

CONSOLIDATED FINANCIAL STATEMENTS,  
OTHER INFORMATION, SUPPLEMENTARY  
INFORMATION, OTHER REPORTS AND SCHEDULE

Lakeview Center, Inc. and Subsidiaries  
Years Ended September 30, 2019 and 2018  
With Report of Independent Auditors

Ernst & Young LLP



Lakeview Center, Inc. and Subsidiaries

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

Years Ended September 30, 2019 and 2018

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Lakeview Center, Inc. and Subsidiaries

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

Years Ended September 30, 2019 and 2018

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## Report of Independent Certified Public Accountants

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 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 consolidated financial position of the Lakeview Center, Inc. and Subsidiaries as of September 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Adoption of ASU No. 2014-09, "Revenue from Contracts with Customers"***

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for recognizing revenue as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," effective October 1, 2018. Our opinion is not modified with respect to this matter.

### ***Supplementary and Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial statements of Access Behavioral Health (Regulatory Basis) and DUI School are presented on pages 51 through 58 purposes of additional analysis and are 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 audits 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

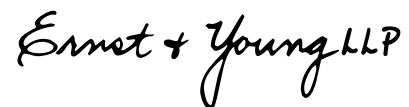
The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and by Chapter 10.650, *Rules of the Auditor General*, presented on pages 59 through 68 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. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated December 19, 2019, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



December 19, 2019

Lakeview Center, Inc. and Subsidiaries

Consolidated Balance Sheets

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 54,646	\$ 59,639
Investments	119,905	73,675
Accounts receivable:		
Client accounts receivable, less allowance for doubtful accounts \$136 in 2018	1,326	880
Governmental funding sources receivable	4,280	3,513
Vocational service contracts receivable	26,434	24,116
Other accounts receivable	4,155	2,085
Inventories	847	553
Prepaid expenses	1,770	1,209
Total current assets	<u>213,363</u>	<u>165,670</u>
Investments limited as to use, designated for:		
Capital improvements	32,698	31,194
Statutorily required cash designation	11,368	11,368
Regulatory requirements	4,504	3,672
Other	1,303	5,936
	<u>49,873</u>	<u>52,170</u>
Property and equipment, net	25,987	20,230
Interest in net assets of related organization	2,687	2,687
Intercompany receivable	9,138	16,501
Other assets	271	209
Total assets	<u>\$ 301,319</u>	<u>\$ 257,467</u>

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 12,592	\$ 10,174
Accrued liabilities	10,294	15,112
Current portion of long-term debt	160	38
Compensated absences	4,593	3,673
Total current liabilities	<u>27,639</u>	<u>28,997</u>
Long-term debt, less current portion	1,349	672
Total liabilities	<u>28,988</u>	<u>29,669</u>
Net assets:		
Without donor restrictions		
Undesignated	221,827	173,801
Designated	49,873	52,170
Total without donor restrictions	<u>271,700</u>	<u>225,971</u>
With donor restrictions	631	1,827
Total net assets	<u>272,331</u>	<u>227,798</u>
Total liabilities and net assets	<u>\$ 301,319</u>	<u>\$ 257,467</u>

*See accompanying notes.*

## Lakeview Center, Inc. and Subsidiaries

### Consolidated Statements of Operations and Changes in Net Assets

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
Revenue and other support without donor restrictions:		
Federal, state, and local financial awards	\$ 79,202	\$ 70,186
Client service fees	–	14,596
Provision for bad debts, net of recoveries	–	(290)
Net client service fees	17,253	14,306
Vocational service contracts	198,453	181,989
Contract revenue	29,111	30,316
Other fees and support	591	433
In-kind services	1,005	1,223
Management fees	570	595
Contributions	694	258
Other	544	708
Total revenues and other support without donor restrictions	327,423	300,014
Expenses:		
Salaries and wages	111,522	103,056
Fringe benefits	31,765	32,521
Building occupancy	6,996	5,533
Professional fees	12,619	12,429
Contract medical services	16,388	16,132
Travel	3,174	2,792
Equipment costs	3,881	2,503
Food services	2,978	2,861
Medical/pharmacy services	7,460	5,580
Subcontracted services	62,516	57,789
Subsidy payments	23,459	20,260
Personal welfare	2,052	1,728
Insurance	729	1,048
Interest	90	71
Donated items	863	1,123
Depreciation	2,456	2,431
Other operating expenses	5,238	4,448
Total expenses	294,186	272,305
Income from operations	33,237	27,709
Nonoperating gains:		
Investment income	7,327	3,683
Inherent Contribution	5,070	
Allocated share of Pool's net unrealized (losses) gains on trading securities	(1,101)	1,521
Total nonoperating gains	11,296	5,204
Excess of revenues, other support, and gains over expenses and losses	44,533	32,913

*Continued on next page*

Lakeview Center, Inc. and Subsidiaries

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

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
Net assets without donor restrictions		
Excess of revenues, support, and gains over expenses and losses	\$ 44,533	\$ 32,913
Change in interest in net assets of recipient organization	1,196	105
Change in net assets without donor restrictions	<u>45,729</u>	<u>33,018</u>
Net assets with donor restrictions		
Change in interest in net assets of recipient organization	<u>(1,196)</u>	68
Change in net assets with donor restrictions	<u>(1,196)</u>	68
Change in net assets	44,533	33,086
Net assets at beginning of year	<u>227,798</u>	<u>194,712</u>
Net assets at end of year	<u>\$ 272,331</u>	<u>\$ 227,798</u>

*See accompanying notes.*

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
<b>Operating activities</b>		
Change in net assets	\$ 44,533	\$ 33,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,456	2,431
Provision for bad debts, net of recoveries	–	290
Gain on sale and retirement of property and equipment	(22)	(21)
Allocated share of Pool’s net unrealized losses (gains) on trading securities	1,101	(1,521)
Inherent contribution	(5,070)	–
Change in interest in net assets of related organization	–	(173)
Changes in operating assets and liabilities:		
Client accounts receivable	(194)	(357)
Governmental funding sources receivable	(97)	(29)
Vocational service contracts receivable	(2,318)	(3,732)
Other accounts receivable	(2,070)	(1,049)
Inventories	(294)	(269)
Prepaid expenses	(494)	(181)
Other assets	(62)	(28)
Accounts payable	2,350	(3,100)
Accrued liabilities	(5,048)	3,726
Compensated absences	831	690
Net cash provided by operating activities	<b>35,602</b>	29,763
<b>Investing activities</b>		
Purchases of property and equipment	(4,565)	(3,117)
Net cash acquired in acquisition	1,700	–
Purchases of investments	(85,557)	(45,860)
Sales of investments	40,526	24,522
Net cash used in investing activities	<b>(47,896)</b>	(24,455)

*Continued on next page*

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
<b>Financing activities</b>		
Repayments of long-term debt	\$ (62)	\$ (37)
Net repayments from (to) affiliated organization	<u>7,363</u>	<u>(1,095)</u>
Net cash provided by (used in) financing activities	<u>7,301</u>	<u>(1,132)</u>
Net change in cash and cash equivalents	(4,993)	4,176
Cash and cash equivalents at beginning of year	<u>59,639</u>	<u>55,463</u>
Cash and cash equivalents at end of year	<u>\$ 54,646</u>	<u>\$ 59,639</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 90</u>	<u>\$ 71</u>

*See accompanying notes.*

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (Dollars in Thousands)

September 30, 2019

#### **1. Organization and Summary of Significant Accounting Policies**

##### **Organization**

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

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

The Center acquired Chautauqua Healthcare Services, Inc., a small regional behavioral health agency in Walton County, FL on March 31, 2109. This allowed the Center to expand throughout the four county Region. The net balance sheet activity was recorded as an inherent contribution when incorporated into the agency.

##### **Principles of Consolidation**

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

##### **Operating and Nonoperating Activities**

The Center's primary mission is to provide a broad range of behavioral health services, vocational services, and child protective services to citizens of the region and nationally, across 16 states and the District of Columbia. Activities directly associated with the furtherance of this purpose are

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

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

considered to be operating activities. Other activities that result in gains or losses unrelated to the Center's primary mission are considered nonoperating. Nonoperating gains and losses include income and losses from investments and earnings on investments.

#### **Use of Estimates**

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

#### **Net Assets**

The Center reports information regarding financial position and activities according to two classes of net assets: with and without donor restriction. Net assets are classified based on the existence or absence of donor-imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

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

- *Without donor restriction*— Net assets that are free of donor-imposed restrictions, including all revenues, expenses, gains, and losses that are not changes in net assets with donor restrictions
- *With donor restriction* — Net assets whose use by the Center is limited by donor-imposed stipulations that may or may not expire by passage of time or that can or cannot be fulfilled or removed by action of the Center pursuant to those stipulations.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

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

##### **Contributions**

The Center records contributions received on its behalf by Baptist Health Care Foundation, an affiliated fundraising foundation, as being with or without donor restriction depending on the existence and/or nature of any donor restrictions.

##### **Cash Equivalents**

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

##### **Investments and Investment Income**

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

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

##### **Net Client Service Revenue and Accounts Receivable**

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per service, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

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

reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

#### **Provision for Bad Debts and Allowance for Uncollectible Accounts**

The provision for bad debts is based upon management's assessment of historical and expected net collections, considering business and economic conditions, trends in behavioral health care coverage, and other collection indicators. Accounts receivable are written off after collection effort has been followed in accordance with the Center's policies. Accounts written off as uncollectible are deducted from the allowance for uncollectible accounts and subsequent recoveries are added. Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

#### **Contract and Other Receivables**

Receivables for contracted services are typically deemed wholly collectible as they are due from governmental units, grantors, and third-party paying agencies.

#### **Inventories**

Inventories (primarily pharmaceutical and food) are stated at the lower of cost (average cost method) or net realizable value using the first-in, first-out method.

#### **Investments Limited as to Use**

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

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

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

##### Property and Equipment

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

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

##### Compensated Absences

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

##### Net Client Service Fees

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per completion of service, reimbursed costs, and discounted charges. Net client service fees are reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

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

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

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

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

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

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

#### **Charity Care**

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

The Center estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to clients. The cost of providing charity care was \$5,017 and \$4,860 for the years ended September 30, 2019 and 2018, respectively.

#### **Medicaid Managed Medical Assistance Contract Revenue**

The Center is licensed as a prepaid limited health services organization pursuant to Chapter 636, *Florida Statutes*. Effective August 1, 2014, the Center, doing business as Access Behavioral Health, was awarded contracts with the Medicaid Managed Medical Assistance Plan (the MMA Plan). The Center receives a per-member per-month rate to provide mental health and substance

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

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

abuse services to an annual average of 108,545 Medicaid beneficiaries in Florida's Regions 1 and 2. Amounts received are recognized as contract revenue during the period in which the Center is obligated to provide services to beneficiaries. Approximately \$29,111 and \$30,316 was recognized as revenue under the MMA Plan during the years ended September 30, 2019 and 2018, respectively.

#### **Medicaid Managed Medical Assistance Plan Costs**

The Center is directly responsible for providing mental health and substance abuse services to beneficiaries residing in Escambia and Santa Rosa counties, representing approximately 60% of the covered lives under the MMA Plan. The Center has entered into subcontracts with three comprehensive community mental health centers to provide mental health services to the MMA Plan beneficiaries residing in the other counties in these Regions. These subcontracts are on a full-risk capitated basis. The mental health services covered under the MMA Plan are generally the same as those covered under the Medicaid fee-for-service program. Covered services include inpatient psychiatric care, outpatient care, substance abuse, and physician services. The majority of services for which the Center is directly responsible is provided within its own service delivery system; however, some services are contracted for on a fee-for-service basis with local area hospitals and providers. A provision has been made for these services rendered but not reported as of September 30, 2019.

#### **Interest in Net Assets of Recipient Organization**

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

#### **Income Taxes**

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

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC Topic 740 provides guidance for recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There were no material uncertain tax positions as of September 30, 2019 or 2018.

As a result of the recent federal income tax reform enacted into law under the Tax Cuts and Jobs Act of 2017, certain provisions will impact tax-exempt organizations, including revisions to taxes on unrelated business activities, excise taxes on compensation of certain employees, and various other provisions. The regulations necessary to implement the law have not yet been promulgated, and the ultimate outcome of these regulations and the impact to the Center cannot be determined presently. The Center will continue to review and assess the impact of the legislation to the financial statements, but do not expect that the impact will be material.

#### **Cost Allocation**

The Center uses several methods to allocate organization and overhead costs among program and support areas. Workers' compensation is allocated based on industry standard rates and salary expense. Unemployment, and administrative costs have personnel expense as their basis. Health plans are allocated based on plan participation. Property and auto insurances are allocated proportionately among those who benefit from the asset covered. General liability uses a staff-based allocation.

#### **Recent Accounting Pronouncements**

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities* (ASU 2018-08). The amendments in ASU 2018-08 clarify accounting guidance for contributions received and contributions made. The amendments will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions, and (2) determining whether a contribution is conditional. For contributions received, ASU 2018-08 is effective for annual periods beginning after June 15, 2018, and interim periods within those annual periods. For contributions made, ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Center adopted ASU 2018-08 on October 1, 2018. The adoption of ASU 2018-08 resulted in no material impact to the Center's consolidated financial statements.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The amendments in ASU 2016-14 change the presentation of not-for-profit financial statements by requiring two classes of net assets on the statement of financial position rather than for the currently required three classes, and presenting the amount of the change in each of these two classes on the statement of activities. A not-for-profit that uses the direct method of cash flow reporting will no longer be required to present or disclose the indirect method reconciliation, and not-for-profits will continue to have the option to utilize either the direct or indirect method for the statement of cash flows. Not-for-profits will no longer be required to disclose netted expenses when reporting investment returns, and will be required to provide certain enhanced disclosures. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. On October 1, 2018, this standard was adopted by the Center on a retrospective basis. The prior period consolidated financial statements presented were adjusted to reflect these changes. The adoption of ASU 2016-14 resulted in no material impact to the Center's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). The amendments in ASU 2016-02 require lessees to recognize the assets and liabilities arising from leases on their balance sheets, but recognize expenses on their income statements similar to current accounting requirements. The amendments also eliminate real estate-specific provisions for all entities. For lessors, the amendments modify classification criteria and the accounting for sales-type and direct financing leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which affects narrow aspects of the guidance issued in ASU 2016-02. The FASB also issued ASU 2018-11, *Targeted Improvements*, which provides entities with an additional transition method to adopt the leases standard, and provides lessors with a practical expedient to not separate nonlease components from the associated lease. ASU 2016-02, 2018-10 and 2018-11 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is currently evaluating the impact of ASU 2016-02, 2018-10, and 2018-11 on the Center's consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). The FASB codified ASU 2014-09 in the FASB Accounting Standards Codification (ASC) as topic 606 (ASC 606). The standard outlines a single comprehensive revenue recognition principles-based model that replaces most of the existing revenue recognition guidance, including industry-specific guidance. On October 1, 2018, the

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

Center adopted the new revenue recognition standard using a modified retrospective method of application to all existing contracts. The adoption of ASC 606 resulted in changes to the presentation for revenue related to uninsured or underinsured patients. Prior to the adoption of ASC 606, a significant portion of the center's provision for bad debts related to self-pay patients as well as co-pay and deductibles owed by patients with insurance. Under ASC 606, the estimated uncollectable amounts due from these patients are generally considered implicit price concessions that are a direct reduction to patient service revenue rather than as a provision for bad debts. For the year ended September 30, 2019, the Center recorded \$568 of implicit price concessions as a direct reduction of patient service revenue that would have been recorded as provision for bad debts prior to adoption of ASC 606. At September 30, 2019, the Center recorded \$518 as a direct reduction of patient accounts receivable that would have been reflected as allowance for uncollectible accounts prior to the adoption of ASC 606. The information in comparative periods has not been restated and continues to be reported under the accounting standards in effect for those periods. Other than changes in presentation, the adoption of ASC 606 did not have a material impact on the consolidated balance sheets or statement of operations and changes in net assets as of and for the year ended September 30, 2019. See Note 6 for expanded disclosures required by ASC 606.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The new standard replaces today's 'incurred loss' model with an 'expected credit loss' model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the asset. While the FASB has indicated their intent to delay the effective date of the standard by one year, currently the standard is effective for fiscal years beginning after December 15, 2020. In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (ASU 2019-04)*, which updates, clarifies, and improves various aspects of ASU 2016-13. Management is currently evaluating the impact that adoption may have on the Center's consolidated financial statements.

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**2. Cash and Investments**

The composition of cash, investments, and investments limited to use is as follows:

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Interest in the Pool	\$ 130,133	\$ 91,431
Cash and cash equivalents	54,646	59,639
U.S. corporate obligations	18,068	13,170
U.S. Treasury and government agencies obligations	16,973	17,378
Other	4,604	3,866
	<b>\$ 224,424</b>	<b>\$ 185,484</b>

The investments included in the Pool comprised the following:

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Equity securities and mutual funds that invest in equity securities	18%	23%
Mutual funds that invest in fixed-income securities	16	27
Alternative investments	22	18
Cash and cash equivalents	1	2
U.S. Treasury and government agencies obligations	8	5
U.S. corporate obligations	33	21
Mortgages and other asset-backed securities	2	4
	<b>100%</b>	<b>100%</b>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**2. Cash and Investments (continued)**

Investment income comprised the following:

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Excess of revenue, support, and gains over expenses and losses:		
Investment return included in nonoperating gains:		
Interest and dividend income	\$ 2,055	\$ 789
Allocated share of Pool's:		
Investment income	2,675	1,605
Realized gains on sales of securities	2,597	1,289
Net unrealized (losses) gains on trading securities	<b>(1,101)</b>	1,521
	<b>\$ 6,226</b>	<b>\$ 5,204</b>

**3. Concentrations of Credit Risk**

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

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Medicaid and Medicare	31%	33%
Other third-party payors	52	58
Client payments	17	9
	<b>100%</b>	<b>100%</b>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**4. Property and Equipment**

Major classifications of property and equipment are summarized as follows:

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Buildings and improvements	\$ 30,287	\$ 26,704
Furniture and equipment	20,965	20,286
Land	3,368	2,461
Construction-in-progress	5,093	2,958
	<u>59,713</u>	<u>52,409</u>
Less accumulated depreciation	(33,726)	(32,179)
	<u>\$ 25,987</u>	<u>\$ 20,230</u>

**5. Long-Term Debt**

Long-term debt consists of the following:

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Note payable to Bank of America, interest at 4.68%, monthly payments of \$12,921 including interest, secured by real property and assignments of leases and rents, maturing December 2025	\$ 837	\$ —
Note payable to HUD, interest at 9.0%, monthly payments of \$5,000 including interest, secured by real property, maturing May 2032	464	482
Note payable to HUD, interest at 8.375%, monthly payments of \$2,000 including interest, secured by real property, maturing March 2032	179	187
Note payable to HUD, interest at 9.25%, monthly payments of \$1,000 including interest, secured by real property, maturing October 2021	29	41
	<u>1,509</u>	<u>710</u>
Less current portion	(160)	(38)
	<u>\$ 1,349</u>	<u>\$ 672</u>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

**5. Long-Term Debt (continued)**

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

	<u>Amount</u>
Year ending September 30:	
2020	\$ 160
2021	168
2022	163
2023	172
2024	182
Thereafter	664
	<u>\$ 1,509</u>

During fiscal year 2010, Baptist Hospital, Inc. (Baptist), an affiliate of BHCC, issued \$194,000 in bonds (the Bonds) through the Escambia County Health Facilities Authority (the Authority) to extinguish previously issued bonds; to pay or reimburse Baptist for the cost of acquiring, constructing, and equipping certain capital projects; to pay the related cost of issuance; and to fund a debt service reserve and capitalized interest fund. The Bonds are limited obligations of the Authority, payable principally from the receipts of loan agreements between the Authority and Baptist. The Bonds are secured by a gross revenue pledge of Baptist and a mortgage on the Gulf Breeze Hospital (an affiliate of BHCC) campus. Baptist and the Center comprise the Combined Group under a Master Trust Indenture, and the Center, as a restricted affiliate under the Master Trust Indenture, agrees to be bound by its terms but is not directly liable for obligations issued under the Master Trust Indenture. The Master Trust Indenture requires certain covenants and reporting requirements to be met by the Combined Group. The total amount of the Bonds outstanding, net of unamortized issue costs and unamortized bond discount, is \$127,991 at September 30, 2019. None of the Bonds are included in the accompanying consolidated financial statements.

The Center added debt in fiscal year 2019 as part of the Chautauqua Healthcare Services (CHCS) acquisition. The note payable to Bank of America is \$837 at September 30, 2019. Bank of America made no changes to the loan as a result of the acquisition.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **6. Sources of Revenue**

##### **Federal, state, and local financial awards**

The Center receives funding from a number of Government and other agencies to provide behavioral health and child protective services to clients in our four county region. This revenue is predominantly deemed to be unconditional contribution revenue and not governed under the ASC 606 guidance. The contractual obligations with these payors is met as services are provided. These contracts are billed monthly. The Center expects to be paid for all services provided. Adjustments are made as they arise for any services that will not be reimbursed.

##### **Net Client Service Revenue**

The Center's client service revenues generally relate to contracts with clients in which the performance obligation is to provide behavioral health care services. Revenues are recorded during the period the obligations are satisfied. The obligations are generally satisfied over a day or more for residential or inpatient programs or less for outpatient services. The contractual relationships with clients often involve a third-party payor and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payors. The payment arrangements with third party payors for services provided to clients are typically for rates lower than the customary and standard fees. The differences in these rates are considered to be explicit price concessions.

Client service revenue is based upon the estimated amounts expected to be received from the clients and any third-party payors. Explicit price concessions are estimated at the time revenue is recorded and may be adjusted in future periods, as final settlements are determined. The Center elected to use the portfolio approach to assess collectability due to the large volume of similar contracts with similar classes of customers. The effect of applying the portfolio approach to a group of contracts would not differ materially from considering each contract separately. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. As a result, aggregating all contracts (which are at the patient level) by the particular payor or group of payors will result in the recognition of the same amount of patient service revenue as applying the analysis at the individual patient level.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Sources of Revenue (continued)

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

	Year Ended September 30	
	2019	2018
Third-party payors, net of deductions	\$ 12,973	\$ 10,947
Self-pay clients, net of deductions	4,280	3,359
	<u>\$ 17,253</u>	<u>\$ 14,306</u>

Revenues from the Medicare and Medicaid programs accounted for approximately 17% and 19% of the Center's net client service fees for the years ended September 30, 2019 and 2018, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Center.

#### Vocational Service Contracts

The Center's vocational service revenues generally relate to contracts with federal, state or local customers in which the performance obligation is to provide various "bundled" type services to our customers. The Center has contractual obligations to provide services as outlined in the statement of work within each formal contract. Although the services within each business line are distinct, they are bundled services transferred consecutively on a monthly basis as a line of business. The lines of business consist of business services, custodial services, food services, facilities maintenance, health care environmental services, information technology, as well as employment support services. The performance obligation for vocational contracts are spelled out

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**6. Sources of Revenue (continued)**

in the contract either in the performance work statement or other applicable section of the contract. These bundled services are invoiced each month at the contract price over the life of the contract period. Revenue for these services are recognized on a monthly basis as the services are performed.

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Federal	<b>\$ 189,872</b>	\$ 173,824
State	<b>1,632</b>	1,845
Local	<b>6,850</b>	6,256
Other	<b>99</b>	64
	<b><u>\$ 193,453</u></b>	<b><u>\$ 181,989</u></b>

Each distinct service is satisfied over time and the measurement of progress toward satisfaction of the performance obligation is the same for each of the services in the series (monthly services) in accordance with the contracts in place. Each contract for the above series of services (business lines) delivers the services over an annual or multi-year period and is measured monthly, consistent with the billing for these services. Each line of business is considered a series of distinct services performed and treated as a single performance obligation that is et each month as services are provided.

The monthly payment and methodology is fixed in each contract. All business lines and other services in each contract are valued at their standalone value of the service in the contract. There are no instances where a service or product is provided at no value or a value below its standalone value (discounted) as stated in a contract. Each business line has a fixed price that is recognized over the period the performance obligation is met. Contracts with time and materials provisions have the hourly rate and materials recorded at their standalone value and are not discounted as a part of the overall contract. As nearly all contracts are with government/state organizations, collectability is assured as we have nearly no history of uncollectable amounts for services rendered. As such, no variable consideration is included in the determination of the transaction price for each contract.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **6. Sources of Revenue (continued)**

##### **Contract Revenue**

The Center as a managed care provider receives payments under an agreement with Medicaid Managed Healthcare prepaid health plans (MMA Plans), which obligates the Center to stand ready to pay for services to qualified beneficiaries (individuals who enroll with an MMA plan). The qualified beneficiaries sign up with the MMA Plans to participate in such a health plan. These payments are referred to as capitation fees. The payment is calculated using a per member per month rate (PMPM rate) for each qualified beneficiary.

The Center has two performance obligations related to MMA Plans contract revenue that are both paid through capitation revenues – administrative services and behavioral healthcare services.

The first is the administrative services component of the MMA Plan in the amount of 12.5% of the capitation revenue which is for the administrative, recordkeeping and other services of the plan activities. All these services are not considered distinct individually but are a series of services delivered simultaneously each month as a single performance obligation. Similar to the capitation revenue described above and below for providing healthcare services, the administrative services are also stand ready obligations recognized over time.

The second performance obligation is for healthcare services as detailed above. These are stand ready performance obligations and although they may incorporate several different lines of services are deemed a single performance obligation delivered over time as measured each month.

Transaction price considerations include monthly capitation payment, retroactive adjustments, incentive payments and other risk pool adjustments.

The capitation fees do not vary with of the volume of behavioral health services provided and are exclusive of any client copayments or deductibles under their respective plans. Therefore, the Center bears the risk of providing goods and services or contracting for services that the beneficiary is entitled to receive.

In addition to the capitation fees, the amount of contract revenue may be affected by factors such as reinsurance recoveries, retroactive adjustments for member eligibility, risk pools adjustments such as financial incentives and quality targets, and other adjustments. The Company has concluded that based on the immaterial nature of the adjustments no variable consideration need be included in the transaction price related to the capitation fees.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Sources of Revenue (continued)

The contracts specify that 12.5% of the capitation fees are related to administrative services and 87.5% of the fees are related to the remaining healthcare services therefore the Company has allocated the transaction price to the two performance obligations based on the terms of the contract.

Capitation arrangements represent a stand-ready obligation to provide services to qualified beneficiaries. The Center recognizes monthly capitation fees as MMA Plans contract revenue over time when the periods for which the qualified beneficiary is entitled to services are completed.

#### 7. In-Kind Contributions

In-kind contributions and expenses represent the value assigned to instructional services provided by Escambia County School Board educators, as well as donated prescription drugs from the State of Florida. In-kind contributions are recognized if the services or goods received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions for the years ended September 30, 2019 and 2018, amounted to \$1,005 and \$1,223, respectively.

#### 8. Leased Facilities

The Center leases various buildings and equipment under operating leases expiring through 2019. Minimum future lease payments for operating leases having remaining terms in excess of one year as of September 30, 2019, are as follows:

2020	\$	2,812
2021		2,372
2022		1,852
Thereafter		6,189
	\$	<u>13,225</u>

Rent expense for the years ended September 30, 2019 and 2018, amounted to \$2,890 and \$1,617, respectively.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **9. Retirement Plan**

The Center provides a tax deferred annuity 403(b) retirement plan (Plan) to all eligible employees. Employees who work a minimum of 20 hours per week are eligible to participate in the Plan after completing one year of employment. Voluntary employee contributions are allowed to the extent permitted by law. The Center contributed a total of 3% of each eligible participant's annual compensation to the Plan with a match of up to 2% of each eligible participant's compensation for Lakeview Center, Inc. employees and a match of up to 3% of each eligible participant's compensation for Global Connections to Employment, Inc. employees. In compliance with Internal Revenue Service regulations, employer contributions for eligible participants vest under a six-year graduated vesting schedule. Plan expense for the years ended September 30, 2019 and 2018, amounted to \$2,556 and \$2,284, respectively.

#### **10. Support From the State of Florida Requiring Match**

The Center received a substantial portion of its support from the state of Florida under grant contract number AO110 with the Florida Department of Children and Families (DCF) Substance Abuse and Mental Health Program. This contract must be renegotiated annually. The contract requires a 16% local match for certain community mental health services. This local match requirement has been met for both 2019 and 2018.

#### **11. Related-Party Transactions**

The Center manages West Florida Community Care Center pursuant to a contract with DCF. For the years ended September 30, 2019 and 2018, the Center received \$490 and \$521, respectively, for the management of that institution.

The Center has several transactions with BHCC and its affiliated entities and had a net intercompany receivable from BHCC in the amount of \$9,138 and \$16,501 at September 30, 2019 and 2018, respectively.

Additionally, the Center received \$75 in management fees from Baptist for the years ended September 30, 2019 and 2018, \$5,309 and \$5,057 for services rendered and \$242 and \$203 in interest payments for the years ended September 30, 2019 and 2018, respectively, and paid \$1,731 and \$1,921 in management fees and other support services provided by BHCC for the years ended September 30, 2019 and 2018, respectively.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **12. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of September 30, 2019 and 2018, were \$631 and \$1,827 respectively, the majority of which relate to children's services.

#### **13. Commitments and Contingencies**

The Center carries general and professional liability insurance from an unrelated commercial insurance carrier with coverage up to \$2,000 per occurrence and \$4,000 in the aggregate, on a claims-made basis, and employee benefits liability insurance with coverage up to \$1,000 per occurrence and \$1,000 in the aggregate. In addition, the Center has excess coverage under the BHCC policy

The Center is involved in various lawsuits and claims incidental to the normal course of its operations. The Center may be liable for losses in excess of the amounts recorded at September 30, 2019; however, in the opinion of management, such potential losses would not be material to the consolidated financial statements.

Lakeview Center, Inc. is self-insured for employees' medical insurance claims. The Center carries stop-loss insurance coverage with annual limits of \$300 per participant and \$8,726 in the aggregate. Global Connections to Employment, Inc. is fully insured for full time employees and self-insured for part time employees. It is the opinion of management that recorded reserves are adequate for existing and unreported claims.

The Center has established three irrevocable standby letters of credit in the amounts of \$350, \$150, and \$115 with the Center's three previous administrators for workers' compensation claims as the named beneficiaries; one for \$298 and two for \$150 with the insurance providers for the Access Behavioral Health (ABH) managed medical advantage plan; and one for \$1,375 with the Center's current administrator for workers' compensation claims as the named beneficiary. The Center, under its workers' compensation policies, is responsible to pay all individual claims up to \$250 each, as well as certain administration costs to its claims administrators. Should the Center default on any of these payments, the letter of credit guarantees the claims administrators' payment of any outstanding amounts.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

#### 13. Commitments and Contingencies (continued)

##### Line of Credit Agreements

Baptist has two available line of credit arrangements through January 31, 2020 and October 29, 2020, in the amount of \$10,000 and \$15,000, respectively, on which borrowings bear interest at LIBOR plus 1.30% to LIBOR plus 1.50%. The Combined Group has three available line of credit arrangements through July 31, 2020, May 29, 2021 and May 31, 2021, in the amount of \$5,000, \$5,000, and \$12,500, on which borrowings bear interest ranging from LIBOR plus 1.40% to LIBOR plus 1.50%. The Andrews Institute Ambulatory Surgery Center has available a line of credit arrangement through March 31, 2020, in the amount of \$1,500, on which borrowings bear interest at LIBOR plus 3.15%. Interest rates ranged from 3.32% to 5.17% at September 30, 2019, and 3.40% to 3.81% at September 30, 2018. At September 30, 2019 and 2018, amounts outstanding under these line of credit arrangements were \$47,500. The Center, as a member of the Combined Group, is a guarantor under these lines of credit, but as of September 30, 2019 and 2018, is not directly obligated for any of the amounts outstanding under these line of credit arrangements. Therefore, none of these amounts outstanding are included in the accompanying consolidated financial statements.

##### Contingencies

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

*Unemployment Compensation* – The Center reports its wages to various states for unemployment compensation purposes, as a reimbursable employer. Reimbursable employers compensate prior employees only when a claim has been made with these states. In the opinion of management, no material claims were outstanding that had not been reserved for at September 30, 2019.

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 14. Fair Value Measurements

As defined in ASC Topic 820, *Fair Value Measurement*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

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

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.

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

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

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

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**14. Fair Value Measurements (continued)**

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2019, was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 54,646	\$ –	\$ –	\$ 54,646
Investments limited as to use:				
U.S. corporate obligations	–	18,068	–	18,068
U.S. Treasury obligations	11,141	–	–	11,141
U.S. government agencies and sponsored entities	–	5,832	–	5,832
Other	75	4,529	–	4,604
Total investments limited as to use	<u>11,216</u>	<u>28,429</u>	<u>–</u>	<u>39,645</u>
	<u>\$ 65,862</u>	<u>\$ 28,429</u>	<u>\$ –</u>	<u>\$ 94,291</u>

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2018, was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 59,639	\$ –	\$ –	\$ 59,639
Investments limited as to use:				
U.S. corporate obligations	–	13,170	–	13,170
U.S. Treasury obligations	11,477	–	–	11,477
U.S. government agencies and sponsored entities	–	5,901	–	5,901
Other	75	3,791	–	3,866
Total investments limited as to use	<u>11,552</u>	<u>22,862</u>	<u>–</u>	<u>34,414</u>
	<u>\$ 71,191</u>	<u>\$ 22,862</u>	<u>\$ –</u>	<u>\$ 94,053</u>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**14. Fair Value Measurements (continued)**

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	<b>1%</b>	<b>-%</b>	<b>-%</b>	<b>1%</b>
U.S. corporate obligations	–	<b>33</b>	–	<b>33</b>
U.S. government agencies and sponsored entities	–	<b>8</b>	–	<b>8</b>
Collateralized debt obligations	–	<b>2</b>	–	<b>2</b>
Domestic equities	<b>18</b>	–	–	<b>18</b>
Foreign equities	<b>16</b>	–	–	<b>16</b>
Other	–	<b>22</b>	–	<b>22</b>
	<b>35%</b>	<b>65%</b>	<b>-%</b>	<b>100%</b>

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2018:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	2%	–%	–%	2%
U.S. corporate obligations	–	21	–	21
U.S. government agencies and sponsored entities	–	5	–	5
Collateralized debt obligations	–	4	–	4
Domestic equities	27	–	–	27
Foreign equities	23	–	–	23
Other	–	18	–	18
	<b>52%</b>	<b>48%</b>	<b>-%</b>	<b>100%</b>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**14. Fair Value Measurements (continued)**

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

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Interest in the Pool	<b>\$ 119,905</b>	<b>\$ 73,675</b>
Investments limited as to use, at fair value	<b>\$ 39,645</b>	<b>\$ 34,414</b>
Interest in the Pool	<b>10,228</b>	<b>17,756</b>
Total investments limited as to use	<b>\$ 49,873</b>	<b>\$ 52,170</b>

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

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

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**15. Summary Information Relating to Financially Interrelated Entities**

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

	<b>As of and for the Year Ended September 30, 2019</b>		
	<b>CMHC</b>		
	<b>Hernandez House, Inc.</b>	<b>Lakeview Villa, Inc.</b>	<b>Lakeview Place, Inc.</b>
Total assets	<b>\$ 145</b>	<b>\$ 319</b>	<b>\$ 220</b>
Total liabilities	<b>\$ 77</b>	<b>\$ 488</b>	<b>\$ 320</b>
Net assets (deficit) without donor restrictions	<b>68</b>	<b>(169)</b>	<b>(100)</b>
Total net assets (deficit)	<b>68</b>	<b>(169)</b>	<b>(100)</b>
Total liabilities and net assets without donor restrictions	<b>\$ 145</b>	<b>\$ 319</b>	<b>\$ 220</b>
Total revenue and support	<b>\$ 75</b>	<b>\$ 145</b>	<b>\$ 91</b>
Total expenses	<b>(30)</b>	<b>141</b>	<b>100</b>
Change in net assets without donor restrictions	<b>\$ 105</b>	<b>\$ 4</b>	<b>\$ (9)</b>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

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

	<b>As of and for the Year Ended September 30, 2018</b>		
	<b>CMHC</b>		
	<b>Hernandez House, Inc.</b>	<b>Lakeview Villa, Inc.</b>	<b>Lakeview Place, Inc.</b>
Total assets	\$ 209	\$ 341	\$ 228
Total liabilities	\$ 246	\$ 513	\$ 319
Net deficit without donor restrictions	(37)	(172)	(91)
Total liabilities and net deficit without donor restrictions	\$ 209	\$ 341	\$ 228
Total revenue and support	\$ 42	\$ 145	\$ 86
Total expenses	(42)	(142)	(82)
Change in net assets without donor restrictions	\$ —	\$ 3	\$ 4

**16. Financial Assets and Liquidity Resources**

As of September 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital expenditures were as follows:

	<b>September 30, 2019</b>
Cash and cash equivalents	\$ 54,646
Short-term investments	119,905
Accounts receivable	36,195
Total financial assets	<u>\$ 210,746</u>

Lakeview Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**17. Functional Classification of Expenses**

The Center provides human services, including inpatient, outpatient, long term and community-based behavioral health services, child protective services, and employment for people with disabilities within its region and nationally. Administrative services include administration, finance and accounting, information technology, human resources, and other functions. Organizational expenses are allocated to program and administrative services based on the benefit received in those areas while administrative services costs are allocated to program areas based on personnel costs.

Expenses by functional classification for the years ended September 30, 2019 and 2018, consist of the following:

	<b>Year Ended September 30, 2019</b>		
	<b>Healthcare Services</b>	<b>Administrative Services</b>	<b>Total</b>
Salaries and benefits	\$ 136,475	\$ 6,812	\$ 143,287
Subcontracted services	62,516	–	62,516
Subsidy Payments	23,459	–	23,459
Contract medical services	16,388	–	16,388
Professional fees	11,426	1,193	12,619
Medical, pharmacy and other supplies	6,749	711	7,460
Building occupancy costs	6,798	198	6,996
Other general, administrative and other	19,963	1,498	21,461
	<b>\$ 283,774</b>	<b>\$ 10,412</b>	<b>\$ 294,186</b>

	<b>Year Ended September 30, 2018</b>		
	<b>Healthcare Services</b>	<b>Administrative Services</b>	<b>Total</b>
Salaries and benefits	\$ 129,119	\$ 6,458	\$ 135,577
Subcontracted services	57,789	–	57,789
Subsidy Payments	20,260	–	20,260
Contract medical services	16,132	–	16,132
Professional fees	10,973	1,456	12,429
Medical, pharmacy and other supplies	4,925	655	5,580
Building occupancy costs	5,371	162	5,533
Other general, administrative and other	17,705	1,300	19,005
	<b>\$ 262,274</b>	<b>\$ 10,031</b>	<b>\$ 272,305</b>

## Lakeview Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **18. New Hospital Construction**

During 2019, BHCC announced plans for the construction of a new hospital facility to replace the downtown Pensacola hospital. Construction of the new facility is estimated to begin in 2020 and conclude in 2023. Projected costs are estimated to be \$615 million, and are expected to be financed with a planned public debt offering, currently not expected to exceed \$550 million, in the first quarter of calendar 2020. The Combined Group will incur this debt. The construction itself will not impact the Center although subsequent changes on the existing campus may include the Center.

#### **19. Subsequent Events**

The Center evaluated events and transactions occurring subsequent to September 30, 2019, and through, December 19, 2019, the date the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition or disclosure in the accompanying consolidated financial statements with the exception of the item noted below.

# Other Information

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2019

FUNDING SOURCES & REVENUES  A	SAMH COVERED SERVICES																					
	Mental Health															Substance Abuse						
	Case Management	Crisis Stabilization	Crisis Support/ Emergency	Day Treatment (Day/Night)	In-Home and On Site	Medical Services	Outpatient - Individual	Outreach	Residential Level 2	Residential Level 3	Incidental Expenses - SAMH	Incidental Expenses - FACT	Incidental Expenses - BNET	Outpatient - Group	Room & Board Level 2	Mental Health Total (B <sub>1-a</sub> +...+B <sub>1-o</sub> )	Case Management	Crisis Support/ Emergency	Day Treatment (Day/Night)	In-Home and On Site	Intervention - HIV	Intervention - Individual
	2 B <sub>1-a</sub>	3 B <sub>1-b</sub>	4 B <sub>1-c</sub>	6 B <sub>1-d</sub>	8 B <sub>1-e</sub>	12 B <sub>1-f</sub>	14 B <sub>1-g</sub>	15 B <sub>1-h</sub>	19 B <sub>1-i</sub>	20 B <sub>1-j</sub>	28 B <sub>1-k</sub>	28 B <sub>1-l</sub>	28 B <sub>1-m</sub>	35 B <sub>1-n</sub>	37 B <sub>1-o</sub>	C <sub>1</sub>	2 B <sub>2-a</sub>	4 B <sub>2-b</sub>	6 B <sub>2-c</sub>	8 B <sub>2-d</sub>	11 B <sub>2-e</sub>	11 B <sub>2-f</sub>
<b>IA. STATE SAMH FUNDING</b>																						
(1) Contract # A0110 - SAMH	\$ 321,519	\$ 2,007,539	\$ 526,077	\$ 14,360	\$ 501,220	\$ 1,796,734	\$ 577,059	\$ -	\$ -	\$ 300,718	\$ -	\$ -	\$ -	\$ 68,827	\$ 99,719	\$ 6,213,773	\$ 7,709	\$ 5,623	\$ 89,823	\$ 114,882	\$ 28,889	\$ 279,792
(2) Contract # A0250 - MRT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Contract # A0160 - BNET	-	-	-	-	-	-	-	-	-	-	-	-	205,703	-	-	205,703	-	-	-	-	-	-
(3) Contract # A0170 - FACT	-	-	-	-	-	-	-	-	-	-	-	1,210,725	-	-	-	1,210,725	-	-	-	-	-	-
(4) Contract # A0190 - FITT	-	-	-	-	-	-	116,450	-	-	-	-	-	-	-	-	116,450	-	-	-	-	-	-
(4) Contract # AH409 - CAT	-	-	-	-	-	-	1,384,128	-	-	-	-	-	-	44,174	-	1,428,303	-	-	-	-	-	-
<b>TOTAL STATE SAMH FUNDING =</b>	\$ 321,519	\$ 2,007,539	\$ 526,077	\$ 14,360	\$ 501,220	\$ 1,796,734	\$ 2,077,637	\$ -	\$ -	\$ 300,718	\$ -	\$ 1,210,725	\$ 205,703	\$ 113,001	\$ 99,719	\$ 9,174,953	\$ 7,709	\$ 5,623	\$ 89,823	\$ 114,882	\$ 28,889	\$ 279,792
<b>IB. OTHER GOVT. FUNDING</b>																						
(1) Other State Agency Funding	350	-	270	-	32,204	3,784	1,018,888	21,303	-	-	-	-	-	11,496	-	1,088,295	11	-	336	-	-	-
(2) Medicaid	325,882	4,312,332	129,308	350,867	523,562	1,136,506	346,768	-	19,176	-	43	-	48,582	66,600	7,259,625	7,660	683	630,522	17,505	192	1,360	
(3) Local Government	15,945	468,253	36,750	24,972	1,273,548	34,830	113,688	29,729	-	13,378	-	29,729	29,729	63,843	29,729	2,164,122	4,765	297	650,665	23,486	29,729	29,729
(4) Federal Grants and Contracts	-	-	155	407,382	-	2,170	294,746	-	-	-	-	-	-	5,000	-	709,454	-	-	7,347	-	-	-
(5) In-kind from local govt. only	-	-	-	-	769,899	19,999	-	-	-	-	-	-	-	-	-	789,898	-	-	-	-	-	-
<b>TOTAL OTHER GOVT. FUNDING =</b>	342,178	4,780,585	166,482	783,221	2,599,213	1,197,289	1,774,090	51,031	-	32,554	-	29,772	29,729	128,921	96,329	12,011,393	12,435	980	1,288,870	40,990	29,921	31,089
<b>IC. ALL OTHER REVENUES</b>																						
(1) 1st & 2nd Party Payments	45,245	45,031	169,202	145,885	118,914	1,503,180	168,267	-	-	63,891	-	32	302	15,876	-	2,275,825	908	88	76,137	4,996	16	(552)
(2) 3rd Party Payments (except Medicare)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions and Donations	-	-	-	94,018	-	-	17,908	-	-	-	-	-	-	-	-	111,926	-	-	-	-	-	-
(5) Other	2,094	237	446	(205)	10,104	5,321	15,903	-	106	-	3	(8,151)	12,152	-	38,011	132	1	1	0	-	(1)	
(6) In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ALL OTHER REVENUES =</b>	47,340	45,268	169,648	239,699	129,018	1,508,501	202,079	-	63,997	-	35	(7,849)	28,028	-	2,425,763	1,041	88	76,138	4,996	16	(553)	
<b>TOTAL FUNDING =</b>	\$ 711,037	\$ 6,833,393	\$ 862,208	\$ 1,037,279	\$ 3,229,451	\$ 4,502,524	\$ 4,053,806	\$ 51,031	\$ -	\$ 397,268	\$ -	\$ 1,240,532	\$ 227,582	\$ 269,950	\$ 196,047	\$ 23,612,109	\$ 21,184	\$ 6,692	\$ 1,454,831	\$ 160,868	\$ 58,826	\$ 310,328

FUNDING SOURCES & REVENUES	Medical Services	Medication Assisted Treatment	Outpatient - Individual	Residential Level 2	Residential Level 3	Substance Abuse Detox (No TANF)	TASC	Incidental Expenses - SAMH	Aftercare/ Follow-up	Information and Referral	Outpatient - Group	Room & Board Level 2	Intervention - Group	Universal Direct Prevention	Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Total Funding
	12 B <sub>2-g</sub>	13 B <sub>2-h</sub>	14 B <sub>2-i</sub>	19 B <sub>2-j</sub>	20 B <sub>2-k</sub>	24 B <sub>2-l</sub>	27 B <sub>2-m</sub>	28 B <sub>2-n</sub>	29 B <sub>2-o</sub>	30 B <sub>2-p</sub>	35 B <sub>2-q</sub>	37 B <sub>2-r</sub>	42 B <sub>2-s</sub>	50 B <sub>2-t</sub>	(B <sub>2-a</sub> +...+B <sub>2-t</sub> ) C <sub>2</sub>	(C <sub>1</sub> +...+C <sub>2</sub> ) D	E	(D+E) F	G	(F+G) H
A																				
<b>IA. STATE SAMH FUNDING</b>																				
(1) Contract # A0110 - SAMH	\$ 626,801	\$ 16,781	\$ 313,371	\$ 1,700,716	\$ 367,544	\$ 712,425	\$ -	\$ 391,547	\$ -	\$ -	\$ 91,853	\$ -	\$ -	\$ -	\$ 4,747,756	\$ 10,961,529	xxxxxxx	\$ 10,961,529	xxxxxxx	\$ 11,466,011
(2) Contract # A0250 - MRT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	xxxxxxx	-	xxxxxxx	922,160
(2) Contract # A0160 - BNET	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	205,703	xxxxxxx	205,703	xxxxxxx	205,703
(3) Contract # A0170 - FACT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,210,725	xxxxxxx	1,210,725	xxxxxxx	1,210,725
(4) Contract # A0190 - FITT	-	-	568,550	-	-	-	-	-	-	-	-	-	-	-	568,550	685,000	xxxxxxx	685,000	xxxxxxx	623,241
(4) Contract # AH409 - CAT	-	-	44,174	-	-	-	-	-	-	-	-	-	-	-	44,174	1,472,477	xxxxxxx	1,472,477	xxxxxxx	1,472,477
<b>L STATE SAMH FUNDING =</b>	<b>626,801</b>	<b>16,781</b>	<b>926,096</b>	<b>1,700,716</b>	<b>367,544</b>	<b>712,425</b>	<b>-</b>	<b>391,547</b>	<b>-</b>	<b>-</b>	<b>91,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,360,480</b>	<b>14,535,434</b>	<b>-</b>	<b>14,535,434</b>	<b>-</b>	<b>15,900,317</b>
<b>IB. OTHER GOVT. FUNDING</b>																				
(1) Other State Agency Fund	1,350	10,471	352,289	-	-	-	-	244,315	-	-	21,025	-	-	-	629,797	1,718,092	337,663	2,055,755	55,605,238	57,660,993
(2) Medicaid	402,451	45,619	784,372	2,888	23,438	1,165,184	-	592,906	-	-	282,911	-	-	-	3,957,691	11,217,316	5,785,869	17,003,185	11,699,589	28,702,774
(3) Local Government	14,453	892	133,602	29,729	16,351	123,784	29,729	20,810	-	-	70,976	-	-	-	1,178,994	3,343,116	612,660	3,955,776	6,796,097	10,751,873
(4) Federal Grants and Contr	775	-	2,592	134,325	-	-	-	-	-	-	4,239	-	-	-	149,278	858,732	881,837	1,740,569	187,545,220	189,285,789
(5) In-kind from local govt. c	5,000	-	-	45,417	-	-	-	-	-	-	-	-	-	-	50,416	840,314	177,015	1,017,329	211,480	1,228,809
<b>OTHER GOVT. FUNDING =</b>	<b>424,028</b>	<b>56,982</b>	<b>1,272,856</b>	<b>212,359</b>	<b>39,788</b>	<b>1,288,968</b>	<b>29,729</b>	<b>858,032</b>	<b>-</b>	<b>-</b>	<b>379,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,966,177</b>	<b>17,977,570</b>	<b>7,795,045</b>	<b>25,772,614</b>	<b>261,857,623</b>	<b>287,630,238</b>
<b>IC. ALL OTHER REVENUES</b>																				
(1) 1st & 2nd Party Payments	788,200	56,115	910,481	6,240	78,089	59,692	-	452,226	-	-	381,466	-	-	-	2,814,102	5,089,926	12,160,515	17,250,441	466,763	17,717,204
(2) 3rd Party Payments (exce	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions and Donati	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	111,926	-	111,926	93,873	205,800
(5) Other	1,901	1	4,398	379	129	315	-	5	-	-	10,853	-	-	-	18,115	56,126	539,398	595,524	11,933,202	12,528,726
(6) In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>ALL OTHER REVENUES =</b>	<b>790,101</b>	<b>56,116</b>	<b>914,879</b>	<b>6,619</b>	<b>78,218</b>	<b>60,007</b>	<b>-</b>	<b>452,231</b>	<b>-</b>	<b>-</b>	<b>392,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,832,217</b>	<b>5,257,979</b>	<b>12,699,913</b>	<b>17,957,892</b>	<b>12,493,838</b>	<b>30,451,730</b>
<b>TOTAL FUNDING =</b>	<b>\$ 1,840,930</b>	<b>\$ 129,878</b>	<b>\$ 3,113,830</b>	<b>\$ 1,919,693</b>	<b>\$ 485,550</b>	<b>\$ 2,061,400</b>	<b>\$ 29,729</b>	<b>\$ 1,701,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 863,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,158,874</b>	<b>\$ 37,770,983</b>	<b>\$ 20,494,957</b>	<b>\$ 58,265,940</b>	<b>\$ 274,351,462</b>	<b>\$ 333,982,285</b>

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2019

EXPENSE CATEGORIES A	SAMH COVERED SERVICES																					
	STATE FUNDED																					
	Mental Health															Substance Abuse						
	Case Management 2 B <sub>1-a</sub>	Crisis Stabilization 3 B <sub>1-b</sub>	Crisis Support/ Emergency 4 B <sub>1-c</sub>	Day Treatment (Day/Night) 6 B <sub>1-d</sub>	In-Home and On Site 8 B <sub>1-e</sub>	Medical Services 12 B <sub>1-f</sub>	Outpatient - Individual 14 B <sub>1-g</sub>	Outreach 15 B <sub>1-h</sub>	Residential Level 2 19 B <sub>1-i</sub>	Residential Level 3 20 B <sub>1-j</sub>	Incidental Expenses - SAMH 28 B <sub>1-k</sub>	Incidental Expenses - FACT 28 B <sub>1-l</sub>	Incidental Expenses - BNET 28 B <sub>1-m</sub>	Outpatient - Group 35 B <sub>1-n</sub>	Room & Board Level 2 37 B <sub>1-o</sub>	Mental Health Total (B <sub>1-a</sub> +...+B <sub>1-o</sub> ) C <sub>1</sub>	Case Management 2 B <sub>2-a</sub>	Crisis Support/ Emergency 4 B <sub>2-b</sub>	Day Treatment (Day/Night) 6 B <sub>2-c</sub>	In-Home and On Site 8 B <sub>2-d</sub>	Intervention - HIV 11 B <sub>2-e</sub>	Intervention - Individual 11 B <sub>2-f</sub>
<b>IIA. PERSONNEL EXPENSES</b>																						
(1) Salaries	\$ 753,467	\$ 854,733	\$ 605,409	\$ 307,565	\$ 1,362,224	\$ 3,360,347	\$ 2,036,805	\$ 25,037	\$ -	\$ 254,632	\$ -	\$ 639,859	\$ 86,271	\$ 224,423	\$ 57,623	\$ 10,568,396	\$ 20,106	\$ 4,115	\$ 495,882	\$ 78,690	\$ 66,783	\$ 171,492
(2) Fringe Benefits	\$ 269,971	\$ 210,122	\$ 148,900	\$ 108,227	\$ 429,934	\$ 423,961	\$ 612,086	\$ 5,431	\$ -	\$ 83,605	\$ -	\$ 174,360	\$ 19,863	\$ 72,907	\$ 15,914	\$ 2,575,282	\$ 7,522	\$ 1,353	\$ 149,314	\$ 31,382	\$ 9,108	\$ 51,757
<b>IIA. PERSONNEL EXPENSES =</b>	<b>\$ 1,023,438</b>	<b>\$ 1,064,855</b>	<b>\$ 754,309</b>	<b>\$ 415,792</b>	<b>\$ 1,792,157</b>	<b>\$ 3,784,309</b>	<b>\$ 2,648,892</b>	<b>\$ 30,468</b>	<b>\$ -</b>	<b>\$ 338,237</b>	<b>\$ -</b>	<b>\$ 814,219</b>	<b>\$ 106,134</b>	<b>\$ 297,331</b>	<b>\$ 73,538</b>	<b>\$ 13,143,678</b>	<b>\$ 27,628</b>	<b>\$ 5,468</b>	<b>\$ 645,196</b>	<b>\$ 110,072</b>	<b>\$ 75,892</b>	<b>\$ 223,249</b>
<b>IIIB. OTHER EXPENSES</b>																						
(1) Building Occupancy	\$ 94,324	\$ 122,399	\$ 28,438	\$ 347,825	\$ 363,524	\$ 74,516	\$ 491,647	\$ 162	\$ -	\$ 86,245	\$ -	\$ 27,348	\$ -	\$ 25,676	\$ 5,821	\$ 1,667,924	\$ 1,547	\$ 188	\$ 169,429	\$ 5,048	\$ -	\$ 20,164
(2) Professional Services	\$ -	\$ 2,241,637	\$ -	\$ -	\$ -	\$ -	\$ 9,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155	\$ -	\$ 2,250,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Travel	\$ 14,871	\$ 11,274	\$ 2,496	\$ 47,761	\$ 26,080	\$ 13,818	\$ 93,060	\$ 123	\$ -	\$ 7,073	\$ -	\$ 26,086	\$ 693	\$ 2,882	\$ 753	\$ 246,970	\$ 510	\$ 11	\$ 1,120	\$ 3,308	\$ -	\$ 205
(4) Equipment	\$ 4,021	\$ 1,089	\$ 4,500	\$ 3,307	\$ 14,541	\$ 57,711	\$ 73,453	\$ 110	\$ -	\$ 227	\$ -	\$ 95	\$ 228	\$ 4,348	\$ 682	\$ 164,311	\$ 117	\$ 6	\$ 496	\$ -	\$ -	\$ -
(5) Food Services	\$ 3,826	\$ 88,859	\$ 211	\$ 1,981	\$ 2,304	\$ 304	\$ 3,754	\$ -	\$ -	\$ 91,096	\$ -	\$ 1,392	\$ -	\$ 408	\$ 6,358	\$ 200,492	\$ 25	\$ 1	\$ 110,000	\$ 80	\$ -	\$ 130
(6) Medical and Pharmacy	\$ 3,067	\$ 33,323	\$ 1,196	\$ 3,004	\$ 3,627	\$ 26,093	\$ 5,872	\$ -	\$ -	\$ 4,533	\$ -	\$ 5,652	\$ 8,189	\$ 465	\$ 210	\$ 95,229	\$ 74	\$ -	\$ 55,785	\$ 191	\$ -	\$ -
(7) Subcontracted Services	\$ -	\$ 4,173,868	\$ 214	\$ -	\$ -	\$ 2,992	\$ 834	\$ -	\$ -	\$ -	\$ -	\$ 6,944	\$ 92	\$ -	\$ 4,184,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 903
(8) Insurance	\$ 17,939	\$ 10,494	\$ 6,950	\$ 4,418	\$ 27,876	\$ 11,931	\$ 30,296	\$ 369	\$ -	\$ 6,935	\$ -	\$ 8,558	\$ 603	\$ 3,334	\$ 739	\$ 130,441	\$ 486	\$ 65	\$ 11,300	\$ 2,356	\$ -	\$ 3,366
(9) Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(10) Operating Supplies & Expens	\$ 40,552	\$ 36,969	\$ 11,725	\$ 31,356	\$ 41,303	\$ 58,659	\$ 222,571	\$ 232	\$ -	\$ 10,645	\$ -	\$ 202,989	\$ 6,009	\$ 17,185	\$ 2,658	\$ 682,854	\$ 648	\$ 40	\$ 15,603	\$ 3,457	\$ -	\$ 2,225
(11) Other-Bad Debt	\$ 166	\$ 5,470	\$ 5,759	\$ 3,989	\$ 62	\$ 31,890	\$ 4,747	\$ -	\$ -	\$ 5	\$ -	\$ 2	\$ 55	\$ 415	\$ -	\$ 52,560	\$ 10	\$ 0	\$ 224	\$ 16	\$ -	\$ -
(12) Donated Items	\$ -	\$ -	\$ -	\$ -	\$ 769,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 769,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER EXPENSES =</b>	<b>\$ 178,765</b>	<b>\$ 6,725,381</b>	<b>\$ 61,488</b>	<b>\$ 443,640</b>	<b>\$ 1,249,216</b>	<b>\$ 277,913</b>	<b>\$ 935,390</b>	<b>\$ 997</b>	<b>\$ -</b>	<b>\$ 206,760</b>	<b>\$ -</b>	<b>\$ 272,122</b>	<b>\$ 22,721</b>	<b>\$ 54,960</b>	<b>\$ 17,220</b>	<b>\$ 10,446,573</b>	<b>\$ 3,416</b>	<b>\$ 312</b>	<b>\$ 363,957</b>	<b>\$ 14,457</b>	<b>\$ -</b>	<b>\$ 26,993</b>
<b>II. PERSONNEL &amp; OTH. EXP. =</b>	<b>\$ 1,202,204</b>	<b>\$ 7,790,237</b>	<b>\$ 815,797</b>	<b>\$ 859,431</b>	<b>\$ 3,041,373</b>	<b>\$ 4,062,221</b>	<b>\$ 3,584,281</b>	<b>\$ 31,465</b>	<b>\$ -</b>	<b>\$ 544,997</b>	<b>\$ -</b>	<b>\$ 1,086,341</b>	<b>\$ 128,855</b>	<b>\$ 352,291</b>	<b>\$ 90,758</b>	<b>\$ 23,590,250</b>	<b>\$ 31,044</b>	<b>\$ 5,780</b>	<b>\$ 1,009,153</b>	<b>\$ 124,529</b>	<b>\$ 75,892</b>	<b>\$ 250,242</b>
<b>IIIC. DISTRIBUTED INDIRECT COSTS</b>																						
(a) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	\$ 262,483	\$ 209,129	\$ 182,366	\$ 97,056	\$ 397,261	\$ 873,545	\$ 604,369	\$ 6,586	\$ -	\$ 95,070	\$ -	\$ 161,320	\$ 20,931	\$ 73,394	\$ 16,677	\$ 3,000,188	\$ 6,183	\$ 1,392	\$ 174,880	\$ 28,460	\$ 39,820	\$ 45,342
<b>DISTR'D INDIRECT COSTS =</b>	<b>\$ 262,483</b>	<b>\$ 209,129</b>	<b>\$ 182,366</b>	<b>\$ 97,056</b>	<b>\$ 397,261</b>	<b>\$ 873,545</b>	<b>\$ 604,369</b>	<b>\$ 6,586</b>	<b>\$ -</b>	<b>\$ 95,070</b>	<b>\$ -</b>	<b>\$ 161,320</b>	<b>\$ 20,931</b>	<b>\$ 73,394</b>	<b>\$ 16,677</b>	<b>\$ 3,000,188</b>	<b>\$ 6,183</b>	<b>\$ 1,392</b>	<b>\$ 174,880</b>	<b>\$ 28,460</b>	<b>\$ 39,820</b>	<b>\$ 45,342</b>
<b>ACTUAL OPER. EXPENSES =</b>	<b>\$ 1,464,687</b>	<b>\$ 7,999,365</b>	<b>\$ 998,163</b>	<b>\$ 956,487</b>	<b>\$ 3,438,634</b>	<b>\$ 4,935,767</b>	<b>\$ 4,188,651</b>	<b>\$ 38,050</b>	<b>\$ -</b>	<b>\$ 640,066</b>	<b>\$ -</b>	<b>\$ 1,247,662</b>	<b>\$ 149,786</b>	<b>\$ 425,685</b>	<b>\$ 107,435</b>	<b>\$ 26,590,438</b>	<b>\$ 37,228</b>	<b>\$ 7,172</b>	<b>\$ 1,184,033</b>	<b>\$ 152,989</b>	<b>\$ 115,712</b>	<b>\$ 295,584</b>
<b>IID. UNALLOWABLE COSTS</b>	<b>\$ (4,872)</b>	<b>\$ (89,550)</b>	<b>\$ (2,623)</b>	<b>\$ (4,130)</b>	<b>\$ (10,776)</b>	<b>\$ (47,062)</b>	<b>\$ (17,079)</b>	<b>\$ (208)</b>	<b>\$ -</b>	<b>\$ (91,334)</b>	<b>\$ -</b>	<b>\$ (3,956)</b>	<b>\$ 249</b>	<b>\$ (1,081)</b>	<b>\$ (6,600)</b>	<b>\$ (279,021)</b>	<b>\$ (127)</b>	<b>\$ (5)</b>	<b>\$ (113,274)</b>	<b>\$ 50</b>	<b>\$ (84)</b>	<b>\$ (1,972)</b>
<b>F. ALLOWABLE OPER. EXP. =</b>	<b>\$ 1,459,815</b>	<b>\$ 7,909,816</b>	<b>\$ 995,540</b>	<b>\$ 952,358</b>	<b>\$ 3,427,858</b>	<b>\$ 4,888,705</b>	<b>\$ 4,171,572</b>	<b>\$ 37,842</b>	<b>\$ -</b>	<b>\$ 548,732</b>	<b>\$ -</b>	<b>\$ 1,243,706</b>	<b>\$ 150,035</b>	<b>\$ 424,604</b>	<b>\$ 100,835</b>	<b>\$ 26,311,417</b>	<b>\$ 37,101</b>	<b>\$ 7,167</b>	<b>\$ 1,070,758</b>	<b>\$ 153,039</b>	<b>\$ 115,628</b>	<b>\$ 293,612</b>
<b>III. CAPITAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

EXPENSE CATEGORIES A	Medical Services	Medication Assisted Treatment	Outpatient - Individual	Residential Level 2	Residential Level 3	Substance Abuse Detox (No TANF)	TASC	Incidental Expenses - SAMH	Aftercare/ Follow-up	Information and Referral	Outpatient - Group	Room & Board Level 2	Intervention - Group	Universal Direct Prevention	Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Other Support Costs (optional)	Administration	Total Expenses (F+G+H+I+J)*
	12 B <sub>2-g</sub>	13 B <sub>2-h</sub>	14 B <sub>2-i</sub>	19 B <sub>2-j</sub>	20 B <sub>2-k</sub>	24 B <sub>2-l</sub>	27 B <sub>2-m</sub>	28 B <sub>2-n</sub>	29 B <sub>2-o</sub>	30 B <sub>2-p</sub>	35 B <sub>2-q</sub>	37 B <sub>2-r</sub>	42 B <sub>2-s</sub>	50 B <sub>2-t</sub>	(B <sub>2-u</sub> +...+B <sub>2-z</sub> ) C <sub>2</sub>	(C <sub>1</sub> +...+C <sub>4</sub> ) D	E	(D+E) F	G	H	I	J
*except IIC & IID																						
<b>IIA. PERSONNEL EXPENSE:</b>																						
(1) Salaries	\$ 1,535,563	\$ 48,045	\$ 1,302,189	\$ 616,158	\$ 311,217	\$ 1,133,018	\$ 1,091	\$ 531,471	\$ -	\$ -	\$ 412,999	\$ -	\$ -	\$ -	\$ 6,704,597	\$ 17,272,993	\$ 8,703,794	\$ 25,976,787	\$ 77,953,483	\$ -	\$ 6,943,758	\$ 110,874,029
(2) Fringe Benefits	\$ 244,768	\$ 11,740	\$ 337,241	\$ 188,079	\$ 102,184	\$ 278,534	\$ 273	\$ 126,807	\$ -	\$ -	\$ 119,848	\$ -	\$ -	\$ -	\$ 1,651,036	\$ 4,226,318	\$ 2,136,458	\$ 6,362,776	\$ 26,142,034	\$ -	\$ 1,775,940	\$ 34,280,750
<b>PERSONNEL EXPENSES =</b>	<b>\$ 1,780,331</b>	<b>\$ 59,785</b>	<b>\$ 1,639,431</b>	<b>\$ 804,237</b>	<b>\$ 413,401</b>	<b>\$ 1,411,552</b>	<b>\$ 1,363</b>	<b>\$ 658,278</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 532,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,355,634</b>	<b>\$ 21,499,311</b>	<b>\$ 10,840,252</b>	<b>\$ 32,339,564</b>	<b>\$ 104,095,517</b>	<b>\$ -</b>	<b>\$ 8,719,698</b>	<b>\$ 145,154,780</b>
<b>IIIB. OTHER EXPENSES</b>																						
(1) Building Occupancy	\$ 69,159	\$ 9,786	\$ 211,707	\$ 164,785	\$ 105,410	\$ 162,250	\$ 33	\$ 120,368	\$ -	\$ -	\$ 68,544	\$ -	\$ -	\$ -	\$ 1,106,683	\$ 2,774,607	\$ 941,276	\$ 3,715,883	\$ 5,148,921	\$ -	\$ 1,038,520	\$ 9,903,324
(2) Professional Services	\$ -	\$ 336	\$ 5,894	\$ -	\$ -	\$ 525,816	\$ -	\$ -	\$ -	\$ -	\$ 1,566	\$ -	\$ -	\$ -	\$ 533,612	\$ 2,784,560	\$ 25,544	\$ 2,810,104	\$ 6,450,915	\$ -	\$ 688,433	\$ 9,949,453
(3) Travel	\$ 5,037	\$ 328	\$ 46,611	\$ 4,905	\$ 8,645	\$ 14,944	\$ -	\$ 4,556	\$ -	\$ -	\$ 1,983	\$ -	\$ -	\$ -	\$ 91,644	\$ 338,614	\$ 222,150	\$ 560,763	\$ 2,335,087	\$ -	\$ 116,451	\$ 3,012,301
(4) Equipment	\$ 20,862	\$ 613	\$ 19,496	\$ 571	\$ 278	\$ 1,444	\$ 19	\$ 6,023	\$ -	\$ -	\$ 4,884	\$ -	\$ -	\$ -	\$ 54,687	\$ 218,998	\$ 656,886	\$ 875,884	\$ 1,307,357	\$ -	\$ 894,172	\$ 3,077,413
(5) Food Services	\$ 748	\$ 194	\$ 17,714	\$ 179,996	\$ 111,340	\$ 117,790	\$ -	\$ 2,735	\$ -	\$ -	\$ 1,068	\$ -	\$ -	\$ -	\$ 541,796	\$ 742,288	\$ 355,107	\$ 1,097,395	\$ 1,914,682	\$ -	\$ 18,517	\$ 3,030,593
(6) Medical and Pharmacy	\$ 10,932	\$ 22,664	\$ 201,809	\$ 7,384	\$ 5,540	\$ 44,172	\$ -	\$ 468,733	\$ -	\$ -	\$ 64,086	\$ -	\$ -	\$ -	\$ 881,295	\$ 976,524	\$ 5,820,284	\$ 6,796,808	\$ 233,943	\$ -	\$ 69,895	\$ 7,100,645
(7) Subcontracted Services	\$ 1,069	\$ 1,769	\$ 25,673	\$ -	\$ -	\$ 981,638	\$ -	\$ 13,289	\$ -	\$ -	\$ 9,569	\$ -	\$ -	\$ -	\$ 1,033,909	\$ 5,218,853	\$ 581,268	\$ 5,800,121	\$ 95,254,120	\$ -	\$ -	\$ 101,054,240
(8) Insurance	\$ 9,385	\$ 638	\$ 18,458	\$ 15,686	\$ 8,476	\$ 13,910	\$ -	\$ 5,912	\$ -	\$ -	\$ 6,169	\$ -	\$ -	\$ -	\$ 96,208	\$ 226,649	\$ 136,710	\$ 363,359	\$ 535,566	\$ -	\$ 18,390	\$ 917,314
(9) Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,841	\$ -	\$ 20	\$ 132,862
(10) Operating Supplies & E:	\$ 40,147	\$ 2,488	\$ 83,521	\$ 24,501	\$ 13,011	\$ 49,006	\$ 74	\$ 25,703	\$ -	\$ -	\$ 22,100	\$ -	\$ -	\$ -	\$ 282,525	\$ 965,379	\$ 547,016	\$ 1,512,395	\$ 3,897,108	\$ -	\$ 1,210,767	\$ 6,620,269
(11) Other-Bad Debt	\$ 27,322	\$ 602	\$ 9,023	\$ 4	\$ 7	\$ 7,251	\$ -	\$ 6,548	\$ -	\$ -	\$ 3,829	\$ -	\$ -	\$ -	\$ 54,835	\$ 107,395	\$ 456,104	\$ 563,499	\$ 46,814	\$ -	\$ -	\$ 610,313
(12) Donated Items	\$ -	\$ -	\$ -	\$ 45,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,417	\$ 815,315	\$ 77,019	\$ 892,334	\$ 211,480	\$ -	\$ -	\$ 1,103,814
<b>TOTAL OTHER EXPENSES =</b>	<b>\$ 184,660</b>	<b>\$ 39,418</b>	<b>\$ 639,907</b>	<b>\$ 443,249</b>	<b>\$ 252,706</b>	<b>\$ 1,918,222</b>	<b>\$ 126</b>	<b>\$ 653,866</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 183,798</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,722,609</b>	<b>\$ 15,169,181</b>	<b>\$ 9,819,363</b>	<b>\$ 24,988,544</b>	<b>\$ 117,468,835</b>	<b>\$ -</b>	<b>\$ 4,055,164</b>	<b>\$ 146,512,543</b>
<b>PERSONNEL &amp; OTH. EXP. =</b>	<b>\$ 1,964,991</b>	<b>\$ 99,203</b>	<b>\$ 2,279,338</b>	<b>\$ 1,247,486</b>	<b>\$ 666,107</b>	<b>\$ 3,329,774</b>	<b>\$ 1,490</b>	<b>\$ 1,312,144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 716,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,113,818</b>	<b>\$ 36,668,493</b>	<b>\$ 20,659,616</b>	<b>\$ 57,328,108</b>	<b>\$ 221,564,352</b>	<b>\$ -</b>	<b>\$ 12,774,862</b>	<b>\$ 291,667,323</b>
<b>IIIC. DISTRIBUTED INDIRECT</b>																						
(a) Other Support Costs (Opti	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	\$ 404,244	\$ 12,606	\$ 365,825	\$ 233,412	\$ 116,196	\$ 277,217	\$ 289	\$ 136,653	\$ -	\$ -	\$ 122,704	\$ -	\$ -	\$ -	\$ 1,965,223	\$ 4,965,411	\$ (106,410)	\$ 4,859,001	\$ 7,915,861	\$ 0.00	\$ (12,774,862)	\$ -
<b>DISTRIBUTED INDIRECT COSTS =</b>	<b>\$ 404,244</b>	<b>\$ 12,606</b>	<b>\$ 365,825</b>	<b>\$ 233,412</b>	<b>\$ 116,196</b>	<b>\$ 277,217</b>	<b>\$ 289</b>	<b>\$ 136,653</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,704</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,965,223</b>	<b>\$ 4,965,411</b>	<b>\$ (106,410)</b>	<b>\$ 4,859,001</b>	<b>\$ 7,915,861</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ -</b>
<b>ACTUAL OPER. EXPENSES =</b>	<b>\$ 2,369,236</b>	<b>\$ 111,809</b>	<b>\$ 2,645,163</b>	<b>\$ 1,480,898</b>	<b>\$ 782,303</b>	<b>\$ 3,606,991</b>	<b>\$ 1,779</b>	<b>\$ 1,448,796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 839,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,079,041</b>	<b>\$ 41,633,903</b>	<b>\$ 42,817,936</b>	<b>\$ 62,187,109</b>	<b>\$ 229,480,214</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 291,667,323</b>
<b>IIID. UNALLOWABLE COST:</b>	<b>\$ (12,295)</b>	<b>\$ (436)</b>	<b>\$ (22,442)</b>	<b>\$ (185,735)</b>	<b>\$ (111,631)</b>	<b>\$ (118,705)</b>	<b>\$ (2)</b>	<b>\$ (5,541)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,579)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (574,779)</b>	<b>\$ (853,799)</b>	<b>\$ (446,182)</b>	<b>\$ (1,299,981)</b>	<b>\$ (2,693,432)</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ (3,993,414)</b>
<b>ALLOWABLE OPER. EXP. =</b>	<b>\$ 2,356,940</b>	<b>\$ 111,373</b>	<b>\$ 2,622,721</b>	<b>\$ 1,295,163</b>	<b>\$ 670,673</b>	<b>\$ 3,488,286</b>	<b>\$ 1,777</b>	<b>\$ 1,443,255</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 836,770</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,504,262</b>	<b>\$ 40,780,104</b>	<b>\$ 42,371,754</b>	<b>\$ 60,887,128</b>	<b>\$ 226,786,782</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ XXXXXXXXXXXX</b>	<b>\$ 287,673,909</b>
<b>IIIE. CAPITAL EXPENDITURES</b>																						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2019

**1. Summary of Significant Accounting Policies**

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

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2019

1. Total expenditures	\$ 291,667
2. Less other state and federal funds	(275,649)
3. Less non-match SAMH funds	(5,879)
4. Less unallowable costs per 65E-14, F.A.C.	<u>(3,993)</u>
5. Total allowable expenditures (sum lines 1, 2, 3 and 4)	6,146
6. Maximum available earnings (line 5 times 75%)	4,610
7. Amount of state funds requiring match	<u>3,477</u>
8. Amount due to department (subtract line 7 from line 6)	<u><u>\$ 1,133</u></u>

*See accompanying note.*

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2019

**1. Summary of Significant Accounting Policies**

The accompanying schedule was prepared on the accrual basis of accounting for the contract period. Calculations in the schedule were prepared in accordance with guidelines established by the State of Florida Department of Children and Families. Per guidance Rule 65E-14.003(1)(b), F.A.C., if the amount calculated as due to department is positive, then no amounts are due to department.

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2019

	<b>Related Passed Through to Subrecipient</b>
Revenues from grantee:	
Services	\$ 2,205,144
Rent	—
Interest	—
Other	—
Total revenue from grantee	<u>2,205,144</u>
Expenses associated with grantee transactions:	
Personnel services	—
Depreciation	—
Interest	—
Other	—
Total associated expenses	<u>—</u>
Related-party transaction adjustment	<u><u>\$ 2,205,144</u></u>
Allocation of related-party transaction adjustment:	
SAMH covered services:	
3	\$ 1,668,898
24	536,246
Total	<u><u>\$ 2,205,144</u></u>

*See accompanying note.*

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2019

**1. Summary of Significant Accounting Policies**

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

Lakeview Center, Inc. and Subsidiaries

Schedule of Bed-Day Availability Payments (Unaudited)

Year Ended June 30, 2019

<b>Program</b>	<b>Covered Service</b>	<b>Contracted Rate</b>	<b>Total Units of Service Provided</b>	<b>Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies</b>	<b>Passed</b>	<b>Amount Paid for Services by the Department</b>	<b>Maximum \$ Value of Units in Column</b>	<b>Amount Owed to Department</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H=FxC</b>	<b>&gt; of G-H or \$0</b>
Children's MH	Crisis stabilization unit	\$ 328.47	1,162	–	1,162	\$ 101,223	\$ 381,682	\$ –
Adult MH	Crisis stabilization unit	328.47	6,246	722	5,524	1,541,835	1,814,468	–
Children's SA	Substance abuse detox	n/a	n/a	n/a	n/a	n/a	–	–
Adult SA	Substance abuse detox	376.89	2,720	168	2,552	775,000	961,823	–
Adult MH	Short-term residential treatment	n/a	n/a	n/a	n/a	n/a	–	–
Total amount owed to department								<u>\$ –</u>

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2019

**1. Summary of Significant Accounting Policies**

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

# Supplementary Information

Lakeview Center, Inc. and Subsidiaries

DUI School

Balance Sheets

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets:		
Cash	\$ -	\$ -
Other accounts receivable	-	7,305
Property and equipment, less accumulated depreciation of \$6,980 and \$9,709 in 2019 and 2018, respectively	<b>56,107</b>	44,219
Total assets	<b>\$ 56,107</b>	<b>\$ 51,524</b>
<b>Liabilities and net deficit</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,418	\$ 1,577
Due to Lakeview Center, Inc.	124,463	176,753
Compensated absences	<b>6,108</b>	5,099
Total current liabilities	<b>131,989</b>	183,429
Net deficit without donor restrictions:		
Without donor restrictions, designated	<b>(75,882)</b>	(131,905)
Total liabilities and net deficit	<b>\$ 56,107</b>	<b>\$ 51,524</b>

*See accompanying notes.*

Lakeview Center, Inc. and Subsidiaries

DUI School

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

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Changes in net deficit without donor restrictions</b>		
Revenue:		
Net client fees	\$ 438,094	\$ 412,087
Net client fees – SSS	94,311	97,991
	<u>532,405</u>	<u>510,078</u>
Fees remitted to State of Florida	(12,708)	(33,352)
Fees remitted to State of Florida – SSS	(2,736)	(7,931)
	<u>(15,444)</u>	<u>(41,283)</u>
Total client fees	<u>516,961</u>	468,795
Total revenue	<u>516,961</u>	468,795
Expenses:		
DUI – other:		
Salaries	197,970	179,383
Fringe benefits	46,114	46,582
Building maintenance and operations	34,867	26,634
Conference and conventions	4,468	2,438
Other program costs	69,667	24,176
Testing and assessment	3,560	3,604
Printing and production	2,123	843
Promotion and publicity	–	23
Professional fees	1,899	160
Data processing	3,816	5,389
Administrative	13,722	20,781
	<u>378,206</u>	<u>310,013</u>

Lakeview Center, Inc. and Subsidiaries

DUI School

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

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Expenses (continued):		
DUI – SSS:		
Salaries	\$ 42,618	\$ 42,656
Fringe benefits	9,927	11,077
Building maintenance and operations	7,810	13,270
Conference and conventions	1,001	1,215
Other program costs	15,749	18,521
Testing and assessment	797	1,796
Printing and production	475	420
Promotion and publicity	–	12
Professional fees	425	80
Data processing	855	2,685
Administrative	3,075	3,877
	<u>82,732</u>	<u>95,609</u>
Total expenses	<u>460,938</u>	<u>405,622</u>
Change in net deficit without donor restrictions	56,023	63,173
Net deficit without donor restrictions at beginning of year	(131,905)	(195,078)
Net deficit without donor restrictions at end of year	<u>\$ (75,882)</u>	<u>\$ (131,905)</u>

*See accompanying notes.*

Lakeview Center, Inc. and Subsidiaries

DUI School

Notes to Financial Statements

September 30, 2019

**1. Summary of Significant Accounting Policies**

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

**2. State Assessment Fee**

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

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Fees due from prior year	\$ —	\$ —
Fees collected during current year	<b>15,444</b>	41,283
Fees remitted during current year	<b>15,444</b>	41,283
Fees due to the state of Florida	<u>\$ —</u>	<u>\$ —</u>

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

Lakeview Center, Inc. and Subsidiaries

DUI School

Notes to Financial Statements (continued)

**3. Other Program Costs for DUI (Non-Special Supervision Services (SSS) Expenses)**

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

	Year Ended September 30	
	2019	2018
Drug screen testing	\$ 3,082	\$ 1,075
Copier costs	20	788
Florida association of DUI program membership dues	186	5,941
Office supplies	1,103	3,089
Telephone	4,734	2,029
Other	23,351	4,618
Program admin allocations	37,191	6,635
Total other program costs	<u>\$ 69,667</u>	<u>\$ 24,176</u>

**4. Indirect Cost Allocations**

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

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Balance Sheets (Regulatory Basis)

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Cash and invested assets:		
Cash and cash equivalents	\$ 51,564	\$ 59,598
Real estate	17,339	15,566
Other invested assets	119,730	78,579
Internally designated investments	49,172	47,010
Total cash and invested assets	<u>237,805</u>	<u>200,753</u>
Electronic data processing equipment and software	18	35
Health care and other amounts receivable	4,342	3,513
Accounts receivable on service industry contracts (non-health)	26,340	24,116
Accounts receivable – other (non-health)	9,826	12,099
Amounts due from parent, subsidiaries, and affiliates	815	1,013
Inventories	334	370
Total assets	<u>\$ 279,480</u>	<u>\$ 241,899</u>
<b>Liabilities and net assets</b>		
Liabilities:		
Claims unpaid	\$ 768	\$ 989
General expenses due or accrued	15,638	12,824
Amounts withheld or retained for the account of others	2,883	2,748
Deferred revenue	259	4,525
Accrued wages	4,994	4,201
Accrued compensated absences	4,504	3,672
Total liabilities	<u>29,046</u>	<u>28,959</u>
Net assets:		
Net assets without donor restrictions	267,229	227,509
Less non-admitted assets	(16,795)	(14,569)
Total net assets	<u>250,434</u>	<u>212,940</u>
Total liabilities and net assets	<u>\$ 279,480</u>	<u>\$ 241,899</u>

*See accompanying note.*

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Statements of Operations (Regulatory Basis)

	<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<i>(In Thousands)</i>	
Revenue:		
Capitation revenue	<b>\$ 27,933</b>	\$ 27,750
Total revenue	<b>27,933</b>	27,750
Expenses:		
Sub-capitation expense	<b>24,313</b>	24,249
Taxes and insurance	<b>29</b>	19
Personnel	<b>1,651</b>	1,361
Printing/production and shipping	<b>4</b>	–
Other	<b>271</b>	69
Total expenses	<b>26,268</b>	25,698
Excess of revenue over expenses	<b>\$ 1,665</b>	\$ 2,052

*See accompanying note.*

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Note to Financial Statements (Regulatory Basis)

September 30, 2019

**1. Summary of Significant Accounting Policies**

The Access Behavioral Health (ABH) financial statements are prepared on a regulatory basis of accounting in accordance with guidelines established by the State of Florida Office of Insurance Regulation. Significant accounting policies for ABH are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries. Capitation revenue is based on a per-member per-month rate to provide services as a managed behavioral health organization. ABH provides these services for the Center and four comprehensive community mental health centers to provide mental health services to the MMA Plan beneficiaries residing in Regions 1 and 2 in Florida. Subcontracts with the Center are on a full-risk capitated basis and is reported as sub-capitation expense within the statements of operations for ABH.

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards</b>						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>Direct from Substance Abuse and Mental Health Services Administration</b>						
Project S.H.A.P.E.:						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	9/30/15-9/29/20	93.243	5H79SP021270-04	\$ 308,875	\$ 308,875	\$ -
P.H.A.S.E. II:						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	9/30/17-9/29/22	93.243	1H79TI080665-02	522,907	491,616	-
T.R.A.C.E.:						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	9/30/18-9/29/23	93.243	1H79TI081267-01	541,350	370,987	-
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	7/1/18-6/30/20	93.243	BB-A0200	88,000	42,603	-
Total CFDA No. 93.243					1,214,081	-
<b>Direct from Substance Abuse and Mental Health Services Administration</b>						
Drug Free Communities:						
Drug-Free Communities Support Program Grants	9/30/14-9/29/19	93.276	5H79SP020364-05	125,000	53,395	-
Total CFDA No. 93.276					53,395	-

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>						
<b>Passed through from the State of Florida Department of Children and Families (DCF)</b>						
Community Based Care – Child Welfare:						
Promoting Safe and Stable Families	7/1/17-6/30/19	93.556	DCF – AJ495	\$53,748,526	\$ 729,300	\$ 681,547
Grants to States for Access and Visitation Programs	7/1/17-6/30/19	93.597	DCF – AJ495		86,855	–
Chafee Education and Training Vouchers Program (ETV)	7/1/17-6/30/19	93.599	DCF – AJ495		63,953	–
Stephanie Tubbs Jones Child Welfare Services Program	7/1/17-6/30/19	93.645	DCF – AJ495		829,986	114,195
Foster Care – Title IV-E	7/1/17-6/30/19	93.658	DCF – AJ495		8,865,136	422,890
Title IV-E Candidacy IVE					555,843	–
Title IV-E FC Training 75% FFP					51,310	–
Total CFDA No. 93.658					9,472,289	422,890
Adoption Assistance	7/1/17-6/30/19	93.659	DCF – AJ495		9,009,077	–
Child Abuse and Neglect State Grants	7/1/17-6/30/19	93.669	DCF – AJ495		133,524	131,735
John H. Chafee Foster Care Program for Successful Transition to Adulthood	7/1/17-6/30/19	93.674	DCF – AJ495		159,216	–
Social Services Block Grant	7/1/17-6/30/19	93.667	DCF – AJ495		2,458,343	–
Community Based Care – Child Welfare (Parent Café):						
Community-Based Child Abuse Prevention Grants	2/1/16-6/30/19	93.590	DCF – AJ492	148,400	118,720	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>						
<b>TANF Cluster:</b>						
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Temporary Assistance for Needy Families	7/1/18–6/30/20	93.558	BB – A0110	\$11,111,142	\$ 364,843	\$ –
<b>Passed through from The State of Florida Department of Children and Families (DCF)</b>						
Community Based Care – Child Welfare:						
Temporary Assistance for Needy Families	7/1/17–6/30/19	93.558	DCF – AJ495		4,924,813	2,051,372
Total CFDA No. 93.558 and TANF Cluster					5,289,656	2,051,372
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Community Health Mental Services	7/1/18–6/30/20	93.958	BB – A0070	1,995,420	101,697	–
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Community Health Mental Services	7/1/18–6/30/20	93.958	BB – A0110		609,772	–
Florida Assertive Community Treatment (FACT):						
Block Grants for Community Health Mental Services	1/1/18–6/30/19	93.958	BB – A0170	1,196,552	138,718	–
Total CFDA No. 93.958					850,187	–
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Projects for Assistance in Transition from Homelessness (PATH)	7/1/18–6/30/20	93.150	BB – A0210	127,500	36,173	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>						
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/18–6/30/20	93.959	BB – A0070		\$ 319,772	\$ –
Block Grants for Prevention and Treatment of Substance Abuse	7/1/18–6/30/20	93.959	BB – A0110		1,611,412	–
Family Intensive Treatment (FIT):						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/18–6/30/20	93.959	BB – A0190	685,000	311,620	–
Community Drug and Alcohol Council, Inc. (CDAC):						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/17–6/30/19	93.959	LCI19-20	120,000	26,749	–
Block Grants for Prevention and Treatment of Substance Abuse	7/1/16–6/30/17	93.959	LCI18-19		84,359	–
<b>Passed through from Florida Alcohol and Drug Abuse Association</b>						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/18–6/30/20	93.959		429,696	12,988	–
Total CFDA No. 93.959					2,366,900	–
<b>Passed through from Healthy Start Community Coalition of Okaloosa and Walton Counties</b>						
Maternal and Child Health Services Block Grant to the States	7/1/18–6/30/20	93.994	OKA-#01-1920	217,718	194,192	–
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Opioid STR	7/1/18–6/30/20	93.788	BB – A0070		(65)	–
Opioid STR	7/1/18–6/30/20	93.788	BB-A0110		761,948	–
Opioid STR	7/1/18–6/30/20	93.788	BB-A0110		167,558	–
<b>Passed through from Florida Alcohol and Drug Abuse Association</b>						
Opioid STR	7/1/18–6/30/20	93.788			179,872	–
Total CFDA No. 93.788					1,109,313	–
<b>Total U.S. Department of Health and Human Services</b>					34,175,160	3,401,739

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>STATE DEPARTMENT OF AGENCY FOR HEALTH CARE ADMINISTRATION</b>						
<b>Medicaid Cluster</b>						
<b>Passed through from The State of Florida Department of Children and Families (DCF)</b>						
Community Based Care – Child Welfare:						
Medical Assistance Program	7/1/17-6/30/19	93.778	DCF – AJ495		175,297 \$	–
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Florida Assertive Community Treatment (FACT):						
Medical Assistance Program	7/1/18–6/30/20	93.778	BB-A0170		262,948	–
Total CFDA No. 93.778 and Medicaid Cluster					438,245	–
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Children's Mental Health Behavioral Services (BNET):						
Children's Health Insurance Program						
Children's Health Insurance Program	7/1/18–6/30/20	93.767	BB – A0160	313,384	178,966	–
<b>Total State Department of Agency for Health Care Administration</b>					617,211	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<b>Passed through the State of Florida Department of Labor and Employment Security</b>						
Vocational Rehab and Supported Employment:						
Rehabilitation Services Vocational Rehabilitation Grants to States	4/1/15–3/31/18	84.126	VR5096	R/A	\$ 519,688	\$ –
<b>Total U.S. Department of Education</b>					<u>519,688</u>	<u>–</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Housing First:						
Continuum of Care Program	7/1/19–6/30/20	14.267	FL0634L4H111802	122,493	30,623	–
Continuum of Care Program	7/1/18–6/30/19	14.267	FL0634L4H111701	122,493	91,870	–
Independent Living:						
Continuum of Care Program	7/1/19–6/30/20	14.267	FL0139L4H111811	202,369	60,613	–
Continuum of Care Program	7/1/18–6/30/19	14.267	FL0139L4H111710	284,889	213,667	–
Total CFDA No. 14.267					<u>396,773</u>	<u>–</u>
<b>Total U.S. Department of Housing and Urban Development</b>					<u>396,773</u>	<u>–</u>

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
<b>Federal awards (continued)</b>						
<b>U.S. DEPARTMENT OF JUSTICE</b>						
<b>Passed through the State of Florida Office of the Attorney General</b>						
Victims of Crime Act Program Services (VOCA):						
Crime Victim Assistance	10/1/18–9/30/19	16.575	8-Lakeview Center,	\$ 544,941	\$ 425,674	\$ –
<b>Total U.S. Department of Justice</b>					<u>425,674</u>	<u>–</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
<b>Passed through from Big Bend Community Based Care (BB)</b>						
Substance Abuse and Mental Health Managing Entity:						
Crisis Counseling	7/1/18–6/30/20	97.032	BB – AH202	6,463	6,463	–
<b>Total U.S. Department of Homeland Security</b>					<u>6,463</u>	<u>–</u>
<b>Total expenditures of federal awards</b>					<u>\$ 36,140,969</u>	<u>\$ 3,401,739</u>

Lakeview Center, Inc. and Subsidiaries

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

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	State CSFA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
<b>State financial assistance</b>						
<b>State of Florida Department of Children and Families (DCF)</b>						
Community Based Care – Child Welfare:						
Out-of-Home Supports	7/1/18–6/30/20	60.074	DCF – AJ495		\$ 819,981	\$ 71,908
In-Home Supports	7/1/18–6/30/20	60.075	DCF – AJ495		79,457	–
The Independent Living and Road-to- Independence Program	7/1/18–6/30/20	60.112	DCF – AJ495		44,236	–
CBC – Sexually Exploited Children	7/1/18–6/30/20	60.138	DCF – AJ495		508,626	–
Extended Foster Care Program	7/1/18–6/30/20	60.141	DCF – AJ495		279,045	–
CBC – Purchase of Therapeutic Services for Children	7/1/18–6/30/20	60.183	DCF – AJ495		226,438	
<b>Total State of Florida Department of Children and Families</b>					1,957,783	71,908
<b>State of Florida Department of Health</b>						
State and Community Interventions	7/1/18–6/30/20	64.093	COTHD	418,573	58,135	–
<b>State of Florida Department of Health</b>					58,135	–

Lakeview Center, Inc. and Subsidiaries

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

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	State CSFA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
<b>State financial assistance (continued)</b>						
<b>Florida Counsel Against Sexual Violence</b>						
Rape Crisis Program Trust Fund – Sexual Battery Victims’ Access Services Act	7/1/16–6/30/20	64.061	16TFGR03	\$ 34,563	\$ 35,067	\$ –
Total CFDA No. 64.061					35,067	–
Rape Crisis Center	7/1/16–6/30/20	64.069	16TFGR03	62,978	62,978	–
Total CFDA No. 64.069					62,978	–
Rape Crisis Program:						
Florida Council Against Sexual Violence	7/1/19-6/30/20	41.010	19OAG03	12,596	1,260	–
Florida Council Against Sexual Violence	7/1/18-6/30/19	41.010	18OAG03		11,336	–
Total CFDA No. 41.010					12,596	–
<b>Total Florida Council Against Sexual Violence</b>					<b>110,641</b>	<b>–</b>
<b>Office of the State Court Administration</b>						
Post-Adjudicatory Drug Court Program	7/1/18-6/30/20	22.021	010074Z	670,606	678,884	–
Naltrexone	3/30/18-3/29/20	22.022	SC00679	161,152	161,152	–
<b>Total Office of the State Court Administration</b>					<b>840,036</b>	<b>–</b>
<b>Total expenditures of state financial assistance</b>					<b>\$ 2,966,595</b>	<b>\$ 71,908</b>

See accompanying notes.

# Lakeview Center, Inc. and Subsidiaries

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

September 30, 2019

### **1. Presentation and Basis of Accounting**

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

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

### **2. Contingencies**

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

### **3. Subrecipients**

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

# Other Reports and Schedules



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## Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheet as of September 30, 2019, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Ernst + Young LLP*

December 19, 2019



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

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

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

We have audited Lakeview Center, Inc. and Subsidiaries' (the Center) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the Center's major federal programs and state financial assistance projects for the year ended September 30, 2019. The Center's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Those standards; the Uniform Guidance; Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program and State Financial Assistance Project***

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance, Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance; Section 215.97, *Florida Statutes*; and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Ernst + Young LLP*

December 19, 2019

Lakeview Center, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2019

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ **Yes**      X   **No**

Significant deficiency(ies) identified?

\_\_\_\_\_ **Yes**      X   **None reported**

Noncompliance material to financial statements noted?

\_\_\_\_\_ **Yes**      X   **No**

**Federal Awards and State Financial Assistance Projects**

Internal control over major federal programs and state financial assistance projects:

Material weakness(es) identified?

\_\_\_\_\_ **Yes**      X   **No**

Significant deficiency(ies) identified?

\_\_\_\_\_ **Yes**      X   **None reported**

Type of auditor’s report issued on compliance for major federal programs and state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a), Section 215.97, *Florida Statutes* or Chapter 10.650, *Rules of the Auditor General*?

\_\_\_\_\_ **Yes**      X   **No**



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