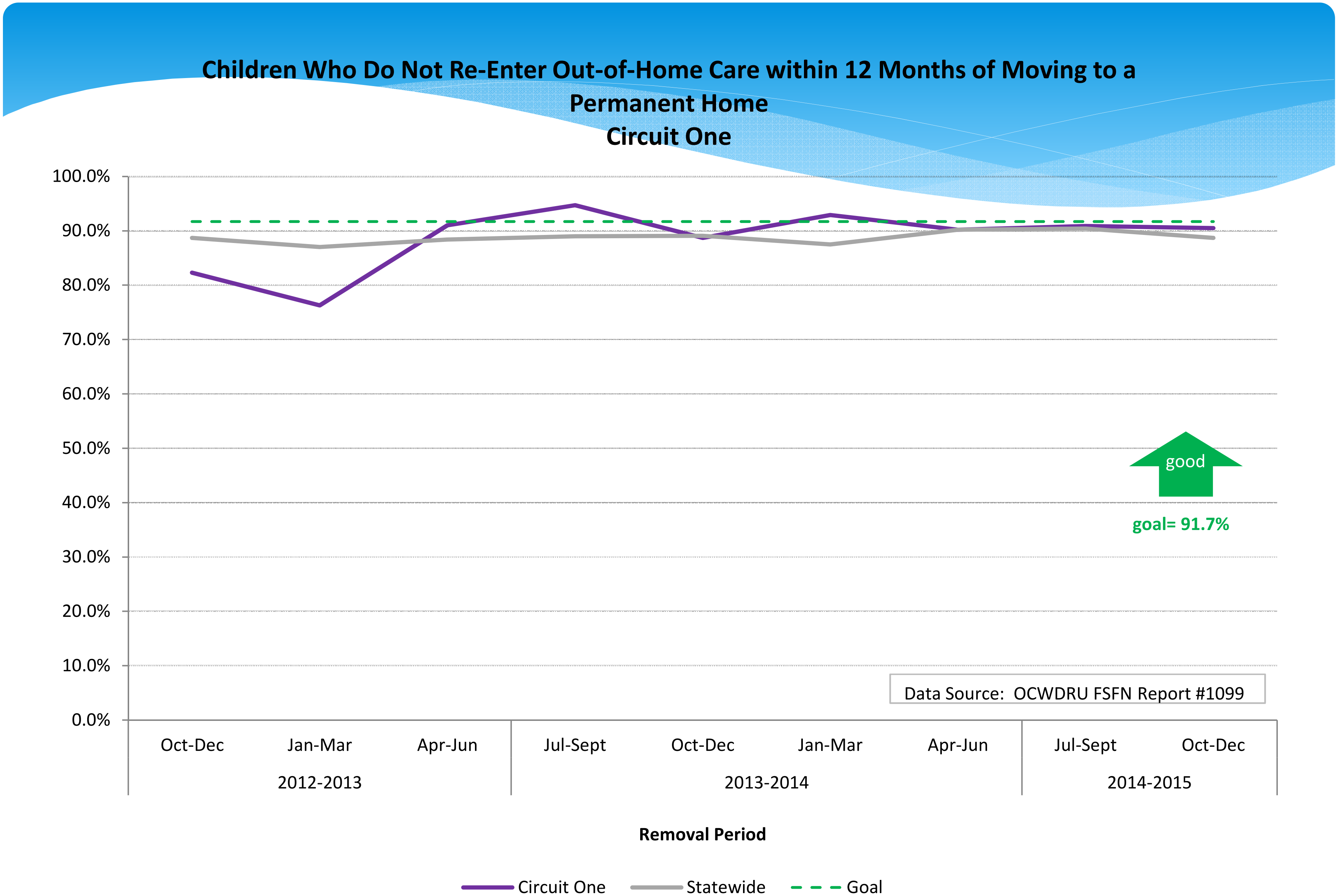


**Chart copied from the 8/2016 Child Welfare Key Indicators Monthly Report


Children Exiting Out-of-Home Care to a Permanent Home within 12 Months for
Children in Care 24 Months or More
Circuit One
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Data Source: OCWDRU FSFN Report #1238
Jan
Apr
Jul
Oct
Jan
Apr
Jul
Oct
Jan
2013-2014
2014-2015
2015-2016
Date in Care 24 Months or Longer
Circuit One
Statewide
Goal

Re-entries



Children Who Do Not Re-Enter Out-of-Home Care within 12 Months of Moving to a Permanent Home
Circuit One
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
good
goal= 91.7%
Data Source: OCWDRU FSFN Report #1099
Oct-Dec
Jan-Mar
Apr-Jun
Jul-Sept
Oct-Dec
Jan-Mar
Apr-Jun
Jul-Sept
Oct-Dec
2012-2013
2013-2014
2014-2015
Removal Period
Circuit One
Statewide
Goal

Legal Processes

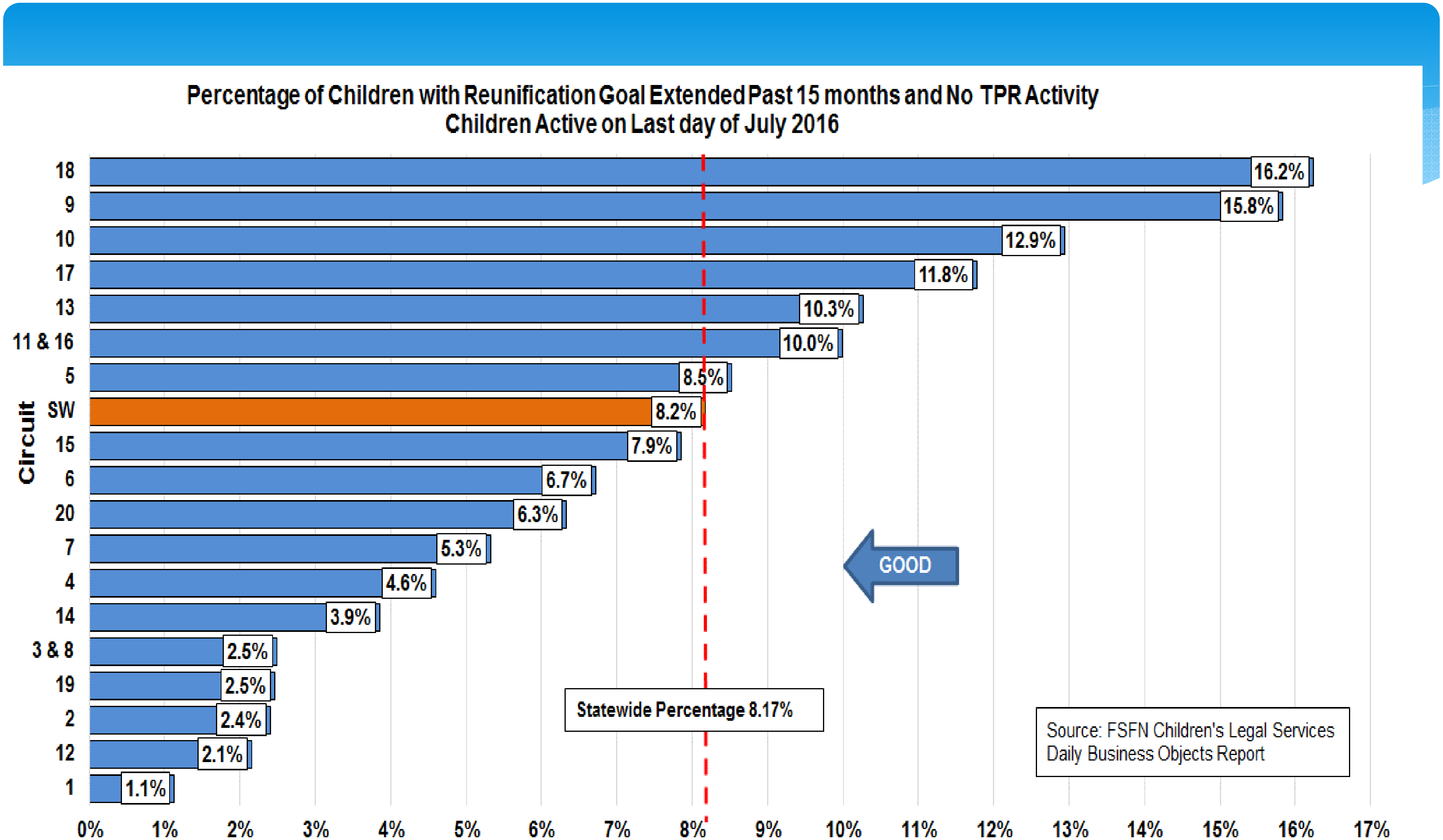
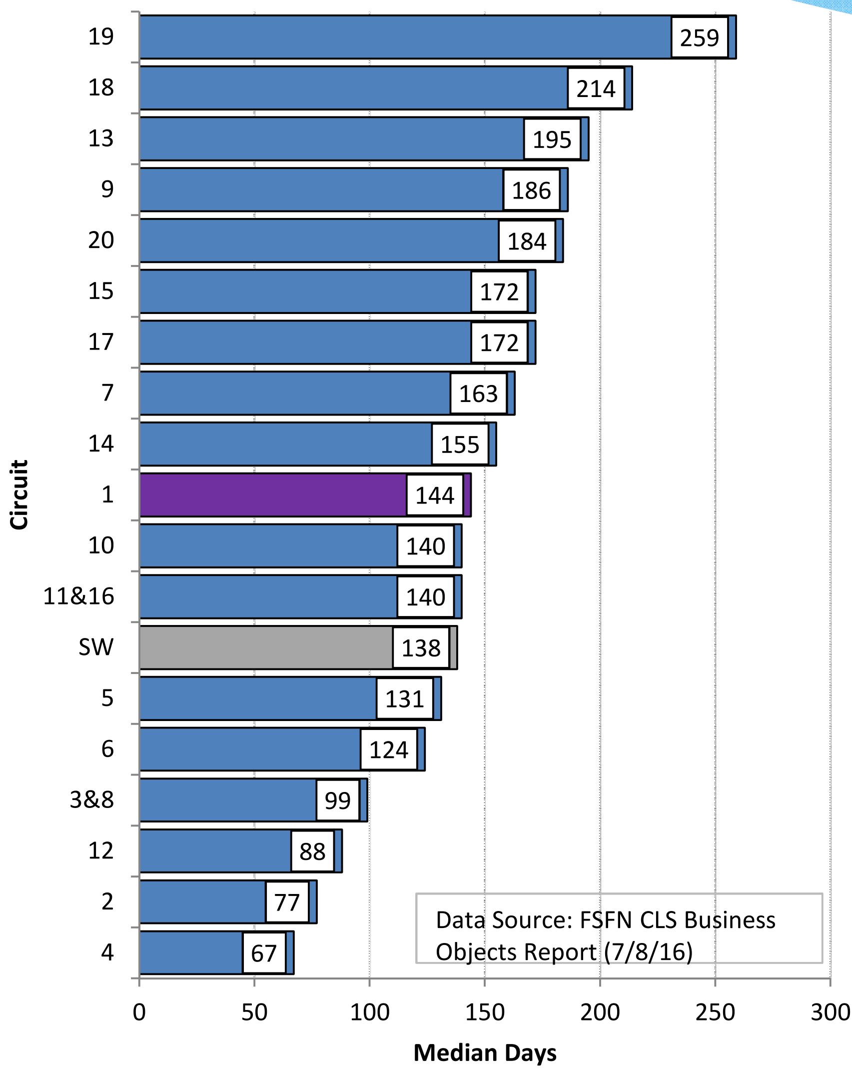
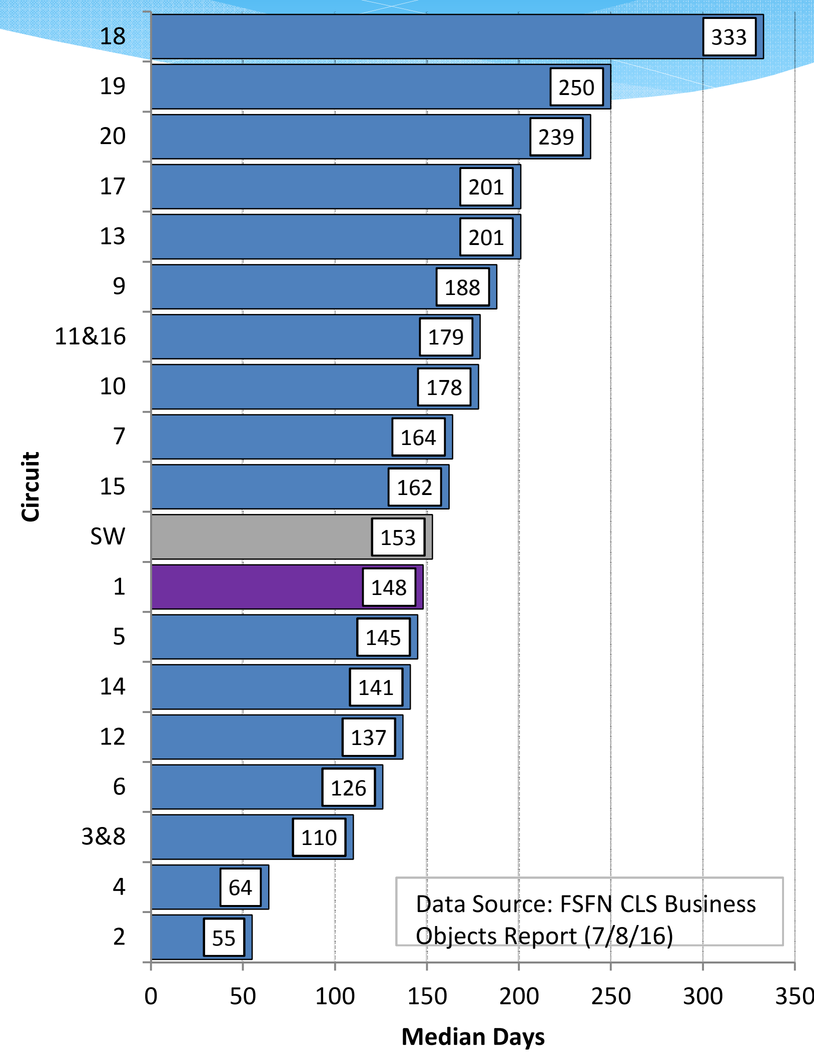


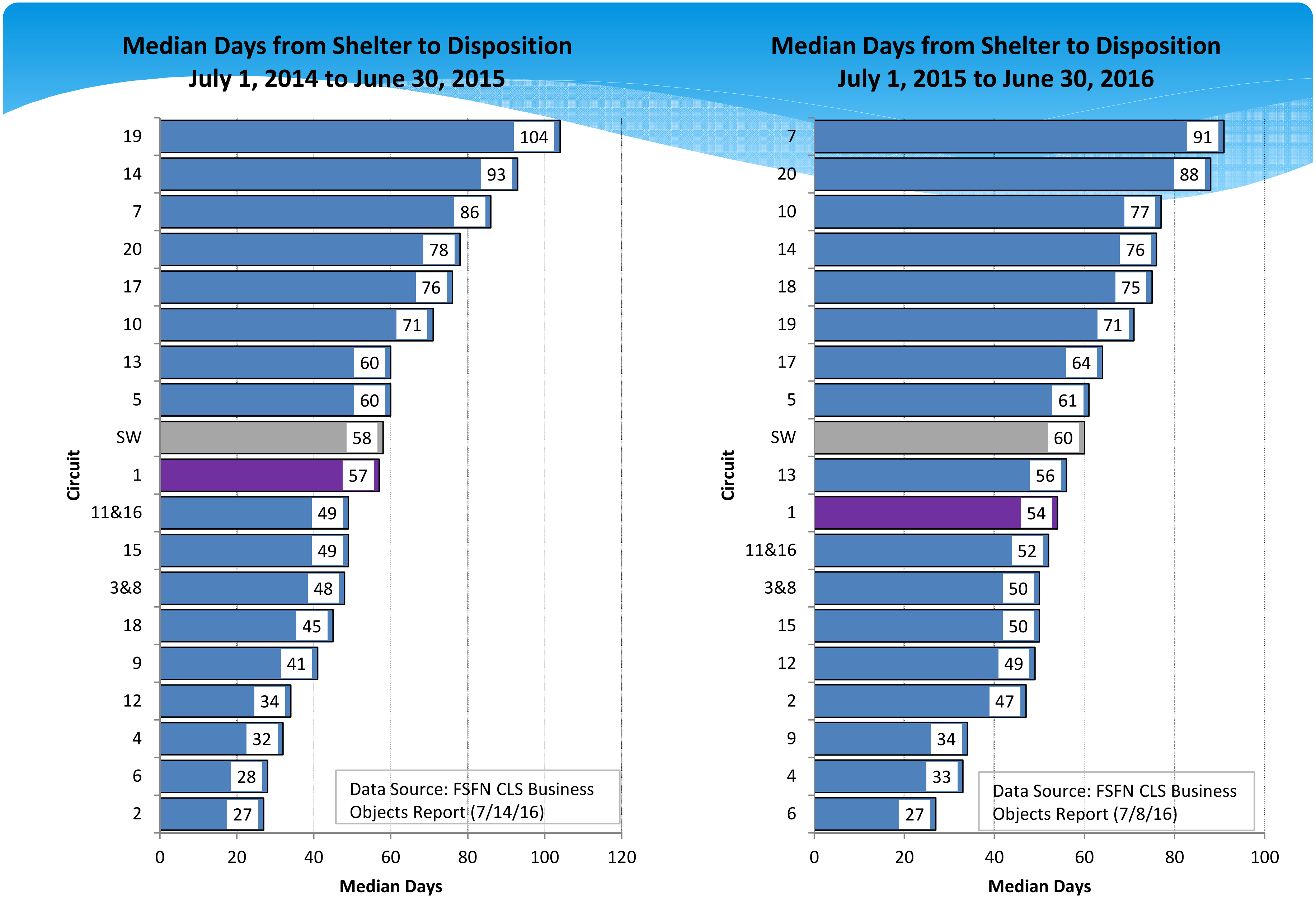
**Chart copied from the 8/2016 Child Welfare Key Indicators Monthly Report

Median Days from Termination of Rights Petition to Final Order July 1, 2014 to June 30, 2015



Median Days from Termination of Rights Petition to Final Order July 1, 2015 to June 30, 2016





Median Days from Shelter to Disposition
July 1, 2014 to June 30, 2015
Circuit
19 104
14 93
7 86
20 78
17 76
10 71
13 60
5 60
SW 58
1 57
11&16 49
15 49
3&8 48
18 45
9 41
12 34
4 32
6 28
2 27
0 20 40 60 80 100 120
Median Days
Data Source: FSFN CLS Business Objects Report (7/14/16)
Median Days from Shelter to Disposition
July 1, 2015 to June 30, 2016
Circuit
7 91
20 88
10 77
14 76
18 75
19 71
17 64
5 61
SW 60
13 56
1 54
11&16 52
3&8 50
15 50
12 49
2 47
9 34
4 33
6 27
0 20 40 60 80 100
Median Days
Data Source: FSFN CLS Business Objects Report (7/8/16)

Florida Department of Children and Families (DCF)
CBC Financial Status for Fiscal Year 2016-2017
Budget Projections

As of 2/17/2017 **from DCF Office of CBC/ME Financial Accountability**

DCF Region	Judicial Circuit	Lead Agency (CBC)	Current Core Services Funding Allocation	Carry Forward Balance at 7/1/2016	Total Available for Core Services	Projection includes Actual Expendiure through:	Core Services Projected Surplus / (Deficit)	Surplus / (Deficit) as a % of Current Yr Core Svcs Funding + Carry Fwd	Projection against current year funding only	Surplus / (Deficit) as a % of Current Yr Core Svcs Funding		FY16-17 Risk Pool Request
											Available Risk Pool Funding	5,000,000
Northwest	1	Lakeview Center (aka Families First Network)	34,221,547	106,138	34,327,685	Jan-16	(1,528,804)	-4.5%	(1,634,942)	-4.5%		
Northwest	2&14	Big Bend CBC	25,537,423	549,309	26,086,732	Dec-16	570,191	2.2%	20,882	2.2%		
Northeast	3&8	Partnership for Strong Families	22,436,437	799,479	23,235,916	Dec-16	200,000	0.9%	(599,479)	0.9%		
Northeast	4	Kids First of Florida	6,423,068	2,282,072	8,705,140	Dec-16	2,354,138	27.0%	72,066	36.7%		
Northeast	4	Family Support Services of North Florida	35,743,249	3,231,450	38,974,699	Dec-16	3,168,757	8.1%	(62,692)	8.9%		
Northeast	7	Saint Johns Board of County Commissioners	4,265,829	(91,506)	4,174,323	Dec-16	53,126	1.3%	144,632	1.2%		150,000
Northeast	7	Community Partnership for Children	23,940,316	(346,770)	23,593,546	Dec-16	(2,059,135)	-8.7%	(1,712,365)	-8.6%		2,136,770
Central	5	Kids Central	37,633,982	1,956,101	39,590,083	Dec-16	(1,500,976)	-3.8%	(3,457,077)	-4.0%		1,523,118
Central	9&18(Sem)	CBC of Central Florida	54,505,279	(1,857,244)	52,648,035	Dec-16	(3,380,710)	-6.4%	(1,523,466)	-6.2%		3,678,980
Central	10	Heartland for Children	32,905,005	3,135,209	36,040,214	Dec-16	1,747,458	4.8%	(1,387,751)	5.3%		
Central	18 (Brevard)	CBC of Brevard (aka Brevard Family Partnerships)	18,424,632	378,366	18,802,998	Dec-16	372,240	2.0%	(6,126)	2.0%		
Suncoast	6	Eckerd Comm Alternatives (Pasco-Pinellas)	44,759,756	1,125,711	45,885,467	Dec-16	(367,409)	-0.8%	(1,493,120)	-0.8%		1,200,000
Suncoast	12	Sarasota Family YMCA	20,677,650	420,271	21,097,921	Jan-16	(2,289,627)	-10.9%	(2,709,898)	-11.1%		2,100,000
Suncoast	13	Eckerd Comm Alternatives (Hillsborough)	51,950,806	1,915,130	53,865,936	Dec-16	(1,649,737)	-3.1%	(3,564,867)	-3.2%		2,100,000
Suncoast	20	Children's Network of Southwest Florida	31,234,509	1,945,235	33,179,744	Dec-16	1,971,499	5.9%	26,264	6.3%		
Southeast	19	Devereux CBC	22,132,736	13,561	22,146,297	Dec-16	373,354	1.7%	359,793	1.7%		
Southeast	15	Childnet (Palm Beach)	32,287,036	(2,052,518)	30,234,518	Dec-16	(2,661,619)	-8.8%	(609,101)	-8.2%		1,400,000
Southeast	17	ChildNet (Broward)	56,160,301	(3,209,293)	52,951,008	Dec-16	(4,350,824)	-8.2%	(1,141,531)	-7.7%		1,700,000
Southern	11&16	Our Kids of Miami-Dade & Monroe	73,366,913	2,925,326	76,292,239	Dec-16	4,482,374	5.9%	1,557,048	6.1%		
		Total	628,606,474	13,226,026	641,832,500		15,293,138		2,180,685		Total of Risk Pool Requests	15,988,868
							(19,788,841)		(19,902,414)		Requests in Excess of Funding	(10,988,868)

Note: Seminole contract with CBC of Central Florida (CBCCF) was assigned to/combined with the CBCCF Orange-Osceola contract effective 10/1/2016 to serve all three counties under one contract. CBCCF projected projections based upon the initial FY16-17 funding, carry forward deficits and projected expenditures for the two contracts separately.

Central	9	CBC of Central Florida (Orange-Osceola)	43,805,501	(793,507)	43,011,994	Dec-16	429,124
Central	18	CBC of Central Florida (Seminole)	10,699,778	(1,063,737)	9,636,041	Dec-16	(3,809,834)
		CBC of Central Florida **(Total in Table above)**	54,505,279	(1,857,244)	52,648,035	Dec-16	(3,380,710)

Florida Department of Children and Families, CFO Group

Circuit 1 (Escambia, Okaloosa, Santa Rosa, Walton)

Comparison of Funding & Actual Expenditures by Fiscal Year

Current Lead Agency: Lakeview dba Families First Network

DCF Contract Funds Available at Year End (by Fiscal Year)	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Core Services Funding									
Core Funding	31,535,954	30,489,526	30,655,526	30,529,020	31,228,814	31,056,329	31,359,884	31,282,380	32,783,970
Subsequent Amendments to Initial Allocation									
Unfunded Core Funding Budget							(10,149)	(735)	(136)
Prior Year Excess Federal Earnings				7,042	675	43		1,845	
Risk Pool Allocation									
Section 43 CBC Operational Costs from Back of the Bill									
Section 45 MAS from Back of the Bill									77,180
Funding not defined as Core Services Funding									
Maintenance Adoption Subsidy	4,098,700	4,855,029	5,610,150	6,132,890	6,638,674	7,343,419	8,661,212	9,274,087	9,762,342
Independent Living	813,324	958,840	1,110,193	889,196	889,196	889,196	889,196	889,196	889,196
Children's Mental Health Services	-	290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106
PI Training, Casey Foundation or other non-core svcs	55,742	54,000	154,403	179,403	79,403	79,403	-	-	-
Total at Year End	**36,503,720**	**36,647,501**	**37,820,378**	**38,027,657**	**39,126,868**	**39,658,496**	**41,190,249**	**41,736,879**	**43,802,658**
MAS Prior Year Deficit									(77,179)
Carry Fwd Balance from Previous Years	755,578	1,170,038	3,258,444	3,062,601	3,939,728	2,286,572	1,512,442	3,007,831	2,920,860
Total Funds Available	**37,259,298**	**37,817,539**	**41,078,822**	**41,090,258**	**43,066,596**	**41,945,068**	**42,702,691**	**44,744,710**	**46,646,338**
Amount of non-recurring funding in total core services funding excluding any medicaid excess earnings							**303,909**		-

Lakeview Center as lead agency since 12/16/2001

Apr-16

Florida Department of Children and Families, CFO Group

Circuit 1 (Escambia, Okaloosa, Santa Rosa, Walton)

Comparison of Funding & Actual Expenditures by Fiscal Year

Current Lead Agency: Lakeview dba Families First Network

Reported Expenditures by Fiscal Year (Including Carry Fwd)	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16 (Projected Based on YTD Exp)
Administrative Costs	1,148,826	1,585,333	3,461,640	3,314,129	2,868,319	1,965,570	2,113,311	2,096,453	2,157,014
Admin Cost Rate (Exp as % of Total Allocations)	3.1%	4.3%	9.2%	8.7%	7.3%	5.0%	5.1%	5.0%	4.9%
Dependency Case Management	16,015,792	15,662,108	15,644,764	15,475,848	16,839,292	16,182,455	15,019,272	14,912,347	16,289,573
Adoption Services	973,862	1,088,002	1,292,843	1,393,052	1,695,423	1,596,416	1,598,379	1,754,929	1,947,256
Prev Svcs for Families Currently Not Dependent	2,091,026	1,480,626	2,439,178	2,472,692	2,943,042	2,833,186	2,930,864	2,624,973	2,852,483
Other Client Services	1,007,355	1,280,044	1,983,952	1,788,490	2,262,797	1,879,125	1,583,655	2,013,898	2,891,525
Training - Pre-/In-Services and Adoptive/Foster Parent	428,525	474,613	534,178	537,263	596,719	567,661	580,776	639,954	945,019
Licensed Care - Foster Homes	3,888,293	3,085,678	2,750,182	2,597,897	2,773,343	2,396,010	2,460,094	3,188,003	3,357,385
Licensed Care - Res Group Homes/Emerg Shelters	3,901,717	3,240,761	2,918,808	2,108,414	1,918,388	2,412,265	2,156,831	2,445,613	3,640,605
Licensed Care - Other	-	-	-	230,258	580,029	120,555	97,718	87,027	177,889
Services for Victims of Sexual Exploitation									27,277
Other Core Services from Section C	2,734,572	1,875,212	2,354,442	1,894,737	2,000,331	2,489,147	2,265,572	2,126,746	2,112,230
Total Core Services	**31,041,143**	**28,187,046**	**29,918,347**	**28,498,651**	**31,609,364**	**30,476,819**	**28,693,161**	**29,793,489**	**34,241,243**
Total MAS Expenditures	**4,102,065**	**4,828,951**	**5,529,249**	**6,078,418**	**6,625,011**	**7,389,048**	**8,633,446**	**9,351,266**	**10,030,218**
Total Independent Living Expenditures	**857,630**	**1,136,998**	**1,804,102**	**1,780,165**	**2,138,716**	**2,133,522**	**2,049,529**	**1,950,321**	**1,993,484**
Children's Mental Health Wraparound Exp	-	307,528	331,167	252,815	313,868	344,808	290,957	513,575	362,268
PI Training/Casey Foundation Grant/Other	43,317	44,963	352,454	448,718	79,403	79,403	0	0	0
Total Other Non Core Expenditures	**43,317**	**352,491**	**683,621**	701,533	393,271	424,211	290,957	513,575	362,268
Grand Total	**36,044,154**	**34,505,486**	**37,935,319**	**37,058,767**	**40,766,362**	**40,423,600**	**39,667,094**	**41,608,651**	**46,627,212**
									Projected Surplu
Funding Less Expenditures	1,215,144	3,312,053	3,143,503	4,031,491	2,300,234	1,521,468	3,035,597	3,136,058	19,127
Carry Forward Balance for the next fiscal year	1,170,038	3,258,444	3,062,601	3,939,728	2,286,572	1,512,442	3,007,831	2,920,860	
Payback of any unearned funds	45,107	53,609	80,901	91,763	13,663	9,027	27,766	292,378	19,127
	(0)	1	0	0	(1)	(0)	(0)	(77,179.23)	
								MAS Deficit	

1. FFN to stabilize turn over rates and return to a 17:1 historical client to FTE ratic

1A Process and timeline

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target *	1st Qtr. Performance	2nd Qtr. Target *	2nd Qtr. Performance	3rd Qtr. Target *	3rd Qtr. Performance	4th Qtr. Target *	4th Qtr. Performance	Percent Complete
1	Submit monthly report and analysis regarding turnover, caseload ratios, and projections	Lynne Whittington	December 2016	November 2016	In Process	On the first Monday of every month, FFN will provide a Caseload Report indicating vacancies and actual caseloads for each budgeted case manager position.									
1	Case Management will achieve a 17:1 ratio of Assigned Primary Children to Care Manager	Lynne Whittington	January 2017	July 2016	In Process	Based on projected funding and recent trends, Case Management will begin the year staffed at a 15:1 ratio of Assigned Primary Children to Care Manager; FFN is projecting to achieve a 17:1 ratio by January 2017. Expense targets are presented flat by quarter with the anticipation of recognizing savings by the third and fourth quarter. Total salaries for 16/17 are projected at $11,636,969 and total benefits are projected at $3,150,781	15:1 Functional Ratio	15:1 Functional Ratio	16:1 Functional Ratio	16:1 Functional Ratio	17:1 Functional Ratio		17:1 Functional Ratio		50%
							1st Qtr. Salaries - $2,909,242	1st Qtr. - $3,039,967	2nd Qtr. Salaries - $2,909,242	2nd Qtr. - $2,996,214	3rd Qtr. Salaries - $2,909,242		4th Qtr. Salaries - $2,909,242		
							1st Qtr. Benefits - $787,695	1st Qtr. - $856,100	2nd Qtr. Benefits - $787,695	2nd Qtr. - $827,397	3rd Qtr. Benefits - $787,695		4th Qtr. Benefits - $787,695		

* Salary and benefit expense targets are exclusively dependent on the level of out of home care variation and therefore savings related the increase in functional ratio is subject to change.

Current savings are a reflection of OHC levels as of 6/30/2016.

2. FFN to create a more efficient and effective system of prevention care through the use of "need specific" prevention service lines

2A Redesign Prevention Service contracts

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	Split prevention services into 3 separate service lines that focuses and identifies the level of care to meet the needs of a specific child. This will reduce prevention / diversion service costs by $338k from prior year expense.	Jenn Petion	July 2016	May 2016	Completed	Service lines include the Wraparound Model, Safety Management Services and the Home Builders model.	Establish contract NTE limits less than $4,051,224	NTE limits contracted at $4,051,224							100%

2B Identify cost efficiencies thorough the prevention service redesign process

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	Complete a thorough review and analysis of costs associated with the three service lines and align those costs within budgeted cost allocations	Jenn Petion	June 2017	July 2016	In Process	The Wraparound and Safety Management service lines were contracted by area/county whereas the Home Builders contract covered all four areas/counties. This allowed for each contract to be thoroughly analyzed using data that was not only area specific but also need specific. This information was then used to tailor a detailed costs analysis for each individual contract where contract area specific data was used to allocate funds awarded for each applicable OCA. Using this analysis, not to exceed limits where then established for each contract and included within FFN's 16/17 state fiscal year budget. When comparing total contracted annual not to exceed amounts related to the 16/17 prevention service lines to the previous contracted amounts for the Family Service Team contracts (in effect for 15/16), our immediate savings recognized for the 16/17 state fiscal year was calculated as $388,146 or 20% of our total cost reduction plan. Calculation for savings as follows: 15/16 FST expense: <u>$4.439M</u> *(less)* 16/17 Contract NTE: <u>$4.051M</u> = $388K. (16/17 Contract NTE amount is made up of all prevention contracts: Wraparound, SMS, IFPR)	1st Quarter Expense - $1,012,805	1st Qtr. - $902,299	2nd Quarter Expense - $1,012,805	2nd Qtr - 751,682	3rd Quarter Expense - $1,012,805		4th Quarter Expense - $1,012,805		50%

3. FFN to analyze the cost benefit of service lines

3A Analyze the cost/benefit of services provided

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	Target	Current Performance							Percent Complete
1	Conduct a review of service lines which could otherwise be obtainable outside of our system of care and consider whether the service is essential to overall operations.	Jenn Petion	Oct-16	July 2016	Completed	A review of services was conducted to identify service lines which could otherwise be obtainable outside of our system of care. Based on this review it was determined that services provided by Family Care fit that category. The purpose of the Family Care Unit (FCU) is to provide mental health and substance abuse screening and assessment in the form of bio psychosocial assessments. This service is available within the community behavioral health continuum. Based on this review it was then determined to eliminate the service line for the Escambia and Santa Rosa County areas effective October 1, 2016 and further reduce services offered in Okaloosa and Walton Counties effective January 1, 2017.	Identify Service Lines for services considered no-essential to overall program services	Review indicated the reduction of Family Care Services as an option							100%

3B Analyze the cost/benefit of services provided by the Family Care Units (external)

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	Eliminate Family Care service line for the Escambia and Santa Rosa County areas effective October 31, 2016 and further reduce services offered in Okaloosa and Walton Counties effective January 1, 2017.	Jenn Petion	October 1, 2016 and January 1, 2017	October 2016	In Process	The reduction of Family Care services in Escambia and Santa Rosa counties offers an immediate savings of $327,089 or 19% of our total cost reduction plan. Beginning January 1, 2017, a reduction of monthly assessments, not to exceed 14 per month for Okaloosa County and 6 per month for Walton County, will realize a cost savings of $74,215 or 4% of our total cost reduction plan for the 16/17 state fiscal year.	1st Quarter Expense - $178,488	1st Qtr. - $177,776	2nd Quarter Expense - $98,118	2nd Qtr - $111,138	3rd Quarter Expense - $18,554		4th Quarter Expense - $18,554		50%

4. FFN will increase relative placements and reduce the utilization of licensed care

4A Review process of identifying relatives and conducting home studies to identify potential relative placements

	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	FFN, DCF CPI and CLS will map the current process for identifying relative placements and develop improvement plans to address gaps.	Lynne Whittington	Nov-16	October 2016	In Process	Together with system partners, FFN is reviewing current practice in identification and vetting of potential relative placements in order to reduce utilization of licensed care.	Revise practice.	Revisions in draft form.	Revise practice.	The Family Finder Unit vacancies are filled. We have extended the time frame of involvement from 60 days after removal to 90 days. In addition relative placement has been a focus for CPI and FFN CM staff. Progress - 7/1/16 590 children placed with relatives/non-relatives 1/1/17 696 children placed with relatives/non-relatives We have increased over 100 children since 7/1/16.	Revise practice.		Revise practice.		50%
2	A desk review of all children currently placed in licensed care will be conducted to identify opportunities for step down, case closure, or relative placement.	Lynne Whittington	Sep-16	July 2016	Completed	Review has been completed and follow up is being conducted with case management to explore potential shift from LOHC. 490 children in licensed placement reviewed. 32 were reviewed for Conditions for Return staffing, 126 children reviewed for relative follow up based on file review.									100%

5. FFN will manage utilization of high cost therapeutic placements															
5A	Assess and re-design continuum of placement capacity and overlay for children and youth with complex behavioral needs.														
	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	Based on a system-wide review of services it was determined that a 26% rate reduction would be applied beginning October 1, 2016 for the Matrix Program.	Lee Riley	Nov-16	October 2016	In Process	Matrix is a short-term (6 to 12 months) specialized program funded by FFN and designed for children who require more than traditional foster care. Specialized foster parents work with Matrix counselors to provide support and stabilization for children who are either waiting to enter a more intensive therapeutic foster home setting (such as CHIPS or CIRCLE) or who are transitioning back to the family or adoptive home. Matrix was developed by Lakeview Center, Inc. and is managed by the Behavioral Health division of Lakeview Center with the understanding that the program is cost reimbursed by FFN.	1st Quarter Expense - $259,924	1st Qtr. - $80,103	2nd Quarter Expense - $190,611	2nd Qtr. - 199,824	3rd Quarter Expense - $190,611		4th Quarter Expense - $190,611		50%
2	Conduct procurement to build capacity for reunification, overlay, and/or placement services for high cost children and youth. Cost savings to include building a contractual rate reduction of 26% (based on current daily admin costs) while procuring Medicaid providers to leverage Medicaid eligible services.	Jenn Petion, Lee Riley	Jan-17	October 2016	In Process	Currently, a request for proposal has been posted in hopes of recruiting specialized foster homes, overlay support programs, and even group care models into Circuit One that do not exist locally. Contracts developed from this RFP would replace existing services with services that would provide sufficient capacity to meet the growing needs of this region related to lock-out youth and cross-system youth. In addition to meeting these needs, an expectation of a 26% daily administrative rate reduction built into future contracts as well as leveraging for Medicaid eligible services would be built in to any future proposal. The total anticipated costs savings for this initiative is anticipated to account for 9% of FFN's total cost reduction plan or $154,514 recognized within the 16/17 state fiscal year (based on current level of need).	Continuum redesign Contracted Capacity beginning 1/1/2017 with full capacity under contract by 12/31/17	RFP posted as of 10/15/16		12/16/16 - NYAP was awarded a contract to replace our current provider. Contract is expected to be finalized in the month of February 2017. Based on review of the budget submitted with the RFP, a rate reduction of approximately 26% is anticipated.					50%
5B	Create process for tracking and managing high-cost licensed OHC placements.														
1	Create Utilization Management reports to track cost trending in licensed OHC.	Jenn Petion	Nov-16	October 2016	In Process	Initial UM Reports have been created and are under revision.	Create and Maintain Monthly UM Reports			FFN has implemented a tracking mechanism that tracks all placements with an emphasis on high cost rates.					50%
2	Create process of weekly review of high cost placements to monitor status of children and youth that may be available for reunification, step-down, or cost sharing.	Lee Riley	Nov-16	October 2016	In Process	Weekly meetings will be held to review case list of children in licensed care with rates of over $100. Weekly meetings have begun but review process is still being refined for maximum benefit.	Protocol Finalized for High Utilizer Weekly Review			FFN is focusing on less than 5% of the population with the most extreme needs. These children are responsible for more than 25% of total OHC costs. To address this issue, FFN has implemented weekly reviews on children whose placements costs greater than $150/day. To date, FFN will have staffed more than 40 placements, digging deep into their placement reasons and needs. So far FFN has experienced small successes in children who have been able to be reduced from a bed and a half rate to just a single rate due to an updated safety plan and other similar scenarios, however, our system is also challenged with the fact that we have a few youth who could step down but our foster homes are full. Additionally, several of these placements are waiting on out-of-state ICPC home studies as well.					25%
3	FFN will engage APD, DJJ, and ME to discuss opportunities for cost sharing.	Lee Riley	Jan-17	November 2017	Pending Completion of 5B 1 and 2	FFN is currently evaluating best practice from other areas of the state to evaluate cost sharing approaches, or ensuring that specialized services are funded by the correct source.	Establish Cost Sharing and Joint Planning Process with DJJ, APD, and ME								15%
4	Review and improve circuit process for responding to "Lockouts".	Lee Riley	Jan-17	July 2016	In Process	A Green Belt analysis of recent lockout cases is being conducted by FFN, DCF, CLS, and ME to identify root causes and opportunities for early intervention. DJJ and behavioral health providers will also be brought to the table.	Reduction of entries due to "lockout" by 25%								50%
6. FFN Census of Care															
	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	1st Qtr. Target	1st Qtr. Performance	2nd Qtr. Target	2nd Qtr. Performance	3rd Qtr. Target	3rd Qtr. Performance	4th Qtr. Target	4th Qtr. Performance	Percent Complete
1	Track actual levels of OHC.	Michael Hitchcock	6/30/17	1/31/17	In Process	Forecast is a combined effort of DCF forecasted removals, FFN forecasted discharges, and actual census data from 1/1/2017 - 6/30/2017 for OHC.	1384	1384	1318	1,318	1362		1429		50%

1. The Department - Northwest Region - will monitor removals to identify trends													
	Action Steps		Goal Date	Initiated	Status	Comments	Target	Data Source	Quarterly Projections	October 2016 (Ist Qtr Jul-Sep)	January 2017 (2nd Qtr -Oct-Dec)	April 2017 (3rd Qtr - Jan-Mar)	July 2017 (4th Qtr - Apr-Jun)
1	Complete Removal Analysis (July 2015-June 2016)	Courtney Stanford	11/15/16	09/8/16	Completed	An analysis of the top five counties with the highest removal rates identified 2 counties in Circuit 1 had high removal rates.					100%		
2	Review results and determine next steps	Courtney Stanford	11/30/16	11/15/16	Completed	Results reviewed and decision made to conduct analysis quarterly as a region.					100%		
3	Identify alternate solutions to removal for youth (age 16 to 17).	Courtney Stanford	09/26/16	09/21/16	Completed	Child Protective Investigation Operations Managers will be included in all out of home plan decisions related to 16 and 17 year old youth.					100%		
						Children's Legal Services Managing Attorneys will be advised of all out of home plan decisions related to 16 and 17 year old youth and included in staffing as able.					100%		
4	Utilize Safety Management Service providers in Circuit 1.	Tina Cain	12/31/2016	8/1/2016	Completed	Safety Management Service providers are collocated with Child Protective Investigators and participate in Decision Support Team staffings to support In Home					100%		
5	Review Child Welfare Practice policy related to removals involving single parent. Seek clarification regarding the focus of the Family Functioning Assessment.	Courtney Stanford	11/30/16	10/5/16	Submitted request for headquarters.	A review of the removals identified an increase in removals in cases involving single parents. Office of Child Welfare has contracted with ACTION for Child Protection to provide training on Family Functioning					75%		
2. The Department will continue to implement the DST process.													
	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	Target						
1	A teaming decision will be held when Present Danger is identified or when Impending Danger is identified and an Out of Home plan is needed.	Courtney Stanford	6/21/2015	6/20/2015	Completed	This team was developed to provide support and guidance to Child Protective Investigators (CPI) and Child Protective Investigator Supervisors (CPIS) at the point Present Danger is identified and at any time during the investigation when a discussion regarding removal is held. The intent is for the CPI and CPIS to hold a discussion and include a practice expert or consultant in the process to ensure the discussion aligns with our child welfare practice model.					100%		
2	A graduation process will be included after each supervisor conducts 30 Present Danger and 15 Impending Danger Decision Support Team calls.	Courtney Stanford	n/a	6/20/2015	Eliminated	The graduation process has been eliminated. DST calls are to be held on all removals by Child Protective Investigators.					100%		
3	Review the DST process to determine what enhancements can be made.	Courtney Stanford	3/1/2016	7/29/2016	Completed	Reviewing as part of the CPI Efficiency Recommendations.					100%		
4	Review recommendations to identify possible enhancements.	CPI Leadership Team	11/30/2016	7/29/2016	Pending	Reviewing as part of the CPI Efficiency Recommendations.					60%		

Consolidated Financial Statements, Other Information, Supplementary Information, Other Reports and Schedule

Lakeview Center, Inc. and Subsidiaries
Years Ended September 30, 2016 and 2015
With Report of Independent Certified Public Accountants

Ernst & Young LLP

Building a better working world

Lakeview Center, Inc. and Subsidiaries

Consolidated Financial Statements, Other Information, Supplementary Information, Other Reports and Schedule

Years Ended September 30, 2016 and 2015

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Lakeview Center, Inc. and Subsidiaries

Consolidated Financial Statements, Other Information,
Supplementary Information, Other Reports and Schedule

Years Ended September 30, 2016 and 2015

Contents (continued)

Building a better
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Report of Independent Certified Public Accountants

Management and the Board of Directors
Lakeview Center, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheets as of September 30, 2016 and 2015, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial statements of Access Behavioral Health (Regulatory Basis) and DUI School are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,, and by Chapter 10.650, *Rules of the Auditor General*, presented on pages 56 through 64 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying Schedule of Functional Revenues and Expenses (Regulatory Basis), the Schedule of State Earnings (Regulatory Basis), Schedule of Related Party Transaction Adjustments (Regulatory Basis) and Schedule of Bed-Day Availability Payments are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 22, 2016, 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.

Ernst & Young LLP

December 22, 2016

Lakeview Center, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30	
	2016	**2015**
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 54,590**	$ 45,606
Investments	**37,241**	22,794
Accounts receivable:		
Client accounts receivable, less allowance for doubtful accounts of $506 and $747 in 2016 and 2015, respectively	**902**	2,333
Governmental funding sources receivable	**2,389**	5,283
Vocational service contracts receivable	**13,576**	12,563
Other accounts receivable	**935**	1,819
Inventories	**272**	254
Prepaid expenses	**939**	888
Total current assets	**110,844**	91,540
Investments limited as to use, internally designated for:		
Capital improvements	**27,204**	25,218
Regulatory requirements	**2,346**	2,210
Other	**11,589**	10,723
	41,139	38,151
Property and equipment, net	**20,343**	20,731
Interest in net assets of related organization	**2,220**	2,087
Intercompany receivable	**13,640**	11,244
Other assets	**184**	175
Total assets	**$ 188,370**	$ 163,928

		September 30	
		2016	**2015**
		(In Thousands)	
Liabilities and net assets			
Current liabilities:			
Accounts payable		**$ 12,147**	$ 10,976
Accrued liabilities		**11,927**	12,065
Current portion of long-term debt		**33**	30
Compensated absences		**2,346**	2,210
Total current liabilities		**26,453**	25,281
Long-term debt, less current portion		**746**	779
Total liabilities		**27,199**	26,060
Net assets:			
Unrestricted:			
Undesignated		**118,485**	98,036
Designated		**41,139**	38,151
Total unrestricted		**159,624**	136,187
Temporarily restricted		**1,475**	1,609
Permanently restricted		**72**	72
Total net assets		**161,171**	137,868
Total liabilities and net assets		**$ 188,370**	$ 163,928

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended September 30 2016	2015
	(In Thousands)	
Unrestricted revenue and support:		
Federal, state, and local financial awards	**$ 65,793**	$ 58,875
Net client service fees	**13,837**	14,255
Provision for bad debts, net of recoveries	**(197)**	(513)
Net client service fees less provision for bad debts	**13,640**	13,742
Vocational service contracts	**145,197**	132,097
Contract revenue	**29,276**	23,740
Other fees and support	**400**	1,109
In-kind services	**1,223**	1,151
Management fees	**592**	595
Contributions	**454**	182
Other	**799**	483
Total unrestricted revenue and support	**257,374**	231,974
Expenses:		
Salaries and wages	**89,301**	82,976
Fringe benefits	**26,537**	23,917
Building occupancy	**5,089**	5,073
Professional fees	**12,520**	10,501
Contract medical services	**18,055**	14,214
Travel	**2,151**	1,975
Equipment costs	**1,311**	1,266
Food services	**1,858**	1,855
Medical/pharmacy services	**4,623**	4,104
Subcontracted services	**48,937**	48,464
Subsidy payments	**16,711**	15,381
Personal welfare	**2,221**	2,128
Insurance	**717**	850
Interest	**78**	73
Donated items	**1,123**	1,051
Depreciation	**2,675**	2,552
Other operating expenses	**4,265**	3,801
Total expenses	**238,172**	220,181
Income from operations before gain from weather related event	**19,202**	11,793
Gain from weather related event	**–**	36
Income from operations	**19,202**	11,829
Nonoperating gains (losses):		
Investment income	**1,282**	1,862
Allocated share of Pool's net unrealized gains (losses) on trading securities	**2,685**	(2,318)
Total nonoperating gains (losses), net	**3,967**	(456)
Excess of unrestricted revenue, support, and gains over expenses and losses	**23,169**	11,373

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended September 30	
	2016	**2015**
	(In Thousands)	
Unrestricted net assets:		
Excess of unrestricted revenue, support, and gains over expenses and losses	**$ 23,169**	$ 11,373
Change in interest in net assets of recipient organization	**268**	(84)
Change in unrestricted net assets	**23,437**	11,289
Temporarily restricted net assets:		
Change in interest in net assets of recipient organization	**(134)**	19
Change in temporarily restricted net assets	**(134)**	19
Permanently restricted net assets:		
Change in interest in net assets of recipient organization	**–**	10
Change in permanently restricted net assets	**–**	10
Change in net assets	**23,303**	11,318
Net assets at beginning of year	**137,868**	126,550
Net assets at end of year	**$ 161,171**	$ 137,868

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2016	**2015**
	(In Thousands)	
Operating activities		
Change in net assets	**$ 23,303**	$ 11,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,675**	2,552
Provision for bad debts, net of recoveries	**197**	513
Loss on sale and retirement of property and equipment	**6**	1
Allocated share of Pool's net unrealized (gains) losses on trading securities	**(2,685)**	2,318
Change in interest in net assets of related organization	**(133)**	55
Changes in operating assets and liabilities:		
Accounts receivable	**1,234**	(529)
Governmental funding sources receivable	**2,894**	(3,612)
Vocational service contracts receivable	**(1,013)**	2,501
Other accounts receivable	**884**	2,136
Inventories	**(18)**	(100)
Prepaid expenses	**(51)**	1,307
Other assets	**(9)**	(19)
Accounts payable	**1,171**	(4,746)
Accrued liabilities	**(138)**	(686)
Compensated absences	**136**	330
Net cash provided by operating activities	**28,453**	13,339
Investing activities		
Purchases of property and equipment	**(2,293)**	(2,646)
Purchases of investments	**(25,013)**	(17,367)
Sales of investments	**10,263**	15,434
Net cash used in investing activities	**(17,043)**	(4,579)

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year Ended September 30	
	2016	**2015**
	(In Thousands)	
Financing activities		
Repayments of long-term debt	**$ (30)**	$ (30)
Net repayments to affiliated organization	**(2,396)**	(5,125)
Net cash used in financing activities	**(2,426)**	(5,155)
Net change in cash and cash equivalents	**8,984**	3,605
Cash and cash equivalents at beginning of year	**45,606**	42,001
Cash and cash equivalents at end of year	**$ 54,590**	$ 45,606
Supplemental disclosure of cash flow information		
Interest paid	**$ 78**	$ 73

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Lakeview Center, Inc. (the Center), a nonprofit organization, was incorporated in 1954, as Community Mental Health Center of Escambia County, Inc. The mission of the Center is to help people overcome life's challenges by providing behavioral health services, vocational services, and child protective services. The Center is an affiliate of Baptist Health Care Corporation (BHCC) under an affiliation agreement in which BHCC is the sole member of the Center.

Lakeview Place, Inc. and CMHC Hernandez House, Inc. are U.S. Department of Housing and Urban Development (HUD) multi-unit dwellings owned by the Center, that provide housing facilities and services to people diagnosed with mental illness. Lakeview Villa, Inc. is a HUD apartment complex owned by the Center that provides low-cost housing facilities and services to persons with chronic mental illness.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Lakeview Center, Inc. and its related entities: Lakeview Villa, Inc.; Lakeview Place, Inc.; and CMHC Hernandez House, Inc., as those entities are controlled by the same management and share economic interests. All inter-entity transactions have been eliminated in consolidation. See Note 15 for summary financial data for these related entities.

Operating and Nonoperating Activities

The Center's primary mission is to provide a broad range of behavioral health services, vocational services, and child protective services to citizens of the region. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the Center's primary mission are considered nonoperating. Nonoperating gains and losses include income and losses from investments in joint ventures, and earnings on investments other than operating cash on hand.

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses recognized during the reporting period. Accordingly, actual results may differ from those estimates.

Net Assets

The Center reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets are classified based on the existence or absence of donor-imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

The three net asset categories reflected in the accompanying consolidated financial statements are as follows:

- *Unrestricted* – Net assets that are free of donor-imposed restrictions, including all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- *Temporarily restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by action of the Center pursuant to those stipulations.

- *Permanently restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions

The Center records contributions received on its behalf by Baptist Health Care Foundation, an affiliated fundraising foundation, as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash Equivalents

The Center considers all highly liquid investment instruments with maturities of three months or less when purchased to be cash equivalents. Cash deposits are federally insured in limited amounts.

Investments and Investment Income

Investments consist primarily of the Center's participation in the BHCC investment pool (the Pool), participants in which include certain subsidiaries of BHCC. The Pool's investments in equity securities with readily determinable values and debt securities are stated at fair value. The Center's allocated investment income or loss (including realized gains and losses and interest) from the Pool is included in the excess of unrestricted revenue, support, and gains over expenses unless the income is restricted by donor or law. The Center accounts for investment transactions on a settlement-date basis.

The Pool invests in alternative investments (primarily hedge funds and a real estate investment fund) through partnership investment trusts. These alternative investments provide the Pool with a proportionate share of investment gains and losses. The partnership investment trusts generally contract with a manager who has full discretionary authority over investment decisions. The Pool accounts for its ownership interests in these alternative investments under the equity method.

Accounts Receivable and Allowance for Doubtful Accounts

The Center grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payor agreements.

1. Organization and Summary of Significant Accounting Policies (continued)

Client accounts receivable are stated at the amount of uncollected balances reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is established through a provision for bad debts and is presented on a separate line as a deduction from net client service fees revenue in the accompanying consolidated statements of operations and changes in net assets. Client accounts receivable are charged against the allowance for doubtful accounts when management believes the collectability of the receivable is unlikely.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Management regularly reviews collections data by major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. On the basis of historical experience, a significant portion of self-pay clients will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts in the period services are provided to self-pay clients. The Center's allowance for doubtful accounts for self-pay clients was 67% and 70% of self-pay accounts receivable as of September 30, 2016 and 2015, respectively. For receivables associated with clients who have third-party coverage, the Center analyzes contractually due amounts and provides a provision for bad debts, if necessary. Accounts receivable are written off after the collection effort has been followed in accordance with the Center's policies. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts and subsequent recoveries are added. Monthly, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

The allowance is an amount that management believes will be adequate to absorb possible losses on receivables that may become uncollectible. No allowance is provided for other receivables as they are due from governmental units, grantors, and third-party paying agencies. Those receivables have been adjusted in accordance with the terms of their contractual agreements.

Inventories

Pharmacy and food inventories are valued at the lower of cost or market using the first-in, first-out method.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments Limited as to Use

Investments whose use is limited include assets designated by the Board of Directors (the Board) for future capital improvements, including amounts required to be set aside for capital improvements under contracts between the Center's related entities and HUD; amounts as indicated by regulatory requirements, including DUI state-licensed programs, Agency for Health Care Administration (AHCA), Office of Insurance Regulation, and HUD; and amounts for other uses as specified by the Board. With the exception of investments designated due to regulatory requirements, the Board retains control and may, at its discretion, subsequently use these assets for other purposes.

Property and Equipment

Property and equipment acquisitions are recorded at historical cost. Property and equipment donated to the Center are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Estimated useful lives of depreciable assets are as follows:

Buildings	40 years
Furniture and equipment	3–7 years
Building and land improvements	10–20 years

Compensated Absences

Employees are entitled to accumulate a limited amount of earned but unused annual leave. Accordingly, the Center records an accrual for earned, unused, vested annual leave in accordance with the Center's policy. Upon separation from the Center, employees are entitled to this amount of unused vested leave.

Net Client Service Fees

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per completion of service, reimbursed costs, and discounted charges. Net client

1. Organization and Summary of Significant Accounting Policies (continued)

service fees are reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

The Center accepts clients in immediate need of care, regardless of their ability to pay, and serves certain clients whose care costs are not paid at established rates, including those sponsored under government programs such as Medicare and Medicaid, those sponsored under private contractual agreements, charity clients, and other uninsured clients who have limited ability to pay. The Center recognizes client service fee revenue associated with clients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured clients who do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with the Center's policy.

A summary of the payment arrangements with major third-party payors follows:

Medicare – Client services rendered to Medicare program beneficiaries are reimbursed under a fee-for-service methodology.

Medicaid – Client mental health and substance abuse services rendered to Medicaid program beneficiaries are reimbursed under a capitated arrangement.

Other – The Center has also entered into payment agreements with certain insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates and discounts from established charges.

Charity Care

Quality care is provided to all persons requiring immediate treatment regardless of their ability to pay. An individual is classified as a charity client by reference to certain established policies of the Center. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a client's ability to pay, the Center utilizes the most recently published federal poverty income guidelines, but also includes certain cases where incurred charges are significant when compared to income. These charges are subtracted in the net client service fees calculation.

1. Organization and Summary of Significant Accounting Policies (continued)

The Center estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to clients. The cost of providing charity care was $3,803 and $7,287 for the years ended September 30, 2016 and 2015, respectively.

Medicaid Managed Medical Assistance Contract Revenue

The Center is licensed as a prepaid limited health services organization pursuant to Chapter 636, *Florida Statutes*. Effective August 1, 2014, the Center, doing business as Access Behavioral Health, was awarded contracts with the Medicaid Managed Medical Assistance Plan (the MMA Plan). The Center receives a per-member per-month rate to provide mental health and substance abuse services to an annual average of 101,900 Medicaid beneficiaries in Escambia, Santa Rosa, Okaloosa, and Walton counties. Amounts received are recognized as contract revenue during the period in which the Center is obligated to provide services to beneficiaries. Approximately $29,276 and $23,740 was recognized as revenue under the MMA Plan during the years ended September 30, 2016 and 2015, respectively.

Medicaid Prepaid Mental Health Plan Costs

The Center is directly responsible for providing mental health and substance abuse services to beneficiaries residing in Escambia and Santa Rosa counties, representing approximately 69% of the covered lives under the MMA Plan. The Center has entered into subcontracts with two comprehensive community mental health centers to provide mental health services to the MMA Plan beneficiaries residing in Okaloosa and Walton counties. These subcontracts are on a full-risk capitated basis. The mental health services covered under the MMA Plan are generally the same as those covered under the Medicaid fee-for-service program. Covered services include inpatient psychiatric care, outpatient care, substance abuse, and physician services. The majority of services for which the Center is directly responsible is provided within its own service delivery system; however, some services are contracted for on a fee-for-service basis with local area hospitals and providers. A provision has been made for these services rendered but not reported as of September 30, 2016 and 2015.

1. Organization and Summary of Significant Accounting Policies (continued)

Interest in Net Assets of Recipient Organization

Interest in net assets of recipient organization represents contributions received on behalf of the Center by Baptist Health Care Foundation, as well as any gains or losses experienced on the investment of those contributions.

Income Taxes

The Center and its related entities are exempt from federal income taxes under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and are also exempt from state income taxes.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC Topic 740 provides guidance for recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There were no material uncertain tax positions as of September 30, 2016 or 2015.

Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows* (ASU 2016-15). Current GAAP either is unclear or does not include specific guidance on eight cash flow classification issues. The amendments in ASU 2016-15 provide guidance for these eight issues, reducing the current and potential future diversity in practice. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of ASU 2016-15 on the Center's consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies (continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities* (ASU 2016-14). The amendments in ASU 2016-14 change the presentation of not-for-profit financial statements by requiring two classes of net assets on the statement of financial position rather than for the currently required three classes, and presenting the amount of the change in each of these two classes on the statement of activities. A not-for-profit that uses the direct method of cash flow reporting will no longer be required to present or disclose the indirect method reconciliation, and not-for-profits will continue to have the option to utilize either the direct or indirect method for the statement of cash flows. Not-for-profits will no longer be required to disclose netted expenses when reporting investment returns, and will be required to provide certain enhanced disclosures. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2016-14 on the Center's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). The amendments in ASU 2016-02 require lessees to recognize the assets and liabilities arising from leases on their balance sheets, but recognize expenses on their income statements similar to current accounting requirements. The amendments also eliminate real estate-specific provisions for all entities. For lessors, the amendments modify classification criteria and the accounting for sales-type and direct financing leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is currently evaluating the impact of ASU 2016-02 on the Center's consolidated financial statements.

In June 2015, the FASB issued ASU No. 2015-10, *Technical Corrections and Improvements* (ASU 2015-10) to correct differences between original guidance and the Accounting Standards Codification, clarify the guidance, correct references and make minor improvements affecting a variety of topics. The standard was effective immediately upon issuance. Adoption of ASU 2015-10 did not have a significant impact on the Center's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* (ASU 2015-05). The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. ASU 2015-05 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 with early adoption permitted. Management is currently evaluating the impact of ASU 2015-05 on the Center's consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies (continued)

In February 2015, the FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items* (ASU 2015-01). The amendments in ASU 2015-01 simplify income statement presentation by eliminating the need to determine whether to classify an item as an extraordinary item. Current presentation and disclosure requirements for an event and transaction that is of an unusual nature of a type that indicates infrequency of occurrence have been retained. ASU 2015-01 is effective for fiscal years beginning after December 15, 2015, and interim periods within those years. Management does not expect adoption of this guidance to have a significant impact on the Center's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern* (ASU 2014-15). The amendments in ASU 2014-15 require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term *substantial doubt*, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plan, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plan, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for annual periods and interim periods thereafter, with early application permitted. Management is currently evaluating the effects of ASU 2014-15 on the Center's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which outlines a single comprehensive revenue recognition principles-based model that replaces most of the existing revenue recognition guidance, including industry-specific guidance. ASU 2014-09 was originally effective for annual periods beginning after December 15, 2016, and can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which defers the effective date of this new revenue recognition standard by one year for both public and nonpublic entities. In 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross*

(Dollars in Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

versus Net), ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients*. These amendments provide guidance on considerations in recognizing revenue from contracts with customers. Management is currently evaluating the potential effects ASU 2014-09, 2016-08, 2016-10, and 2016-12 will have on the Center's consolidated financial statements and disclosures.

2. Cash and Investments

The composition of cash and investments is as follows:

	September 30	
	2016	**2015**
Interest in the Pool	**$ 59,539**	$ 46,868
Cash and cash equivalents	**54,590**	45,606
U.S. corporate obligations	**10,966**	8,924
U.S. Treasury and government agencies obligations	**7,790**	5,068
Other	**85**	85
	$ 132,970	$ 106,551

The investments included in the Pool comprised the following:

	September 30	
	2016	**2015**
Equity securities and mutual funds that invest in equity securities	**21%**	22%
Mutual funds that invest in fixed-income securities	**33**	35
Alternative investments	**14**	9
Cash and cash equivalents	**13**	4
U.S. Treasury and government agencies obligations	**5**	7
U.S. corporate obligations	**11**	14
Mortgages and other asset-backed securities	**3**	9
	100%	100%

(Dollars in Thousands)

2. Cash and Investments (continued)

Investment income comprised the following:

	Year Ended September 30	
	2016	**2015**
Excess of unrestricted revenue, support, and gains over expenses and losses:		
Investment return included in nonoperating gains (losses):		
Interest and dividend income	**$ 381**	$ 260
Allocated share of Pool's:		
Investment income	**1,110**	965
Realized (losses) gains on sales of securities	**(209)**	637
Net unrealized gains (losses) on trading securities	**2,685**	(2,318)
	$ 3,967	$ (456)

3. Concentrations of Credit Risk

The Center receives client service fees revenue from three primary sources: Medicaid and Medicare, other third-party payors, and client payments. The following indicates the applicable percentages of accounts receivable from those sources:

	September 30	
	2016	**2015**
Medicaid and Medicare	**27%**	48%
Other third-party payors	**57**	38
Client payments	**16**	14
	100%	100%

(Dollars in Thousands)

4. Property and Equipment

Major classifications of property and equipment are summarized as follows:

	September 30 2016	2015
Buildings and improvements	**$ 25,587**	$ 25,057
Furniture and equipment	**18,754**	17,910
Land	**2,461**	2,402
Construction-in-progress	**1,653**	1,453
	48,455	46,822
Less accumulated depreciation	**(28,112)**	(26,091)
	$ 20,343	$ 20,731

5. Long-Term Debt

Long-term debt consists of the following:

	September 30 2016	2015
Note payable to HUD, interest at 9.0%, monthly payments of $5,000 including interest, secured by real property, maturing May 2032	**$ 517**	$ 531
Note payable to HUD, interest at 8.375%, monthly payments of $2,000 including interest, secured by real property, maturing March 2032	**200**	206
Note payable to HUD, interest at 9.25%, monthly payments of $1,000 including interest, secured by real property, maturing October 2021	**62**	72
	779	809
Less current portion	**(33)**	(30)
	$ 746	$ 779

(Dollars in Thousands)

5. Long-Term Debt (continued)

Following are maturities of long-term debt for each of the next five years and thereafter:

	Amount
Year ending September 30:	
2017	$ 33
2018	36
2019	39
2020	43
2021	46
Thereafter	582
	$ 779

During fiscal year 2010, Baptist Hospital, Inc. (Baptist), an affiliate of BHCC, issued $194,000 in bonds (the Bonds) through the Escambia County Health Facilities Authority (the Authority) to extinguish previously issued bonds; to pay or reimburse Baptist for the cost of acquiring, constructing, and equipping certain capital projects; to pay the related cost of issuance; and to fund a debt service reserve and capitalized interest fund. The Bonds are limited obligations of the Authority, payable principally from the receipts of loan agreements between the Authority and Baptist. The Bonds are secured by a gross revenue pledge of Baptist and a mortgage on the Gulf Breeze Hospital (an affiliate of BHCC) campus. Baptist and the Center comprise the Combined Group under a Master Trust Indenture, and the Center, as a restricted affiliate under the Master Trust Indenture, agrees to be bound by its terms but is not directly liable for obligations issued under the Master Trust Indenture. The Master Trust Indenture requires certain covenants and reporting requirements to be met by the Combined Group. The total amount of the Bonds outstanding, net of unamortized bond discount, is $141,112 at September 30, 2016. None of the Bonds are included in the accompanying consolidated financial statements.

6. Net Client Service Fees

Contractual 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.

(Dollars in Thousands)

6. Net Client Service Fees (continued)

Net client service fee revenue is not recognized for those clients that qualify for charity under the Center's charity care policies. For all others, service fee revenue, net of contractual adjustments and other deductions before the provision for bad debt, recognized from major payor sources is as follows:

	Year Ended September 30 2016	2015
Third-party payors, net of contractual allowances	**$ 9,936**	$ 10,381
Self-pay clients, net of deductions	**3,901**	3,874
	$ 13,837	$ 14,255

The Center has determined, based on an assessment at the reporting-entity level, that client service fee revenue is primarily recorded prior to assessing the client's ability to pay, and as such, the entire provision for bad debts is recorded as a deduction from client service fees revenue in the accompanying consolidated statements of operations and changes in net assets.

Revenues from the Medicare and Medicaid programs accounted for approximately 21% and 29% of the Center's net client service fees for the years ended September 30, 2016 and 2015, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Center.

7. In-Kind Contributions

In-kind contributions and expenses represent the value assigned to instructional services provided by Escambia County School Board educators, as well as donated prescription drugs from the State of Florida. In-kind contributions are recognized if the services or goods received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions for the years ended September 30, 2016 and 2015, amounted to $1,223 and $1,151, respectively.

(Dollars in Thousands)

8. Leased Facilities

The Center leases various buildings and equipment under operating leases expiring through 2018. Minimum future lease payments for operating leases having remaining terms in excess of one year as of September 30, 2016, are as follows:

2017	$	1,033
2018		952
2019		901
2020		835
2021		535
Thereafter		121
	$	4,377

Rent expense for the years ended September 30, 2016 and 2015, amounted to $1,552 and $1,428, respectively.

9. Retirement Plan

The Center provides a tax deferred annuity 403(b) retirement plan (Plan) to all eligible employees. Employees who work a minimum of 20 hours per week are eligible to participate in the Plan after completing one year of employment. Voluntary employee contributions are allowed to the extent permitted by law. The Center contributed a total of 3% of each eligible participant's annual compensation to the Plan with a match of up to 2% of each eligible participant's compensation. In compliance with Internal Revenue Service regulations, employer contributions for eligible participants vest under a six-year graduated vesting schedule. Plan expense for the years ended September 30, 2016 and 2015, amounted to $1,516 and $1,402, respectively.

10. Support From the State of Florida Requiring Match

The Center received a substantial portion of its support from the state of Florida under grant contract number AH394 with the Florida Department of Children and Families (DCF) Substance Abuse and Mental Health Program. This contract must be renegotiated annually. The contract requires a 25% local match for certain community mental health services. This local match requirement has been met.

11. Related-Party Transactions

The Center manages West Florida Community Care Center pursuant to a contract with DCF. For the years ended September 30, 2016 and 2015, the Center received $517 and $520, respectively, for the management of that institution.

The Center has several transactions with BHCC and its affiliated entities and had a net intercompany receivable from BHCC in the amount of $13,640 and $11,244 at September 30, 2016 and 2015, respectively.

Additionally, the Center received $75 in management fees from Baptist for the years ended September 30, 2016 and 2015, $3,469 and $3,247 for services rendered and $120 and $133 in interest payments for the years ended September 30, 2016 and 2015, respectively, and paid $1,759 and $1,946 in management fees and other support services provided by BHCC for the years ended September 30, 2016 and 2015, respectively.

12. Restricted Net Assets

Temporarily restricted net assets as of September 30, 2016 and 2015, were $1,475 and $1,609, respectively, the majority of which relate to children's services. Permanently restricted net assets are restricted to an endowment fund in accordance with instructions from the donors and were $72 as of September 30, 2016 and 2015. Earnings on the endowment funds are unrestricted.

13. Commitments and Contingencies

The Center carries general and professional liability insurance from an unrelated commercial insurance carrier with coverage up to $1,000 per occurrence and $3,000 in the aggregate, on a claims-made basis, and employee benefits liability insurance with coverage up to $1,000 per occurrence and $1,000 in the aggregate. In addition, the Center has excess coverage policies with an unrelated insurance carrier for losses up to $5,000 per occurrence and in the aggregate.

The Center is involved in various lawsuits and claims incidental to the normal course of its operations. The Center may be liable for losses in excess of the amounts recorded at September 30, 2016; however, in the opinion of management, such potential losses would not be material to the consolidated financial statements.

13. Commitments and Contingencies (continued)

The Center is self-insured for employees' medical insurance claims. The Center carries stop-loss insurance coverage with annual limits of $300 per participant and $8,726 in the aggregate. It is the opinion of management that recorded reserves are adequate for existing and unreported claims.

The Center has established five irrevocable standby letters of credit: three in amounts of $385, $160, and $365 with the Center's three previous administrators for workers' compensation claims as the named beneficiaries; one for $292 with one of the insurance providers for the ABH managed medical advantage plan; and one for $1,075 with the Center's current administrator for workers' compensation claims as the named beneficiary. The Center, under its workers' compensation policies, is responsible to pay all individual claims up to $250 each, as well as certain administration costs to its claims administrators. Should the Center default on any of these payments, the letter of credit guarantees the claims administrators' payment of any outstanding amounts.

Line of Credit Agreements

Baptist has two available line of credit arrangements through March 31, 2017, in the amount of $2,500, on which borrowings bear interest at LIBOR plus 1.50% to LIBOR plus 1.90%. The Andrews Institute Ambulatory Surgery Center, which is consolidated in the financial statements of Baptist, has available a line of credit arrangement through February 24, 2017, in the amount of $1,500, on which borrowings bear interest at LIBOR plus 3.15%. The Combined Group has two available line of credit arrangements through July 2, 2017 and June 30, 2018, in the amount of $5,000 and $10,000, respectively, on which borrowings bear interest ranging from LIBOR plus 1.50% to LIBOR plus 1.60%. At September 30, 2016 and 2015, amounts outstanding under these line of credit arrangements were $14,845 and $9,900, respectively. The Center, as a member of the Combined Group, is a guarantor under these lines of credit, but as of September 30, 2016 and 2015, is not directly obligated for any of the amounts outstanding under these line of credit arrangements. Therefore, none of these amounts outstanding are included in the accompanying consolidated financial statements.

13. Commitments and Contingencies (continued)

Contingencies

Federal and State Financial Awards – The Center has received numerous federal and state grants. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the Center. In the opinion of management, such claims, if any, should not have a material adverse effect on the consolidated financial position of the Center.

Unemployment Compensation – The Center reports its wages to various states for unemployment compensation purposes, as a reimbursable employer. Reimbursable employers compensate prior employees only when a claim has been made with these states. In the opinion of management, no material claims were outstanding that had not been reserved for at September 30, 2016.

14. Fair Value Measurements

As defined in ASC Topic 820, *Fair Value Measurement,* fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Center's financial assets are measured at fair value on a recurring basis, including money market and fixed income securities. The three levels of the fair value hierarchy defined by ASC Topic 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

> *Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.
>
> *Level 2* – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

(Dollars in Thousands)

14. Fair Value Measurements (continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The Center has no financial assets with Level 3 inputs.

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

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2016, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 54,590	$ –	$ –	$ 54,590
Investments limited as to use:				
U.S. corporate obligations	–	10,966	–	10,966
U.S. Treasury obligations	4,062	–	–	4,062
U.S. government agencies and sponsored entities	–	3,728	–	3,728
Other	85	–	–	85
Total investments limited as to use	4,147	14,694	–	18,841
	$ 58,737	$ 14,694	$ –	$ 73,431

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2015, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 45,606	$ –	$ –	$ 45,606
Investments limited as to use:				
U.S. corporate obligations	–	8,924	–	8,924
U.S. Treasury obligations	2,943	–	–	2,943
U.S. government agencies and sponsored entities	–	2,125	–	2,125
Other	85	–	–	85
Total investments limited as to use	3,028	11,049	–	14,077
	$ 48,634	$ 11,049	$ –	$ 59,683

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2016:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**13%**	**–%**	**–%**	**13%**
U.S. corporate obligations	–	**11**	–	**11**
U.S. government agencies and sponsored entities	–	**5**	–	**5**
Collateralized debt obligations	–	**3**	–	**3**
Domestic equities	**33**	–	–	**33**
Foreign equities	**21**	–	–	**21**
Other	–	**14**	–	**14**
	67%	**33%**	**–%**	**100%**

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2015:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	4%	–%	–%	4%
U.S. corporate obligations	–	14	–	14
U.S. government agencies and sponsored entities	–	3	–	3
Collateralized debt obligations	–	9	–	9
Domestic equities	35	–	–	35
Foreign equities	22	–	–	22
Other	–	13	–	13
	61%	39%	–%	100%

Financial assets are reflected in the accompanying consolidated balance sheets as follows:

	September 30 2016	September 30 2015
Investments, at fair value	**$ –**	$ –
Interest in the Pool	**37,241**	22,794
Total investments	**$ 37,241**	$ 22,794
Investments limited as to use, at fair value	**$ 18,841**	$ 14,077
Interest in the Pool	**22,298**	24,074
Total investments limited as to use	**$ 41,139**	$ 38,151

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 financial assets consisting of U.S. government agencies and sponsored entities were determined through evaluated bid prices provided by third-party pricing services where quoted market values were not available.

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The carrying values of accounts receivable, accounts payable, and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair value of intercompany payables is not practicable to estimate due to the uncertainty regarding the timing of future repayments.

15. Summary Information Relating to Financially Interrelated Entities

Summary financial information of the wholly owned subsidiaries, which are included in these consolidated financial statements, is shown below. Inter-entity transactions have not been eliminated from this summary data.

	As of and for the Year Ended September 30, 2016		
	CMHC Hernandez House, Inc.	**Lakeview Villa, Inc.**	**Lakeview Place, Inc.**
Total assets	$ 221	$ 383	$ 234
Total liabilities	$ 261	$ 552	$ 321
Unrestricted, undesignated net deficit	(40)	(371)	(102)
Designated net assets	–	202	15
Total net deficit	(40)	(169)	(87)
Total liabilities and net deficit	$ 221	$ 383	$ 234
Total revenue and support	$ 40	$ 141	$ 86
Total expenses	(41)	(130)	(78)
Change in net deficit	$ (1)	$ 11	$ 8

(Dollars in Thousands)

15. Summary Information Relating to Financially Interrelated Entities (continued)

	As of and for the Year Ended September 30, 2015		
	CMHC Hernandez House, Inc.	Lakeview Villa, Inc.	Lakeview Place, Inc.
Total assets	$ 226	$ 405	$ 227
Total liabilities	$ 266	$ 585	$ 322
Unrestricted, undesignated net deficit	(40)	(382)	(110)
Designated net assets	–	202	15
Total net deficit	(40)	(180)	(95)
Total liabilities and net deficit	$ 226	$ 405	$ 227
Total revenue and support	$ 41	$ 140	$ 78
Total expenses	(53)	(136)	(92)
Gain from weather related event	–	157	–
Change in net deficit	$ (12)	$ 161	$ (14)

16. Gain From Weather Related Event

In April 2014, the Center sustained property and equipment damage from heavy flooding affecting northwest Florida. The Center shares in the BHCC property damage insurance (with a $100 deductible per event) and carries flood insurance through Homesite Insurance Company as a part of the National Flood Insurance Program.

Property damage costs from the weather event for the year ended September 30, 2015, totaled $131 and the Center received $167 from insurers for the recovery of these costs. Included in the accompanying statements of activities is a net gain, net of insurance proceeds received, related to the remediation from the April 2014 flooding totaling $36 for the year ended September 30, 2015.

17. Subsequent Events

The Center evaluated events and transactions occurring subsequent to September 30, 2016, and through December 22, 2016, the date the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

Other Information

Lakeview Center, Inc. and Subsidiaries

Schedule of Functional Revenues and Expenses (Regulatory Basis) (Unaudited)

Year Ended June 30, 2016

	SAMH Covered Services														
	State Funded														
	Adult Mental Health										Adult Substance Abuse				
Funding Sources and Revenues	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Residential Level III**	**Incidental Expenses IDP**	**Incidental Expenses FACT**	**Adult Mental Health Total**	**Day/Night**	**Intervention HIV**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Residential Level II**
	2	**3**	**4**	**8**	**12**	**14**	**20**	**28**	**28**	**(B1-a+…+B1-i)**	**6**	**11**	**12**	**14**	**19**
A	**B1-a**	**B1-b**	**B1-c**	**B1-d**	**B1-e**	**B1-f**	**B1-g**	**B1-h**	**B1-i**	**C1**	**B2-a**	**B2-b**	**B2-c**	**B2-d**	**B2-e**
IA. State SAMH funding:															
(1) Contract # A0110 - SAMH	$ 80,588	$ 1,592,342	$ 456,622	$ 450,246	$ 1,816,279	$ 232,026	$ 158,513	$ 27,325	$ –	$ 4,813,941	$ 283,044	$ 108,931	$ 143,359	$ 4,079	$ 1,708,048
(2) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	1,196,592	1,196,592	–	–	–	–	–
(4) Contract # A0160 - FITT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(5) Contract # A0160 - CAT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total State SAMH funding	80,588	1,592,342	456,622	450,246	1,816,279	232,026	158,513	27,325	1,196,592	6,010,533	283,044	108,931	143,359	4,079	1,708,048
IB. Other Govt. funding:															
(1) Other State Agency Funding	–	–	–	342,104	–	801	–	–	–	342,905	–	–	–	–	10,950
(2) Medicaid	109,310	138,580	28,651	231,713	996,362	640,285	26,437	–	–	2,171,338	627,134	–	78,343	99,715	–
(3) Local Government	84,778	92,934	74,403	–	28,390	384,677	42,240	–	–	707,421	241,722	–	2,258	–	–
(4) Federal Grants and Contracts	92,458	–	–	–	48,438	11,112	195,020	–	–	347,028	3,825	–	3,853	–	(750)
(5) In-kind from local govt. only	–	–	–	–	–	(4,208)	–	–	–	(4,208)	–	–	–	–	–
Total other Govt. funding	286,546	231,514	103,054	573,817	1,073,190	1,032,667	263,697	–	–	3,564,484	872,681	–	84,454	99,715	10,200
IC. All other revenues:															
(1) 1st and 2nd Party payments	13,014	13,849	(1,821)	90,794	711,466	143,008	135,339	–	2	1,105,652	81,051	381	54,691	13,461	5,709
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	88,000	10,000	–	–	–	98,000	–	–	7,000	–	–
(5) Other	736	328	103	23	3,715	20,084	508	–	–	25,495	–	–	295	–	33,584
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	13,750	14,177	(1,718)	90,817	803,181	173,092	135,847	–	2	1,229,147	81,051	381	61,986	13,461	39,293
Total funding	$ 380,884	$ 1,838,033	$ 557,958	$ 1,114,880	$ 3,692,650	$ 1,437,785	$ 558,057	$ 27,325	$ 1,196,594	$ 10,804,164	$ 1,236,776	$ 109,312	$ 289,799	$ 117,255	$ 1,757,541

Funding Sources and Revenues	Substance Abuse Detox (No TANF)	Outpatient Group	Adult Substance Abuse Total	Case Management	Crisis Stabilization	Crisis Support/ Emergency	In-Home and On Site	Medical Services (No TANF)	Outpatient- Individual	Incidental Expenses- BNET	Children's Mental Health Total	Case Management	Crisis Support/ Emergency	Intervention- Individual
	SAMH Covered Services													
	State Funded													
	Adult Substance Abuse			**Children's Mental Health**								**Children's Substance Abuse**		
	24	**35**	**(B2-a+…+B2-g)**	**2**	**3**	**4**	**8**	**12**	**14**	**14**	**(B3-a+…+B3-g)**	**2**	**4**	**11**
A	**B2-f**	**B2-g**	**C2**	**B3-a**	**B3-b**	**B3-c**	**B3-d**	**B3-e**	**B3-f**	**B3-g**	**C3**	**B4-a**	**B4-b**	**B4-c**
IA. State SAMH funding:														
(1) Contract # A0110 - SAMH	$ 633,090	$ 45,870	$ 2,926,421	$ 235,354	$ 138,232	$ 146,119	$ 173,841	$ 102,399	$ 183,512	$ –	$ 979,458	$ –	$ 6,088	$ 218,365
(2) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	125,000	125,000	–	–	–
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contract # A0160 - FITT	–	–	–	–	–	–	–	–	–	–	–	287,637	–	–
(5) Contract # A0160 - CAT	–	–	–	567,727	–	–	–	–	–	–	567,727	–	–	–
Total State SAMH funding	633,090	45,870	2,926,421	803,081	138,232	146,119	173,841	102,399	183,512	125,000	1,672,185	287,637	6,088	218,365
IB. Other Govt. funding:														
(1) Other State Agency Funding	–	–	10,950	1,297	–	–	15,237	–	4,496	–	21,030	–	–	184
(2) Medicaid	183,700	10,956	999,847	333,795	435,358	9,168	132,780	55,959	145,223	15	1,112,298	–	382	6,719
(3) Local Government	123,192	42,657	409,829	–	17,791	23,809	28,190	1,613	–	–	71,403	–	992	–
(4) Federal Grants and Contracts	–	675	7,603	–	–	–	–	2,752	–	–	2,752	–	–	–
(5) In-kind from local govt. only	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other Govt. funding	306,892	54,288	1,428,229	335,092	453,149	32,977	176,207	60,324	149,719	15	1,207,483	–	1,374	6,903
IC. All other revenues:														
(1) 1st and 2nd Party payments	18,358	842	174,494	50,992	–	(583)	22,015	39,065	28,083	1,087	140,659	1,093	(24)	1,289
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	7,000	–	–	–	–	5,000	–	–	5,000	–	–	–
(5) Other	434	–	34,313	358	–	33	–	211	54	(3,210)	(2,554)	–	1	27
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	18,792	842	215,807	51,350	–	(550)	22,015	44,276	28,137	(2,123)	143,105	1,093	(23)	1,316
Total funding	$ 958,774	$ 101,000	$ 4,570,457	$ 1,189,523	$ 591,381	$ 178,546	$ 372,063	$ 206,999	$ 361,368	$ 122,892	$ 3,022,773	$ 288,730	$ 7,439	$ 226,584

Funding Sources and Revenues	Outpatient-Individual	Residential Level II	TASC	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Total Funding
	SAMH Covered Services – State Funded – Children's Substance Abuse								
	14	19	27	(B4-a+…+B4-f)	(C1+…+C4)		(D+E)		(F+G)
A	B4-d	B4-e	B4-f	C4	D	E	F	G	H
IA. State SAMH funding:									
(1) Contract # A0110 - SAMH	$ 29,874	$ 1,146,628	$ 38,535	1,439,490	$ 10,159,311	$ –	$ 10,159,311	$ –	$ 10,159,311
(2) Contract # A0160 - BNET	–	–	–	–	125,000	–	125,000	–	125,000
(3) Contract # A0170 - FACT	–	–	–	–	1,196,592	–	1,196,592	–	1,196,592
(4) Contract # A0160 - FITT	–	–	–	287,637	287,637	–	287,637	–	287,637
(5) Contract # A0160 - CAT	–	–	–	–	567,727	–	567,727	–	567,727
Total State SAMH funding	29,874	1,146,628	38,535	1,727,127	12,336,267	–	12,336,267	–	12,336,267
IB. Other Govt. funding:									
(1) Other State Agency Funding	732	(11,625)	33	(10,676)	364,208	3,028,332	3,392,540	45,916,103	49,308,642
(2) Medicaid	23,641	2,314	1,186	34,242	4,317,726	12,217,334	16,535,059	11,135,268	27,670,327
(3) Local Government	–	–	–	992	1,189,645	1,685,527	2,875,172	4,421,998	7,297,171
(4) Federal Grants and Contracts	–	–	–	–	357,383	949,518	1,306,901	136,264,339	137,571,240
(5) In-kind from local govt. only	–	102,865	–	102,865	98,657	928,075	1,026,732	165,666	1,192,399
Total other Govt. funding	24,373	93,554	1,219	127,423	6,327,619	18,808,786	25,136,404	197,903,374	223,039,779
IC. All other revenues:									
(1) 1st and 2nd Party payments	4,572	185	228	7,341	1,428,147	12,921,531	14,349,678	48	14,349,726
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	110,000	5,701	115,701	177,926	293,628
(5) Other	9	–	5	42	57,297	–	595,800	3,554,770	4,150,570
(6) In-kind	–	–	–	–	–	–	–	–	–
Total all other revenues	4,581	185	233	7,383	1,595,444	12,927,232	15,061,179	3,732,744	18,793,924
Total funding	$ 58,828	$ 1,240,367	$ 39,987	$ 1,861,933	$ 20,259,330	$ 31,736,018	$ 52,533,850	$ 201,636,118	$ 254,169,970

	SAMH Covered Services														
	State Funded														
	Adult Mental Health										Adult Substance Abuse				
Expense Categories	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Residential Level III**	**Incidental Expenses IDP**	**Incidental Expenses FACT**	**Adult Mental Health Total**	**Day/Night**	**Intervention HIV**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Residential Level II**
	2	**3**	**4**	**8**	**12**	**14**	**20**	**28**	**28**	**(B1-a+…+B1-i)**	**6**	**11**	**12**	**14**	**19**
A	**B1-a**	**B1-b**	**B1-c**	**B1-d**	**B1-e**	**B1-f**	**B1-g**	**B1-h**	**B1-i**	**C1**	**B2-a**	**B2-b**	**B2-c**	**B2-d**	**B2-e**
IIA. Personnel expenses:															
(1) Salaries	$ 517,627	$ 651,609	$ 396,429	$ 658,578	$ 2,169,939	$ 947,344	$ 534,761	$ –	$ 576,996	$ 6,453,282	$ 414,181	$ 80,998	$ 169,101	$ 24,890	$ 372,984
(2) Fringe benefits	136,629	182,280	92,119	187,137	258,013	268,168	168,623	–	122,005	1,414,973	110,322	10,498	19,334	8,381	91,010
Total personal expenses	654,256	833,889	488,548	845,715	2,427,952	1,215,512	703,384	–	699,001	7,868,255	524,503	91,496	188,435	33,271	463,994
IIB. Other expenses:															
(1) Building occupancy	33,037	96,355	35,756	18,656	84,628	133,062	174,317	–	32,209	608,018	154,317	–	6,364	10,553	83,633
(2) Professional services	–	–	–	–	–	785	–	–	–	785	–	–	–	–	–
(3) Travel	16,643	16,362	1,252	29,325	12,023	35,472	8,965	–	21,973	142,015	1,362	–	916	109	866
(4) Equipment	316	1,179	–	–	29,626	1,918	1,426	–	1,220	35,684	257	–	2,357	25	39
(5) Food services	696	60,321	226	1,283	1,832	3,096	213,586	–	1,352	282,391	91,293	–	144	16,405	132,223
(6) Medical and pharmacy	1,213	25,781	–	3,337	17,232	2,877	5,901	–	680	57,020	27,244	–	1,292	408	23,866
(7) Subcontracted services	–	1,496,822	–	–	17,697	11,940	–	–	178	1,526,636	85	–	1,408	15	100
(8) Insurance	8,724	14,094	5,588	10,872	13,093	22,336	16,122	–	8,842	99,673	11,720	1,316	965	960	8,345
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	6,905	24,734	3,324	14,556	52,213	51,203	33,419	–	208,768	395,121	20,892	–	4,091	1,141	9,121
(11) Other-bad debt	114	103	193	264	88,750	15,368	10,463	–	125	115,380	150	2	6,729	–	–
(12) Donated items	–	–	–	–	–	(4,208)	–	–	–	(4,208)	–	–	–	–	–
Total other expenses	67,648	1,735,751	46,339	78,293	317,094	273,849	464,199	–	275,347	3,258,515	307,320	1,318	24,266	29,616	258,193
Total personnel and other expenses	721,904	2,569,640	534,887	924,008	2,745,046	1,489,361	1,167,583	–	974,348	11,126,770	831,823	92,814	212,701	62,887	722,187
IIC. Distributed indirect costs:															
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	158,250	126,957	156,242	183,083	498,416	489,083	177,478	–	98,358	1,887,867	138,523	94,847	37,971	11,539	116,765
Total distributed indirect costs	158,250	126,957	156,242	183,083	498,416	489,083	177,478	–	98,358	1,887,867	138,523	94,847	37,971	11,539	116,765
Total actual oper. expenses	880,154	2,696,597	691,129	1,107,091	3,243,462	1,978,444	1,345,061	–	1,072,706	13,014,637	970,346	187,661	250,672	74,426	838,952
IID. Unallowable costs	(4,061)	(63,107)	(2,698)	(7,136)	7,266	(19,002)	(221,086)	–	(3,990)	(313,814)	(94,357)	–	625	(16,875)	(135,525)
Total allowable oper. expenses	$ 876,093	$ 2,633,490	$ 688,431	$ 1,099,955	$ 3,250,728	$ 1,959,442	$ 1,123,975	$ –	$ 1,068,716	$ 12,700,823	$ 875,989	$ 187,661	$ 251,297	$ 57,551	$ 703,427
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

	SAMH Covered Services													
	State Funded													
	Adult Substance Abuse			Children's Mental Health								Children's Substance Abuse		
Expense Categories	**Substance Abuse Detox (No TANF)**	**Outpatient Group**	**Adult Substance Abuse Total**	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Incidental Expenses-BNET**	**Children's Mental Health Total**	**Case Management**	**Crisis Support/ Emergency**	**Intervention-Individual**
	24	**35**	**(B2-a+…+B2-g)**	**2**	**3**	**4**	**8**	**12**	**14**	**14**	**(B3-a+…+B3-g)**	**2**	**4**	**11**
A	**B2-f**	**B2-g**	**C2**	**B3-a**	**B3-b**	**B3-c**	**B3-d**	**B3-e**	**B3-f**	**B3-g**	**C3**	**B4-a**	**B4-b**	**B4-c**
IIA. Personnel expenses:														
(1) Salaries	$ 863,761	$ 48,201	$ 1,974,115	$ 783,375	$ –	$ 126,857	$ 267,330	$ 120,786	$ 179,938	$ 84,870	$ 1,563,157	$ 147,835	$ 5,286	$ 155,684
(2) Fringe benefits	241,626	11,088	492,260	230,872	–	29,478	64,136	13,810	40,931	17,990	397,217	25,711	1,228	36,458
Total personal expenses	1,105,387	59,289	2,466,375	1,014,247	–	156,335	331,466	134,596	220,869	102,860	1,960,374	173,546	6,514	192,142
IIB. Other expenses:														
(1) Building occupancy	127,727	16,680	399,274	48,259	–	11,442	46,494	4,546	11,575	165	122,480	27,033	477	14,069
(2) Professional services	–	–	–	–	150,256	–	–	–	–	–	150,256	782	–	–
(3) Travel	21,689	131	25,074	26,035	–	401	16,255	655	338	771	44,454	14,697	17	139
(4) Equipment	1,563	20	4,262	9,324	–	–	2,344	1,683	643	–	13,994	8,654	–	–
(5) Food services	79,960	(294)	319,730	2,709	–	72	169	103	1,486	–	4,539	1,745	3	191
(6) Medical and pharmacy	34,175	4,400	91,385	450	–	–	–	923	–	9,721	11,094	–	–	–
(7) Subcontracted services	576,374	–	577,982	810	132,309	–	–	1,005	284	8,348	142,756	–	–	136
(8) Insurance	18,683	1,108	43,097	15,752	–	1,788	6,495	690	3,421	805	28,950	988	75	3,673
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	32,786	2,546	70,578	123,357	–	1,064	9,920	2,922	4,773	3,772	145,808	18,705	44	3,314
(11) Other-bad debt	137	27	7,045	2	–	62	436	4,806	3,453	–	8,759	31	3	–
(12) Donated items	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other expenses	893,094	24,618	1,538,427	226,698	282,565	14,829	82,113	17,333	25,973	23,582	673,090	72,635	619	21,522
Total personnel and other expenses	1,998,481	83,907	4,004,802	1,240,945	282,565	171,164	413,579	151,929	246,842	126,442	2,633,464	246,181	7,133	213,664
IIC. Distributed indirect costs:														
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	168,291	12,906	580,842	271,368	–	49,998	93,870	27,122	80,410	11,470	534,237	22,584	2,083	45,465
Total distributed indirect costs	168,291	12,906	580,842	271,368	–	49,998	93,870	27,122	80,410	11,470	534,237	22,584	2,083	45,465
Total actual oper. expenses	2,166,772	96,813	4,585,644	1,512,313	282,565	221,162	507,449	179,051	327,252	137,912	3,167,701	268,765	9,216	259,129
IID. Unallowable costs	(83,654)	224	(329,563)	(9,979)	–	(863)	(2,449)	446	(1,123)	(523)	(14,490)	(3,313)	(36)	(875)
Total allowable oper. expenses	$ 2,083,118	$ 97,037	$ 4,256,081	$ 1,502,334	$ 282,565	$ 220,299	$ 505,000	$ 179,497	$ 326,129	$ 137,389	$ 3,153,211	$ 265,452	$ 9,180	$ 258,254
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 1	$ –	$ –	$ –	$ –	$ –

	SAMH Covered Services										
	State Funded										
	Children's Substance Abuse										
Expense Categories	Outpatient-Individual	Residential Level II	TASC	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Other Support Costs (Optional)	Administration	Total Expenses
	14	19	27	(B4-a+…+B4-f)	(C1+…+C4)		(D+E)				(F+G+H*+I*)
A	B4-d	B4-e	B4-f	C4	D	E	F	G	H	I	J
IIA. Personnel expenses:											
(1) Salaries	$ 29,292	$ 416,075	$ 27,474	$ 781,645	$ 10,772,199	$ 11,061,409	$ 21,833,608	$ 61,598,896	$ –	$ 6,099,740	$ 89,532,244
(2) Fringe benefits	6,663	110,854	6,434	187,349	2,491,798	2,511,759	5,003,557	18,836,035	–	1,531,527	25,371,118
Total personal expenses	35,955	526,929	33,908	968,994	13,263,997	13,573,168	26,837,165	80,434,931	–	7,631,267	114,903,362
IIB. Other expenses:											
(1) Building occupancy	1,884	95,034	2,483	140,980	1,270,753	2,037,274	3,308,026	3,801,377	–	1,228,862	8,338,265
(2) Professional services	–	–	–	782	151,822	2,362,846	2,514,668	3,621,342	–	983,718	7,119,728
(3) Travel	55	260	25	15,193	226,736	199,990	426,726	1,813,377	–	(134,073)	2,106,030
(4) Equipment	105	67	–	8,825	62,765	280,284	343,049	453,828	–	413,207	1,210,084
(5) Food services	242	101,502	34	103,717	710,377	314,522	1,024,899	870,762	–	9,502	1,905,163
(6) Medical and pharmacy	–	5,454	–	5,454	164,953	4,297,316	4,462,270	60,673	–	49,524	4,572,467
(7) Subcontracted services	46	133	24	339	2,247,713	5,204,031	7,451,744	80,956,244	–	–	88,407,988
(8) Insurance	557	10,564	648	16,504	188,225	181,036	369,260	334,025	–	78,670	781,956
(9) Interest paid	–	–	–	–	–	–	–	165,487	–	–	165,487
(10) Operating supplies and expenses	777	13,238	585	36,662	648,169	678,039	1,326,208	3,016,050	–	1,064,510	5,406,768
(11) Other-bad debt	562	301	–	897	132,080	(82,814)	49,266	–	–	–	49,266
(12) Donated items	–	102,865	–	102,865	98,657	828,079	926,736	165,666	–	–	1,092,403
Total other expenses	4,228	329,418	3,799	432,218	5,902,250	16,300,603	22,202,852	95,258,831	–	3,693,920	121,155,605
Total personnel and other expenses	40,183	856,347	37,707	1,401,212	19,166,247	29,873,771	49,040,017	175,693,762	–	11,325,187	236,058,967
IIC. Distributed indirect costs:											
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	13,090	143,963	8,023	235,209	3,238,155	1,287,557	4,525,712	6,799,475	–	(11,325,187)	–
Total distributed indirect costs	13,090	143,963	8,023	235,209	3,238,155	1,287,557	4,525,712	6,799,475	–	–	–
Total actual oper. expenses	53,273	1,000,310	45,730	1,636,421	22,404,402	31,161,328	53,565,729	182,493,236	–	–	236,058,967
IID. Unallowable costs	(183)	(105,487)	(154)	(110,049)	(767,915)	(448,899)	(1,216,814)	(1,287,748)	–	–	(2,504,562)
Total allowable oper. expenses	$ 53,090	$ 894,823	$ 45,576	$ 1,526,372	$ 21,636,487	$ 30,712,429	$ 52,348,915	$ 181,205,488	$ –	$ –	$ 233,554,405
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of Functional Revenues and Expenses
(Regulatory Basis) (Unaudited)

June 30, 2016

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period in accordance with guidelines established by the State of Florida Department of Children and Families.

Lakeview Center, Inc. and Subsidiaries

Schedule of State Earnings
(Regulatory Basis) (Unaudited)
(Dollars in Thousands)

Year Ended June 30, 2016

1. Total expenditures	$ 236,059
2. Less other state and federal funds	(215,118)
3. Less non-match SAMH funds	(7,922)
4. Less unallowable costs per 65E-14, F.A.C.	(2,505)
5. Total allowable expenditures (sum lines 1, 2, 3 and 4)	10,514
6. Maximum available earnings (line 5 times 75%)	7,886
7. Amount of state funds requiring match	3,846
8. Amount due to department (subtract line 7 from line 6)	$ –

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of State Earnings
(Regulatory Basis) (Unaudited)

June 30, 2016

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period. Calculations in the schedule were prepared in accordance with guidelines established by the State of Florida Department of Children and Families.

Lakeview Center, Inc. and Subsidiaries

Schedule of Related-Party Transaction Adjustments (Regulatory Basis)
(Unaudited)

Year Ended June 30, 2016

	Related Passed Through to Subrecipient
Revenues from grantee:	
Rent	$ –
Services	2,205,144
Interest	–
Other	–
Total revenue from grantee	2,205,144
Expenses associated with grantee transactions:	
Personnel services	–
Depreciation	–
Interest	–
Other	–
Total associated expenses	–
Related-party transaction adjustment	$ 2,205,144
Allocation of related-party transaction adjustment:	
SAMH covered services:	
3	$ 1,645,635
24	559,509
Total	$ 2,205,144

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of Related-Party Transaction Adjustments (Regulatory Basis) (Unaudited)

June 30, 2016

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period. Calculations in the schedule were prepared in accordance with guidelines established by the State of Florida Department of Children and Families.

Lakeview Center, Inc. and Subsidiaries

Schedule of Bed-Day Availability Payments (Unaudited)

Year Ended June 30, 2016

Program	Covered Service	Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Passed	Amount Paid for Services by the Department	Maximum $ Value of Units in Column	Amount Owed to Department
A	**B**	**C**	**D**	**E**	**F**	**G**	**H=FxC**	**> of G-H or $0**
Children's MH	Crisis stabilization unit	$ 328.47	411	–	411	$ 51,223	$ 135,001	$ –
Adult MH	Crisis stabilization unit	328.47	7,791	905	6,886	1,464,743	2,261,844	–
Children's SA	Substance abuse detox	n/a	n/a	n/a	n/a	n/a	n/a	–
Adult SA	Substance abuse detox	n/a	n/a	n/a	n/a	n/a	n/a	–
Adult MH	Short-term residential treatment	n/a	n/a	n/a	n/a	n/a	n/a	–
							Total amount owed to department	$ –

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of Bed-Day Availability Payments (Unaudited)

June 30, 2016

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period. Calculations in the schedule were prepared in accordance with guidelines established by the State of Florida Department of Children and Families.

Supplementary Information

Lakeview Center, Inc. and Subsidiaries

DUI School

Balance Sheets

	September 30	
	2016	**2015**
Assets		
Current assets:		
Cash	**$ –**	$ –
Other accounts receivable	**–**	848
Property and equipment, less accumulated depreciation of $29,456 and $28,911 in 2016 and 2015, respectively	**3,772**	4,317
Total assets	**$ 3,772**	$ 5,165
Liabilities and net deficit		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 789**	$ 778
Due to Lakeview Center, Inc.	**199,358**	159,484
Compensated absences	**265**	48
Total current liabilities	**200,412**	160,310
Net deficit:		
Unrestricted, designated	**(196,640)**	(155,145)
Total liabilities and net deficit	**$ 3,772**	$ 5,165

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

DUI School

Statements of Operations and Changes in Net Deficit
With Special Supervision Services (SSS)

	Year Ended September 30	
	2016	**2015**
Changes in unrestricted net assets		
Revenue:		
Net client fees	**$ 275,762**	$ 298,573
Net client fees – SSS	**86,310**	129,370
	362,072	427,943
Fees remitted to State of Florida	**(15,298)**	(18,654)
Fees remitted to State of Florida – SSS	**(4,788)**	(8,082)
	(20,086)	(26,736)
Total client fees	**341,986**	401,207
Total revenue	**341,986**	401,207
Expenses:		
DUI – other:		
Salaries	**166,196**	145,713
Fringe benefits	**28,580**	21,158
Building maintenance and operations	**21,951**	20,502
Conference and conventions	**72**	1,160
Other program costs	**27,003**	22,758
Testing and assessment	**4,040**	3,199
Printing and production	**1,664**	1,075
Promotion and publicity	**360**	317
Data processing	**5,795**	2,709
Administrative	**22,345**	17,008
	278,006	235,599

Lakeview Center, Inc. and Subsidiaries

DUI School

Statements of Operations and Changes in Net Deficit
With Special Supervision Services (SSS) (continued)

	Year Ended September 30	
	2016	**2015**
Expenses (continued):		
DUI – SSS:		
Salaries	**$ 52,017**	$ 63,136
Fringe benefits	**8,945**	9,167
Building maintenance and operations	**11,740**	14,110
Conference and conventions	**39**	799
Other program costs	**14,441**	15,663
Testing and assessment	**2,161**	2,201
Printing and production	**890**	740
Promotion and publicity	**193**	218
Data processing	**3,099**	1,865
Administrative	**11,950**	11,706
	105,475	119,605
Total expenses	**383,481**	355,204
Change in unrestricted net deficit	**(41,495)**	46,003
Net deficit at beginning of year	**(155,145)**	(201,148)
Net deficit at end of year	**$ (196,640)**	$ (155,145)

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

DUI School

Notes to Financial Statements

September 30, 2016

1. Summary of Significant Accounting Policies

The DUI School financial statements are prepared on the accrual basis of accounting. Significant accounting policies for the DUI School are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries.

2. State Assessment Fee

As required by Section 322.293, *Florida Statutes*, each DUI program collects a $15 assessment fee on every client enrolling in its DUI program and remits the fee to the State of Florida. These and other fees collected and distributed to the State are summarized as follows:

	Year Ended September 30 2016	2015
Fees collected during current year	**$ 20,086**	$ 26,736
Fees remitted during current year	**20,086**	26,736
Fees due to the state of Florida	**$ –**	$ –

Procedures have been established and maintained that adequately account for all fees received for the DUI program and for all receipts created and/or issued by the DUI program.

3. Other Program Costs for DUI (Non-SSS Expenses)

Other program costs for the DUI program, not including SSS, consist of the following:

	Year Ended September 30 2016	2015
Copier costs	**$ 687**	$ 625
Florida association of DUI program membership dues	**1,805**	1,641
Office supplies	**2,612**	2,375
Telephone	**3,793**	3,448
Other	**5,944**	3,613
Program admin allocations	**12,162**	11,056
Total other program costs	**$ 27,003**	$ 22,758

4. Indirect Cost Allocations

Lakeview Center, Inc. allocates administrative costs to its programs using a step-down allocation methodology. The allocation basis varies depending upon the nature of the indirect cost pool being allocated. The following are examples of the allocation processes employed (this list is not intended to be all-inclusive): the human resources allocation is based on adjusted active staff and maintenance service costs are allocated based on the square footage maintained. The methodologies used allow for the allocation of indirect costs across all appropriate components of operations, and are in accordance with Florida Administrative Code 15A-10.014.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Balance Sheets (Regulatory Basis)

	September 30	
	2016	**2015**
	(In Thousands)	
Assets		
Cash and invested assets:		
Cash and cash equivalents	**$ 53,094**	$ 45,517
Real estate	**15,336**	15,537
Other invested assets	**39,500**	26,660
Internally designated investments	**40,376**	34,316
Total cash and invested assets	**148,306**	122,030
Electronic data processing equipment and software	**62**	78
Health care and other amounts receivable	**2,389**	5,283
Accounts receivable on service industry contracts (non-health)	**13,576**	12,563
Accounts receivable – other (non-health)	**8,650**	13,034
Inventories	**272**	200
Total assets	**$ 173,255**	$ 153,188
Liabilities and net assets		
Liabilities:		
Claims unpaid	**$ 709**	$ 630
General expenses due or accrued	**15,539**	13,910
Amounts withheld or retained for the account of others	**2,274**	1,272
Amounts due to parent, subsidiaries, and affiliates	**(463)**	84
Deferred revenue	**1,929**	2,809
Accrued wages	**3,625**	4,416
Accrued compensated absences	**2,346**	2,210
Total liabilities	**25,959**	25,331
Net assets:		
Net assets	**161,171**	137,811
Less non-admitted assets	**(13,875)**	(9,954)
Total net assets	**147,296**	127,857
Total liabilities and net assets	**$ 173,255**	$ 153,188

See accompanying note.

Access Behavioral Health

Statements of Operations (Regulatory Basis)

	Year Ended September 30			
	2016		**2015**	
	(In Thousands)			
Revenue:				
Capitation revenue	**$**	**30,276**	$	23,740
Total revenue		**30,276**		23,740
Expenses:				
Sub-capitation expense		**26,292**		21,251
Taxes and insurance		**66**		30
Personnel		**1,094**		1,046
Printing/production and shipping		**1**		1
Other		**526**		977
Total expenses		**27,979**		23,305
Excess of revenue over expenses	**$**	**2,297**	$	435

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Note to Financial Statements (Regulatory Basis)

September 30, 2016

1. Summary of Significant Accounting Policies

The Access Behavioral Health (ABH) financial statements are prepared on a regulatory basis of accounting in accordance with guidelines established by the State of Florida Office of Insurance Regulation. Significant accounting policies for ABH are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries.

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct from Substance Abuse and Mental Health Services Administration						
Project S.H.A.P.E.:						
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/30/15–9/29/20	93.243	1H79SP021270-01	$ 1,194,375	$ 281,779	$ –
P.H.A.S.E. II:						
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/30/12–9/29/17	93.243	1H79T1024458-04	2,472,117	471,757	–
Total CFDA No. 93.243					753,536	–
Medicaid Cluster						
Passed through from The State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Medical Assistance Program	7/1/07–6/30/17	93.778	DCF – AJ481	354,437,226	46,094	–
Passed through from Big Bend Community Based Care (BB)						
Florida Assertive Community Treatment (FACT):						
Medical Assistance Program	7/1/15–6/30/17	93.778	BB – A0170	1,196,592	197,722	–
Total CFDA No. 93.778 and Medicaid Cluster					243,816	–

1606-1961592

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from the State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Promoting Safe and Stable Families	7/1/07–6/30/17	93.556	DCF – AJ481		$ 1,135,211	$ 770,527
Grants to States for Access and Visitation Programs	7/1/07–6/30/17	93.597	DCF – AJ481		33,327	12,230
Chafee Education and Training Vouchers Program (ETV)	7/1/07–6/30/17	93.599	DCF – AJ481		81,522	–
Adoption and Legal Guardianship Incentive Payments	7/1/07–6/30/17	93.603	DCF – AJ481		187,522	–
Stephanie Tubbs Jones Child Welfare Services Program	7/1/07–6/30/17	93.645	DCF – AJ481		890,273	113,423
Foster Care – Title IV-E	7/1/07–6/30/17	93.658	DCF – AJ481		8,232,254	840,689
Adoption Assistance	7/1/07–6/30/17	93.659	DCF – AJ481		6,027,426	19,280
Child Abuse and Neglect State Grants	7/1/07–6/30/17	93.669	DCF – AJ481		67,464	64,027
Chafee Foster Care Independence Program	7/1/07–6/30/17	93.674	DCF – AJ481		180,678	–
Community Based Care – Child Welfare (Parent Café):						
Community-Based Child Abuse Prevention Grants	2/1/16–6/30/18	93.590	DCF – AJ492	404,529	103,991	96,285

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
TANF Cluster:						
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Temporary Assistance for Needy Families	7/1/15–6/30/17	93.558	BB – A0110	$ 19,958,954	$ 406,163	$ –
Passed through from The State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Temporary Assistance for Needy Families	7/1/07–6/30/17	93.558	DCF – AJ481		3,621,406	123,592
Total CFDA No. 93.558 and TANF Cluster					4,027,569	123,592
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Community Mental Health Services	7/1/15–6/30/17	93.958	BB – A0110		622,222	–
Florida Assertive Community Treatment (FACT):						
Block Grants for Community Mental Health Services	7/1/15–6/30/17	93.958	BB – A0170		137,748	–
Total CFDA No. 93.958					759,970	–

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from the State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Social Services Block Grant	7/1/07–6/30/17	93.667	DCF – AJ481		$ 1,897,907	$ 308,779
Passed through from Agencies for Persons with Disabilities						
Agencies for Persons with Disabilities						
D/S Court Liaison – Miami:						
Social Services Block Grant	7/1/15–6/30/18	93.667	APD – KCF12	764,724	242,940	–
D/S Court Liaison – Escambia:						
Social Services Block Grant	1/1/15–6/30/19	93.667	APD – ACR02	811,500	168,154	–
Total CFDA No. 93.667					2,309,001	308,779
Passed through from Big Bend Community Based Care (BB)						
Children's Mental Health Behavioral Services (BNET):						
Children's Health Insurance Program	7/1/15–6/30/17	93.767	BB – A0160	225,880	99,547	–

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/13–6/30/14	93.959	BB – A0110		$ 2,328,223	$ –
Community Drug and Alcohol Council, Inc. (CDAC):						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/15–6/30/16	93.959	LCI03	150,000	78,335	–
Block Grants for Prevention and Treatment of Substance Abuse	7/1/16–6/30/17	93.959	LCI16-17	150,000	77,076	–
Total CFDA No. 93.959					2,483,634	–
Passed through the State of Florida Department of Health						
Rape Risk Reduction Education & Training:						
Research and Development Cluster:						
Injury Prevention and Control Research and State and Community Based Programs	11/1/12–1/31/16	93.136	COH6Z	173,976	24,127	–
Total CFDA No. 93.136 and Research and Development Cluster					24,127	–
Preventive Health and Health Services Block Grant		93.991	COH6Z		685	–
Total U.S. Department of Health and Human Services					27,641,553	2,348,832

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF EDUCATION						
Passed through the State of Florida Department of Labor and Employment Security						
Vocational Rehab and Supported Employment:						
Rehabilitation Services – Vocational Rehabilitation Grants to States	4/1/15–3/31/18	84.126	VR5096	R/A	$ 469,532	$ –
Total U.S. Department of Education					469,532	–
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Transitional Housing:						
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0142L4H111307	278,744	209,057	–
Continuum of Care Program	7/1/16–6/30/17	14.267	FL0142L4H111908	139,341	34,836	–
Independent Living:						
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0139L4H111407	271,707	203,778	–
Continuum of Care Program	7/1/16–6/30/17	14.267	FL0139L4H111508	273,341	68,334	–
Total CFDA No. 14.267					516,005	–
Total U.S. Department of Housing and Urban Development					516,005	–

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF JUSTICE						
Passed through the Florida Council Against Sexual Violence						
Victim Services Support Services (SASP):						
Sexual Assault Services Formula Program	8/1/13–7/31/16	16.017	13SAS03	$ 65,471	$ 55,628	$ –
Passed through the State of Florida Office of the Attorney General						
Victims of Crime Act Program Services (VOCA):						
Crime Victim Assistance	10/1/15–9/30/16	16.575	V084-15159	74,229	74,229	–
Passed through the Florida Coalition Against Domestic Violence						
Violence Against Women Formula Grants	7/1/15–6/30/16	16.588	15-6016-CCII	54,545	40,909	–
Total U.S. Department of Justice					170,766	–
Total expenditures of federal awards					$ 28,797,856	$ 2,348,832

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
State financial assistance						
State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Out-of-Home Supports	7/1/07–6/30/17	60.074	DCF – AJ481		$ 1,279,942	$ 266,093
In-Home Supports	7/1/07–6/30/17	60.075	DCF – AJ481		838,752	646,851
Independent Living Program	7/1/07–6/30/17	60.112	DCF – AJ481		1,147,085	–
Sexually Exploited Children	7/1/07–6/30/17	60.138	DCF – AJ481		100,694	–
Substance Abuse and Mental Health:						
Community Action Teams	8/1/15–6/30/16	60.150	AH408	750,000	505,227	–
Community Action Teams	7/1/16–6/30/19	60.150	AH409	2,250,000	173,551	–
Total CFDA No. 60.150					678,778	–
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
SAMH - Community Services	7/1/15–6/30/17	60.153	BB – A0110		23,401	–
Total State of Florida Department of Children and Families					4,068,652	912,944

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
State financial assistance (continued)						
Florida Counsel Against Sexual Violence						
Rape Crisis Trust Fund – Sexual Battery Victims' Access to Services Act	7/1/15–6/30/16	64.061	13RCP03	37,149	$ 27,772	$ –
Rape Crisis Trust Fund – Sexual Battery Victims' Access to Services Act	7/1/16–6/30/17	64.061	TFGR	100,544	9,392	–
Total CFDA No. 64.061					37,164	–
Rape Crisis Center	7/1/15–6/30/16	64.069	13GR03	62,195	46,646	–
Rape Crisis Center	7/1/16–6/30/17	64.069	TFGR		15,745	–
Total CFDA No. 64.069					62,391	–
Rape Crisis Program:						
Florida Council Against Sexual Violence	7/1/15–6/30/16	41.010	15OAG03	14,003	10,502	–
Florida Council Against Sexual Violence	7/1/16–6/30/17	41.010	16OAG03	12,596	3,149	–
Total CFDA No. 41.010					13,651	–
Total Florida Council Against Sexual Violence					113,206	–
State Courts System						
Adult Post-Adjudicatory Drug Court Program	7/1/15–6/30/17	22.021	010074Z	695,500	147,728	–
Naltrexone Program (Vivitrol)	7/1/15–6/30/17	22.022	SC00679	279,261	279,261	–
Total State Courts System					426,989	–
Total expenditures of state financial assistance					$ 4,608,847	$ 912,944

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

September 30, 2016

1. Presentation and Basis of Accounting

The schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis in accordance with accounting principles generally accepted in the United States. It includes all the state and federal expenditures of Lakeview Center, Inc.

2. Contingencies

The Center has received numerous federal and state grants. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the Center. In the opinion of management, any such claims will not have a material adverse effect of the financial position of the Center.

3. Subrecipients

In order to fulfill contractual requirements for child protective services, behavioral health services, and vocational services, the Center subcontracts with various community agencies. The Center is responsible for compliance for the funds expended, but all regulatory and contractual obligations are passed to the subrecipients in their contracts.

The Center allocates administrative costs to its programs using a step-down allocation methodology. The methodologies used allow for the allocation of indirect costs across all appropriate components of operations, and are in accordance with Florida Administrative Code 15A-10.014. The Center has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance and instead adheres to an approved federal indirect rate or approved contract indirect rate.

Other Reports and Schedule

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Report of Independent Certified Public Accountants 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*

President/Chief Executive Officer
Chief Financial Officer
The Board of Directors
Lakeview Center, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheet as of September 30, 2016, and the related consolidated statements of operations and 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 22, 2016.

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 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.

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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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of 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 result of that testing, and not to provide an opinion on the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

December 22, 2016

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance Required by the Uniform Guidance, Section 215.97 *Florida Statutes*, and Chapter 10.650, Ru*les of the Auditor General*

President/Chief Executive Officer
Chief Financial Officer
The Board of Directors
Lakeview Center, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Lakeview Center, Inc. and Subsidiaries' (the Center) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs and state financial assistance projects for the year ended September 30, 2016. The Center's major federal programs and state financial assistance 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 statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and state financial assistance 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; 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 for Federal Awards* (Uniform Guidance); Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Those standards; the Uniform Guidance; Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*, 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 or state financial assistance 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 financial assistance project. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program and State Financial Assistance 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 financial assistance projects for the year ended September 30, 2016.

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 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 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 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

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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; Section 215.97, *Florida Statutes;* and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

December 22, 2016

Lakeview Center, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer):	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards and State Financial Assistance

Internal control over major federal or state programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a), Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General*?		Yes	X	No

Section I – Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	Name of Federal Program
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.959	Block Grants for Prevention and Treatment of Substance Abuse

CSFA Number	Name of State Project
60.074	Out-of-Home Supports
60.112	Independent Living Program
60.150	Community Action Teams

Section I – Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$863,936 for federal awards $300,000 for state financial assistance

Auditee qualified as low-risk auditee for federal purposes pursuant to 2 CFR 200.516(a)? ___X___ Yes ________ No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* require reporting.

We did not identify any significant deficiencies, material weaknesses, fraud, noncompliance with laws, regulations, provisions of contracts and grant agreements, or abuse related to the consolidated financial statements.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

Major Federal Awards Programs

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs, and material abuse).

We did not identify any significant deficiencies, material weakness, material instances of noncompliance, including questioned costs, or abuse findings involving federal awards that are material to a major program that are required to be reported.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs (continued)

Major State Financial Assistance Projects

The *Rules of the Auditor General*, Section 10.654(1)(e), require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by *Rules of the Auditor General*, Section 10.654(1)(e). In accordance with Rule 10.656(3)(d)(4-5) of the Auditor General, there were no audit findings for major state financial assistance projects in the current or prior year.

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Consolidated Financial Statements, Other Information, Supplementary Information, and Other Reports

Lakeview Center, Inc. and Subsidiaries
Years Ended September 30, 2015 and 2014
With Report of Independent Certified Public Accountants

Ernst & Young LLP

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Lakeview Center, Inc. and Subsidiaries

Consolidated Financial Statements, Other Information, Supplementary Information, and Other Reports

Years Ended September 30, 2015 and 2014

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Lakeview Center, Inc. and Subsidiaries

Consolidated Financial Statements, Other Information,
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Years Ended September 30, 2015 and 2014

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Report of Independent Certified Public Accountants

Management and the Board of Directors
Lakeview Center, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial statements of Access Behavioral Health (Regulatory Basis) and DUI School are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and by Chapter 10.650, *Rules of the Auditor General*, presented on pages 51 through 58 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying Schedule of Functional Revenues and Expenses (Regulatory Basis) and the Schedule of State Earnings (Regulatory Basis) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 22, 2015, 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.

Ernst + Young LLP

December 22, 2015

Lakeview Center, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30	
	2015	**2014**
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 45,606**	$ 42,001
Investments	**22,794**	24,190
Accounts receivable:		
Client accounts receivable, less allowance for doubtful accounts of $747 and $852 in 2015 and 2014, respectively	**2,333**	1,804
Governmental funding sources receivable	**5,283**	1,671
Vocational service contracts receivable	**12,563**	15,064
Other accounts receivable	**1,819**	3,955
Inventories	**254**	154
Prepaid expenses	**888**	2,195
Total current assets	**91,540**	91,034
Investments limited as to use, internally designated for:		
Capital improvements	**25,218**	23,693
Regulatory requirements	**2,210**	1,880
Other	**10,723**	12,080
	38,151	37,653
Property and equipment, net	**20,731**	20,636
Interest in net assets of related organization	**2,087**	2,141
Intercompany receivable	**11,244**	6,119
Other assets	**175**	156
Total assets	**$ 163,928**	$ 157,739

	September 30 2015	September 30 2014
	(In Thousands)	
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 10,976**	$ 15,722
Accrued liabilities	**12,065**	12,751
Current portion of long-term debt	**30**	27
Compensated absences	**2,210**	1,880
Total current liabilities	**25,281**	30,380
Long-term debt, less current portion	**779**	809
Total liabilities	**26,060**	31,189
Net assets:		
Unrestricted:		
Undesignated	**98,036**	87,244
Designated	**38,151**	37,654
Total unrestricted	**136,187**	124,898
Temporarily restricted	**1,609**	1,590
Permanently restricted	**72**	62
Total net assets	**137,868**	126,550
Total liabilities and net assets	**$ 163,928**	$ 157,739

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended September 30 2015	2014
	(In Thousands)	
Unrestricted revenue and support:		
Federal, state, and local financial awards	**$ 58,875**	$ 56,832
Net client service fees	**14,255**	16,664
Provision for bad debts, net of recoveries	**(513)**	190
Net client service fees less provision for bad debts	**13,742**	16,854
Vocational service contracts	**132,097**	125,166
Contract revenue	**23,740**	15,825
Other fees and support	**1,109**	318
In-kind services	**1,151**	1,169
Management fees	**595**	593
Contributions	**182**	136
Other	**483**	548
Total unrestricted revenue and support	**231,974**	217,441
Expenses:		
Salaries and wages	**82,976**	74,187
Fringe benefits	**23,917**	23,943
Building occupancy	**5,073**	4,526
Professional fees	**10,501**	10,966
Contract medical services	**14,214**	6,519
Travel	**1,975**	1,749
Equipment costs	**1,266**	1,134
Food services	**1,855**	1,902
Medical/pharmacy services	**4,104**	3,266
Subcontracted services	**48,464**	50,246
Subsidy payments	**15,381**	13,407
Personal welfare	**2,128**	2,170
Insurance	**850**	1,383
Interest	**73**	75
Donated items	**1,051**	1,069
Depreciation	**2,552**	2,357
Other operating expenses	**3,801**	3,373
Total expenses	**220,181**	202,272
Income from operations before gain (loss) from weather related event	**11,793**	15,169
Gain (loss) from weather related event	**36**	(259)
Income from operations	**11,829**	14,910
Nonoperating (losses) gains:		
Investment income	**1,862**	1,649
Allocated share of Pool’s net unrealized (losses) gains on trading securities	**(2,318)**	899
Total nonoperating (losses) gains, net	**(456)**	2,548
Excess of unrestricted revenue, support, and gains over expenses and losses	**11,373**	17,458

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended September 30 2015	2014
	(In Thousands)	
Unrestricted net assets:		
Excess of unrestricted revenue, support, and gains over expenses and losses	**$ 11,373**	$ 17,458
Change in interest in net assets of recipient organization	**(84)**	91
Change in unrestricted net assets	**11,289**	17,549
Temporarily restricted net assets:		
Change in interest in net assets of recipient organization	**19**	29
Change in temporarily restricted net assets	**19**	29
Permanently restricted net assets:		
Change in interest in net assets of recipient organization	**10**	–
Change in permanently restricted net assets	**10**	–
Change in net assets	**11,318**	17,578
Net assets at beginning of year	**126,550**	108,972
Net assets at end of year	**$ 137,868**	$ 126,550

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2015	**2014**
	(In Thousands)	
Operating activities		
Change in net assets	**$ 11,318**	$ 17,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,552**	2,357
Provision for bad debts, net of recoveries	**513**	(190)
Loss on sale and retirement of property and equipment	**1**	58
Allocated share of Pool's net unrealized losses (gains) on trading securities	**2,318**	(899)
Change in interest in net assets of related organization	**55**	(120)
Changes in operating assets and liabilities:		
Accounts receivable	**(529)**	683
Governmental funding sources receivable	**(3,612)**	28
Vocational service contracts receivable	**2,501**	(2,903)
Other accounts receivable	**2,136**	(3,384)
Inventories	**(100)**	47
Prepaid expenses	**1,307**	(1,086)
Other assets	**(19)**	(17)
Accounts payable	**(4,746)**	783
Accrued liabilities	**(686)**	4,071
Compensated absences	**330**	394
Net cash provided by operating activities	**13,339**	17,400
Investing activities		
Purchases of property and equipment	**(2,646)**	(1,467)
Purchases of investments	**(17,367)**	(23,232)
Sales of investments	**15,434**	14,514
Net cash used in investing activities	**(4,579)**	(10,185)

Consolidated Statements of Cash Flows (continued)

	Year Ended September 30	
	2015	**2014**
	(In Thousands)	
Financing activities		
Repayments of long-term debt	**$ (30)**	$ (25)
Net repayments to affiliated organization	**(5,125)**	(810)
Net cash used in financing activities	**(5,155)**	(835)
Net change in cash and cash equivalents	**3,605**	6,380
Cash and cash equivalents at beginning of year	**42,001**	35,621
Cash and cash equivalents at end of year	**$ 45,606**	$ 42,001
Supplemental disclosure of cash flow information		
Interest paid	**$ 73**	$ 75

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Lakeview Center, Inc. (the Center), a nonprofit organization, was incorporated in 1954, as Community Mental Health Center of Escambia County, Inc. The mission of the Center is to help people overcome life's challenges by providing behavioral health services, vocational services, and child protective services. The Center is an affiliate of Baptist Health Care Corporation (BHCC) under an affiliation agreement in which BHCC is the sole member of the Center.

Lakeview Place, Inc. and CMHC Hernandez House, Inc. are U.S. Department of Housing and Urban Development (HUD) multi-unit dwellings owned by the Center, which provide housing facilities and services to people diagnosed with mental illness. Lakeview Villa, Inc. is a HUD apartment complex owned by the Center that provides low-cost housing facilities and services to persons with chronic mental illness.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Lakeview Center, Inc. and its related entities: Lakeview Villa, Inc., Lakeview Place, Inc., and CMHC Hernandez House, Inc., as those entities are controlled by the same management and share economic interests. All inter-entity transactions have been eliminated in consolidation. See Note 15 for summary financial data for these related entities.

Operating and Nonoperating Activities

The Center's primary mission is to provide a broad range of behavioral health services, vocational services, and child protective services to citizens of the region. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the Center's primary mission are considered nonoperating. Nonoperating gains and losses include income and losses from investments in joint ventures, and earnings on investments other than operating cash on hand.

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements, and revenues and expenses recognized during the reporting period. Accordingly, actual results may differ from those estimates.

Net Assets

The Center reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets are classified based on the existence or absence of donor-imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

The three net asset categories reflected in the accompanying consolidated financial statements are as follows:

- *Unrestricted* – Net assets that are free of donor-imposed restrictions, including all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- *Temporarily restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by action of the Center pursuant to those stipulations.

- *Permanently restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions

The Center records contributions received on its behalf by Baptist Health Care Foundation, an affiliated fundraising foundation, as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash Equivalents

The Center considers all highly liquid investment instruments with maturities of three months or less when purchased to be cash equivalents. Cash deposits are federally insured in limited amounts.

Investments and Investment Income

Investments consist primarily of the Center's participation in the BHCC investment pool (the Pool), participants in which include certain subsidiaries of BHCC. The Pool's investments in equity securities with readily determinable values and debt securities are stated at fair value. The Center's allocated investment income or loss (including realized gains and losses and interest) from the Pool is included in the excess of unrestricted revenue, support, and gains over expenses unless the income is restricted by donor or law. The Center accounts for investment transactions on a settlement-date basis.

The Pool invests in alternative investments (primarily hedge funds and a real estate investment fund) through partnership investment trusts. These alternative investments provide the Pool with a proportionate share of investment gains and losses. The partnership investment trusts generally contract with a manager who has full discretionary authority over investment decisions. The Pool accounts for its ownership interests in these alternative investments under the equity method.

Accounts Receivable and Allowance for Doubtful Accounts

The Center grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payor agreements.

1. Organization and Summary of Significant Accounting Policies (continued)

Client accounts receivable are stated at the amount of uncollected balances reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is established through a provision for bad debts and is presented on a separate line as a deduction from net client service fees revenue in the accompanying consolidated statements of operations and changes in net assets. Client accounts receivable are charged against the allowance for doubtful accounts when management believes the collectability of the receivable is unlikely.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Management regularly reviews collections data by major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. On the basis of historical experience, a significant portion of self-pay clients will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts in the period services are provided to self-pay clients. The Center's allowance for doubtful accounts for self-pay clients was 70% and 86% of self-pay accounts receivable as of September 30, 2015 and 2014, respectively. For receivables associated with clients who have third-party coverage, the Center analyzes contractually due amounts and provides a provision for bad debts, if necessary. Accounts receivable are written off after the collection effort has been followed in accordance with the Center's policies. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts and subsequent recoveries are added. Monthly, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

The allowance is an amount that management believes will be adequate to absorb possible losses on receivables that may become uncollectible. No allowance is provided for other receivables as they are due from governmental units, grantors, and third-party paying agencies. Those receivables have been adjusted in accordance with the terms of their contractual agreements.

Inventories

Pharmacy and food inventories are valued at the lower of cost or market using the first-in, first-out method.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments Limited as to Use

Investments whose use is limited include assets designated by the Board of Directors (the Board) for future capital improvements, including amounts required to be set aside for capital improvements under contracts between the Center's related entities and HUD; amounts as indicated by regulatory requirements, including DUI state-licensed programs, Agency for Health Care Administration (AHCA), Office of Insurance Regulation, and HUD; and amounts for other uses as specified by the Board. With the exception of investments designated due to regulatory requirements, the Board retains control and may, at its discretion, subsequently use these assets for other purposes.

Property and Equipment

Property and equipment acquisitions are recorded at historical cost. Property and equipment donated to the Center are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Estimated useful lives of depreciable assets are as follows:

Buildings	40 years
Furniture and equipment	3–7 years
Building and land improvements	10–20 years

Compensated Absences

Employees are entitled to accumulate a limited amount of earned but unused annual leave. Accordingly, the Center records an accrual for earned, unused, vested annual leave in accordance with the Center's policy. Upon separation from the Center, employees are entitled to this amount of unused vested leave.

Net Client Service Fees

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per completion of service, reimbursed costs, and discounted charges. Net client

1. Organization and Summary of Significant Accounting Policies (continued)

service fees are reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

The Center accepts clients in immediate need of care, regardless of their ability to pay, and serves certain clients whose care costs are not paid at established rates, including those sponsored under government programs such as Medicare and Medicaid, those sponsored under private contractual agreements, charity clients, and other uninsured clients who have limited ability to pay. The Center recognizes client service fee revenue associated with clients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured clients who do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with the Center's policy.

A summary of the payment arrangements with major third-party payors follows:

Medicare – Client services rendered to Medicare program beneficiaries are reimbursed under a fee-for-service methodology.

Medicaid – Client mental health and substance abuse services rendered to Medicaid program beneficiaries are reimbursed under a capitated arrangement in fiscal 2015 and under a fee-for-service methodology in fiscal 2014.

Other – The Center has also entered into payment agreements with certain insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates and discounts from established charges.

Charity Care

Quality care is provided to all persons requiring immediate treatment regardless of their ability to pay. An individual is classified as a charity client by reference to certain established policies of the Center. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a client's ability to pay, the Center utilizes the most recently published federal poverty income guidelines, but also includes certain cases where incurred charges are significant when compared to income. These charges are subtracted in the net client service fees calculation.

1. Organization and Summary of Significant Accounting Policies (continued)

The Center estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to clients. The cost of providing charity care was $7,287 and $8,427 for the years ended September 30, 2015 and 2014, respectively. The Center received grants to offset the cost of charity care of $8,779 and $9,230 for the years ended September 30, 2015 and 2014, respectively.

Medicaid Managed Medical Assistance Contract Revenue

The Center is licensed as a prepaid limited health services organization pursuant to Chapter 636, *Florida Statutes*. The Center, doing business as Access Behavioral Health, had contracted with AHCA as a provider for the Medicaid Prepaid Mental Health Plan (the Prepaid Plan). LCI received a per member per month rate from AHCA to provide mental health services to approximately 35,000 Medicaid beneficiaries in Escambia, Santa Rosa, Okaloosa, and Walton counties. This contract ended July 31, 2014. Effective August 1, 2014, the Center was awarded contracts with the Medicaid Managed Medical Assistance Plan (the MMA Plan). The Center receives a per-member per-month rate to provide mental health and substance abuse services to an annual average of 90,600 Medicaid beneficiaries in Escambia, Santa Rosa, Okaloosa, and Walton counties. Amounts received are recognized as contract revenue during the period in which the Center is obligated to provide services to beneficiaries. Approximately $23,740 and $15,825 was recognized as revenue under the Prepaid Plan and the MMA Plan during the years ended September 30, 2015 and 2014, respectively.

Medicaid Prepaid Mental Health Plan Costs

The Center is directly responsible for providing mental health and substance abuse services to beneficiaries residing in Escambia and Santa Rosa counties, representing approximately 71% of the covered lives under the Prepaid Plan and the MMA Plan. The Center has entered into subcontracts with two comprehensive community mental health centers to provide mental health services to the Prepaid Plan and the MMA Plan beneficiaries residing in Okaloosa and Walton counties. These subcontracts are on a full-risk capitated basis. The mental health services covered under the Prepaid Plan and the MMA Plan are generally the same as those covered under the Medicaid fee-for-service program. Covered services include inpatient psychiatric care,

1. Organization and Summary of Significant Accounting Policies (continued)

outpatient care, substance abuse, and physician services. The majority of services for which the Center is directly responsible is provided within its own service delivery system; however, some services are contracted for on a fee-for-service basis with local area hospitals and providers. A provision has been made for these services rendered but not reported as of September 30, 2015 and 2014.

Interest in Net Assets of Recipient Organization

Interest in net assets of recipient organization represents contributions received on behalf of the Center by Baptist Health Care Foundation, as well as any gains or losses experienced on the investment of those contributions.

Income Taxes

The Center and its related entities are exempt from federal income taxes under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and are also exempt from state income taxes.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC Topic 740 provides guidance for recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There were no material uncertain tax positions as of September 30, 2015 or 2014.

Recent Accounting Pronouncements

In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* Under the amendments in this ASU, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. Removing those investments from the fair value hierarchy not only eliminates the diversity in practice resulting from the way in which investments measured at net asset value per share (or its equivalent) with future

1. Organization and Summary of Significant Accounting Policies (continued)

redemption dates are classified, but also ensures that all investments categorized in the fair value hierarchy are classified using a consistent approach. Investments that calculate net asset value per share (or its equivalent), but for which the practical expedient is not applied will continue to be included in the fair value hierarchy. The amendments in the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Management has not determined the impact of the new guidance on the Center's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* (ASU 2015-05). The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. ASU 2015-05 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 with early adoption permitted. Management is currently evaluating the impact of ASU 2015-05 on the Center's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which outlines a single comprehensive revenue recognition principles-based model that replaces most of the existing revenue recognition guidance, including industry-specific guidance. ASU 2014-09 was originally effective for annual periods beginning after December 15, 2016, and can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which defers the effective date of this new revenue recognition standard by one year for both public and nonpublic entities. The Center is currently evaluating the potential effects ASU 2014-09 will have on its consolidated financial statements and disclosures.

(Dollars in Thousands)

2. Cash and Investments

The composition of cash and investments is presented below:

	September 30 2015	September 30 2014
Interest in the Pool	**$ 46,868**	$ 47,991
Cash and cash equivalents	**45,606**	42,001
U.S. corporate obligations	**8,924**	7,686
U.S. Treasury and government agencies obligations	**5,068**	6,081
Other	**85**	85
	$ 106,551	$ 103,844

The investments included in the Pool comprised the following:

	September 30 2015	September 30 2014
Equity securities and mutual funds that invest in equity securities	**22%**	21%
Mutual funds that invest in fixed-income securities	**35**	42
Alternative investments	**9**	11
Cash and cash equivalents	**4**	3
U.S. Treasury and government agencies obligations	**7**	6
U.S. corporate obligations	**14**	12
Mortgages and other asset-backed securities	**9**	5
	100%	100%

(Dollars in Thousands)

2. Cash and Investments (continued)

Investment income comprised the following:

	Year Ended September 30	
	2015	**2014**
Excess of unrestricted revenue, support, and gains over expenses and losses:		
Investment return included in nonoperating (losses) gains:		
Interest and dividend income	**$ 260**	$ 278
Allocated share of Pool's:		
Investment income	**965**	895
Realized gains on sales of securities	**637**	476
Net unrealized (losses) gains on trading securities	**(2,318)**	899
	$ (456)	$ 2,548

3. Concentrations of Credit Risk

The Center receives client service fees revenue from three primary sources: Medicaid and Medicare, other third-party payors, and client payments. The following indicates the applicable percentages of accounts receivable from those sources:

	September 30	
	2015	**2014**
Medicaid and Medicare	**48%**	40%
Other third-party payors	**38**	40
Client payments	**14**	20
	100%	100%

(Dollars in Thousands)

4. Property and Equipment

Major classifications of property and equipment are summarized as follows:

	September 30 2015	2014
Buildings and improvements	**$ 25,057**	$ 25,513
Furniture and equipment	**17,910**	16,830
Land	**2,402**	2,524
Capital-in-progress	**1,453**	291
	46,822	45,158
Less accumulated depreciation	**(26,091)**	(24,522)
	$ 20,731	$ 20,636

5. Long-Term Debt

Long-term debt consists of the following:

	September 30 2015	2014
Note payable to HUD, interest at 9.0%, monthly payments of $5,000 including interest, secured by real property, maturing May 2032	**$ 531**	$ 544
Note payable to HUD, interest at 8.375%, monthly payments of $2,000 including interest, secured by real property, maturing March 2032	**206**	212
Note payable to HUD, interest at 9.25%, monthly payments of $1,000 including interest, secured by real property, maturing October 2021	**72**	80
	809	836
Less current portion	**(30)**	(27)
	$ 779	$ 809

(Dollars in Thousands)

5. Long-Term Debt (continued)

Following are maturities of long-term debt for each of the next five years and thereafter:

	Amount
Year ending September 30:	
2016	$ 30
2017	33
2018	36
2019	39
2020	43
Thereafter	628
	$ 809

During fiscal year 2010, Baptist Hospital, Inc. (Baptist), an affiliate of BHCC, issued $194,000 in bonds (the Bonds) through the Escambia County Health Facilities Authority (the Authority) to extinguish previously issued bonds; to pay or reimburse Baptist for the cost of acquiring, constructing, and equipping certain capital projects; to pay related cost of issuance; and to fund a debt service reserve and capitalized interest fund. The Bonds are limited obligations of the Authority, payable principally from the receipts of loan agreements between the Authority and Baptist. The Bonds are secured by a gross revenue pledge of Baptist and a mortgage on the Gulf Breeze Hospital (an affiliate of BHCC) campus. Baptist and the Center comprise the Combined Group under a Master Trust Indenture, and the Center, as a restricted affiliate under the Master Trust Indenture, agrees to be bound by its terms but is not directly liable for obligations issued under the Master Trust Indenture. The Master Trust Indenture requires certain covenants and reporting requirements to be met by the Combined Group. The total amount of the Bonds outstanding, net of unamortized bond discount, is $143,972 at September 30, 2015. None of the Bonds are included in the accompanying consolidated financial statements.

6. Net Client Service Fees

Contractual 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.

(Dollars in Thousands)

6. Net Client Service Fees (continued)

Net client service fee revenue is not recognized for those clients that qualify for charity under the Center's charity care policies. For all others, service fee revenue, net of contractual adjustments and other deductions before the provision for bad debt, recognized from major payor sources is as follows:

	Year Ended September 30	
	2015	**2014**
Third-party payors, net of contractual allowances	**$ 10,381**	$ 13,283
Self-pay clients, net of deductions	**3,874**	3,381
	$ 14,255	$ 16,664

The Center has determined, based on an assessment at the reporting-entity level, that client service fee revenue is primarily recorded prior to assessing the client's ability to pay and as such, the entire provision for bad debts is recorded as a deduction from client service fees revenue in the accompanying consolidated statements of operations and changes in net assets.

Revenues from the Medicare and Medicaid programs accounted for approximately 29% and 45% of the Center's net client service fees for the years ended September 30, 2015 and 2014, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Center.

7. In-Kind Contributions

In-kind contributions and expenses represent the value assigned to instructional services provided by Escambia County School Board educators, as well as donated prescription drugs from the State of Florida. In-kind contributions are recognized if the services or goods received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions for the years ended September 30, 2015 and 2014, amounted to $1,151 and $1,169, respectively.

(Dollars in Thousands)

8. Leased Facilities

The Center leases various buildings and equipment under operating leases expiring through 2018. Minimum future lease payments for operating leases having remaining terms in excess of one year as of September 30, 2015, are as follows:

2016	$ 685
2017	550
2018	504
2019	483
2020	463
Thereafter	597
	$ 3,282

Rent expense for the years ended September 30, 2015 and 2014, amounted to $1,428 and $1,142, respectively.

9. Retirement Plan

The Center provides a tax deferred annuity 403(b) retirement plan (Plan) to all eligible employees. Employees who work a minimum of 20 hours per week are eligible to participate in the Plan after completing one year of employment. Voluntary employee contributions are allowed to the extent permitted by law. Prior to April 7, 2013, the Center contributed a total of 7% of each eligible participant's annual compensation to the Plan. Effective April 7, 2013, the Plan's employer contribution became a total of 3%, with a match of up to 2% of each eligible participant's compensation. In compliance with Internal Revenue Service regulations, employer contributions for eligible participants vest under a six-year graduated vesting schedule. Plan expense for the years ended September 30, 2015 and 2014, amounted to $1,402 and $1,288, respectively.

10. Support From the State of Florida Requiring Match

The Center received a substantial portion of its support from the state of Florida under grant contract number AH394 with the Florida Department of Children and Families (DCF) Substance Abuse and Mental Health Program. This contract must be renegotiated annually. The contract required a 25% local match for certain community mental health services. This local match requirement has been met.

11. Related-Party Transactions

The Center manages West Florida Community Care Center pursuant to a contract with DCF. For the years ended September 30, 2015 and 2014, the Center received $520 and $507, respectively, for the management of that institution.

The Center has several transactions with BHCC and its affiliated entities and had a net intercompany receivable from BHCC in the amount of $11,244 and $6,119 at September 30, 2015 and 2014, respectively.

Additionally, the Center received $75 in management fees from Baptist for the years ended September 30, 2015 and 2014, $3,247 and $2,030 for services rendered and $133 and $132 in interest payments for the years ended September 30, 2015 and 2014, respectively, and paid $1,946 and $1,928 in management fees and other support services provided by BHCC for the years ended September 30, 2015 and 2014, respectively.

12. Restricted Net Assets

Temporarily restricted net assets as of September 30, 2015 and 2014, were $1,609 and $1,590, respectively, the majority of which relate to children’s services. Permanently restricted net assets are restricted to an endowment fund in accordance with instructions from the donors and were $72 and $62 as of September 30, 2015 and 2014, respectively. Earnings on the endowment funds are unrestricted.

13. Commitments and Contingencies

The Center carries general and professional liability insurance from an unrelated commercial insurance carrier with coverage up to $1,000 per occurrence and $3,000 in the aggregate, on a claims-made basis, and employee benefits liability insurance with coverage up to $1,000 per occurrence and $1,000 in the aggregate. In addition, the Center has excess coverage policies with an unrelated insurance carrier for losses up to $5,000 per occurrence and in the aggregate.

The Center is involved in various lawsuits and claims incidental to the normal course of its operations. The Center may be liable for losses in excess of the amounts recorded at September 30, 2015; however, in the opinion of management, such potential losses would not be material to the consolidated financial statements.

13. Commitments and Contingencies (continued)

The Center is self-insured for employees' medical insurance claims. The Center carries stop-loss insurance coverage with annual limits of $300 per participant and $8,726 in the aggregate. It is the opinion of management that recorded reserves are adequate for existing and unreported claims.

The Center has established five irrevocable standby letters of credit: three in amounts of $550, $180, and $615 with the Center's three previous administrators for workers' compensation claims as the named beneficiaries; one for $292 with one of the insurance providers for the ABH managed medical advantage plan; and one for $975 with the Center's current administrator for workers' compensation claims as the named beneficiary. The Center, under its workers' compensation policies, is responsible to pay all individual claims up to $250 each, as well as certain administration costs to its claims administrators. Should the Center default on any of these payments, the letter of credit guarantees the claims administrators' payment of any outstanding amounts.

Line of Credit Agreements

Baptist has two available line of credit arrangements through March 31, 2016 and March 31, 2017, in the amount of $2,500, on which borrowings bear interest at LIBOR plus 1.50% to LIBOR plus 1.90%. The Combined Group has two available line of credit arrangements through July 2, 2016 and September 29, 2016, in the amount of $5,000, on which borrowings bear interest ranging from LIBOR plus 1.50% to LIBOR plus 1.95%. At September 30, 2015 and 2014, amounts outstanding under these line of credit arrangements were $9,900 and $9,899, respectively. The Center, as a member of the Combined Group, is a guarantor under these lines of credit, but as of September 30, 2015 and 2014, is not directly obligated for any of the amounts outstanding under these line of credit arrangements. Therefore, none of these amounts outstanding are included in the accompanying consolidated financial statements.

Contingencies

Federal and State Financial Awards – The Center has received numerous federal and state grants. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the Center. In the opinion of management, such claims, if any, should not have a material adverse effect on the consolidated financial position of the Center.

13. Commitments and Contingencies (continued)

Unemployment Compensation – The Center reports its wages to various states for unemployment compensation purposes, as a reimbursable employer. Reimbursable employers compensate prior employees only when a claim has been made with these states. In the opinion of management, no material claims were outstanding that had not been reserved for at September 30, 2015.

14. Fair Value Measurements

As defined in ASC Topic 820, *Fair Value Measurement,* fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Center's financial assets are measured at fair value on a recurring basis, including money market and fixed income securities. The three levels of the fair value hierarchy defined by ASC Topic 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

> *Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.
>
> *Level 2* – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.
>
> *Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The Center has no financial assets with Level 3 inputs.

(Dollars in Thousands)

14. Fair Value Measurements (continued)

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

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2015, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**$ 45,606**	**$ –**	**$ –**	**$ 45,606**
Investments limited as to use:				
U.S. corporate obligations	**–**	**8,924**	**–**	**8,924**
U.S. Treasury obligations	**2,943**	**–**	**–**	**2,943**
U.S. government agencies and sponsored entities	**–**	**2,125**	**–**	**2,125**
Other	**85**	**–**	**–**	**85**
Total investments limited as to use	**3,028**	**11,049**	**–**	**14,077**
	$ 48,634	**$ 11,049**	**$ –**	**$ 59,683**

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2014, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 42,001	$ –	$ –	$ 42,001
Investments limited as to use:				
U.S. corporate obligations	–	7,686	–	7,686
U.S. Treasury obligations	4,618	–	–	4,618
U.S. government agencies and sponsored entities	–	1,463	–	1,463
Other	85	–	–	85
Total investments limited as to use	4,703	9,149	–	13,852
	$ 46,704	$ 9,149	$ –	$ 55,853

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2015:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**4%**	**–%**	**–%**	**4%**
U.S. corporate obligations	**–**	**14**	**–**	**14**
U.S. government agencies and sponsored entities	**–**	**3**	**–**	**3**
Collateralized debt obligations	**–**	**9**	**–**	**9**
Domestic equities	**35**	**–**	**–**	**35**
Foreign equities	**22**	**–**	**–**	**22**
Other	**–**	**13**	**–**	**13**
	61%	**39%**	**–%**	**100%**

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2014:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	3%	–%	–%	3%
U.S. corporate obligations	–	12	–	12
U.S. government agencies and sponsored entities	–	6	–	6
Collateralized debt obligations	–	5	–	5
Domestic equities	42	–	–	42
Foreign equities	21	–	–	21
Other	–	11	–	11
	66%	34%	–%	100%

(Dollars in Thousands)

14. Fair Value Measurements (continued)

Financial assets are reflected in the accompanying consolidated balance sheets as follows:

	September 30 2015	September 30 2014
Investments, at fair value	**$ –**	$ –
Interest in the Pool	**22,794**	24,190
Total investments	**$ 22,794**	$ 24,190
Investments limited as to use, at fair value	**$ 14,077**	$ 13,852
Interest in the Pool	**24,074**	23,801
Total investments limited as to use	**$ 38,151**	$ 37,653

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 financial assets consisting of U.S. government agencies and sponsored entities were determined through evaluated bid prices provided by third-party pricing services where quoted market values are not available.

The carrying values of accounts receivable, accounts payable, and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair value of intercompany payables is not practicable to estimate due to the uncertainty regarding the timing of future repayments.

(Dollars in Thousands)

15. Summary Information Relating to Financially Interrelated Entities

Summary financial information of the wholly owned subsidiaries, which are included in these consolidated financial statements, is shown below. Inter-entity transactions have not been eliminated from this summary data.

	As of and for the Year Ended September 30, 2015		
	CMHC Hernandez House, Inc.	**Lakeview Villa, Inc.**	**Lakeview Place, Inc.**
Total assets	**$ 226**	**$ 405**	**$ 227**
Total liabilities	**$ 266**	**$ 585**	**$ 322**
Unrestricted, undesignated net deficit	**(40)**	**(382)**	**(110)**
Designated net assets	**–**	**202**	**15**
Total net deficit	**(40)**	**(180)**	**(95)**
Total liabilities and net deficit	**$ 226**	**$ 405**	**$ 227**
Total revenue and support	**$ 41**	**$ 140**	**$ 78**
Total expenses	**(53)**	**(136)**	**(92)**
Gain from weather related event	**–**	**157**	**–**
Change in net deficit	**$ (12)**	**$ 161**	**$ (14)**

(Dollars in Thousands)

15. Summary Information Relating to Financially Interrelated Entities (continued)

	As of and for the Year Ended September 30, 2014		
	CMHC Hernandez House, Inc.	**Lakeview Villa, Inc.**	**Lakeview Place, Inc.**
Total assets	$ 236	$ 463	$ 262
Total liabilities	$ 263	$ 804	$ 344
Unrestricted, undesignated net deficit	(27)	(543)	(97)
Designated net assets	–	202	15
Total net deficit	(27)	(341)	(82)
Total liabilities and net assets	$ 236	$ 463	$ 262
Total revenue and support	$ 40	$ 95	$ 88
Total expenses	(43)	(139)	(89)
Loss from weather related event	–	(213)	–
Change in net assets	$ (3)	$ (257)	$ (1)

16. Gain (Loss) From Weather Related Event

In April 2014, the Center sustained property and equipment damage from heavy flooding affecting northwest Florida. The Center shares in the BHCC property damage insurance (with a $100 deductible per event) and carries flood insurance through Homesite Insurance Company as a part of the National Flood Insurance Program.

Property damage costs from the weather event for the years ended September 30, 2015 and 2014, totaled $131 and $1,270, respectively, and the Center received $167 and $1,011, respectively, from insurers for the recovery of these costs. Included in the accompanying statements of activities is a net gain (loss), net of insurance proceeds received, related to the remediation from the April 2014 flooding totaling $36 and $(259) for the years ended September 30, 2015 and 2014, respectively.

17. Subsequent Events

The Center evaluated events and transactions occurring subsequent to September 30, 2015, and through December 22, 2015, the date the consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

Other Information

Lakeview Center, Inc. and Subsidiaries

Schedule of Functional Revenues and Expenses (Regulatory Basis) (Unaudited)
(Dollars in Thousands)

Year Ended June 30, 2015

	SAMH Covered Services — State Funded — Adult Mental Health													
Funding Sources and Revenues	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**Day/Night**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient- Individual**	**Residential Level II**	**Residential Level III**	**Supportive Housing/ Living**	**Incidental Expenses**	**FACT Team**	**Outpatient Group**	**Adult Mental Health Total**
	2	**3**	**4**	**6**	**8**	**12**	**14**	**19**	**20**	**26**	**28**	**34**	**35**	**(B1-a+…+B1-m)**
A	**B1-a**	**B1-b**	**B1-c**	**B1-d**	**B1-e**	**B1-f**	**B1-g**	**B1-h**	**B1-i**	**B1-j**	**B1-k**	**B1-l**	**B1-m**	**C1**
IA. State SAMH funding:														
(1) Contract # A0110 - SAMH	$ –	$ 1,407,210	$ 842,621	$ –	$ –	$ 1,744,267	$ –	$ 193,122	$ –	$ 2,188	$ 26,306	$ –	$ –	$ 4,215,714
(2) Contract # A0050 - Forensics	21,323	–	–	6,862	54,144	143,028	69,959	78,836	123,779	698	–	–	1,372	500,000
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	–	–	204,332	1,000,014	–	1,204,346
(4) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total State SAMH funding	21,323	1,407,210	842,621	6,862	54,144	1,887,295	69,959	271,957	123,779	2,885	230,638	1,000,014	1,372	5,920,060
IB. Other Govt. funding:														
(1) Other State Agency Funding	–	–	–	–	335,898	–	558,160	–	1,515	–	–	–	–	895,573
(2) Medicaid	187,313	717,475	182,636	–	254,825	2,088,248	827,461	–	189,529	–	–	–	–	4,447,487
(3) Local Government	49,386	304,679	97,215	–	–	87,807	115,835	–	42,240	–	–	–	–	697,162
(4) Federal Grants and Contracts	93,949	–	–	–	–	49,274	–	–	200,330	–	–	–	–	343,553
(5) In-kind from local govt. only	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other Govt. funding	330,648	1,022,154	279,851	–	590,723	2,225,329	1,501,456	–	433,614	–	–	–	–	6,383,775
IC. All other revenues:														
(1) 1st and 2nd Party payments	27,143	(38,210)	(14,190)	–	116,780	2,413,900	155,133	–	232,426	–	–	383	–	2,893,365
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	–	88,000	–	–	–	–	–	–	–	88,000
(5) Other	–	636	20	–	–	5,156	9,054	–	4,375	–	–	–	–	19,241
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	27,143	(37,574)	(14,170)	–	116,780	2,507,056	164,187	–	236,801	–	–	383	–	3,000,606
Total funding	$ 379,114	$ 2,391,790	$ 1,108,302	$ 6,862	$ 761,647	$ 6,619,680	$ 1,735,602	$ 271,957	$ 794,194	$ 2,885	$ 230,638	$ 1,000,397	$ 1,372	$ 15,304,440

	SAMH Covered Services															
	State Funded															
	Adult Substance Abuse									Children's Mental Health						
Funding Sources and Revenues	**Day/Night**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Outreach**	**Residential Level I**	**Residential Level II**	**Substance Abuse Detox (No TANF)**	**Outpatient Group**	**Adult Substance Abuse Total**	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient-Individual**	**Children's Mental Health Total**
	6	**12**	**14**	**15**	**18**	**19**	**24**	**35**	**(B2-a+…+B2-h)**	**2**	**3**	**4**	**8**	**12**	**14**	**(B3-a+…+B3-f)**
A	**B2-a**	**B2-b**	**B2-c**	**B2-d**	**B2-e**	**B2-f**	**B2-g**	**B2-h**	**C2**	**B3-a**	**B3-b**	**B3-c**	**B3-d**	**B3-e**	**B3-f**	**C3**
IA. State SAMH funding:																
(1) Contract # A0110 - SAMH	$ 364,119	$ 239,616	$ 109,524	$ 79,165	$ 229,578	$ 1,000,275	$ 395,271	$ 18,218	$ 2,435,766	$ 256,714	$ 49,681	$ 184,149	$ 178,999	$ 264,585	$ 96,326	$ 1,030,455
(2) Contract # A0050 - Forensics	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	–	–	–	–	–	219,863	219,863
Total State SAMH funding	364,119	239,616	109,524	79,165	229,578	1,000,275	395,271	18,218	2,435,766	256,714	49,681	184,149	178,999	264,585	316,189	1,250,318
IB. Other Govt. funding:																
(1) Other State Agency Funding	(14,126)	–	–	–	–	–	–	–	(14,126)	–	–	–	19,067	–	2,884	21,951
(2) Medicaid	944,070	162,913	157,971	59	3,987	–	353,826	6,742	1,629,568	373,382	–	45,659	209,076	116,366	149,072	893,555
(3) Local Government	228,279	6,985	–	–	–	–	150,066	40,284	425,614	–	–	–	28,191	4,989	–	33,180
(4) Federal Grants and Contracts	–	3,920	–	–	–	750	–	–	4,670	–	–	24,304	–	2,800	–	27,104
(5) In-kind from local govt. only	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other Govt. funding	1,158,222	173,818	157,971	59	3,987	750	503,892	47,026	2,045,725	373,382	–	69,963	256,334	124,155	151,956	975,790
IC. All other revenues:																
(1) 1st and 2nd Party payments	200,229	189,964	28,490	152	1,700,460	(12,061)	170,120	(1,614)	2,275,740	42,353	–	(3,547)	25,012	135,689	43,399	242,906
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	7,000	–	–	–	–	–	–	7,000	–	–	–	–	5,000	–	5,000
(5) Other	(151)	410	–	–	11,728	604	1,616	(32)	14,175	(7,500)	–	5	–	73	7,500	78
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	200,077	197,374	28,490	152	1,712,188	(11,457)	171,736	(1,646)	2,296,915	34,853	–	(3,542)	25,012	140,762	50,899	247,984
Total funding	$ 1,722,418	$ 610,808	$ 295,985	$ 79,377	$ 1,945,753	$ 989,568	$ 1,070,899	$ 63,598	$ 6,778,406	$ 664,949	$ 49,681	$ 250,570	$ 460,345	$ 529,502	$ 519,044	$ 2,474,091

Funding Sources and Revenues	SAMH Covered Services: State Funded: Children's Substance Abuse: Case Management	Day/ Night	In-Home and On Site	Intervention-Individual	Medical Services (No TANF)	Outpatient-Individual	Outreach	Residential Level II	TASC	Outpatient - Group	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Total Funding
	2	6	8	11	12	14	15	19	27	35	(B4-a+…+B4-j)	(C1+…+C4)		(D+E)		(F+G)
A	B4-a	B4-b	B4-c	B4-d	B4-e	B4-f	B4-g	B4-h	B4-i	B4-j	C4	D	E	F	G	H
IA. State SAMH funding:																
(1) Contract # A0110 - SAMH	$ 890	$ 1,716	$ 18	$ 296,023	$ 5,168	$ 17,605	$ 23,665	$ 942,198	$ 23,742	$ 1,355	$ 1,312,379	$ 8,994,314	xxxxxxxxx	$ 8,994,314	xxxxxxxxx	$ 8,994,314
(2) Contract # A0050 - Forensics	–	–	–	–	–	–	–	–	–	–	–	500,000	xxxxxxxxx	500,000	xxxxxxxxx	500,000
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	–	–	–	1,204,346	xxxxxxxxx	1,204,346	xxxxxxxxx	1,204,346
(4) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	–	–	219,863	xxxxxxxxx	219,863	xxxxxxxxx	219,863
Total State SAMH funding	890	1,716	18	296,023	5,168	17,605	23,665	942,198	23,742	1,355	1,312,379	10,918,523	–	10,918,523	–	10,918,523
IB. Other Govt. funding:																
(1) Other State Agency Funding	–	–	–	–	–	470	–	11,625	–	–	12,095	915,493	395,516	1,311,009	42,708,688	44,019,697
(2) Medicaid	–	–	–	13,270	–	24,268	18	3,016	2,342	–	42,913	7,013,522	2,065,423	9,078,945	13,449,547	22,528,492
(3) Local Government	–	–	–	–	–	–	–	–	–	–	–	1,155,956	290,850	1,446,806	4,937,217	6,384,023
(4) Federal Grants and Contracts	–	–	–	–	–	–	–	84,461	–	–	84,461	459,788	82,888	542,676	125,929,901	126,472,577
(5) In-kind from local govt. only	–	–	–	–	–	–	–	–	–	–	–	–	135,302	135,302	1,032,909	1,168,211
Total other Govt. funding	–	–	–	13,270	–	24,737	18	99,102	2,342	–	139,469	9,544,759	2,969,979	12,514,738	188,058,262	200,573,000
IC. All other revenues:																
(1) 1st and 2nd Party payments	–	–	–	148	–	6,059	46	(21,311)	26	–	(15,033)	5,396,978	1,324,466	6,721,444	6,079,048	12,800,492
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	–	–	–	–	–	–	–	100,000	10,000	110,000	65,811	175,811
(5) Other	–	–	–	–	–	1,050	–	–	–	–	1,050	34,544	73,541	108,085	3,112,930	3,221,015
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	–	–	–	148	–	7,109	46	(21,311)	26	–	(13,983)	5,531,522	1,408,007	6,939,529	9,257,789	16,197,318
Total funding	$ 890	$ 1,716	$ 18	$ 309,441	$ 5,168	$ 49,451	$ 23,728	$ 1,019,989	$ 26,110	$ 1,355	$ 1,437,866	$ 25,994,803	$ 4,377,987	$ 30,372,790	$ 197,316,051	$ 227,688,841

SAMH Covered Services

State Funded

Adult Mental Health

Expense Categories	Case Management	Crisis Stabilization	Crisis Support/ Emergency	Day/Night	In-Home and On Site	Medical Services (No TANF)	Outpatient-Individual	Residential Level II	Residential Level III	Supportive Housing/ Living	Incidental Expenses	FACT Team	Outpatient Group	Adult Mental Health Total
	2	3	4	6	8	12	14	19	20	26	28	34	35	(B1-a+…+B1-m)
A	B1-a	B1-b	B1-c	B1-d	B1-e	B1-f	B1-g	B1-h	B1-i	B1-j	B1-k	B1-l	B1-m	C1
IIA. Personnel expenses:														
(1) Salaries	$ 465,331	$ 1,300,863	$ 400,678	$ –	$ 720,766	$ 4,012,596	$ 1,411,946	$ –	$ 591,919	$ –	$ –	$ 592,981	$ –	$ 9,497,080
(2) Fringe benefits	118,824	291,725	98,012	–	176,218	416,201	413,665	–	158,115	–	–	122,686	–	1,795,446
Total personal expenses	584,155	1,592,588	498,690	–	896,984	4,428,797	1,825,611	–	750,034	–	–	715,667	–	11,292,526
IIB. Other expenses:														
(1) Building occupancy	34,752	174,164	35,434	–	23,399	123,103	161,637	–	175,774	–	–	33,147	–	761,410
(2) Professional services	–	24	–	–	–	–	436	–	–	–	–	–	–	460
(3) Travel	21,841	21,634	4,214	–	30,899	28,529	41,550	–	8,439	–	–	22,897	–	180,003
(4) Equipment	1,851	3,056	1,190	–	3,500	16,386	3,988	–	2,721	–	–	6	–	32,698
(5) Food services	474	158,170	359	–	1,141	2,618	34,190	–	226,695	–	–	1,112	–	424,759
(6) Medical and pharmacy	1,245	68,413	97	–	2,442	14,963	41,102	–	2,863	–	–	553	–	131,678
(7) Subcontracted services	–	4,176	121	–	–	10,579	30,099	–	–	–	–	–	–	44,975
(8) Insurance	11,771	31,248	8,091	–	13,037	21,310	44,918	–	19,957	–	–	12,483	–	162,815
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	11,020	47,955	5,334	–	15,233	113,114	65,576	–	39,128	–	204,960	14,720	–	517,040
(11) Other-bad debt	(1,216)	(29,440)	1,318	–	(492)	(30,934)	(21,664)	–	(8,661)	–	–	8	–	(91,081)
(12) Donated items	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other expenses	81,738	479,400	56,158	–	89,159	299,668	401,832	–	466,916	–	204,960	84,926	–	2,164,757
Total personnel and other expenses	665,893	2,071,988	554,848	–	986,143	4,728,465	2,227,443	–	1,216,950	–	204,960	800,593	–	13,457,283
IIC. Distributed indirect costs:														
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	77,688	124,981	40,378	–	82,482	80,742	219,132	–	73,481	–	–	66,887	–	765,771
Total distributed indirect costs	77,688	124,981	40,378	–	82,482	80,742	219,132	–	73,481	–	–	66,887	–	765,771
Total actual oper. expenses	743,581	2,196,969	595,226	–	1,068,625	4,809,207	2,446,575	–	1,290,431	–	204,960	867,480	–	14,223,054
IID. Unallowable costs	(71)	(161,828)	18,563	–	(7,842)	(21,183)	(51,449)	–	(244,467)	–	–	(19,474)	–	(487,751)
Total allowable oper. expenses	$ 743,510	$ 2,035,141	$ 613,789	$ –	$ 1,060,783	$ 4,788,024	$ 2,395,126	$ –	$ 1,045,964	$ –	$ 204,960	$ 848,006	$ –	$ 13,735,303
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

	SAMH Covered Services															
	State Funded															
	Adult Substance Abuse									Children's Mental Health						
Expense Categories	Day/Night	Medical Services (No TANF)	Outpatient-Individual	Outreach	Residential Level I	Residential Level II	Substance Abuse Detox (No TANF)	Outpatient Group	Adult Substance Abuse Total	Case Management	Crisis Stabilization	Crisis Support/ Emergency	In-Home and On Site	Medical Services (No TANF)	Outpatient-Individual	Children's Mental Health Total
	6	12	14	15	18	19	24	35	(B2-a+…+B2-h)	2	3	4	8	12	14	(B3-a+…+B3-f)
A	B2-a	B2-b	B2-c	B2-d	B2-e	B2-f	B2-g	B2-h	C2	B3-a	B3-b	B3-c	B3-d	B3-e	B3-f	C3
IIA. Personnel expenses:																
(1) Salaries	$ 434,192	$ 314,311	$ 25,002	$ 57,683	$ 1,120,139	$ 388,927	$ 765,183	$ 34,772	$ 3,140,209	$ 424,673	$ –	$ 100,169	$ 298,650	$ 224,508	$ 262,569	$ 1,310,569
(2) Fringe benefits	107,577	31,743	7,594	7,908	284,704	94,028	175,319	7,464	716,338	147,515	–	24,503	71,228	22,673	58,889	324,808
Total personal expenses	541,769	346,054	32,596	65,591	1,404,843	482,955	940,503	42,236	3,856,547	572,188	–	124,672	369,878	247,181	321,457	1,635,376
IIB. Other expenses:																
(1) Building occupancy	163,568	9,380	10,860	–	171,641	83,160	104,853	12,021	555,484	48,625	–	8,859	36,931	6,700	14,124	115,239
(2) Professional services	–	–	–	–	–	–	12	–	12	–	64,315	–	–	–	(35)	64,280
(3) Travel	4,614	2,183	80	–	15,480	2,297	12,375	470	37,499	10,491	–	1,053	16,600	1,559	858	30,561
(4) Equipment	729	1,303	99	–	3,990	2,567	1,948	17	10,653	2,235	–	298	490	931	413	4,367
(5) Food services	112,566	204	19,433	–	113,793	126,425	90,548	35	463,005	1,526	–	90	338	146	822	2,922
(6) Medical and pharmacy	19,075	1,092	833	–	17,833	19,731	35,677	1,427	95,667	76	–	24	–	780	40,199	41,079
(7) Subcontracted services	336	842	–	–	5,733	–	2,694	59	9,664	742	–	30	–	601	29,193	30,566
(8) Insurance	15,670	1,537	1,220	–	30,323	9,552	18,760	1,115	78,176	15,306	–	2,023	7,764	1,098	4,759	30,950
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	21,313	8,947	824	–	75,034	13,246	31,957	1,083	152,404	15,471	–	1,334	7,325	6,391	10,121	40,642
(11) Other-bad debt	(2,167)	(2,477)	–	–	(54,046)	115	(20,505)	(33)	(79,114)	(12,849)	–	330	(4,042)	(1,769)	(2,601)	(20,931)
(12) Donated items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other expenses	335,703	23,011	33,349	–	379,780	257,093	278,320	16,194	1,323,450	81,623	64,315	14,041	65,406	16,437	97,853	339,675
Total personnel and other expenses	877,473	369,065	65,945	65,591	1,784,623	740,048	1,218,822	58,430	5,179,997	653,811	64,315	138,713	435,284	263,618	419,310	1,975,051
IIC. Distributed indirect costs:																
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	72,195	5,920	5,405	290	109,224	26,276	73,694	5,617	298,620	67,913	–	10,095	58,889	4,229	20,926	162,052
Total distributed indirect costs	72,195	5,920	5,405	290	109,224	26,276	73,694	5,617	298,620	67,913	–	10,095	58,889	4,229	20,926	162,052
Total actual oper. expenses	949,668	374,985	71,350	65,880	1,893,847	766,324	1,292,516	64,047	5,478,618	721,724	64,315	148,808	494,173	267,847	440,236	2,137,164
IID. Unallowable costs	(115,361)	(1,611)	(19,533)	–	(190,633)	(142,085)	(93,247)	(4,620)	(567,090)	(26,894)	–	(576)	(19,563)	(2,770)	(7,865)	(57,668)
Total allowable oper. expenses	$ 834,307	$ 373,374	$ 51,817	$ 65,880	$ 1,703,215	$ 624,239	$ 1,199,269	$ 59,427	$ 4,911,528	$ 694,830	$ 64,315	$ 148,232	$ 474,610	$ 265,077	$ 432,371	$ 2,079,436
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

	SAMH Covered Services																	
	State Funded																	
	Children's Substance Abuse																	
Expense Categories	Case Management	Day/ Night	In-Home and On Site	Intervention- Individual	Medical Services (No TANF)	Outpatient- Individual	Outreach	Residential Level II	TASC	Outpatient - Group	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Other Support Costs (Optional)	Administration	Total Expenses
	2	6	8	11	12	14	15	19	27	35	(B4-a+…+B4-j)	(C1+…+C4)		(D+E)				(F+G+H*+I*)
A	B4-a	B4-b	B4-c	B4-d	B4-e	B4-f	B4-g	B4-h	B4-i	B4-j	C4	D	E	F	G	H	I	J
IIA. Personnel expenses:																		
(1) Salaries	$ –	$ –	$ –	$ 179,510	$ –	$ 28,703	$ 17,230	$ 360,127	$ 31,678	$ –	$ 617,248	$ 14,565,106	$ 3,648,697	$ 18,213,803	$ 58,364,858	$ –	$ 4,127,543	$ 80,706,204
(2) Fringe benefits	–	–	–	38,978	–	6,857	2,362	99,511	6,878	–	154,586	2,991,177	955,198	3,946,375	20,263,446	–	1,141,394	25,351,215
Total personal expenses	–	–	–	218,488	–	35,560	19,592	459,638	38,556	–	771,834	17,556,283	4,603,895	22,160,178	78,628,304	–	5,268,937	106,057,419
IIB. Other expenses:																		
(1) Building occupancy	–	–	–	12,990	–	2,269	–	87,651	2,292	–	105,202	1,537,334	1,145,786	2,683,120	3,938,487	–	838,402	7,460,009
(2) Professional services	–	–	–	–	–	–	–	–	–	–	–	64,752	1,433,935	1,498,687	4,536,295	–	936,586	6,971,568
(3) Travel	–	–	–	18	–	25	–	240	3	–	286	248,349	21,734	270,083	1,657,653	–	60,316	1,988,052
(4) Equipment	–	–	–	–	–	67	–	540	–	–	607	48,325	212,711	261,036	650,996	–	321,406	1,233,438
(5) Food services	–	–	–	17	–	134	–	89,463	3	–	89,617	980,302	28,803	1,009,105	856,957	–	12,582	1,878,644
(6) Medical and pharmacy	–	–	–	–	–	–	–	3,945	–	–	3,945	272,369	135,874	408,243	3,348,891	–	46,849	3,803,983
(7) Subcontracted services	–	–	–	54	–	164	–	–	9	–	227	85,432	38,812	124,244	79,593,849	–	–	79,718,093
(8) Insurance	–	–	–	4,911	–	628	–	12,698	867	–	19,104	291,045	116,016	407,061	519,895	–	11,569	938,525
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	–	–	–	2,199	–	944	–	17,073	388	–	20,604	730,690	285,628	1,016,318	1,700,965	–	868,204	3,585,487
(11) Other-bad debt	–	–	–	(230)	–	(351)	–	43	(41)	–	(579)	(191,704)	336,666	144,962	(22,743)	–	–	122,219
(12) Donated items	–	–	–	–	–	–	–	84,461	–	–	84,461	84,461	50,841	135,302	932,913	–	–	1,068,215
Total other expenses	–	–	–	19,959	–	3,880	–	296,114	3,521	–	323,474	4,151,356	3,806,805	7,958,161	97,714,158	–	3,095,914	108,768,233
Total personnel and other expenses	–	–	–	238,447	–	39,440	19,592	755,752	42,077	–	1,095,308	21,707,639	8,410,700	30,118,339	176,342,462	–	8,364,851	214,825,652
IIC. Distributed indirect costs:																		
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	$ < >	$ –	–
(b) Administration	–	–	–	15,787	–	4,663	86	54,540	2,786	–	77,862	1,304,306	263,293	1,567,599	6,797,253	$ 0.00	$ (8,364,852)	–
Total distributed indirect costs	–	–	–	15,787	–	4,663	86	54,540	2,786	–	77,862	1,304,306	263,293	1,567,599	6,797,253	xxxxxxxxx	xxxxxxxxx	–
Total actual oper. expenses	–	–	–	254,234	–	44,102	19,679	810,292	44,863	–	1,173,170	15,396,224	16,345,891	31,685,938	183,139,715	$ 0.00	$ 0.00	214,825,652
IID. Unallowable costs	–	–	–	(6,723)	–	(1,199)	–	(123,118)	(1,186)	–	(132,226)	(1,244,734)	111,701	(1,133,033)	(1,321,805)	xxxxxxxxx	xxxxxxxxx	(2,454,838)
Total allowable oper. expenses	$ –	$ –	$ –	$ 247,511	$ –	$ 42,903	$ 19,679	$ 687,174	$ 43,677	$ –	$ 1,040,944	$ 14,151,489	$ 16,457,593	$ 30,552,905	$ 181,817,910	xxxxxxxxx	xxxxxxxxx	$ 212,370,814
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of Functional Revenues and Expenses
(Regulatory Basis) (Unaudited)

June 30, 2015

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period in accordance with guidelines established by the State of Florida Department of Children and Families.

Lakeview Center, Inc. and Subsidiaries

Schedule of State Earnings (Regulatory Basis) (Unaudited)
(Dollars in Thousands)

Year Ended June 30, 2015

Total expenditures	$ 214,826
Less other state and federal funds	(193,020)
Less non-match SAMH funds	(2,200)
Less unallowable costs per FAC 65E-14	(2,455)
Net allowable expenditures	17,151
Maximum available earnings	12,863
Amount of state funds requiring match	7,226
Amount due to Department	$ –

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Note to Schedule of State Earnings (Regulatory Basis) (Unaudited)

June 30, 2015

1. Summary of Significant Accounting Policies

The accompanying schedule was prepared on the accrual basis of accounting for the contract period. Calculations in the schedule were prepared in accordance with guidelines established by the State of Florida Department of Children and Families.

Supplementary Information

Lakeview Center, Inc. and Subsidiaries

DUI School

Balance Sheets

	September 30	
	2015	**2014**
Assets		
Current assets:		
Other accounts receivable	**$ 848**	$ 215
Property and equipment, less accumulated depreciation of $28,911 and $28,477 in 2015 and 2014, respectively	**4,317**	4,751
Total assets	**$ 5,165**	$ 4,966
Liabilities and net deficit		
Current liabilities:		
Accounts payable	**$ 778**	$ 197
Due to Lakeview Center, Inc.	**159,484**	204,746
Compensated absences	**48**	1,171
Total current liabilities	**160,310**	206,114
Net deficit:		
Unrestricted, designated	**(155,145)**	(201,148)
Total liabilities and net deficit	**$ 5,165**	$ 4,966

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

DUI School

Statements of Operations and Changes in Net Deficit
With Special Supervision Services (SSS)

	Year Ended September 30	
	2015	**2014**
Changes in unrestricted net assets		
Revenue:		
Net client fees	**$ 298,573**	$ 295,437
Net client fees – SSS	**129,370**	112,185
	427,943	407,622
Fees remitted to State of Florida	**(18,654)**	(16,572)
Fees remitted to State of Florida – SSS	**(8,082)**	(6,293)
	(26,736)	(22,865)
Total client fees	**401,207**	384,757
Total revenue	**401,207**	384,757
Expenses:		
DUI – other:		
Salaries	**145,713**	151,637
Fringe benefits	**21,158**	28,393
Building maintenance and operations	**20,502**	22,503
Conference and conventions	**1,160**	1,882
Other program costs	**22,758**	24,264
Testing and assessment	**3,199**	2,964
Printing and production	**1,075**	660
Promotion and publicity	**317**	352
Data processing	**2,709**	3,653
Administrative	**17,008**	15,607
	235,599	251,915

Lakeview Center, Inc. and Subsidiaries

DUI School

Statements of Operations and Changes in Net Deficit
With Special Supervision Services (SSS) (continued)

	Year Ended September 30	
	2015	**2014**
Expenses (continued):		
DUI – SSS:		
Salaries	**$ 63,136**	$ 57,580
Fringe benefits	**9,167**	10,781
Building maintenance and operations	**14,110**	13,375
Conference and conventions	**799**	1,119
Other program costs	**15,663**	14,424
Testing and assessment	**2,201**	1,761
Printing and production	**740**	392
Promotion and publicity	**218**	209
Data processing	**1,865**	2,171
Administrative	**11,706**	9,276
	119,605	111,088
Total expenses	**355,204**	363,003
Change in unrestricted net deficit	**46,003**	21,754
Net deficit at beginning of year	**(201,148)**	(222,902)
Net deficit at end of year	**$ (155,145)**	$ (201,148)

See accompanying notes.

1. Summary of Significant Accounting Policies

The DUI School financial statements are prepared on the accrual basis of accounting. Significant accounting policies for the DUI School are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries.

2. State Assessment Fee

As required by Section 322.293, *Florida Statutes,* each DUI program collects a $15 assessment fee on every client enrolling in its DUI program and remits the fee to the State of Florida. These and other fees collected and distributed to the State are summarized as follows:

	Year Ended September 30	
	2015	**2014**
Fees collected during current year	**$ 26,736**	$ 22,865
Fees remitted during current year	**26,736**	22,865
Fees due to the state of Florida	**$ –**	$ –

Procedures have been established and maintained which adequately account for all fees received for the DUI program and for all receipts created and/or issued by the DUI program.

3. Other Program Costs for DUI (Non-SSS Expenses)

Other program costs for the DUI program, not including SSS, consist of the following:

	Year Ended September 30 2015	2014
Copier costs	**$ 625**	$ 141
Florida association of DUI program membership dues	**1,641**	1,353
Office supplies	**2,375**	3,272
Telephone	**3,448**	3,988
Other	**3,613**	6,106
Program admin allocations	**11,056**	9,404
Total other program costs	**$ 22,758**	$ 24,264

4. Indirect Cost Allocations

Lakeview Center, Inc. allocates administrative costs to its programs using a step-down allocation methodology. The allocation basis varies depending upon the nature of the indirect cost pool being allocated. The following are examples of the allocation processes employed (this list is not intended to be all-inclusive): the human resources allocation is based on adjusted active staff and maintenance service costs are allocated based on the square footage maintained. The methodologies used allow for the allocation of indirect costs across all appropriate components of operations, and are in accordance with Florida Administrative Code 15A-10.014.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Balance Sheets (Regulatory Basis)

	September 30	
	2015	**2014**
	(In Thousands)	
Assets		
Cash and invested assets:		
Cash and cash equivalents	**$ 45,517**	$ 50,608
Real estate	**15,537**	14,635
Other invested assets	**26,660**	25,307
Internally designated investments	**34,316**	33,552
Total cash and invested assets	**122,030**	124,102
Electronic data processing equipment and software	**78**	85
Health care and other amounts receivable	**5,283**	1,671
Accounts receivable on service industry contracts (non-health)	**12,563**	15,064
Accounts receivable – other (non-health)	**13,034**	11,196
Inventories	**200**	120
Total assets	**$ 153,188**	$ 152,238
Liabilities and net assets		
Liabilities:		
Claims unpaid	**$ 630**	$ 461
General expenses due or accrued	**13,910**	18,086
Amounts withheld or retained for the account of others	**1,272**	2,560
Amounts due to parent, subsidiaries, and affiliates	**84**	–
Deferred revenue	**2,809**	3,888
Accrued wages	**4,416**	3,471
Accrued compensated absences	**2,210**	1,880
Total liabilities	**25,331**	30,346
Net assets:		
Net assets	**137,811**	131,777
Less non-admitted assets	**(9,954)**	(9,885)
Total net assets	**127,857**	121,892
Total liabilities and net assets	**$ 153,188**	$ 152,238

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Statements of Operations (Regulatory Basis)

	Year Ended September 30	
	2015	**2014**
	(In Thousands)	
Revenue:		
Capitation revenue	**$ 23,740**	$ 15,825
Total revenue	**23,740**	15,825
Expenses:		
Sub-capitation expense	**21,251**	13,442
Taxes and insurance	**30**	56
Personnel	**1,046**	848
Printing/production and shipping	**1**	25
Other	**977**	193
Total expenses	**23,305**	14,564
Excess of revenue over expenses	**$ 435**	$ 1,261

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Note to Financial Statements (Regulatory Basis)

September 30, 2015

1. Summary of Significant Accounting Policies

The Access Behavioral Health (ABH) financial statements are prepared on a regulatory basis of accounting in accordance with guidelines established by the State of Florida Office of Insurance Regulation. Significant accounting policies for ABH are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries.

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Direct from Substance Abuse and Mental Health Services Administration					
Project S.H.A.P.E.:					
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/29/10–9/29/15	93.243	1SP016430-04	$ 1,498,200	$ 305,572
P.H.A.S.E. II:					
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/30/12–9/29/17	93.243	1H79T1024458-02	2,472,117	518,651
Total CFDA No. 93.243					824,223
Passed through from University of South Florida (USF)					
Café PERC:					
Medical Assistance Program	3/1/14–6/30/15	93.778	USF – 5820-1161-00-Q	52,019	30,016
Passed through from The State of Florida Department of Children and Families (DCF)					
Community Based Care – Child Welfare:					
Medical Assistance Program	7/1/07–6/30/16	93.778	DCF – AJ481	354,437,226	51,413
Passed through from Big Bend Community Based Care (BB)					
Florida Assertive Community Treatment (FACT):					
Medical Assistance Program	7/1/13–6/30/15	93.778	BB – AH206		200,633
	7/1/15–6/30/16	93.778	BB – A017		66,830
Total CFDA No. 93.778					348,892

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)					
Passed through from the State of Florida Department of Children and Families (DCF)					
Community Based Care – Child Welfare:					
Promoting Safe and Stable Families	7/1/07–6/30/16	93.556	DCF – AJ481		$ 2,067,273
Grants to States for Access and Visitation Programs	7/1/07–6/30/16	93.597	DCF – AJ481		83,248
Chafee Education and Training Vouchers Program (ETV)	7/1/07–6/30/16	93.599	DCF – AJ481		339,155
Adoption Incentive Payments	7/1/07–6/30/16	93.603	DCF – AJ481		229,667
Stephanie Tubbs Jones Child Welfare Services Program	7/1/07–6/30/16	93.645	DCF – AJ481		461,101
Foster Care – Title IV-E	7/1/07–6/30/16	93.658	DCF – AJ481		6,513,977
Adoption Assistance	7/1/07–6/30/16	93.659	DCF – AJ481		5,559,735
Child Abuse and Neglect State Grants	7/1/07–6/30/16	93.669	DCF – AJ481		273,918
Chafee Foster Care Independence Program	7/1/07–6/30/16	93.674	DCF – AJ481		244,856

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)					
Passed through from Big Bend Community Based Care (BB)					
Substance Abuse and Mental Health Managing Entity:					
Temporary Assistance for Needy Families	7/1/13–6/30/16	93.558	BB – A011	$ 18,159,272	$ 290,449
Passed through from The State of Florida Department of Children and Families (DCF)					
Community Based Care – Child Welfare:					
Temporary Assistance for Needy Families	7/1/07–6/30/16	93.558	DCF – AJ481		3,722,445
Total CFDA No. 93.558					4,012,894
Passed through from Big Bend Community Based Care (BB)					
Substance Abuse and Mental Health Managing Entity:					
Block Grants for Community Mental Health Services	7/1/13–6/30/16	93.958	BB – A011		457,668
Forensics Pilot Program:					
Block Grants for Community Mental Health Services	7/1/13–6/30/15	93.958	BB – A005	1,000,000	21,148
Florida Assertive Community Treatment (FACT):					
Block Grants for Community Mental Health Services	7/1/13–6/30/15	93.958	BB – AH206		100,182
Block Grants for Community Mental Health Services	7/1/15–6/30/16	93.958	BB – A017		33,370
Total CFDA No. 93.958					612,368

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)					
Passed through from the State of Florida Department of Children and Families (DCF)					
Community Based Care – Child Welfare:					
Social Services Block Grant	7/1/07–6/30/15	93.667	DCF – AJ481		$ 1,860,647
Passed through from Agencies for Persons with Disabilities					
Agencies for Persons with Disabilities					
D/S Court Liaison – Miami:					
Social Services Block Grant	7/1/09–6/30/15	93.667	APD – KLJ81	$ 1,532,100	186,681
Social Services Block Grant	7/1/15–6/30/16	93.667	APD – KCF12	248,908	64,724
D/S Court Liaison – Escambia:					
Social Services Block Grant	9/1/12–6/30/16	93.667	APD – ACR01	632,500	173,223
Total CFDA No. 93.667					2,285,275
Passed through from Big Bend Community Based Care (BB)					
Children's Mental Health Behavioral Services (BNET):					
Children's Health Insurance Program	7/1/13–6/30/15	93.767	BB – AH103	614,626	133,608

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)					
Passed through from Big Bend Community Based Care (BB)					
Substance Abuse and Mental Health Managing Entity:					
Block Grants for Prevention and Treatment of Substance Abuse	7/1/13–6/30/14	93.959	BB – A011		$ 1,583,899
Community Drug and Alcohol Council, Inc. (CDAC):					
Block Grants for Prevention and Treatment of Substance Abuse	7/1/14–6/30/15	93.959	LCI02	$ 150,000	98,456
Block Grants for Prevention and Treatment of Substance Abuse	7/1/15–6/30/16	93.959	LCI03	150,000	27,628
Total CFDA No. 93.959					1,709,983
Passed through the State of Florida Department of Health					
Rape Risk Reduction Education & Training:					
Injury Prevention and Control Research and State and Community Based Programs	11/1/12–1/31/16	93.136	COH6Z	188,232	27,522
Rape Crisis Victim Services:					
Preventive Health and Health Services Block Grant	10/1/12–9/30/15	93.991	COHB1	126,000	42,000
Total U.S. Department of Health and Human Services					25,769,695

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF EDUCATION					
Passed through the State of Florida Department of Labor and Employment Security					
Vocational Rehab and Supported Employment:					
Rehabilitation Services – Vocational Rehabilitation Grants to States	4/1/15–3/31/18	84.126	VR5096	R/A	$ 28,025
Total U.S. Department of Education					28,025
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Transitional Housing:					
Continuum of Care Program	7/1/14–6/30/15	14.267	FL0142L4H111306	$ 286,335	214,750
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0142L4H111907	278,744	69,687
Independent Living:					
Continuum of Care Program	7/1/14–6/30/15	14.267	FL0142L4H111306	273,605	205,205
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0142L4H111907	271,707	67,933
Total CFDA No. 14.267					557,575
Total U.S. Department of Housing and Urban Development					557,575

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures
Federal awards (continued)					
U.S. DEPARTMENT OF JUSTICE					
Passed through from the Florida Council Against Sexual Violence					
Victim Services Support Services (SASP):					
Sexual Assault Services Formula Program	8/1/13–7/31/16	16.017	13SAS03	$ 166,140	$ 59,057
Legal Assistance for Victims (LAV):					
Legal Assistance for Victims	10/1/12–9/30/15	16.524	12LAV03	30,030	10,010
Total passed through from Florida Council Against Sexual Violence					69,067
Passed through from the State of Florida Office of the Attorney General					
Victims of Crime Act Program Services (VOCA):					
Crime Victim Assistance	10/1/14–9/30/15	16.575	V13159	74,229	74,229
Passed through from the Florida Coalition Against Domestic Violence					
Violence Against Women Formula Grants	7/1/14–6/30/15	16.588	15-6016-CCII	54,545	54,545
Total U.S. Department of Justice					197,841
Total expenditures of federal awards					$ 26,553,136

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	State Expenditures
State financial assistance					
State of Florida Department of Children and Families (DCF)					
Community Based Care – Child Welfare:					
Out-of-Home Supports	7/1/07–6/30/16	60.074	DCF – AJ481		$ 806,604
In-Home Supports	7/1/07–6/30/16	60.075	DCF – AJ481		581,481
Adoption Services	7/1/07–6/30/16	60.076	DCF – AJ481		5,639
Independent Living Program	7/1/07–6/30/16	60.112	DCF – AJ481		263,701
Sexually Exploited Children	7/1/07–6/30/16	60.138	DCF – AJ481		8,822
Total State of Florida Department of Children and Families					1,666,247
Florida Counsel Against Sexual Violence					
Rape Crisis Program:					
Florida Council Against Sexual Violence	7/1/14–6/30/15	41.010	14OAG03	$ 13,665	13,750
Rape Crisis Trust Fund – Sexual Battery Victims' Access to Services Act	7/1/13–9/30/16	64.061	13RCP03	60,238	32,363
Rape Crisis Center	7/1/13–6/30/16	64.069	13GR03	136,381	65,930
Total Florida Council Against Sexual Violence					112,043
Total expenditures of state financial assistance					$ 1,778,290

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

September 30, 2015

1. Presentation and Basis of Accounting

The schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis in accordance with accounting principles generally accepted in the United States. It includes all the state and federal expenditures of Lakeview Center, Inc. and Subsidiaries (the Center) except for Lakeview Villa, Inc. for which a separate OMB Circular A-133 audit was prepared.

2. Contingencies

The Center has received numerous federal and state grants. The disbursement of funds received under these programs is subject to review and audit by grantor agencies. Any disbursements disallowed by these agencies could become a liability of the Center. In the opinion of management, any such claims will not have a material adverse effect of the financial position of the Center.

3. Other Centers

In addition to the contracts on the schedule of expenditures of federal awards and state financial assistance, the Center operates West Florida Community Care Center under contract with DCF. This contract, number AI101 for Substance Abuse and Mental Health services, was in the amount of $5,824 for the fiscal year ended June 30, 2015. Activity of this program is reported in the financial statements of West Florida Community Care Center and is not included in the consolidated financial statements of the Center.

4. Subrecipients

In order to fulfill contractual requirements for child protective services, behavioral health services, and vocational services, the Center subcontracts with various community agencies. The Center is responsible for compliance for the funds expended, but all regulatory and contractual obligations are passed to the subrecipients in their contracts.

4. Subrecipients (continued)

Of the expenses presented in the accompanying schedule of expenditures of federal awards and state financial assistance, the Center provided federal and state awards under contract AJ481 to subrecipients as follows:

CFDA/ CSFA Number	Program Name	Amounts Provided to Subrecipients
	Federal Awards:	
	U.S. Department of Health and Human Services:	
93.556	Promoting Safe and Stable Families	$ 1,372,589
93.558	Temporary Assistance for Needy Families	2,775,476
93.597	Grants to States for Access and Visitation Programs	37,202
93.645	Stephanie Tubbs Jones Child Welfare Services Program	134,444
93.658	Foster Care – Title IV-E	860,046
93.659	Adoption Assistance	56,251
93.667	Social Services Block Grant	121,042
93.669	Child Abuse and Neglect State Grants	98,503
93.958	Block Grant for Community Mental Health Services	156,834
	Total Federal Awards	5,612,387
	State Financial Assistance:	
60.074	Community Based Care (CBC) In Home Supports	287,097
60.075	Community Based Care (CBC) Out of Home Supports	636,193
	Total State Awards	923,290
	Total Federal Awards and State Financial Assistance	$ 6,535,677

Other Reports

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Report of Independent Certified Public Accountants 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*

President/Chief Executive Officer
Chief Financial Officer
The Board of Directors
Lakeview Center, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lakeview Center, Inc., and Subsidiaries (the Center), which comprise the consolidated balance sheet as of September 30, 2015, and the related consolidated statements of operations and 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 22, 2015.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of 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 result of that testing, and not to provide an opinion on the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

December 22, 2015

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and State Financial Assistance Project and Report on Internal Control Over Compliance Required by OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*

President/Chief Executive Officer
Chief Financial Officer
The Board of Directors
Lakeview Center, Inc.

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Lakeview Center, Inc. and Subsidiaries' (the Center) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs and state financial assistance projects for the year ended September 30, 2015. The Center's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Center's consolidated financial statements include the operations of the Lakeview Villa, Inc., which received $627,393 in federal awards, which is not included in the Center's schedule of expenditures of federal awards and state financial assistance projects during the year ended September 30, 2015. Our audit, described below, did not include the operations of Lakeview Villa, Inc. because a separate OMB Circular A-133 audit was required by the U.S. Department of Housing and Urban Development.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and state financial assistance 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations:* Section 215.97, *Florida Statutes;* and Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133, Section 215.97, *Florida Statutes;* and Chapter 10.650, *Rules of the Auditor General* 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 or state financial assistance 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 financial assistance project. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program and State Financial Assistance 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 financial assistance projects for the year ended September 30, 2015.

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 financial assistance 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 financial assistance project and to test and report on internal control over compliance in accordance with OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.650, *Rules of the Auditor General*, 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 or state financial assistance 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 or state financial assistance 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 or state financial assistance 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 OMB Circular A-133, Section 215.97, *Florida Statutes,* and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

December 22, 2015

Lakeview Center, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2015

Section I – Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued (unmodified, qualified, adverse or disclaimer):	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards and State Financial Assistance Section

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133, Section 215.97, *Florida Statues* and Chapter 10.650, *Rules of the Auditor General*?		Yes	X	No

Section I – Summary of Auditor's Results (continued)

Identification of major programs:

Federal Programs	CFDA Number
Promoting Safe and Stable Families	93.556
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

State Projects	CSFA Number
Out-of-Home Supports	60.074
In-Home Supports	60.075

Section I – Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$796,594 for federal awards $300,000 for state financial assistance		
Auditee qualified as low-risk auditee for federal purposes pursuant to *OMB Circular A-133*?	X	Yes	No

Section II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

We did not identify any significant deficiencies, material weaknesses, fraud, noncompliance with laws, regulations, provisions of contracts and grant agreements, or abuse related to the consolidated financial statements.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs Section

Major Federal Awards Programs

This section identifies the audit findings required to be reported by Circular A-133 Section .510(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

We did not identify any significant deficiencies, material weakness, material instances of noncompliance, including questioned costs, or abuse findings involving federal awards that are material to a major program that are required to be reported by Circular A-133 Section .510(a).

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs Section (continued)

Major State Financial Assistance Projects

The *Rules of the Auditor General*, Section 10.654(1)(e), require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by *Rules of the Auditor General*, Section 10.654(1)(e). In accordance with Rule 10.656(3)(d)(4-5) of the Auditor General, there were no audit findings for major state financial assistance projects in the current or prior year.