

**DAVID LAWRENCE MENTAL
HEALTH CENTER, INC.
FINANCIAL STATEMENTS AND SCHEDULES
REQUIRED BY THE UNIFORM
GUIDANCE TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR
YEARS ENDED
JUNE 30, 2018 AND 2017**

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Independent Auditor's Report

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, Florida

We have audited the accompanying financial statements of David Lawrence Mental Health Center, Inc. (the "Center", a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Center's internal control. Accordingly, we express no such opinion. An audit also includes

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David Lawrence Mental Health Center, Inc.

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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 qualified audit opinion on the 2018 financial statements and our unmodified opinion on the 2017 financial statements.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence supporting the Center's interest in the net assets of the David Lawrence Foundation for Mental Health, Inc. (the "Foundation") stated at \$8,638,515 at June 30, 2018, or the change in the interest in the net assets of the Foundation stated at \$0, which is included in the statement of activities for the year then ended as described in Note E to the financial statements, nor were we able to obtain sufficient audit evidence about the carrying value of its interest in the net assets of the Foundation by other auditing procedures.

Qualified Opinion on 2018 and Unmodified Opinion on 2017

In our opinion, except for the possible effects on the 2018 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of David Lawrence Mental Health Center, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the financial statements.

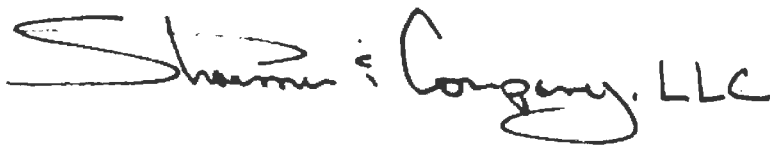
The Schedule of Revenues by Cost Center, Schedule of Expenses by Cost Center, Schedule of State Earnings, and Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounts and other records 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.

The Schedule of Bed-Day Availability Payments and Schedule of Related Party Transaction Adjustments are the responsibility of management, are presented for the purpose of additional analysis, and have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, on our consideration of David Lawrence Mental Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering David Lawrence Mental Health Center, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Stroemer & Company, LLC". The signature is written in a cursive, flowing style.

STROEMER & COMPANY, LLC

Fort Myers, Florida

March 25, 2019

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 821,926	\$ 816,884
Federal and state contract receivables	861,275	783,872
Promises to give	538,230	502,325
Client fees receivable, net	1,053,056	1,018,016
Other contracts and receivables	998,547	933,120
Prepaid expenses	<u>545,984</u>	<u>456,206</u>
TOTAL CURRENT ASSETS	4,819,018	4,510,423
Interest in the net assets of the David Lawrence Foundation for Mental Health, Inc.	8,638,515	8,638,515
Promises to give, noncurrent	252,000	504,000
Property and equipment, net	8,397,314	9,028,891
Deferred compensation assets	540,821	537,655
Other assets	<u>88,852</u>	<u>120,515</u>
TOTAL ASSETS	<u>\$ 22,736,520</u>	<u>\$23,339,999</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Current portion of capital lease	\$ 1,319	\$ 14,669
Current portion of long-term debt	119,585	114,481
Accounts payable	463,672	343,317
Accrued liabilities	<u>588,296</u>	<u>546,906</u>
TOTAL CURRENT LIABILITIES	1,172,872	1,019,373
Capital lease, long-term	-	6,940
Deferred compensation liabilities	540,821	537,655
Long-term debt	<u>35,317</u>	<u>154,820</u>
TOTAL LIABILITIES	<u>1,749,010</u>	<u>1,718,788</u>
NET ASSETS		
Unrestricted	15,593,702	15,948,442
Temporarily restricted	2,765,776	3,044,737
Permanently restricted	<u>2,628,032</u>	<u>2,628,032</u>
TOTAL NET ASSETS	<u>20,987,510</u>	<u>21,621,211</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,736,520</u>	<u>\$23,339,999</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CHANGES IN NET ASSETS				
SUPPORT AND REVENUE				
Client fee revenue	\$ 13,970,226	\$ -	\$ -	\$ 13,970,226
Federal and state grants	8,660,185	-	-	8,660,185
Contributions	1,313,533	245,975	-	1,559,508
Local government allocations	2,200,641	-	-	2,200,641
Other grants	1,244,440	-	-	1,244,440
Other revenue	469,992	-	-	469,992
Contracted services	6,928	-	-	6,928
	<u>27,865,945</u>	<u>245,975</u>	<u>-</u>	<u>28,111,920</u>
Net assets reclassified	<u>524,936</u>	<u>(524,936)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>28,390,881</u>	<u>(278,961)</u>	<u>-</u>	<u>28,111,920</u>
EXPENSES				
Program services	24,816,855	-	-	24,816,855
Supporting services	3,928,766	-	-	3,928,766
TOTAL EXPENSES	<u>28,745,621</u>	<u>-</u>	<u>-</u>	<u>28,745,621</u>
CHANGE IN NET ASSETS OF DAVID LAWRENCE MENTAL HEALTH CENTER, INC.	(354,740)	(278,961)	-	(633,701)
CHANGE IN INTEREST IN NET ASSETS OF THE DAVID LAWRENCE FOUNDATION FOR MENTAL HEALTH, INC.	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	<u>15,948,442</u>	<u>3,044,737</u>	<u>2,628,032</u>	<u>21,621,211</u>
NET ASSETS, END OF YEAR	<u>\$ 15,593,702</u>	<u>\$ 2,765,776</u>	<u>\$ 2,628,032</u>	<u>\$ 20,987,510</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CHANGES IN NET ASSETS				
SUPPORT AND REVENUE				
Client fee revenue	\$14,490,170	\$ -	\$ -	\$ 14,490,170
Federal and state grants	8,499,174	-	-	8,499,174
Contributions	1,400,995	1,011,325	-	2,412,320
Local government allocations	1,583,250	-	-	1,583,250
Other grants	813,848	-	-	813,848
Other revenue	224,947	-	-	224,947
Contracted services	13,311	-	-	13,311
	<u>27,025,695</u>	<u>1,011,325</u>	<u>-</u>	<u>28,037,020</u>
Net assets reclassified	<u>121,791</u>	<u>(121,791)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>27,147,486</u>	<u>889,534</u>	<u>-</u>	<u>28,037,020</u>
EXPENSES				
Program services	23,770,645	-	-	23,770,645
Supporting services	4,070,116	-	-	4,070,116
TOTAL EXPENSES	<u>27,840,761</u>	<u>-</u>	<u>-</u>	<u>27,840,761</u>
CHANGE IN NET ASSETS OF DAVID LAWRENCE MENTAL HEALTH CENTER, INC.	(693,275)	889,534	-	196,259
CHANGE IN INTEREST IN NET ASSETS OF THE DAVID LAWRENCE FOUNDATION FOR MENTAL HEALTH, INC.	1,231,687	-	-	1,231,687
NET ASSETS, BEGINNING OF YEAR	<u>15,410,030</u>	<u>2,155,203</u>	<u>2,628,032</u>	<u>20,193,265</u>
NET ASSETS, END OF YEAR	<u>\$15,948,442</u>	<u>\$3,044,737</u>	<u>\$2,628,032</u>	<u>\$ 21,621,211</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Program Services			Supporting Services			
	Mental Health and Substance Abuse	Other Services	Total Program	Administration and Other Support	Fundraising	Total Supporting	Total
PERSONNEL EXPENSES							
Salaries	\$ 10,273,271	\$ 1,756,006	\$ 12,029,277	\$ 1,700,711	\$ 206,674	\$ 1,907,385	\$ 13,936,662
Fringe benefits	2,209,326	299,553	2,508,879	347,355	45,556	392,911	2,901,790
Total personnel expenses	<u>12,482,597</u>	<u>2,055,559</u>	<u>14,538,156</u>	<u>2,048,066</u>	<u>252,230</u>	<u>2,300,296</u>	<u>16,838,452</u>
OPERATING EXPENSES							
Bad debts	6,186,103	25,084	6,211,187	-	-	-	6,211,187
Building	1,178,868	138,184	1,317,052	165,625	58,809	224,434	1,541,486
Office expense and other	290,738	35,489	326,227	499,953	232,331	732,284	1,058,511
Food service	512,283	11,096	523,379	13,254	132,663	145,917	669,296
Professional fees	120,141	4,725	124,866	252,851	143,470	396,321	521,187
Medicine/pharmacy	461,396	1,790	463,186	5,077	-	5,077	468,263
Equipment and software costs	378,972	4,888	383,860	35,216	12,139	47,355	431,215
Incidentals	346,876	46,824	393,700	5,921	-	5,921	399,621
Insurance	304,414	42,723	347,137	38,838	6,361	45,199	392,336
Travel	132,014	53,799	185,813	10,510	4,410	14,920	200,733
Interest	2,292	-	2,292	11,042	-	11,042	13,334
Total operating expenses	<u>9,914,097</u>	<u>364,602</u>	<u>10,278,699</u>	<u>1,038,287</u>	<u>590,183</u>	<u>1,628,470</u>	<u>11,907,169</u>
TOTAL EXPENSES	<u>\$ 22,396,694</u>	<u>\$ 2,420,161</u>	<u>\$ 24,816,855</u>	<u>\$ 3,086,353</u>	<u>\$ 842,413</u>	<u>\$ 3,928,766</u>	<u>\$ 28,745,621</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017

	Program Services			Supporting Services			Total
	Mental Health and Substance Abuse	Other Services	Total Program	Administration and Other Support	Fundraising	Total Supporting	
PERSONNEL EXPENSES							
Salaries	\$ 9,884,498	\$ 1,321,311	\$ 11,205,809	\$ 1,907,940	\$ 232,206	\$ 2,140,146	\$ 13,345,955
Fringe benefits	1,889,809	241,890	2,131,699	368,906	40,445	409,351	2,541,050
Total personnel expenses	<u>11,774,307</u>	<u>1,563,201</u>	<u>13,337,508</u>	<u>2,276,846</u>	<u>272,651</u>	<u>2,549,497</u>	<u>15,887,005</u>
OPERATING EXPENSES							
Bad debts	6,528,915	40,399	6,569,314	-	70	70	6,569,384
Building	1,191,649	118,252	1,309,901	165,189	12,378	177,567	1,487,468
Office expense and other	319,264	42,962	362,226	544,787	322,107	866,894	1,229,120
Professional fees	241,246	23,245	264,491	150,239	168,959	319,198	583,689
Food service	500,685	9,374	510,059	8,097	22,187	30,284	540,343
Insurance	296,258	33,820	330,078	50,035	6,914	56,949	387,027
Medicine/pharmacy	349,643	11,942	361,585	-	-	-	361,585
Equipment and software costs	372,590	4,699	377,289	5,712	15,735	21,447	398,736
Travel	122,858	57,043	179,901	27,748	5,941	33,689	213,590
Incidentals	68,005	95,664	163,669	(20,752)	20,752	-	163,669
Interest	4,624	-	4,624	14,521	-	14,521	19,145
Total operating expenses	<u>9,995,737</u>	<u>437,400</u>	<u>10,433,137</u>	<u>945,576</u>	<u>575,043</u>	<u>1,520,619</u>	<u>11,953,756</u>
TOTAL EXPENSES	<u>\$ 21,770,044</u>	<u>\$ 2,000,601</u>	<u>\$ 23,770,645</u>	<u>\$ 3,222,422</u>	<u>\$ 847,694</u>	<u>\$ 4,070,116</u>	<u>\$ 27,840,761</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contracts, client fees and contributions	\$ 21,942,538	\$ 20,684,057
Cash paid for program and supporting services	(21,523,159)	(20,315,191)
Cash received for interest	28,083	28,083
Cash paid for interest	<u>(13,334)</u>	<u>(19,145)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	434,128	377,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(294,397)</u>	<u>(948,162)</u>
NET CASH USED IN INVESTING ACTIVITIES	(294,397)	(948,162)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(20,290)	(17,959)
Payments on long-term debt	<u>(114,399)</u>	<u>(258,433)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(134,689)</u>	<u>(276,392)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,042	(846,750)
Cash and cash equivalents, beginning of year	<u>816,884</u>	<u>1,663,634</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 821,926</u>	<u>\$ 816,884</u>

The accompanying notes are an integral part of this statement.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Years ended June 30, 2018 and 2017

**RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

	<u>2018</u>	<u>2017</u>
Change in net assets	\$ (633,701)	\$ 1,427,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	925,974	887,212
Bad debts	6,211,187	6,569,384
Change in interest in net assets of The David Lawrence Foundation for Mental Health, Inc.	-	(1,231,687)
(Increase)/decrease in assets:		
Federal and state contract receivables	(77,403)	(33,392)
Promises to give	216,095	(841,325)
Client fees receivable	(6,246,227)	(6,439,024)
Contracts and other receivables	(65,427)	(38,518)
Prepaid expenses	(89,778)	14,480
Other assets	31,663	27,440
Increase/(decrease) in liabilities:		
Accounts payable	120,355	(28,495)
Accrued liabilities	<u>41,390</u>	<u>63,783</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 434,128</u>	<u>\$ 377,804</u>

The accompanying notes are an integral part of this statement.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission and nature of organization

David Lawrence Mental Health Center, Inc. (the "Center"), was established under the laws of Florida on April 13, 1982, as a non-profit Organization, but was originally established as the Collier County Mental Health Clinic in 1968. The mission of the Center is to restore and rebuild lives by providing compassionate, advanced, and exceptional mental health, substance abuse, and integrated healthcare solutions, available to all. The Center provides inpatient, outpatient, residential and community based prevention and treatment services to children and adults who experience mental health and substance use challenges. The Center consists of a main campus, located in Naples, Florida and satellite locations in Naples, Immokalee and Marco Island. The Center's support comes from federal and state grants as well as county support, client fees, special events, private grants, and contributions.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Center are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Center adheres to the requirements of the "Not-For-Profit Entities" topic of the FASB ASC. The topic requires the Center to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Center accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Statement of cash flows

For purposes of reporting cash flows, the Center considers only highly liquid investments held for operations and purchased with an original maturity of three months or less to be cash equivalents. It does not consider highly liquid cash equivalents held for investment (non-operating) purposes in reporting cash flows.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Concentrations

The Center receives a substantial portion of its support and revenue primarily from federal, state and local grants. If a significant reduction in the level of funding were to occur, it could have an adverse effect on the Center's programs.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, or when the purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management uses past collection experience and an analysis of specific promises made to determine if any amounts are uncollectible. Once determined, management provides an estimate for an allowance for doubtful accounts. Promises to give that are expected to be collected within one year of the balance sheet date are classified as current assets, whereas, promises to give that are expected to be collected more than one year beyond the balance sheet date are classified as long-term assets.

Contracts, client fees and other receivables

Accounts, grants, contracts and other receivables are stated at the amounts that management expects to be collected from clients, grantor agencies, and other providers. Management assesses the current status of the receivables and determines if any amounts are uncollectible. Once determined, management provides an estimate for an allowance for doubtful accounts.

Concentration of credit risk

The Center maintains its cash accounts in a financial institution, which, at times, may exceed federally-insured limits. The Center has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash and cash equivalent balances.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Property and equipment

Property and equipment is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss from disposition is reported on the statement of activities. The Center's capitalization policy provides that any additions and capital improvements with a cost or donated value of \$1,000 or more and computers with a cost or donated value of \$500 or more and a useful life of greater than one year to be capitalized.

Impairment of long-lived assets

The Center adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Center's financial statements resulting from this topic for the years ended June 30, 2018 or 2017.

Functional expenses

The Center allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical bases.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Fair value of financial instruments

The FASB ASC topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Center's financial instruments consist of cash and cash equivalents, receivables, promises to give, payables, and accrued liabilities. The Center estimates that the fair values of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Income taxes

The Internal Revenue Services has determined that the Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Center reports unrelated business rental taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Center's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Agency remain open to examination by these government agencies. The Center follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Center has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Management estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Management estimates, continued

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated goods and services

The Center has established an objective basis to measure the value of such goods and services. The type of donated items include, volunteer time, equipment, and supplies. Donated goods and services are recorded at the estimated fair value at the date of receipt. If stock or other securities are donated, the Center's policy, upon receipt, is to liquidate and move the funds into operations. During the years ended June 30, 2018 and 2017, the amount recognized for donated goods and services was \$13,470 and \$1,025, respectively.

Reclassifications

Certain amounts have been reclassified in the 2017 financial statements to conform with the presentation in the current year financial statements.

NOTE B - FEDERAL AND STATE CONTRACT RECEIVABLES

Federal and state contract receivables consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
U.S. Department of Health and Human Services/ State of Florida Department of Children and Families	<u>\$ 861,275</u>	<u>\$ 783,872</u>

Management has not made an allowance for doubtful accounts on federal and state contract receivables since these amounts represent requests for reimbursement and full payment is expected.

NOTE C - PROMISES TO GIVE

Promises to give consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Pledges:		
Receivable in one year	<u>\$ 538,230</u>	<u>\$ 502,325</u>
Receivable in more than one year	<u>\$ 252,000</u>	<u>\$ 504,000</u>

NOTE D - CLIENT FEES RECEIVABLE, NET

Client fees receivable, net consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Client and insurance related receivables	\$ 13,835,375	\$ 9,453,125
Less: allowance for doubtful accounts	<u>(12,782,319)</u>	<u>(8,435,109)</u>
	<u>\$ 1,053,056</u>	<u>\$ 1,018,016</u>

Client fees receivable represents amounts management believes it will collect from clients and third party insurance providers. Management has made an allowance for doubtful accounts on client fees receivable that are deemed uncollectible.

NOTE E - INTEREST IN NET ASSETS OF THE DAVID LAWRENCE FOUNDATION FOR MENTAL HEALTH, INC.

The Center has recorded its interest in the net assets of The David Lawrence Foundation for Mental Health, Inc. (the "Foundation") in an amount equal to 100% of the net assets of the Foundation.

The Foundation's purpose is to support the Center through fundraising. Since its inception, the Foundation has raised millions of dollars for the benefit of the Center for operational support and facility expansion.

The Center received \$250,000 and \$0 during the years ended June 30, 2018 and 2017, respectively, as cash donations from the Foundation. At June 30, 2018 and 2017, these cash donations, from the Foundation, are recorded in the Center's financial statements as contributions to the Center.

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 14,732,906	\$ 14,655,833
Furniture and equipment	2,714,843	2,714,843
Land	397,034	397,034
Vehicles	496,307	391,499
Construction in progress	295,015	194,417
Equipment under capital lease	<u>52,591</u>	<u>52,591</u>
Total property and equipment	18,688,696	18,406,217
Less: accumulated depreciation	<u>(10,291,382)</u>	<u>(9,377,326)</u>
	<u>\$ 8,397,314</u>	<u>\$ 9,028,891</u>

Accumulated depreciation for equipment under capital lease for the years ended June 30, 2018 and 2017 was \$46,747 and \$29,217, respectively.

Depreciation expense for the years ended June 30, 2018 and 2017 was \$925,974 and \$887,212, respectively.

NOTE G - ACCRUED LIABILITIES

Accrued liabilities consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 540,154	\$ 502,966
Payroll taxes and deductions	48,142	43,378
Other	-	562
	<u>\$ 588,296</u>	<u>\$ 546,906</u>

NOTE H - CAPITAL LEASE

Capital lease consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Capital lease payable to a finance company, collateralized by telephone equipment, monthly interest and principal payments of \$1,882 with interest at 12.43%. Final payment due October, 2018.	\$ 1,319	\$ 21,609
Less: current portion of capital lease	<u>(1,319)</u>	<u>(14,669)</u>
Long-term portion of capital lease	<u>\$ -</u>	<u>\$ 6,940</u>

The future payments under capital leases are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2019	\$ 7,080
Less: amount representing interest	<u>(5,761)</u>
Present value of minimum lease payments	<u>\$ 1,319</u>

NOTE I - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Note payable to a financial institution, collateralized by equipment, inventory and receivables, monthly interest and principal payments of \$10,331 with interest at 4.37%. Final payment due October, 2019.	\$ 154,902	\$ 269,301
Less: current portion of long-term debt	<u>(119,585)</u>	<u>(114,481)</u>
Long-term debt	<u>\$ 35,317</u>	<u>\$ 154,820</u>

NOTE I - LONG-TERM DEBT, CONTINUED

Total annual principal payments for outstanding long-term debt are as follows:

Year Ending June 30,	Amount
2019	\$ 119,585
2020	<u>35,317</u>
Total principal payments	<u>\$ 154,902</u>

Interest expense on long-term debt was \$13,334 and \$19,145 for the years ended June 30, 2018 and 2017, respectively.

The Center is in compliance or has obtained a waiver for all covenants associated with the note payable as of June 30, 2018 and 2017, respectively.

NOTE J - LINE OF CREDIT

The Center has entered into a line of credit agreement with a financial institution for \$1,500,000, collateralized by all assets. The line carries an interest rate of one month LIBOR, plus 2.05% and is payable monthly. The interest rate at June 30, 2018 and 2017 was 4.15% and 3.22%, respectively. The line of credit matures on February 26, 2020. The outstanding balance on the line of credit as of June 30, 2018 and 2017 was \$0.

NOTE K - NET ASSETS

Net assets consists of the following at June 30, 2018 and 2017:

<u>Unrestricted</u>	<u>2018</u>	<u>2017</u>
David Lawrence Mental Health Center, Inc.	\$ 11,616,631	\$ 11,971,371
Interest in net assets of The David Lawrence Foundation for Mental Health, Inc.	<u>3,977,071</u>	<u>3,977,071</u>
Total unrestricted net assets	<u>15,593,702</u>	<u>15,948,442</u>

NOTE K - NET ASSETS, CONTINUED

<u>Temporarily restricted</u>	<u>2018</u>	<u>2017</u>
Supportive employment	5,000	5,000
Unconditional promises to give	727,364	1,006,325
Interest in net assets of The David Lawrence Foundation for Mental Health, Inc.	<u>2,033,412</u>	<u>2,033,412</u>
Total temporarily restricted net assets	<u>2,765,776</u>	<u>3,044,737</u>
 <u>Permanently restricted</u>		
Interest in net assets of The David Lawrence Foundation for Mental Health, Inc.	<u>2,628,032</u>	<u>2,628,032</u>
Total permanently restricted net assets	<u>2,628,032</u>	<u>2,628,032</u>
 Total net assets	 <u>\$20,987,510</u>	 <u>\$21,621,211</u>

NOTE L - PENSION AND DEFERRED COMPENSATION PLANS

Pension plan

The Center has a defined contribution pension plan covering all eligible employees. Under the plan, the Center matches employee monthly contributions of up to 5%, 6% or 7%, based on employee's qualified compensation and length of service of 1, 5, and 10 years, respectively.

For the years ended June 30, 2018 and 2017, the Center's contributions, including administrative costs, to the plan were \$327,774 and \$309,921, respectively.

Deferred compensation plan

The Center has a deferred compensation plan for its key employees. Under the plan, an employee may defer up to the maximum specified in IRC Sections 457(b)(2)(A) and 457(e)(15). The deferred compensation plan assets and the related liabilities as of June 30, 2018 and 2017 were \$540,821 and \$537,655, respectively, and are recorded on the accompanying statements of financial position.

For the years ended June 30, 2018 and 2017, the employees' deferrals to the deferred compensation plan were \$32,958 each year.

NOTE M - OPERATING LEASE COMMITMENTS

The Center has entered into leases for equipment and vehicles under non-cancelable lease agreements. These leases require monthly payments ranging from \$95 to \$463 with terms ending between August, 2019 and July, 2025.

Rental expense incurred under all leases for the years ended June 30, 2018 and 2017 were \$90,036 and \$71,027, respectively.

Future minimum lease payments on these leases are as follows:

Year Ending June 30,	Amount
2019	\$ 72,713
2020	35,917
2021	8,412
2022	3,912
2023	3,912
Thereafter	5,730
Total future minimum lease payments	<u>\$ 130,596</u>

NOTE N - OTHER COMMITMENTS AND CONTINGENCIES

Grant reimbursements

The Center receives funding from grants and other reimbursements from federal, state and local agencies. These grant funds and reimbursements are subject to special compliance audits by the grantor agencies and other third party agencies that provide these grants and reimbursements. These audits may result in disallowed expense amounts. Disallowed amounts, if any, constitute a contingent liability of the Center. The Center does not believe any contingent liabilities that may exist are material and accordingly, such liabilities are not reflected within the financial statements.

Self-insurance program

The Center has a self-insurance program for its employees' health care costs. The Center is liable for losses on claims up to \$100,000 per claim and \$1,571,000 in total for the year. The Center has contracted with a third party insurer for coverage on any losses in excess of the aforementioned amounts. Costs for insurance are accrued based on claims reported as of the statement of financial position date as well as claims incurred but not reported as of that date. The total amount of the costs that were incurred and accrued as of June 30, 2018 and June 30, 2017 were \$144,919 and \$145,590, respectively.

NOTE N - OTHER COMMITMENTS AND CONTINGENCIES, CONTINUED

Litigation

The Center was subject to several lawsuits at June 30, 2018. The Center feels these lawsuits are without merit and is defending them vigorously; however, the outcomes are presently undeterminable. Accordingly, the Center has not recorded any liabilities associated with these lawsuits at June 30, 2018.

NOTE O - RELATED PARTY TRANSACTIONS

The David Lawrence Foundation for Mental Health, Inc.

The David Lawrence Foundation for Mental Health, Inc.'s (the "Foundation") purpose is to provide financial support to the Center. The Center received donations from the Foundation in the amount of \$250,000 and \$0 during the years ended June 30, 2018 and 2017, respectively.

NOTE P - MATCHING REQUIREMENTS

The Center must meet certain contractual matching requirements as part of its State of Florida grant contracts with the Department of Children and Families, Alcohol, Drug Abuse, and Mental Health Programs. These contracts required a local match amount of \$1,314,914 and \$1,389,347 in 2018 and 2017, respectively. As of June 30, 2018 and 2017, the Center has met or exceeded its required matching amounts under the contracts.

NOTE Q - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value, under FASB ASC 820, hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access

Level 2 - Inputs to the valuation methodology include:

- * Quoted prices for similar assets or liabilities in active markets
- * Quoted prices for identical or similar assets or liabilities in inactive markets
- * Inputs other than quoted prices that are observable for the asset or liability

NOTE Q - FAIR VALUE MEASUREMENTS, CONTINUED

* Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

The following is a description of the valuation methodologies used for assets for the Center measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Mutual Funds - The investments in the deferred compensation plan are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Plan are deemed to be actively traded.

	Assets at Fair Value as of June 30, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual Funds	\$ 540,821	\$ -	\$ -	\$ 540,821
	<u>\$ 540,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,821</u>

	Assets at Fair Value as of June 30, 2017			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual Funds	\$ 537,655	\$ -	\$ -	\$ 537,655
	<u>\$ 537,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,655</u>

NOTE R - SUBSEQUENT EVENTS

Management has assessed subsequent events through March 25, 2019, the date on which the financial statements were available to be issued and has determined the following subsequent event that requires disclosure in the financial statements:

On July 12, 2018, The David Lawrence Mental Health Center, Inc. (the "Center") filed a lawsuit against The David Lawrence Foundation for Mental Health, Inc. (the "Foundation") for breach of agreements. These agreements, which require among other things that the Foundation make distributions to the Center as requested by the Board of Directors of the Center, that the Foundation integrate or merge with the Center, and that the Foundation honor the intent of donors that it holds assets as a fiduciary for the benefit of the Center. The Center is seeking enforcement of these agreements and damages relating to breaches of these agreements and fiduciary duty. As of March 25, 2019, the date the financial statements were available to be issued, no estimate can be made as to the time or the amount, if any, of ultimate recovery.

On November 29, 2018, the Board of Directors voted to cease funding of the deferred compensation plan effective December 31, 2018. See Note L for further detail on the deferred compensation plan.

SUPPLEMENTARY INFORMATION

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF REVENUES BY COST CENTER
Year ended June 30, 2018

	FIS Case Management	Crisis Service Unit (CSU)	Crisis Support	Drop In Center	In Home On Site	O/P Medical	O/P Ind/Group	Prevention	Residential Level 1	Supported Employment
STATE SAMH	<u>\$ 972,170</u>	<u>\$ 2,148,936</u>	<u>\$ 1,160,371</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 943,135</u>	<u>\$ 262,233</u>	<u>\$ 286,674</u>	<u>\$ 780,478</u>	<u>\$ -</u>
OTHER GOVERNMENT SUPPORT										
State of Florida	-	-	-	-	-	-	-	-	-	-
IDP Line of Credit	-	-	-	-	-	-	-	-	-	-
Medicaid	438,993	1,130,741	152,515	-	404,151	537,633	744,694	-	45,441	-
Local Government Contracts	-	-	-	-	-	2,488	-	-	-	19,567
Total other governmental support	<u>438,993</u>	<u>1,130,741</u>	<u>152,515</u>	<u>-</u>	<u>404,151</u>	<u>540,121</u>	<u>744,694</u>	<u>-</u>	<u>45,441</u>	<u>19,567</u>
ALL OTHER SUPPORT AND REVENUE										
First and Second Party Fees	4,628	3,913,801	384,272	-	23,711	381,118	466,273	38,260	790,114	-
Third Party Payments, Including Medicare	8,921	991,295	102,588	-	50,307	348,873	508,712	-	62,007	-
Contributions and Donations	-	20	-	-	-	3,389	2,772	700	-	-
Other	<u>138,414</u>	<u>61,890</u>	<u>13,668</u>	<u>-</u>	<u>17,597</u>	<u>274,869</u>	<u>60,400</u>	<u>1,064</u>	<u>22,954</u>	<u>265</u>
Total nongovernmental support	<u>151,963</u>	<u>4,967,006</u>	<u>500,528</u>	<u>-</u>	<u>91,615</u>	<u>1,008,249</u>	<u>1,038,157</u>	<u>40,024</u>	<u>875,075</u>	<u>265</u>
Total support and revenue	<u>\$ 1,563,126</u>	<u>\$ 8,246,683</u>	<u>\$ 1,813,414</u>	<u>\$ -</u>	<u>\$ 503,766</u>	<u>\$ 2,491,505</u>	<u>\$ 2,045,084</u>	<u>\$ 326,698</u>	<u>\$ 1,700,994</u>	<u>\$ 19,832</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF REVENUES BY COST CENTER, CONTINUED
Year ended June 30, 2018

	Intervention Ind.	Detox	Outreach	Title 21	Total CFBHN	Non CFBHN	Other Support	Health Fee	Admin	Total
STATE SAMH	\$ -	\$ 941,390	\$ 73,327	\$ 285,127	\$ 7,861,841	\$ 750,000	\$ -	\$ -	\$ -	\$ 8,611,841
OTHER GOVERNMENT SUPPORT										
State of Florida	-	-	-	-	-	48,343	-	-	-	48,343
IDP Line of Credit	-	-	-	-	-	-	-	-	-	-
Medicaid	-	161,602	-	-	3,615,770	614,005	-	-	-	4,229,775
Local Government	-	-	-	-	-	-	2,200,641	-	-	2,200,641
Contracts	-	-	-	-	22,055	-	-	-	-	22,055
Total other governmental support	-	161,602	-	-	3,637,825	662,348	2,200,641	-	-	6,500,814
ALL OTHER SUPPORT AND REVENUE										
First and Second Party										
Fees	9,550	1,300,630	-	-	7,312,357	99,310	-	-	-	7,411,667
Third Party Payments, Including Medicare	-	181,273	(400)	-	2,253,576	75,209	-	-	-	2,328,785
Contributions and Donations	-	-	-	-	6,881	1,017	1,533,293	-	6,790	1,547,981
Other	293	28,561	(211)	(148)	619,616	838,011	108,591	-	144,614	1,710,832
Total nongovernmental support	9,843	1,510,464	(611)	(148)	10,192,430	1,013,547	1,641,884	-	151,404	12,999,265
Total support and revenue	\$ 9,843	\$ 2,613,456	\$ 72,716	\$ 284,979	\$ 21,692,096	\$ 2,425,895	\$ 3,842,525	\$ -	\$ 151,404	\$28,111,920

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER
Year ended June 30, 2018

	FIS Case Management	Crisis Service Unit (CSU)	Crisis Support	Intervention Ind.	In Home On Site	O/P Medical	O/P Ind/Group
PERSONNEL EXPENSES							
Salaries	\$ 944,361	\$ 3,082,335	\$ 1,356,939	\$ 2,484	\$ 300,403	\$ 1,529,396	\$ 1,086,026
Fringe benefits	245,130	610,651	294,619	2,007	77,482	224,048	288,848
Total personnel expenses	<u>1,189,491</u>	<u>3,692,986</u>	<u>1,651,558</u>	<u>4,491</u>	<u>377,885</u>	<u>1,753,444</u>	<u>1,374,874</u>
OPERATING EXPENSES							
Building	125,821	326,590	173,829	2,183	33,261	108,814	157,297
Professional fees	4,342	53,808	7,071	12	1,180	6,316	7,769
Travel	45,064	17,038	2,122	2	20,872	2,733	11,492
Equipment and software costs	43,529	108,584	54,552	116	12,197	31,352	42,611
Food service	872	224,875	18,307	1	69	1,016	1,830
Medicine/pharmacy	35,782	89,108	10,318	-	9	222,186	35,036
Interest	262	665	332	1	73	190	263
Insurance	44,978	73,168	40,803	354	11,986	26,117	37,166
Office expense and other	36,848	68,074	37,660	163	9,331	31,239	31,488
Incidentals	341,748	1,331	96	-	36	18	559
Bad debts	2,672	3,733,400	304,321	-	9,873	184,921	203,121
Total operating expenses	<u>681,918</u>	<u>4,696,641</u>	<u>649,411</u>	<u>2,832</u>	<u>98,887</u>	<u>614,902</u>	<u>528,632</u>
Total direct expenses	<u>1,871,409</u>	<u>8,389,627</u>	<u>2,300,969</u>	<u>7,323</u>	<u>476,772</u>	<u>2,368,346</u>	<u>1,903,506</u>
ALLOCATED EXPENSES							
Administration	377,648	959,576	478,816	1,049	105,798	274,314	379,649
Other support	10,955	27,833	13,888	30	3,069	7,956	11,012
Total allocated expenses	<u>388,603</u>	<u>987,409</u>	<u>492,704</u>	<u>1,079</u>	<u>108,867</u>	<u>282,270</u>	<u>390,661</u>
Total expenses	<u>\$ 2,260,012</u>	<u>\$ 9,377,036</u>	<u>\$ 2,793,673</u>	<u>\$ 8,402</u>	<u>\$ 585,639</u>	<u>\$ 2,650,616</u>	<u>\$ 2,294,167</u>
SUPPLEMENTAL DISCLOSURES							
State excluded costs	<u>\$ 6,229</u>	<u>\$ 3,759,690</u>	<u>\$ 309,127</u>	<u>\$ 11</u>	<u>\$ 10,670</u>	<u>\$ 187,970</u>	<u>\$ 208,052</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER, CONTINUED
Year ended June 30, 2018

	Prevention	Residential Level 1	Supported Employment	Detox	Outreach	Title 21	Total CFBHN
PERSONNEL EXPENSES							
Salaries	\$ 296,186	\$ 557,096	\$ 51,531	\$ 780,155	\$ 155,085	\$ 131,274	\$ 10,273,271
Fringe benefits	64,896	130,228	15,193	167,396	44,416	44,412	2,209,326
Total personnel expenses	<u>361,082</u>	<u>687,324</u>	<u>66,724</u>	<u>947,551</u>	<u>199,501</u>	<u>175,686</u>	<u>12,482,597</u>
OPERATING EXPENSES							
Building	30,419	80,027	5,966	92,965	23,985	17,711	1,178,868
Professional fees	1,180	31,160	227	5,861	663	552	120,141
Travel	9,419	7,419	1,567	2,390	1,002	10,894	132,014
Equipment and software costs	11,747	28,621	2,260	31,180	6,604	5,619	378,972
Food service	69	169,010	13	96,149	40	32	512,283
Medicine/pharmacy	3,362	9,984	1	23,562	4	32,044	461,396
Interest	73	155	14	189	41	34	2,292
Insurance	9,470	18,807	2,423	21,884	6,938	10,320	304,414
Office expense and other	12,188	29,213	1,063	24,365	4,074	5,032	290,738
Incidentals	7	211	1,397	739	4	730	346,876
Bad debts	(1,050)	587,476	-	1,161,369	-	-	6,186,103
Total operating expenses	<u>76,884</u>	<u>962,083</u>	<u>14,931</u>	<u>1,460,653</u>	<u>43,355</u>	<u>82,968</u>	<u>9,914,097</u>
Total direct expenses	<u>437,966</u>	<u>1,649,407</u>	<u>81,655</u>	<u>2,408,204</u>	<u>242,856</u>	<u>258,654</u>	<u>22,396,694</u>
ALLOCATED EXPENSES							
Administration	105,812	223,801	20,364	271,862	59,469	49,482	3,307,640
Other support	3,069	6,491	591	7,885	1,725	1,435	95,939
Total allocated expenses	<u>108,881</u>	<u>230,292</u>	<u>20,955</u>	<u>279,747</u>	<u>61,194</u>	<u>50,917</u>	<u>3,403,579</u>
Total expenses	<u>\$ 546,847</u>	<u>\$ 1,879,699</u>	<u>\$ 102,610</u>	<u>\$ 2,687,951</u>	<u>\$ 304,050</u>	<u>\$ 309,571</u>	<u>25,800,273</u>
SUPPLEMENTAL DISCLOSURES							
State excluded costs	<u>\$ 2,213</u>	<u>\$ 613,035</u>	<u>\$ 147</u>	<u>\$ 1,178,938</u>	<u>\$ 567</u>	<u>\$ 399</u>	<u>\$ 6,277,048</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER, CONTINUED
Year ended June 30, 2018

	Non CFBHN	Program Services	Other Support	Admin	Fundraising	Support Services	Total Expenses
PERSONNEL EXPENSES							
Salaries	\$ 1,756,006	\$ 12,029,277	\$ 43,987	\$ 1,656,724	\$ 206,674	\$ 1,907,385	\$ 13,936,662
Fringe benefits	<u>299,553</u>	<u>2,508,879</u>	<u>12,520</u>	<u>334,835</u>	<u>45,556</u>	<u>392,911</u>	<u>2,901,790</u>
Total personnel expenses	<u>2,055,559</u>	<u>14,538,156</u>	<u>56,507</u>	<u>1,991,559</u>	<u>252,230</u>	<u>2,300,296</u>	<u>16,838,452</u>
OPERATING EXPENSES							
Building	138,184	1,317,052	5,316	160,309	58,809	224,434	1,541,486
Professional fees	4,725	124,866	2,480	250,371	143,470	396,321	521,187
Travel	53,799	185,813	1,912	8,598	4,410	14,920	200,733
Equipment and software costs	4,888	383,860	3	35,213	12,139	47,355	431,215
Food service	11,096	523,379	1,795	11,459	132,663	145,917	669,296
Medicine/pharmacy	1,790	463,186	-	5,077	-	5,077	468,263
Interest	-	2,292	-	11,042	-	11,042	13,334
Insurance	42,723	347,137	5,265	33,573	6,361	45,199	392,336
Office expense and other	35,489	326,227	37,464	462,489	232,331	732,284	1,058,511
Incidentals	46,824	393,700	-	5,921	-	5,921	399,621
Bad debts	<u>25,084</u>	<u>6,211,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,211,187</u>
Total operating expenses	<u>364,602</u>	<u>10,278,699</u>	<u>54,235</u>	<u>984,052</u>	<u>590,183</u>	<u>1,628,470</u>	<u>11,907,169</u>
Total direct expenses	<u>2,420,161</u>	<u>24,816,855</u>	<u>110,742</u>	<u>2,975,611</u>	<u>842,413</u>	<u>3,928,766</u>	<u>28,745,621</u>
ALLOCATED EXPENSES							
Administration	510,384	3,818,024	-	(2,975,611)	(842,413)	(3,818,024)	-
Other support	<u>14,803</u>	<u>110,742</u>	<u>(110,742)</u>	<u>-</u>	<u>-</u>	<u>(110,742)</u>	<u>-</u>
Total allocated expenses	<u>525,187</u>	<u>3,928,766</u>	<u>(110,742)</u>	<u>(2,975,611)</u>	<u>(842,413)</u>	<u>(3,928,766)</u>	<u>-</u>
Total expenses	<u>\$ 2,945,348</u>	<u>\$ 28,745,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,745,621</u>
SUPPLEMENTAL DISCLOSURES							
State excluded costs	<u>\$ 29,455</u>	<u>\$ 6,306,503</u>	<u>\$ 188,492</u>	<u>\$ 31,515</u>	<u>\$ 224,793</u>	<u>\$ 444,800</u>	<u>\$ 6,751,303</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF STATE EARNINGS
Year ended June 30, 2018

1.	Total Expenditures	\$ 28,745,621
2.	Less: Other State and Federal Funds	(4,300,173)
3.	Less: Non-Match SAMH Funds	(2,621,565)
4.	Less: Unallowable Costs Per 65E-14, FAC	<u>(6,751,303)</u>
5.	Total Allowance Expenditures (Sum of lines 1, 2, 3, and 4)	<u>\$ 15,072,580</u>
6.	Total Amount of State Earnings (Line 5 times 75%)	11,304,435
7.	Amount of State Funds Requiring Match	<u>3,944,743</u>
8.	Amount Due to Department (Subtract line 7 from line 6. If negative, the amount of the difference is due to Department up to the amount of line 7)	<u>\$ 7,359,692</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS (UNAUDITED)
Year ended June 30, 2018

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Government, or Other State Agencies	Maximum Number of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum Dollar Value of Units in Column F	Amount Owed to Department (G less H or \$0, Whichever is Greater)
A	B	C	D	E	F	G	H	I
Children's MH	Crisis Stabilization Unit	\$ 391.24	2,190	1,228	962	\$ 226,840	\$ 376,373	\$ -
Adult MH	Crisis Stabilization Unit	\$ 391.24	8,760	2,406	6,354	1,881,750	2,485,939	-
Adult SA	Substance Abuse Detox	\$ 281.43	4,380	696	3,684	941,390	1,036,788	-
						<u>\$ 3,049,980</u>	<u>\$ 3,899,100</u>	<u>\$ -</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS (UNAUDITED)
Year ended June 30, 2018

	FIS Case Management	Crisis Service Unit (CSU)	Crisis Support	Drop In Center	In Home On Site	O/P Medical	O/P Ind/Group	Prevention	Residential Level 1	Supported Employment
REVENUES FROM GRANTEE										
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues from grantee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENSES ASSOCIATED WITH GRANTEE										
Transactions										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-
Total expenses associated with grantee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RELATED PARTY TRANSACTION ADJUSTMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were no related party transaction adjustments for the year ended June 30, 2018

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.

SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS, (UNAUDITED), CONTINUED

Year ended June 30, 2018

	Supported Living	Detox	Outreach	Title 21	Total CFBHN	Non CFBHN	Other Support	Health Fee	Admin	Total
REVENUES FROM GRANTEE										
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues from grantee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENSES ASSOCIATED WITH GRANTEE										
Transactions										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-
Total expenses associated with grantee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RELATED PARTY TRANSACTION ADJUSTMENT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were no related party transaction adjustments for the year ended June 30, 2018.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL
 AWARDS AND STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2018

<u>Grantor/Pass Through Entity</u>	<u>CFDA/ CFSA Number</u>	<u>Contract/ Pass-Through Grantor Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
FEDERAL AWARDS				
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Central Florida Behavioral Health Network (CFBHN):</i>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	QB009-17	\$ 95,175	\$ 95,175
Temporary Assistance for Needy Families (TANF)	93.558	QB009-17	37,969	37,969
Block Grants for Community Mental Health Services	93.958	QB009-17	376,427	376,427
Block Grants for Prevention and Treatment of Substance Abuse	93.959	QB009-17	1,582,159	1,582,159
Children's Health Insurance Program (CHIP)	93.767	QB009-17	383,467	383,467
State Targeted Response to the Opioid Crisis	93.788	QB009-17	<u>117,715</u>	<u>117,715</u>
Total U.S. Department of Health and Human Services			<u>2,592,912</u>	<u>2,592,912</u>
<u>U.S. Department of Justice</u>				
<i>Passed through Florida Coalition Against Domestic Violence:</i>				
STOP Violence Against Women	16.588	17-6022-CCIII	<u>58,352</u>	<u>58,352</u>
Total U.S. Department of Justice			<u>58,352</u>	<u>58,352</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$2,651,264</u>	<u>\$ 2,651,264</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL
 AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
 Year ended June 30, 2018

Grantor/Pass Through Entity	CFDA/ CFSA Number	Contract/ Pass-Through Grantor Number	Award Amount	Expenditures
STATE FINANCIAL ASSISTANCE				
<u>State of Florida, Department of</u>				
<u>Children and Families</u>				
Community Action Teams (CAT)	60.150	QH7CD	\$ 750,000	\$ 750,000
<i>Passed through Central Florida Behavioral Health Network (CFBHN):</i>				
Community Forensic Beds and Competency Restoration Training	60.114	QB009-17	122,854	122,854
SAMH - Community Services	60.153	QB009-17	<u>100,000</u>	<u>100,000</u>
Total State of Florida, Department of Children and Families			<u>972,854</u>	<u>972,854</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 972,854</u>	<u>\$ 972,854</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$3,624,118</u>	<u>\$ 3,624,118</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2018

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NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State grant activity of David Lawrence Mental Health Center, Inc. (the "Center") and is presented in accordance with accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the 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 the Florida Single Audit Act (Florida Statute 215.97).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The cost principles indicate that certain types of expenditures are not allowed or reimbursements of allowable costs are limited as to reimbursement.

NOTE C - INDIRECT COSTS

The Center records all expenditures of federal awards and state financial assistance using the direct cost method. In this manner, the Center has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.



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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**

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, 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 David Lawrence Mental Health Center, Inc. (the "Center", a non-profit organization), which comprise the statement of financial position as of June 30, 2018, 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 March 25, 2019.

Internal Control Over Financial Reporting

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

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

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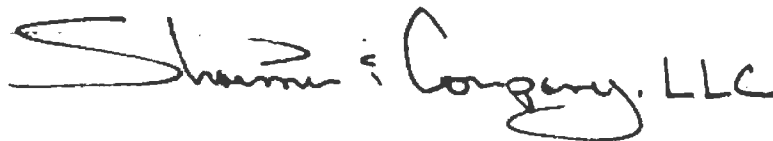
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations,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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Stroemer & Company, LLC". The signature is written in a cursive, flowing style.

STROEMER & COMPANY, LLC
Fort Myers, Florida
March 25, 2019



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**Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform
Guidance, The Florida Single Audit Act (Florida Statute 215.97) And
Chapter 10.650 Of The Rules Of The Auditor General Of The State Of Florida**

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited David Lawrence Mental Health Center, Inc.'s (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs and state projects for the year ended June 30, 2018. The Center's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"); the Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major

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federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

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

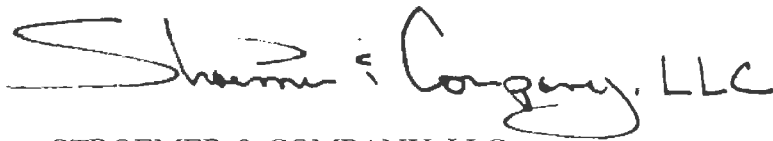
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state 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 the 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, The Florida Single Audit Act (Florida Statute 215.97) and Chapter 10.650 of the Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Stroemer & Company, LLC". The signature is written in a cursive, flowing style.

STROEMER & COMPANY, LLC

Fort Myers, Florida

March 25, 2019

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified? _____ Yes X None reported
 Noncompliance material to financial statements
 noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies) identified? _____ Yes X None reported
 Type of auditors report issued on compliance for
 major programs Unqualified
 Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR
 Section 200.516(a)? _____ Yes X No

Identification of major programs (Type A):

<u>CFDA</u>	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between
 Type A and Type B programs Threshold used was \$750,000.

Auditee qualified as low-risk auditee? _____ X Yes _____ No



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Independent Auditor's Report to Management

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, Florida

We have audited the financial statements of David Lawrence Mental Health Center, Inc. (the "Center") as of and for the fiscal year ended, June 30, 2018, and have issued our report thereon dated March 25, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the Florida Single Audit Act (Florida Statute 215.97). We have issued our 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*, and our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Florida Single Act (Florida Statute 215.97), and Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance, and the disclosures in those reports and schedule, which are dated March 25, 2019, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650 of the Rules of the Auditor General of the State of Florida, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed:

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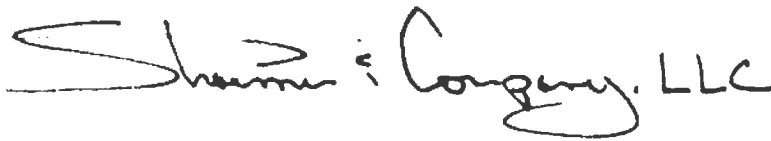
Prior year comment that continues to apply:

NONE

Current year comments:

NONE

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, the Auditor General of the State of Florida, and federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Stroemer & Company, LLC". The signature is written in a cursive, flowing style.

STROEMER & COMPANY, LLC
Fort Myers, Florida
March 25, 2019