LIFE MANAGEMENT CENTER
OF
NORTHWEST FLORIDA, INC.

Panama City, Florida

Independent Auditor's Report
and
Audited Financial Statements

June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Life Management Center of Northwest Florida, Inc.
Panama City, Florida

We have audited the accompanying statement of financial position of Life Management Center of Northwest Florida, Inc. (a nonprofit organization), as of June 30, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Life Management Center of Northwest Florida, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Management Center of Northwest Florida, Inc., as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2012 on our consideration of Life Management Center of Northwest Florida, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Life Management Center of Northwest Florida, Inc. taken as a whole. The accompanying Supplemental Schedules I and II required by awarding agencies are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General, State of Florida, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Smith, Miles & Company, P.A

December 10, 2012
Panama City, Florida

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Financial Position
June 30, 2012

ASSETS

Current assets:		
Cash operating accounts	$	2,525,272
Accounts and grants receivable		1,747,888
Prepaid expenses		251,691
Total current assets		4,524,851
Property and equipment:		
Land		511,409
Buildings and improvements		7,689,038
Equipment and furniture		3,279,732
		11,480,179
Less accumulated depreciation		8,070,785
Property and equipment, net		3,409,394
Other assets:		
Utility and security deposits		560
Loan costs		17,094
Total other assets		17,654
Total assets	$	7,951,899

LIABILITIES AND UNRESTRICTED NET ASSETS

Current liabilities:		
Mortgage payable – current maturities	$	97,381
Accounts payable		184,359
Accrued expenses		702,500
Unearned income		4,595
Total current liabilities		988,835
Long-term debt:		
Mortgage payable – less current maturities		387,593
Total liabilities		1,376,428
Unrestricted net assets:		
Undesignated		6,575,471
Total liabilities and unrestricted net assets	$	7,951,899

See accompanying notes to financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Activities
Year Ended June 30, 2012

Service Revenues:		
Fees	$	1,661,127
Medicaid		4,408,197
		6,069,324
Nonservice Revenues:		
Federal and state funds		7,754,188
In-kind revenue		257,671
Interest		2,069
Miscellaneous		349,069
Donations		85,298
		8,448,295
Total revenues		14,517,619
Expenses:		
Case management		2,309,960
Crisis stabilization		2,160,711
Crisis support		648,877
Day/night		782,255
Medical services		3,025,689
Out patient		1,998,829
Residential 2		273,068
BP Oil Disaster		883
Drop-In center		50,945
Information and referral		300,368
Community Based Care		2,086,158
Non-SAMH		729,317
Total functional expenses		14,367,060
Increase in net assets from operations		150,559
Unrestricted net assets July 1		6,424,912
Unrestricted net assets June 30	$	6,575,471

See accompanying notes to financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Functional Expenses
Year Ended June 30, 2012

		Case Management	Crisis Stabilization	Crisis Support	Day/Night	Medical Services	Outpatient	Residential 2	Drop In Center	BP Oil Disaster	Information & Referral	Total SAMH*	Community Based Care	Non SAMH*	Administration	Total
Personnel Expenses:																
Salaries	$	1,086,575	1,224,503	412,766	304,086	1,772,167	1,083,759	155,013	20,078	-	233,431	6,292,378	1,286,764	318,631	1,282,619	9,180,392
Fringe Benefits		284,131	240,536	68,503	71,467	301,826	191,787	24,496	8,699	-	25,282	1,216,727	336,942	73,707	278,483	1,905,859
Total Personnel Expenses		1,370,706	1,465,039	481,269	375,553	2,073,993	1,275,546	179,509	28,777	-	258,713	7,509,105	1,623,706	392,338	1,561,102	11,086,251
Operating Expenses:																
Building Occupancy		109,963	181,257	21,765	41,032	95,332	100,604	18,340	8,831	-	6,712	583,836	43,791	44,149	174,736	846,512
Professional Services		37,159	15,677	8,085	8,015	44,156	26,456	1,091	921	-	1,841	143,401	37,867	9,325	98,227	288,820
Travel		50,451	3,991	3,483	18,357	27,854	19,042	7,638	35	-	36	130,887	54,349	15,716	22,841	223,793
Equipment Costs		30,381	54,181	13,593	6,167	25,053	18,098	7,300	1,392	-	3,762	159,927	30,967	16,308	245,386	452,588
Food Services		355	31,538	-	10,266	116	185	15,830	2,396	-	-	60,686	175	277	170	61,308
Medical and Pharmacy		8	36,113	-	-	62,616	40,502	-	-	-	-	139,239	-	-	-	139,239
Subcontracted Services		1,433	30,523	162	2,496	720	129	-	-	883	129	36,475	1,394	83,381	41,748	162,998
Insurance		24,711	21,369	4,017	6,793	21,008	15,484	4,538	665	-	1,469	100,054	16,215	5,368	34,227	155,864
Interest		8,140	-	1,749	-	3,015	1,749	-	-	-	-	14,653	1,327	-	14,170	30,150
Operating Supplies & Expenses		91,168	36,379	8,660	20,705	106,044	69,262	4,092	1,904	-	2,988	341,202	87,832	15,929	145,082	590,045
Other		1,258	2,193	117	117	120	1,268	-	-	-	-	5,073	1,142	48	50,125	56,388
Donated items		24,946	29,738	-	95,635	-	1,845	44	201	-	50	152,459	51,785	68,860	-	273,104
Total Operating Expenses		379,973	442,959	61,631	209,583	386,034	294,624	58,873	16,345	883	16,987	1,867,892	326,844	259,361	826,712	3,280,809
Other Expenses:																
Administration		559,281	252,713	105,977	197,119	565,662	428,659	34,686	5,823	-	24,668	2,174,588	135,608	77,618	(2,387,814)	-
Total Expenses	$	2,309,960	2,160,711	648,877	782,255	3,025,689	1,998,829	273,068	50,945	883	300,368	11,551,585	2,086,158	729,317	-	14,367,060

*Substance Abuse Mental Health

See accompanying notes to financial statements

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Cash Flows
Year Ended June 30, 2012

OPERATING ACTIVITIES:		
Increase in net assets	$	150,559
Adjustments to reconcile increase in net assets provided by (used in) operating activities:		
Depreciation		492,085
Amortization		3,278
Accounts receivable		507,019
Prepaid expenses		95,926
Accounts payable		(171,615)
Accrued expenses		(457,877)
Unearned income		2,281
Security deposits		210
Net cash provided by operating activities		621,866
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Capital expenditures		(327,005)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Principal payments on mortgage payable		(92,426)
NET INCREASE IN CASH AND CASH EQUIVALENTS		202,435
CASH AND CASH EQUIVALENTS, JULY 1		2,322,837
CASH AND CASH EQUIVALENTS, JUNE 30	$	2,525,272
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for		
Interest	$	30,150

See accompanying notes to financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Notes to Financial Statements
June 30, 2012

1. **Nature of Operations**
Life Management Center of Northwest Florida, Inc. (Life Management) is a nonprofit organization organized to provide behavioral health care services to residents of Bay, Calhoun, Holmes, Jackson, Washington and Gulf Counties as a community mental health center.

2. **Summary of Significant Accounting Policies**
Basis of Accounting
Life Management follows standards of accounting and financial reporting prescribed for behavioral health care agencies. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, local government and public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses. Expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs based on each program's expenditures.

Property and Equipment
Property and equipment is recorded at cost. Maintenance and repairs are charged to expense as incurred, and renewals and betterments are capitalized. Gains or losses on disposal are credited or charged to operations.

Certain capital expenditures are authorized by the grantors of specific programs. The organization incurs all costs of maintaining and operating the authorized equipment during the period under grant. The equipment so purchased may become the property of the grantors at the end of the grant.

Depreciation
Provisions for depreciation are computed using the straight-line method over the estimated useful life of the property or equipment which varies from 5 to 40 years.

Amortization
Loan costs are being amortized over the 10 year life of the loan using the straight-line method.

2. **Summary of Significant Accounting Policies - Continued**

Basis of Presentation

Financial statement presentation follows the recommendation of the ASC 958-205, *Financial Statements of Not-For-Profit.* Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Life Management. Generally, the donors of such assets permit Life Management to use all or part of the income earned on the assets.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Life Management pursuant to those stipulations or that expire by the passage of time.
- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. At June 30, 2012, all net assets of Life Management were unrestricted.

Income Taxes

Life Management is a non-profit corporation and is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made.

Life Management records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonable estimated. Life Management has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject Life Management to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in the statements of activities as there are no unrecognized tax benefits.

We do not believe that there will be any material changes in our unrecognized tax positions over the next twelve months. We continually evaluate expiring statues of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. **Summary of Significant Accounting Policies – Continued**

Pension Plan

The organization has a non-contributory Internal Revenue Code Section (IRC) 401(a) pension plan, that covers all employees who have been employed for one year and work over 1,000 hours. Contributions amount to 4% of employee compensation. In addition to the IRC 401(a) plan, the organization maintains an IRC 403(b) plan and matches up to 4% of employee contributions. Employee contributions to the IRC 403(b) plan are limited to Internal Revenue Service limits. Employees become 100% vested in both plans after six years of service. Future contributions will be reduced by any forfeitures. Contributions to the plan amounted to $321,696 for the year ended June 30, 2012. It is the organization's policy to fund pension plan contributions on a current basis.

Accounts Receivable

Accounts receivable are presented net of the provision for uncollectible accounts of $141,037 for the year ended June 30, 2012.

In-kind Revenues

In-kind revenues are recorded based on the nature of the services or item received. In-kind rental revenues are valued based on State of Florida Guidelines for space rentals determined by size and services furnished by the donor. In-kind services received from volunteers are valued at the lowest pay grade for Center employees performing similar tasks with similar educational and experience backgrounds. In-kind donations of equipment are valued at estimated fair market value.

Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of a demand deposit account at approximate fair value. The credit risk associated with cash and cash equivalents is considered low due to the quality of the financial institutions in which these assets are held.

Fair Value Measurement

The financial statements are prepared in accordance with ASC 820 for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quotes market prices in active markets for identical assets or liabilities
Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3 – Unobservable inputs that are not corroborated by market data

2. **Summary of Significant Accounting Policies - Continued**

Fair Value of Financial Instruments

Life Management's financial instruments include cash, accounts receivable, notes payable and accounts payable. The following methods and assumptions were used by Life Management in estimating the fair value of its financial instruments:

Cash, Accounts receivable and Accounts payable – the carrying amount reported in the statements of financial position approximates fair value because of the short maturity of those instruments.

Notes payable – The carrying amount and interest rates of these loans are considered to approximate the net realizable value.

3. **Accounts and Grants Receivable**

Accounts and grants receivable at June 30, 2012 are comprised as follows:

State contracts	$	550,020
County and other local funds		127,940
Patient fees – insurance and other		827,842
Patient fees – self pay		64,950
Big Bend Community Based Care		177,136
Total	$	1,747,888

4. **Leases**

Life Management leases certain buildings used for its programs. These leases are treated as operating leases and expire at various dates within the next year. The leases have options to renew provided the buildings are not sold by their owners. Rental expense for the operating leases amounted to $6,367 for the year ended June 30, 2012.

5. **Concentration of Risk**

At June 30, 2012, Life Management had concentrations of risk with financial institutions in the form of bank cash in excess of regulatory insurance limits. If the financial institution failed to perform under the terms of the financial instruments, the exposure for credit loss would be the amount of the financial instruments less amounts covered by regulatory insurance.

6. **Line of Credit**

A line of credit in the amount of $350,000 was established at AmSouth Bank of Florida to assist with cash flow. The note bears interest at the rate of 1 percent over prime as established by Regions Bank. Interest and principal are to be paid monthly. At June 30, 2012, $350,000 of this line of credit was available to borrow.

7. **Schedule of Expenditures of Federal Awards and State Financial Assistance**
The schedule of expenditures of federal awards and state financial assistance presents the activity of all federal and state grant activity of Life Management Center of Northwest Florida, Inc., and is presented on the modified accrual or accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

8. **Mortgage Payable**
On December 4, 2006, Life Management secured a new loan with Regions Bank in the amount of $932,249. The proceeds from this loan were used to consolidate their existing debt. This new loan, which is secured by a mortgage on real estate, is payable in monthly installments of $10,215, including principal and interest at 5.71%. Payments began January 4, 2007 with the mortgage maturing on December 4, 2016. The balance at June 30, 2012 is $484,974.

Maturities are as follows:

2013	$	97,381
2014		103,089
2015		109,132
2016		115,529
2017		59,843
Total		484,974
Less current portion		97,381
Noncurrent	$	387,593

9. **Local Match**
The organization is required by certain grant and contract provisions to meet matching requirements during each applicable contract period. As of June 30, 2012, Life Management has met all grant and contract matching requirements.

10. **Subsequent Events**
Life Management evaluated its June 30, 2012 financial statements for subsequent events through December 10, 2012, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

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

To the Board of Directors
Life Management Center of Northwest Florida, Inc.
Panama City, Florida

We have audited the financial statements of Life Management Center of Northwest Florida, Inc. (The Entity), a nonprofit organization, as of and for the year ended June 30, 2012 and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
Management of The Entity is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The Entity's internal control over financial reporting as a basis for designing our auditing procedures 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 Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Entity's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Entity'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.

This report is intended solely for the information and use of the Board of Directors management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith Miles & Company, P.A

December 10, 2012
Panama City, Florida

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

To the Board of Directors
Life Management Center of Northwest Florida, Inc.
Panama City, Florida

Compliance

We have audited Life Management Center of Northwest Florida, Inc.'s (The Entity), a nonprofit organization, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2012. The Entity's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and major state projects is the responsibility of The Entity's management. Our responsibility is to express an opinion on The Entity's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida, 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 major state project occurred. An audit includes examining, on a test basis, evidence about The Entity'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. Our audit does not provide a legal determination of The Entity's compliance with those requirements.

In our opinion, The Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2012.

Internal Control Over Compliance

Management of The Entity is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered The Entity's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and chapter 10.650, Rules of The Auditor General, State of Florida, 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 Entity'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 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 project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith, Miles & Company, P.A.

December 10, 2012
Panama City, Florida

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2012

Federal/State Agency Pass Through Entity/ Program Title	CFDA Number	State Contract Grant Number	Expenditures
U.S. Department of Health and Human Services:			
Passed Through State of Florida, Department of Children and Families			
Temporary Assistance for Needy Families	93.558	BHW02	$ 194,758
Social Services Block Grants	93.667	BHW02	38,972
Children's Health Insurance Program	93.767	BHV03	144,000
Block Grants for Community Mental Health Services	93.958	BHW02	313,799
Total Department of Children and Families			691,529
Passed Through Big Bend Community Based Care			
Promoting Safe and Stable Families	93.556	0191	816
Promoting Safe and Stable Families	93.556	0193	90,246
Promoting Safe and Stable Families	93.556	0232	108,954
Promoting Safe and Stable Families	93.556	0249	39,090
Promoting Safe and Stable Families	93.556	0251	1,524
Promoting Safe and Stable Families	93.556	0254	15,928
Total CFDA # 93.556			256,558
Temporary Assistance For Needy Families	93.558	0191	23,963
Temporary Assistance For Needy Families	93.558	0249	15,283
Temporary Assistance For Needy Families	93.558	0251	44,740
Total CFDA # 93.558			83,986
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0191	5,936
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0251	11,083
Total CFDA # 93.645			17,019
Foster Care Title IV-E	93.658	0191	31,749
Foster Care Title IV-E	93.658	0249	5,407
Foster Care Title IV-E	93.658	0251	59,445
Total CFDA # 93.658			96,601
Adoption Assistance	93.659	0191	18,832
Adoption Assistance	93.659	0249	366,920
Adoption Assistance	93.659	0251	35,220
Total CFDA # 93.659			420,972
Child Abuse and Neglect State Grants	93.669	0232	27,409
Total Big Bend Community Based Care			902,545
Passed Through The Ounce of Prevention Fund of Florida			
Temporary Assistance For Needy Families	93.558	HF-10-11-8	233,000
Total U.S. Department of Health and Human Services			1,827,074
Total Expenditures of Federal Awards			$ 1,827,074

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2012

State Agency and Program Title	CFSA Number	State Contract Grant Number	Expenditures
State of Florida Department of Children and Families			
Children's Baker Act Services	60.001	BHW02	$ 84,145
Baker Act	60.006	BHW02	1,378,997
Indigent Psychiatric Outpatient Services	60.039	BHW02	21,783
Children's Mental Health SIPP RTC Non-Medicaid Eligible	60.048	BHW02	171,406
Adult Community Mental Health Community Support Services	60.053	BHW02	1,785,438
Adult Community Mental Health Emergency Stabilization	60.054	BHW02	32,068
Children's Mental Health Community Support Services	60.055	BHW02	28,746
Children's Mental Health Emergency Stabilization	60.057	BHW02	162,552
Adult Mental Health - Special Projects Recovery and Resiliency	60.063	BHW02	711,000
Community Forensic Beds	60.114	BHW02	280,000
Total State of Florida Department of Children and Families			4,656,135
Passed Through Big Bend Community Based Care			
Community Based Care (CBC) Supports	60.094	0191	86,295
Community Based Care (CBC) Supports	60.094	0193	15,041
Community Based Care (CBC) Supports	60.094	0232	660,568
Community Based Care (CBC) Supports	60.094	0249	112,133
Community Based Care (CBC) Supports	60.094	0251	161,188
Community Based Care (CBC) Supports	60.094	0254	102,525
Total Big Bend Community Based Care			1,137,750
State of Florida, Department of Juvenile Justice			
Mental Health Services	80.011	X1625	133,229
Total Expenditures of State Financial Assistance			5,927,114
Total Expenditures of Federal Awards and State Financial Assistance			$ 7,754,188

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Community Based Care Programs
Year Ended June 30, 2012

Supplemental Schedule I

REVENUES:	Visitation	Foster Parent Support	Adoptions	Family Empowerment	Total Community Base Care
Federal and State Funds	$ 223,739	480,791	538,833	796,932	2,040,615
Medicaid	-	-	-	-	-
In-kind Revenue	17,206	1,220	10,708	8,112	37,246
Interest	-	-	-	-	-
Miscellaneous	58	-	-	-	58
Donations	6,101	2,247	10,566	8,346	27,260
Total Revenues	247,104	484,258	560,107	813,390	2,104,859
EXPENSES:					
Personnel Expenses:					
Salaries	113,650	292,849	357,286	522,979	1,286,764
Fringe Benefits	24,803	81,840	86,957	143,342	336,942
Total Personnel Expenses	138,453	374,689	444,243	666,321	1,623,706
Operating Expenses:					
Building Occupancy	33,629	6,054	3,881	227	43,791
Professional Services	3,602	9,405	9,446	15,414	37,867
Travel	3,865	9,411	15,644	25,429	54,349
Equipment Costs	11,425	6,563	6,944	6,035	30,967
Food Services	154	10	11	-	175
Medical and Pharmacy	-	-	-	-	-
Subcontracted Services	-	708	686	-	1,394
Insurance	3,145	4,556	2,613	5,901	16,215
Interest	-	664	663	-	1,327
Operating Supplies & Expenses	12,716	36,444	17,561	21,111	87,832
Other	1,042	3	-	97	1,142
Donated Items	26,877	3,440	12,573	8,895	51,785
Total Operating Expenses	96,455	77,258	70,022	83,109	326,844
Other Expenses:					
Administration	15,939	35,199	36,122	48,348	135,608
Total Expenses	250,847	487,146	550,387	797,778	2,086,158
Total Income(Loss)	$ (3,473)	(2,888)	9,720	15,612	18,701

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
SCHEDULE OF SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM – COST CENTER ACTUAL REVENUES AND EXPENSES
Year Ended June 30, 2012

Supplemental Schedule II

FUNDING SOURCES & REVENUES	Case Manage	Detox	Outpatient	Group	Medical	Residential 2	Rm Board w/ Supervision	Emergency Services	CSU	Forensic/ CCST	General/ CCST	Outreach Prevent.	In-Home On-Site	Supported Employment	Drop In Center	BP Oil	Total for Program	Total for State SAMH Funded Cost Centers	Total for Non-State-Funded SAMH Cost Centers	Tot. for All State-Designated SAMH Cost Centers	Non-SAMH Cost Center	Total Funding	Admin	Total Expenses
Total state SAMH funding:																								
From the district funding this Contract Contract BHW02	$ 17,428	883	76,087	3,867	1,092,364	87,821	83,813	539,683	1,212,056	408,466	1,577,284	63,338	29,697	4,341	59,147	31,497	5,287,772	5,287,772	-	5,287,772	-	5,287,772	-	5,287,772
From other districts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total state SAMH funding	17,428	883	76,087	3,867	1,092,364	87,821	83,813	539,683	1,212,056	408,466	1,577,284	63,338	29,697	4,341	59,147	31,497	5,287,772	5,287,772	-	5,287,772	-	5,287,772	-	5,287,772
Other government funding:																							-	
Other state agency funding	-	-	147,787	-	46,008	-	-	98	15,692	-	2,442	-	-	-	-	-	212,027	212,027	-	212,027	366,626	578,653	-	578,653
Medicaid	-	-	1,109,337	-	970,614	8,983	-	35	143,041	363,144	1,238,408	-	-	-	-	-	3,833,562	3,833,562	267,343	4,100,905	307,292	4,408,197	-	4,408,197
Local government	-	-	10,751	-	8,685	-	-	51,616	371,182	44,689	-	-	-	-	-	-	486,923	486,923	-	486,923	55,077	542,000	-	542,000
Federal grants and contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,715	19,715	-	19,715
In-Kind from local govt only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	1,267,875	-	1,025,307	8,983	-	51,749	529,915	407,833	1,240,850	-	-	-	-	-	4,532,512	4,532,512	267,343	4,799,855	748,710	5,548,565	-	5,548,565
All other revenues:																								
1st & 2nd party payments	-	-	40,956	-	141,393	27,121	27,072	5,375	6,143	116	9,598	-	-	-	-	-	257,774	257,774	-	257,774	81,235	339,009	-	339,009
3rd party payments(exceptMedicare)	-	-	64,264	-	145,412	-	-	-	39,228	1,252	20,320	-	-	-	-	-	270,476	270,476	-	270,476	2,119,841	2,390,317	-	2,390,317
Medicare	-	-	37,040	-	186,336	-	-	-	-	1,108	23,664	-	-	-	-	-	248,148	248,148	-	248,148	11,770	259,918	-	259,918
Contributions and donations	-	-	294	-	364	-	-	9,134	-	368	2,541	-	-	-	186	-	12,887	12,887	-	12,887	72,411	85,298	-	85,298
Other	-	-	1,133	-	14,995	-	-	-	25,934	-	-	-	-	-	-	-	42,062	42,062	-	42,062	307,007	349,069	-	349,069
In-kind	-	-	1,689	-	-	-	-	-	29,648	26,676	93,687	-	-	-	-	-	151,700	151,700	50	151,750	105,921	257,671	-	257,671
Total all other revenues	-	-	145,376	-	488,500	27,121	27,072	14,509	100,953	29,520	149,810	-	-	-	186	-	983,047	983,047	50	983,097	2,698,185	3,681,282	-	3,681,282
Total Projected Funding	17,428	883	1,489,338	3,867	2,606,171	123,925	110,885	605,941	1,842,924	845,819	2,967,944	63,338	29,697	4,341	59,333	31,497	10,803,331	10,803,331	267,393	11,070,724	3,446,895	14,517,619	-	14,517,619
EXPENSE CATEGORIES																								
Personnel expenses:																								
Salaries	6,840	-	1,113,618	1,518	1,772,167	77,576	77,437	412,766	1,224,503	367,863	946,362	24,858	11,655	1,704	20,078	-	6,058,945	6,058,945	233,433	6,292,378	1,605,395	7,897,773	1,282,619	9,180,392
Fringe benefits	1,784	-	199,576	396	301,826	12,259	12,237	68,503	240,536	96,613	239,049	6,484	3,040	444	8,699	-	1,191,446	1,191,446	25,281	1,216,727	410,649	1,627,376	278,483	1,905,859
Total personnel expenses	8,624	-	1,313,194	1,914	2,073,993	89,835	89,674	481,269	1,465,039	464,476	1,185,411	31,342	14,695	2,148	28,777	-	7,250,391	7,250,391	258,714	7,509,105	2,016,044	9,525,149	1,561,102	11,086,251
Operating expenses:																								
Building occupancy	720	-	103,749	160	95,332	9,178	9,162	21,765	181,257	25,776	117,169	2,618	1,228	179	8,831	-	577,124	577,124	6,712	583,836	87,940	671,776	174,736	846,512
Professional services	226	-	27,444	50	44,156	546	545	8,085	15,677	9,968	32,677	823	386	56	921	-	141,560	141,560	1,841	143,401	47,192	190,593	98,227	288,820
Travel	360	-	20,614	80	27,854	3,822	3,816	3,483	3,991	17,748	47,037	1,308	613	90	35	-	130,851	130,851	36	130,887	70,065	200,952	22,841	223,793
Equipment costs	220	-	19,057	49	25,053	3,653	3,647	13,593	54,181	3,936	30,158	798	374	55	1,392	-	156,166	156,166	3,761	159,927	47,275	207,202	245,386	452,588
Food services	3	-	198	1	116	7,922	7,908	-	31,538	2,782	7,805	10	5	1	2,396	-	60,685	60,685	1	60,686	452	61,138	170	61,308
Medical and pharmacy	-	-	40,502	-	62,616	-	-	-	36,113	-	8	-	-	-	-	-	139,239	139,239	-	139,239	-	139,239	-	139,239
Subcontracted services	9	883	170	2	720	-	-	162	30,523	753	3,076	32	15	2	-	-	36,347	36,347	128	36,475	84,775	121,250	41,748	162,998
Insurance	184	-	16,285	41	21,008	2,271	2,267	4,017	21,369	4,951	24,501	667	313	46	665	-	98,585	98,585	1,469	100,054	21,583	121,637	34,227	155,864
Interest	83	-	2,109	18	3,015	-	-	1,749	-	-	7,217	300	141	21	-	-	14,653	14,653	-	14,653	1,327	15,980	14,170	30,150
Operating supplies & expenses	641	-	72,062	142	106,044	2,048	2,044	8,660	36,379	17,683	87,023	2,331	1,093	160	1,904	-	338,214	338,214	2,988	341,202	103,761	444,963	145,082	590,045
Other	9	-	1,307	2	120	-	-	117	2,193	314	959	33	15	2	-	-	5,071	5,071	2	5,073	1,190	6,263	50,125	56,388
Donated items	278	-	3,057	63	-	22	22	-	29,738	-	117,477	1,008	473	69	201	-	152,408	152,408	51	152,459	120,645	273,104	-	273,104
Total operating expenses	2,732	883	306,554	608	386,034	29,462	29,411	61,631	442,959	83,911	475,107	9,928	4,656	681	16,345	-	1,850,903	1,850,903	16,989	1,867,892	586,205	2,454,097	826,712	3,280,809
Distributed indirect costs:																								
Administration	3,592	-	444,341	796	565,662	17,359	17,327	105,977	252,713	159,264	556,994	13,056	6,121	895	5,823	-	2,149,920	2,149,920	24,668	2,174,588	213,226	2,387,814	(2,387,814)	-
Total distributed indirect costs	3,592	-	444,341	796	565,662	17,359	17,327	105,977	252,713	159,264	556,994	13,056	6,121	895	5,823	-	2,149,920	2,149,920	24,668	2,174,588	213,226	2,387,814	(2,387,814)	-
Total actual operating expenses	14,948	883	2,064,089	3,318	3,025,689	136,656	136,412	648,877	2,160,711	707,651	2,217,512	54,326	25,472	3,724	50,945	-	11,251,214	11,251,214	300,371	11,551,585	2,815,475	14,367,060	-	14,367,060
Unallowable costs:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total allowable oper. expenses	14,948	883	2,064,089	3,318	3,025,689	136,656	136,412	648,877	2,160,711	707,651	2,217,512	54,326	25,472	3,724	50,945	-	11,251,214	11,251,214	300,371	11,551,585	-	-	-	-
Capital expenditures:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excluding SAMH credit equivalent	$ 14,948	883	2,064,089	3,318	3,025,689	136,656	136,412	648,877	2,160,711	707,651	2,217,512	54,326	25,472	3,724	50,945	-	11,251,214	11,251,214	300,371	11,551,585	2,815,478	14,367,060	-	14,367,060

Due to lack of activity Assessment, Residential Level III and Other Support Costs were omitted

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Findings and Questioned Costs –
Federal Awards Programs and State Financial Assistance Projects
Year Ended June 30, 2012

1. Summary of the auditor's results:

   i) The type of report the auditor issued on the financial statements of the auditee: Unqualified opinion

   ii) Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses: None

   iii) A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee: None

   iv) Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses: None

   v) The type of report the auditor issued on compliance for major federal and state projects: Unqualified opinion

   vi) A statement as to whether the audit disclosed any audit findings which the auditor is required to report under §133.510(a), or chapter 10.650 Rules of the Auditor General, State of Florida: None

   vii) Identification of major programs: CFDA #93.558 Temporary Assistance for Needy Families, CFSA #60.006 Baker Act, CFSA #60.053 Adult Community Mental Health Community Support Services, CFSA #60.063 Adult Mental Health Special Projects Recovery and Resiliency, and CFSA #60.094 Community Based Care (CBC) Supports.

   viii) The dollar threshold used to distinguish between Type A and Type B programs: $300,000 for major federal awards programs and major state financial assistance projects.

   ix) A statement as to whether the auditee qualified as a low risk auditee under §133.530: Yes

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS: None

3. Findings and questioned costs for federal awards which shall include audit findings as defined in §133.510: None

4. Findings and questioned costs relating to state awards: None - As a result, we have not included a management letter, summary schedule of prior audit findings, or a corrective action plan.