LIFE MANAGEMENT CENTER
OF
NORTHWEST FLORIDA, INC.

Panama City, Florida

Independent Auditor's Report
and
Audited Financial Statements

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Life Management Center of Northwest Florida, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

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

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

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages 16 and 17 as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Auditor General, State of Florida, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2016, on our consideration of the Organization's internal control over financial reporting and on 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 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 Organization's internal control over financial reporting and compliance.

Smith, Miles & Company, P.A

Panama City, Florida
December 28, 2016

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Financial Position
June 30, 2016

ASSETS

Current assets:		
Cash operating accounts	$	2,118,509
Investments		1,483,853
Accounts and grants receivable		1,830,000
Due from employees		50,991
Prepaid expenses		221,079
Total current assets		5,704,432
Property and equipment:		
Land		526,435
Buildings and improvements		8,085,619
Equipment and furniture		4,061,341
		12,673,395
Less accumulated depreciation		9,732,371
Property and equipment, net		2,941,024
Other assets:		
Utility and security deposits		766
Total assets	$	8,646,222

LIABILITIES AND UNRESTRICTED NET ASSETS

Current liabilities:		
Accounts payable	$	341,554
Accrued expenses		739,736
Total current liabilities		1,081,290
Total liabilities		1,081,290
Unrestricted net assets:		
Undesignated		7,564,932
Total liabilities and unrestricted net assets	$	8,646,222

The accompanying notes are an integral part of these financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Activities
Year Ended June 30, 2016

Service Revenues:		
Fees	$	1,462,340
Medicaid		3,631,598
		5,093,938
Nonservice Revenues:		
Federal and state funds		10,666,142
In-kind revenue		65,677
Interest		346
Miscellaneous		143,380
Donations		60,339
		10,935,884
Total revenues		16,029,822
Expenses:		
Crisis stabilization		1,740,470
Crisis support		559,015
Medical services		2,597,266
Out patient		5,247,343
Residential 2		377,043
Drop-In center		53,800
FIT		333,555
FACT		1,020,491
EPIC		756,627
CAT		825,846
Community Based Care		2,097,509
Non-SAMH		1,018,129
Total functional expenses		16,627,094
Decrease in net assets from operations		(597,272)
Unrestricted net assets July 1		8,162,204
Unrestricted net assets June 30	$	7,564,932

The accompanying notes are an integral part of these financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Functional Expenses
Year Ended June 30, 2016

	Crisis Stabilization	Crisis Support	Medical Services	Outpatient	Residential 2	Drop In Center	FIT	FACT	EPIC	Total SAMH-ME*	CAT	Total SAMH**	Community Base Care	Non SAMH	Administration	Total
Personnel Expenses:																
Salaries	$ 975,951	401,467	1,453,295	3,028,314	187,564	28,020	182,076	569,092	418,988	7,244,767	482,569	7,727,336	1,319,981	439,733	848,356	10,335,406
Fringe Benefits	185,849	56,997	284,668	635,595	35,539	10,521	29,143	110,918	81,957	1,431,187	105,472	1,536,659	329,125	88,455	180,209	2,134,448
Total Personnel Expenses	1,161,800	458,464	1,737,963	3,663,909	223,103	38,541	211,219	680,010	500,945	8,675,954	588,041	9,263,995	1,649,106	528,188	1,028,565	12,469,854
Operating Expenses:																
Building Occupancy	193,883	18,111	113,157	332,600	51,498	2,646	4,144	15,881	14,445	746,365	28,723	775,088	42,869	43,576	108,511	970,044
Professional Services	56,984	10,348	184,812	116,762	9,407	1,236	5,031	17,266	21,695	423,541	25,827	449,368	49,670	13,688	78,834	591,560
Travel	2,844	227	12,045	96,805	4,279	97	8,708	10,609	16,213	151,827	15,081	166,908	51,215	22,433	12,374	252,930
Equipment Costs	15,082	4,115	33,133	80,230	10,310	1,028	27,664	23,574	15,859	210,995	15,746	226,741	12,987	12,424	81,700	333,852
Food Services	41,515	-	-	10,828	17,908	2,530	-	-	656	73,437	12	73,449	-	206	-	73,655
Medical and Pharmacy	22,727	-	84,449	315	-	-	-	92	-	107,583	-	107,583	-	8,499	-	116,082
Subcontracted Services	40,485	911	41,362	42,304	704	5	-	29	39	125,839	2,548	128,387	65	196,136	13,045	337,633
Insurance	20,595	3,679	16,235	57,691	5,907	496	1,562	11,049	6,173	123,387	6,074	129,461	20,346	6,294	32,557	188,658
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Supplies & Exp.	32,372	5,507	75,050	172,977	14,376	2,740	52,756	169,630	128,803	654,211	78,219	732,430	76,759	39,370	279,524	1,128,083
Other	948	-	901	2,862	256	-	326	259	851	6,403	791	7,194	(770)	946	79,155	86,525
Donated items	-	-	-	243	-	-	-	-	-	243	-	243	24,079	53,896	-	78,218
Total Operating Expenses	427,435	42,898	561,144	913,617	114,645	10,778	100,191	248,389	204,734	2,623,831	173,021	2,796,852	277,220	397,468	685,700	4,157,240
Other Expenses:																
Administration	151,235	57,653	298,159	669,817	39,295	4,481	22,145	92,092	50,948	1,385,825	64,784	1,450,609	171,183	92,473	(1,714,265)	-
Total Expenses	$ 1,740,470	559,015	2,597,266	5,247,343	377,043	53,800	333,555	1,020,491	756,627	12,685,610	825,846	13,511,456	2,097,509	1,018,129	-	16,627,094

*Substance Abuse Mental Health / Managing Entity
**Substance Abuse Mental Health / All

The accompanying notes are an integral part of these financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Statement of Cash Flows
Year Ended June 30, 2016

OPERATING ACTIVITIES:		
Decrease in net assets	$	(597,272)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation		487,115
Due from employees		(23,491)
Accounts receivable		246,217
Prepaid expenses		(55,008)
Accounts payable		144,470
Accrued expenses		118,672
Security deposits		(200)
Net cash provided by operating activities		320,503
INVESTING ACTIVITIES:		
Capital expenditures		(303,762)
Investments		20,048
Net Cash used in investing activities		(283,714)
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,789
CASH AND CASH EQUIVALENTS, JULY 1		2,081,720
CASH AND CASH EQUIVALENTS, JUNE 30	$	2,118,509

The accompanying notes are an integral part of these financial statements.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Notes to Financial Statements
June 30, 2016

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.

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, 2016, 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, which 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 forfeiture. Contributions to the plan amounted to $352,393 for the year ended June 30, 2016. 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 $69,895 for the year ended June 30, 2016.

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, 2016 are comprised as follows:

State contracts	$	966,097
County and other local funds		114,813
Patient fees – insurance and other		507,297
Patient fees – self pay		58,438
Big Bend Community Based Care		183,355
Total	$	1,830,000

4. **Investments**

Investments by major type as of June 30, 2016 consisted of the following:

Cash	$	258,753
Mutual funds – equities		827,570
Exchange traded funds		102,846
Bonds		198,164
Certificates of deposit		96,520
Total	$	1,483,853

Investment returns for the year ended June 30, 2016 consisted of the following:

Interest and dividends	$	14,677
Unrealized losses on investments		(30,003)
Investment advisor fees		(4,722)
Total	$	(20,048)

5. **Leases**

Life Management leases certain buildings and equipment 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 or equipment are not sold by their owners. Rental expense for the operating leases amounted to $85,348 for the year ended June 30, 2016.

6. **Concentration of Risk**
At June 30, 2016, 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.

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 Uniform Guidance 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. **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, 2016, Life Management has met all grant and contract matching requirements.

9. **Related Party Transactions**
There were no related party transactions.

10. **Subsequent Events**
Life Management evaluated its June 30, 2016 financial statements for subsequent events through December 28, 2016, 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Life Management Center of Northwest Florida, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Smith, Miles & Company, P.A.

December 28, 2016
Panama City, Florida

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE 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

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

We have audited Life Management Center of Northwest Florida, Inc.'s (a non-profit organization), compliance with the types of compliance requirements described in the OMB 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 the Organization's major Federal programs and major State projects for the year ended June 30, 2016. The Organization'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.

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 Projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs and major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Chapter 10.065, Rules of the Auditor General, State of Florida. Those standards and the Uniform Guidance, and Chapter 10.065, 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 Organization'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 of the Organization's major Federal programs and major State projects. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and Major State Project

In our opinion, the Organization 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 major State projects for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major Federal programs and major State projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major Federal programs and major State projects and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 Organization'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 a State project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

December 28, 2016
Panama City, Florida

Smith Mila & Company, P.A.

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2016

FEDERAL/STATE AGENCY PASS THROUGH ENTITY/PROGRAM TITLE	CFDA NUMBER	STATE CONTRACT GRANT NUMBER	EXPENDITURES
US DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
PASSED THROUGH STATE OF FLORIDA, DEPARTMENT OF CHILDREN AND FAMILIES			
TOTAL DEPARTMENT OF CHILDREN AND FAMILIES			
PASSED THROUGH BIG BEND COMMUNITY BASED CARE			
ADOPTION SERVICES – TO BE TESTED PURSUANT TO OCA ACTIVITY	90.XXX	249	101,934
FOSTER HOME MANAGEMENT – TO BE TESTED PURSUANT TO OCA ACTIVITY	90.XXX	251	18,923
TOTAL CFDA #90.XXX			120,857
PROMOTING SAFE AND STABLE FAMILIES	93.556	232	92,100
PROMOTING SAFE AND STABLE FAMILIES	93.556	249	70,764
PROMOTING SAFE AND STABLE FAMILIES	93.556	251	2,638
PROMOTING SAFE AND STABLE FAMILIES	93.556	254	138,184
TOTAL CFDA #93.556			303,686
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	C001	95,356
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	232	328,631
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	249	28,408
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	251	147,118
TOTAL CFDA #93.558			599,513
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	93.645	232	29,213
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	93.645	251	33,474
TOTAL #93.645			62,687
FOSTER CARE TITLE IV-E	93.658	232	250,365
FOSTER CARE TITLE IV-E	93.658	249	26,105
FOSTER CARE TITLE IV-E	93.658	251	252,561
FOSTER CARE TITLE IV-E	93.658	254	140,093
TOTAL CFDA #93.658			669,124
ADOPTION ASSISTANCE	93.659	249	339,905
ADOPTION ASSISTANCE	93.659	251	64,288
TOTAL CFDA #93.659			404,193
CHILD ABUSE AND NEGLECT STATE GRANTS	93.669	232	15,851
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767	C005	68,000
MEDICAL ASSISTANCE PROGRAM	93.778	C004	264,110
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	C008	329,675
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	C004	932,362
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	C001	4,449,345
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	C002	976,209
TOTAL CFDA #93.958			6,357,916
TOTAL BIG BEND COMMUNITY BASED CARE			9,195,612
PASSED THROUGH OUNCE OF PREVENTION FUND OF FLORIDA			
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	HF-14-15-8	389,995
COMMUNITY BASED CHILD ABUSE PREVENTION GRANTS	93.590	HF-14-15-8	12,498
TOTAL OUNCE OF PREVENTION FUND OF FLORIDA			402,493
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 9,598,105

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2016

STATE AGENCY AND PROGRAM TITLE	CFSA NUMBER	STATE CONTRACT GRANT NUMBER	EXPENDITURES
STATE OF FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES			
PASSED THROUGH BIG BEND COMMUNITY BASED CARE			
COMMUNITY FORENSIC BEDS AND COMPETENCY RESTORATION TRAINING	60.114	C001	$ 296,162
COMMUNITY ACTION TEAMS	60.150	BH302	746,875
TOTAL BIG BEND COMMUNITY BASED CARE			1,043,037
PASSED THROUGH OUNCE OF PREVENTION FUND OF FLORIDA			
PASSED THROUGH BIG BEND COMMUNITY BASED CARE			
COMMUNITY BASED CARE (CBC) SUPPORTS	60.094	HF-14-15-8	25,000
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			1,068,037
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			$ 10,666,142

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Community Based Care Programs
Year Ended June 30, 2016

Supplemental Schedule I

		Foster Parent		Family	Total Community
REVENUES:	**Visitation**	**Support**	**Adoptions**	**Empowerment**	**Base Care**
Service Revenues					
3 Party Contractual Revenue	$ 278,277	519,003	567,116	716,161	2,080,557
Medicaid	-	-	-	-	-
In-kind Revenue	16,760	-	1,525	1,804	20,089
Interest	-	-	-	-	-
Other	-	6,300	-	-	6,300
Donations	2,475	1,320	6,724	4,314	14,833
TOTAL REVENUES	297,512	526,623	575,365	722,279	2,121,779
EXPENSES:					
Personnel Services:					
Salaries	141,472	337,270	401,650	439,589	1,319,981
Fringe Benefits	31,564	93,848	88,945	114,768	329,125
TOTAL PERSONNEL	173,036	431,118	490,595	554,357	1,649,106
Operating Expenses:					
Building Occupancy	33,770	4,120	4,421	558	42,869
Professional Services	6,926	11,272	12,495	18,977	49,670
Travel	6,301	8,266	24,761	11,887	51,215
Equipment Costs	4,434	2,389	3,468	2,696	12,987
Food Services	-	-	-	-	-
Medical and Pharmacy	-	-	-	-	-
Subcontracted Services	65	-	-	-	65
Insurance	3,859	5,155	3,904	7,428	20,346
Interest	-	-	-	-	-
Operating Supplies & Expenses	11,340	26,252	17,928	21,239	76,759
Other	855	36	95	(1,756)	(770)
Donated Items	18,214	1,172	2,502	2,191	24,079
TOTAL OPERATING EXPENSES	85,764	58,662	69,574	63,220	277,220
Other Expenses:					
Administrative	23,150	38,146	42,607	67,280	171,183
Total Expenses	281,950	527,926	602,776	684,857	2,097,509
Total Income(Loss)	$ 15,562	(1,303)	(27,411)	37,422	24,270

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, 2016

Supplemental Schedule II

FUNDING SOURCES & REVENUES	Case Management	Outpatient	Group	Medical	Residential 2	Rm Board w/ Supervision	Emergency Services	CSU	Outreach	In-Home On-Site	Supported Employment	Supported Living	Drop In Center	FIT	FACT	EPIC	Total for Program 1	CAT	Tot. for All State-Designated SAMH Cost Centers	Community Base Care	Non-SAMH Cost Center	Total Funding	Admin	Total Expenses
Total State SAMH Funding:																								
From the District funding Contract 001(MHA09)	$ 644,682	247,777	148,026	967,700	-	-	-	-	19,167	14,851	46,065	23,843	34,552	-	-	-	2,146,663	-	2,146,663	-	-	2,146,663	-	
From the District funding Contract 001(MHC09)	209,917	37,795	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,712	-	247,712	-	-	247,712	-	
From the District funding Contract (MHA18)	-	-	-	68,886	-	-	407,165	1,044,911	-	-	-	-	-	-	-	-	1,520,962	-	1,520,962	-	-	1,520,962	-	
From the District funding Contract 001(MHC18)	-	-	-	-	-	-	131,809	170,755	-	-	-	-	-	-	-	-	302,564	-	302,564	-	-	302,564	-	
TANF (MHTB)	27,336	51,357	4,142	-	1,821	-	-	-	-	4,230	6,470	-	-	-	-	-	95,356	-	95,356	-	-	95,356	-	
From the District funding (MHA72)	150,631	12,880	-	-	-	-	-	-	105,936	-	-	7,029	-	-	-	-	276,476	-	276,476	-	-	276,476	-	
From the District funding (MHA76)	-	-	-	21,783	-	-	-	-	-	-	-	-	-	-	-	-	21,783	-	21,783	-	-	21,783	-	
From the District funding (MHA01)	-	-	-	-	62,124	167,223	-	-	-	-	-	-	-	-	-	-	229,347	-	229,347	-	-	229,347	-	
Total State SAMH Funding	1,032,566	349,809	152,168	1,058,369	63,945	167,223	538,974	1,215,666	125,103	19,081	52,535	30,872	34,552	-	-	-	4,840,863	-	4,840,863	-	-	4,840,863	-	
Other Government Funding:																								
Other State Agency Funding	220	74	32	70,015	-	-	-	10,294	27	4	11	7	-	329,675	1,196,471	976,209	2,583,039	746,875	3,329,914	-	495,493	3,825,407	-	
Medicaid	1,437,905	487,113	211,895	559,573	-	13,048	-	127,135	174,208	26,571	73,157	42,989	-	-	-	-	3,153,594	25,065	3,178,659	-	453,477	3,632,136	-	
Local Government	35,417	11,998	5,219	11,753	-	-	127,501	191,379	4,291	654	1,802	1,059	-	-	-	-	391,073	-	391,073	-	-	391,073	-	
Federal Grants and Contracts	-	-	-	-	2,164	5,826	-	-	-	-	-	-	-	-	-	-	7,990	-	7,990	-	11,000	18,990	-	
In-Kind from local govt only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Other Government Funding	1,473,542	499,185	217,146	641,341	2,164	18,874	127,501	328,808	178,526	27,229	74,970	44,055	-	329,675	1,196,471	976,209	6,135,696	771,940	6,907,636	-	959,970	7,867,606	-	
All Other Revenues:																								
1st & 2nd Party Payments	50,227	17,015	7,402	116,822	31,606	85,077	3,616	6,070	6,085	928	2,555	1,502	-	-	28	14	328,947	145	329,092	-	327	329,419	-	
3rd Party Payments (except Medicare)	104,254	35,318	15,363	119,299	-	-	-	4,763	12,631	1,926	5,304	3,117	-	-	-	-	301,975	109	302,084	2,080,557	-	2,382,641	-	
Medicare	43,401	14,703	6,396	204,524	-	-	-	-	5,258	802	2,208	1,298	-	-	-	-	278,590	-	278,590	-	-	278,590	-	
Contributions and Donations	379	128	56	-	-	-	320	-	46	7	19	11	-	-	-	-	966	-	966	14,833	44,540	60,339	-	
Other	17,207	5,829	2,536	140,476	2	4	-	(25)	2,085	318	875	514	-	-	1,188	-	171,009	4,762	175,771	6,300	22,617	204,688	-	
In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,089	45,587	65,676	-	
Total All Other Revenues	215,468	72,993	31,753	581,121	31,608	85,081	3,936	10,808	26,105	3,981	10,961	6,442	-	-	1,216	14	1,081,487	5,016	1,086,503	2,121,779	113,071	3,321,353	-	
Total Projected Funding	2,721,576	921,987	401,067	2,280,831	97,717	271,178	670,411	1,555,282	329,734	50,291	138,466	81,369	34,552	329,675	1,197,687	976,223	12,058,046	776,956	12,835,002	2,121,779	1,073,041	16,029,822	-	
EXPENSE CATEGORIES																								
Personnel Expenses:																								
Salaries	1,774,538	601,153	261,503	1,453,295	49,000	138,564	401,467	975,951	214,992	32,791	90,284	53,053	28,020	182,076	569,092	418,988	7,244,767	482,569	7,727,336	1,319,981	439,733	9,487,050	848,356	10,335,406
Fringe benefits	372,448	126,173	54,885	284,668	9,284	26,255	56,997	185,849	45,123	6,882	18,949	11,135	10,521	29,143	110,918	81,957	1,431,187	105,472	1,536,659	329,125	88,455	1,954,239	180,209	2,134,448
Total Personnel Expenses	2,146,986	727,326	316,388	1,737,963	58,284	164,819	458,464	1,161,800	260,115	39,673	109,233	64,188	38,541	211,219	680,010	500,945	8,675,954	588,041	9,263,995	1,649,106	528,188	11,441,289	1,028,565	12,469,854
Operating Expenses:																								
Building Occupancy	194,896	66,025	28,721	113,157	13,454	38,044	18,111	193,883	23,613	3,601	9,916	5,827	2,646	4,144	15,881	14,445	746,364	28,723	775,087	42,869	43,576	861,532	108,511	970,043
Professional Services	68,420	23,179	10,083	184,812	2,458	6,949	10,348	56,984	8,289	1,264	3,481	2,046	1,236	5,031	17,266	21,695	423,541	25,827	449,368	49,670	13,688	512,726	78,834	591,560
Travel	56,726	19,217	8,359	12,045	1,118	3,161	227	2,844	6,873	1,048	2,886	1,696	97	8,708	10,609	16,213	151,827	15,081	166,908	51,215	22,433	240,556	12,374	252,930
Equipment Costs	47,012	15,926	6,928	33,132	2,693	7,617	4,115	15,082	5,696	869	2,392	1,406	1,028	27,664	23,574	15,859	210,993	15,746	226,739	12,987	12,424	252,150	81,700	333,850
Food Services	6,345	2,149	935	-	4,678	13,230	-	41,515	769	117	323	190	2,530	-	-	656	73,437	12	73,449	-	206	73,655	-	73,655
Medical and Pharmacy	186	63	27	84,449	-	-	-	22,727	22	3	9	6	-	-	92	-	107,584	-	107,584	-	8,499	116,083	-	116,083
Subcontracted Services	24,790	8,398	3,653	41,362	184	520	911	40,485	3,003	458	1,261	741	5	-	29	39	125,839	2,548	128,387	65	196,136	324,588	13,045	337,633
Insurance	33,806	11,452	4,982	16,235	1,543	4,364	3,679	20,595	4,096	625	1,720	1,011	496	1,562	11,049	6,173	123,388	6,074	129,462	20,346	6,294	156,102	32,557	188,659
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Supplies & Expenses	101,363	34,338	14,937	75,050	3,756	10,620	5,507	32,372	12,280	1,873	5,157	3,030	2,740	52,756	169,630	128,803	654,212	78,219	732,431	76,759	39,370	848,560	279,524	1,128,084
Other	1,678	568	247	901	67	189	-	948	203	31	85	50	-	326	259	851	6,403	791	7,194	(770)	946	7,370	79,155	86,525
Donated Items	143	48	21	-	-	-	-	-	17	3	7	4	-	-	-	-	243	-	243	24,079	53,896	78,218	-	78,218
Total Operating Expenses	535,365	181,363	78,893	561,143	29,951	84,694	42,898	427,435	64,861	9,892	27,237	16,007	10,778	100,191	248,389	204,734	2,623,831	173,021	2,796,852	277,220	397,468	3,471,540	685,700	4,157,240
Distributed Indirect Costs:																								
Administration	392,501	132,966	57,840	298,159	10,266	29,029	57,653	151,235	47,553	7,253	19,969	11,735	4,481	22,145	92,092	50,948	1,385,825	64,784	1,450,609	171,183	92,473	1,714,265	(1,714,265)	-
Total Distributed Indirect Costs	392,501	132,966	57,840	298,159	10,266	29,029	57,653	151,235	47,553	7,253	19,969	11,735	4,481	22,145	92,092	50,948	1,385,825	64,784	1,450,609	171,183	92,473	1,714,265	(1,714,265)	-
Total Actual Operating Expenses	3,074,852	1,041,655	453,121	2,597,265	98,501	278,542	559,015	1,740,470	372,529	56,818	156,439	91,930	53,800	333,555	1,020,491	756,627	12,685,610	825,846	13,511,456	2,097,509	1,018,129	16,627,094	-	16,627,094
Unallowable Costs:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Allowable Operating Expenses	3,074,852	1,041,655	453,121	2,597,265	98,501	278,542	559,015	1,740,470	372,529	56,818	156,439	91,930	53,800	333,555	1,020,491	756,627	12,685,610	825,846	13,511,456	2,097,509	1,018,129	16,627,094	-	-
Capital Expenditures:	-	-	-	-	-	-	-	-	-	-	-	-	-	30,464	-	-	30,464	-	30,464	-	-	30,464	-	-
Excluding SAMH Credit Equivalent	$ 3,074,852	1,041,655	453,121	2,597,265	98,501	278,542	559,015	1,740,470	372,529	56,818	156,439	91,930	53,800	364,019	1,020,491	756,627	12,716,074	825,846	13,541,920	2,097,509	1,018,129	16,657,558	-	-

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of Bed-Day Availability Payments
Year Ended June 30, 2016

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt or Other State Agencies	Maximum Number of Units Eligible for Payment By Department	Amount Paid for Services by the Department	Maximum $ Value of Units Eligible for Payment By Department	Amount Owed To Department
Adult Mental Health	Crisis Stabilization Unit	$ 320.36	3,650	204	3,446	998,574	1,103,961	-
Adult Mental Health	Room & Board w/Supervision Lev II	79.63	2,384	228	2,156	167,223	171,682	-
Adult Mental Health	Residential Level II	68.38	1,420	136	1,284	62,123	87,800	-
Children's Mental Health	Crisis Stabilization Unit	320.36	730	38	692	170,754	221,689	-
	Total Amount Owed to Department	$						-

LIFE MANAGEMENT CENTER OF NORTHWEST FLORIDA, INC.
Schedule of State Earnings
Year Ended June 30, 2016

Line 1	TOTAL EXPENDITURES	$	16,627,094
Line 2	LESS OTHER STATE AND FEDERAL FUNDS		3,910,188
Line 3	LESS NON MATCH SAMH FUNDS		8,666,270
Line 4	LESS UNALLOWABLE COSTS PER 65-E14, FAC		39,548
Line 5	TOTAL ALLOWABLE EXPENDITURES		4,011,088
Line 6	MAXIMUM AVAILABLE EARNINGS LINE 5 TIMES 75%		3,008,316
Line 7	AMOUNT OF STATE FUNDS REQUIRING MATCH		1,002,542
Line 8	AMOUNT DUE TO DEPARTMENT IF NEGATIVE Line 6 Less Line 7	$	2,005,774

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, 2016

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, CFDA #93.958 Block Grants for Community Mental Health Services and CFSA #60.150 Community Action Teams.

   viii) The dollar threshold used to distinguish between Type A and Type B programs: $750,000 for major federal awards programs and $321,000 for 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.