

2021

LifeStream Behavioral Center, Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

June 30, 2021

**LIFESTREAM BEHAVIORAL
CENTER, INC.
AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

We have audited the accompanying consolidated financial statements of LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries (the Center), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2021, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 27-35 is presented for purposes of additional analysis as required by the State of Florida Department of Children and Families, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022, 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.



January 20, 2022
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 22,488,550	\$ 16,232,255
Restricted Cash with Fiscal Agent	560,000	-
Accounts Receivable from Patients, Net Contractual Allowances and Allowances for Uncollectible Accounts of \$1,551,342 in 2021 and \$3,871,419 in 2020	2,989,763	3,055,245
Public Support Receivables	2,815,435	2,623,411
Inventory	565,317	776,170
Prepaid Expenses and Other Current Assets	1,197,940	1,286,746
Total Current Assets	<u>30,617,005</u>	<u>23,973,827</u>
Restricted Deposits	86,950	82,022
Investments, Fair Value	2,924,661	2,264,170
Investments, Cost and Equity	484,289	494,737
Property and Equipment, Net	26,317,106	24,444,065
Intangible Assets, Net	-	981
Total Assets	<u><u>60,430,011</u></u>	<u><u>51,259,802</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	1,473,289	2,233,220
Current Maturities of Long-Term Debt	678,320	649,848
Unearned Revenues	4,285,425	858,775
Accrued Salaries and Other Current Liabilities	3,625,880	3,837,933
Total Current Liabilities	<u>10,062,914</u>	<u>7,579,776</u>
Other Liabilities		
Note Payable, Less Current Maturities	9,071,720	9,734,287
Interest Rate Swap	1,221,827	1,806,955
Total Other Liabilities	<u>10,293,547</u>	<u>11,541,242</u>
Total Liabilities	<u>20,356,461</u>	<u>19,121,018</u>
Net Assets		
Without Donor Restrictions	39,451,015	31,538,281
With Donor Restrictions	622,535	600,503
Total Net Assets	<u>40,073,550</u>	<u>32,138,784</u>
Total Liabilities and Net Assets	<u><u>\$ 60,430,011</u></u>	<u><u>\$ 51,259,802</u></u>

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Public Support and Revenue		
Public Support:		
Federal Grants	\$ 18,994,027	\$ 17,094,336
Net State Grants	12,553,742	12,556,705
Local Grants	10,433,527	9,787,439
Total	41,981,296	39,438,480
Other Public Contributions and In-Kind Support	3,888,075	4,084,579
Total Public Support	45,869,371	43,523,059
Revenue:		
Net Patient Service Revenue	15,524,456	14,390,281
Rent Revenue - HUD Project	31,656	28,292
Investment Income	503,467	216,447
Other Revenue	1,778,779	1,609,511
Total Revenue	17,838,358	16,244,531
Total Public Support and Revenue	63,707,729	59,767,590
Net Assets Released from Restriction		
Satisfaction of Purpose Restrictions	67,590	99,096
Total Operating Revenues and Other Additions	63,775,319	59,866,686
Expenses		
Direct Program Services:		
Adult Mental Health	37,318,514	37,353,803
Primary Care Clinics	-	823,237
Exceptional Education	2,734,490	3,068,005
Community Housing	604,999	393,441
Child Welfare	9,583,129	7,717,010
Jail Diversion Services	838,613	881,977
Lake Region Homes, Inc.	80,643	91,101
Anthony House, Inc.	17,895	17,892
Total Direct Program Services	51,178,283	50,346,466
Support Services:		
Administrative and General	2,921,657	3,122,181
Other Support Services	2,276,294	2,071,455
Lifestream Foundation, Events and Awards for Fundraising	71,479	131,574
Total Support Services	5,269,430	5,325,210
Total Expenses	56,447,713	55,671,676
Changes in Net Assets Without Donor Restrictions	\$ 7,327,606	\$ 4,195,010

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions, Beginning of Year	\$ 31,538,281	\$ 27,989,403
Change in Net Assets Without Donor Restrictions	7,327,606	4,195,010
Other		
Change in Fair Value of Interest Rate Swap Liability	<u>585,128</u>	<u>(646,132)</u>
Without Donor Restrictions, End of Year	<u>\$ 39,451,015</u>	<u>\$ 31,538,281</u>
With Donor Restrictions		
Beginning of Year	\$ 600,503	\$ 599,353
Contributions	89,622	100,246
Net Assets Released from Restriction	<u>(67,590)</u>	<u>(99,096)</u>
With Donor Restrictions, End of Year	<u>\$ 622,535</u>	<u>\$ 600,503</u>
Total Increase in Net Assets	<u>\$ 7,934,766</u>	<u>\$ 3,550,028</u>

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Lake
	Adult Mental Health	Exceptional Education	Community Housing	Child Welfare Svcs	Jail Diversion Svcs	Region Homes, Inc.
Functional Expenses						
Salaries	\$ 18,263,975	\$ 1,347,563	\$ 130,175	\$ 6,818,158	\$ 377,792	\$ -
Fringe	3,940,143	325,986	28,186	1,452,463	96,556	-
Building Occupancy	2,249,723	279,271	173,514	169,565	38,870	22,007
Professional Services	1,887,551	250,194	15,343	34,727	85,057	-
Travel	264,981	10,337	133	212,322	4,200	-
Equipment Costs	148,026	48,180	3,609	108,805	1,304	-
Food Services	1,260,760	2,259	744	1,924	-	-
Medical and Pharmacy	4,884,126	48	-	117	1,443	-
Subcontracted Services	1,046,118	-	-	16,523	-	-
Insurance	948,455	144,303	20,158	395,882	19,231	22,883
Interest	244,306	61,556	20,760	22,810	4,293	19,600
Operating Supplies and Expense	1,220,929	59,383	51,219	236,288	167,112	13,120
Depreciation and Amortization	926,907	205,410	141,750	113,545	23,255	3,033
Donated Items	32,514	-	19,408	-	19,500	-
Foundation Events and Awards	-	-	-	-	-	-
Total Functional Expenses	\$ 37,318,514	\$ 2,734,490	\$ 604,999	\$ 9,583,129	\$ 838,613	\$ 80,643

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

Program Services		Support Services				
Anthony House, Inc.	Program Total	Admin and General	Other Support Services	Lifestream Behavioral Foundation, Inc.	Support Total	June 30, 2021
\$ -	\$ 26,937,663	\$ 1,732,485	\$ 1,663,601	\$ -	\$ 3,396,086	\$ 30,333,749
-	5,843,334	477,738	214,703	-	692,441	6,535,775
-	2,932,950	129,331	50,712	-	180,043	3,112,993
-	2,272,872	223,437	71,435	400	295,272	2,568,144
-	491,973	29,224	38,765	-	67,989	559,962
-	309,924	24,209	9,512	-	33,721	343,645
-	1,265,687	753	1,135	-	1,888	1,267,575
-	4,885,734	70,793	1,399	-	72,192	4,957,926
-	1,062,641	1,462	252	-	1,714	1,064,355
-	1,550,912	20,746	4,208	-	24,954	1,575,866
-	373,325	1,699	-	-	1,699	375,024
267	1,748,318	164,795	220,572	1,170	386,537	2,134,855
17,628	1,431,528	44,985	-	941	45,926	1,477,454
-	71,422	-	-	-	-	71,422
-	-	-	-	68,968	68,968	68,968
<u>\$ 17,895</u>	<u>\$ 51,178,283</u>	<u>\$ 2,921,657</u>	<u>\$ 2,276,294</u>	<u>\$ 71,479</u>	<u>\$ 5,269,430</u>	<u>\$ 56,447,713</u>

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					
	Adult Mental Health	Primary Care Clinics	Exceptional Education	Community Housing	Child Welfare Svcs	Jail Diversion Svcs
Functional Expenses						
Salaries	\$ 16,867,501	\$ 229,109	\$ 1,586,445	\$ 68,217	\$ 5,343,511	\$ 413,507
Fringe	3,996,674	59,546	373,663	14,959	1,269,790	115,420
Building Occupancy	2,063,374	32,088	260,506	140,379	176,341	35,521
Professional Services	1,839,040	41,941	263,983	4,780	20,170	66,098
Travel	355,299	2,443	11,616	603	248,797	10,967
Equipment Costs	230,538	1,297	180,346	4,034	95,991	4,191
Food Services	1,165,124	71	2,701	752	3,956	1,298
Medical and Pharmacy	4,829,978	400,861	420	-	199	2,324
Subcontracted Services	2,362,811	-	467	-	32,923	-
Insurance	881,302	14,726	106,179	16,679	300,492	23,537
Interest	240,503	2,243	55,961	14,747	8,000	2,913
Operating Supplies and Expense	1,428,266	16,472	74,153	11,408	162,119	147,991
Depreciation and Amortization	1,060,881	22,440	151,565	97,475	54,721	18,004
Donated Items	32,512	-	-	19,408	-	40,206
Foundation Events and Awards	-	-	-	-	-	-
Total Functional Expenses	\$ 37,353,803	\$ 823,237	\$ 3,068,005	\$ 393,441	\$ 7,717,010	\$ 881,977

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

Program Services			Support Services				June 30, 2020
Lake Region Homes, Inc.	Anthony House, Inc.	Program Total	Admin and General	Other Support Services	Lifestream Behavioral Foundation, Inc.	Support Total	
\$ -	\$ -	\$ 24,508,290	\$ 1,760,490	\$ 1,411,248	\$ -	\$ 3,171,738	\$ 27,680,028
-	-	5,830,052	467,902	299,129	-	767,031	6,597,083
34,488	-	2,742,697	128,955	57,465	-	186,420	2,929,117
-	-	2,236,012	200,613	64,190	202	265,005	2,501,017
-	-	629,725	51,080	24,784	-	75,864	705,589
-	-	516,397	27,440	9,565	-	37,005	553,402
-	-	1,173,902	1,484	14,068	-	15,552	1,189,454
-	-	5,233,782	194,359	2,366	-	196,725	5,430,507
-	-	2,396,201	3,392	158	-	3,550	2,399,751
19,462	-	1,362,377	22,060	6,189	-	28,249	1,390,626
20,858	-	345,225	6,627	-	-	6,627	351,852
6,386	264	1,847,059	240,405	182,293	1,768	424,466	2,271,525
9,907	17,628	1,432,621	17,374	-	300	17,674	1,450,295
-	-	92,126	-	-	-	-	92,126
-	-	-	-	-	129,304	129,304	129,304
<u>\$ 91,101</u>	<u>\$ 17,892</u>	<u>\$ 50,346,466</u>	<u>\$ 3,122,181</u>	<u>\$ 2,071,455</u>	<u>\$ 131,574</u>	<u>\$ 5,325,210</u>	<u>\$ 55,671,676</u>

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 7,934,766	\$ 3,550,028
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	1,477,454	1,450,295
(Gain) Loss on Sale of Fixed Assets	3,260	16,672
Change in Value of Interest Rate Swap	(585,128)	646,133
Change in:		
Accounts Receivable from Patients	65,482	110,304
Public Support Receivables	(192,024)	1,695,875
Prepaid Expenses and Other Current Assets	299,659	(458,264)
Accounts Payable	(759,931)	(82,550)
Accrued Salaries and Other Current Liabilities	(212,053)	1,085,091
Unearned Revenue	3,426,650	117,785
Net Cash Provided by (Used in) Operating Activities	11,458,135	8,131,369
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(3,355,623)	(5,446,005)
Proceeds from Sale of Fixed Assets	17,892	-
Proceeds (Purchase) of Investments	(650,043)	(72,487)
Net Cash Provided by (Used in) Investing Activities	(3,987,774)	(5,518,492)
Cash Flows from Financing Activities		
Repayment of Debt	(649,138)	(528,244)
Net Cash Provided by (Used in) Financing Activities	(649,138)	(528,244)
Net Increase (Decrease) in Cash and Cash Equivalents	6,821,223	2,084,633
Cash and Cash Equivalents, Beginning of Year	16,314,277	14,229,644
Cash and Cash Equivalents, End of Year	\$ 23,135,500	\$ 16,314,277
<u>Shown in the Financial Statements as</u>		
Cash and Cash Equivalents	\$ 22,488,550	\$ 16,232,255
Restricted Cash with Fiscal Agent	560,000	-
Restricted Cash	86,950	82,022
Total	\$ 23,135,500	\$ 16,314,277
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid During the Year for Interest	\$ 385,615	\$ 357,467

The auditor's report and accompanying notes are an integral part of these consolidated financial statements.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

A. - Reporting Entity and Related Organizations

Organization and Purpose—Lake/Sumter Community Mental Health Center, Inc. was formed to provide comprehensive alcohol, drug abuse, and mental health services to the residents of Lake and Sumter Counties in 1971. Effective November 1, 1993, the name was changed to LifeStream Behavioral Center, Inc. (LifeStream). LifeStream provides acute inpatient psychiatric and substance abuse disorder care in its hospital facilities and a comprehensive array of residential, case management, psychiatric and therapy services, exceptional education schooling, and homeless services throughout Lake, Sumter, Marion, Citrus, Hillsborough, and Orange Counties. LifeStream is a not-for-profit corporation licensed in the State of Florida and is accredited by the Commission on Accreditation of Rehabilitation Facilities.

The accompanying consolidated financial statements include the assets, liabilities, net assets, and financial activities of three related entities: Lake Region Homes, Inc. (LRH), LifeStream Behavioral Center Foundation, Inc. (the Foundation), and Anthony House, Inc. The consolidated entity is referred to as the Center through the financial statements.

LRH, a non-profit corporation, was established for the purpose of constructing and operating a living facility used exclusively for clients of LifeStream. The facility was constructed from the proceeds of a Department of Housing and Urban Development (HUD) Section 202 mortgage and is subsidized from HUD Section 8 housing allowances.

The Foundation was established in 1989. The Foundation is a not-for-profit corporation and was formed for the purpose of providing additional funds for LifeStream's facilities and services. Certain members of the Board of Directors (the Board) of LifeStream also serve on the Board of the Foundation.

Anthony House, Inc. is a not-for-profit corporation and was formed for the purpose of providing shelter and rehabilitative services for the homeless. Anthony House, Inc. was acquired by LifeStream on June 9, 2010.

B. - Summary of Significant Accounting Policies

Basis of Accounting—These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements present the financial position, activities, changes in net assets, and cash flows of LifeStream, the Foundation, LRH, and Anthony House, Inc. Significant inter-organizational transactions and balances between the entities have been eliminated.

The costs related to the administration of the Center's programs are summarized in the consolidated statements of activities. Personnel and operating expenses that are associated with a specific program are charged directly to that program. Personnel and operating expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses represent indirect costs of administering these programs.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Financial Statement Presentation—The Center presents its financial statements under *Accounting Standards Codification* (ASC) 958-205. The Center is required to report information regarding its financial position and activities according to two classes of net assets as follows:

- Without Donor Restrictions
- With Donor Restrictions

Without Donor Restrictions

Net assets that are not subject to, or no longer subject to, donor-imposed stipulations.

With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time or purpose. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions, and reported in the consolidated statement of activities as net assets released from restrictions.

Revenues are reported as increases in without donor restrictions unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in without donor restrictions. With donor restrictions revenue received and expended during the same fiscal year is recorded as without donor restrictions revenue and expense in the consolidated statement of activities.

Use of Estimates—The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—The Center considers cash and cash equivalents to include cash deposits, certificates of deposits, and money market accounts, which are treated as cash equivalents in the consolidated statement of cash flows.

Investments—The Center uses a fair value hierarchy established by U.S. GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels in the fair value hierarchy are:

- **Level 1**—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2**—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full-term of the assets or liabilities.
- **Level 3**—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

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

Inventories—Inventories of supplies are stated at the lower of cost or market determined by the first-in, first-out method.

Restricted Deposits—Under regulatory agreement, LRH is required to set aside amounts for the replacement of property and other LRH expenditures approved by HUD. HUD-restricted deposits, which were \$63,926 and \$59,322 at June 30, 2021 and 2020, respectively, are held in separate accounts and generally are not available for operating purposes. LifeStream and LRH also hold restricted security deposits of \$23,024 and \$22,700 at June 30, 2021 and 2020, respectively.

Intangible Assets—Intangible assets consist of costs associated with obtaining certificates of need and are being amortized by the straight-line method over the terms of either 10 to 40 years or the related notes payable.

Property and Equipment—Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$1,000 that materially increase values, change capacities, or extend useful lives are capitalized, as are interest costs during the period of construction for such expenditures.

Interest Rate Swap—The Center has adopted ASC 815, *Derivatives and Hedging*. This codification establishes accounting and reporting standards requiring that derivative instruments be recorded at fair value and included in the consolidated statement of financial position as assets or liabilities. The Center uses interest rate swaps to manage risks related to interest rate movements. Interest rate swap contracts are reported at fair value.

Public Support—Public support revenue from government grants is recorded based upon the terms of the grantor allotment, which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Center will be required to refund any deficiencies. Management is of the opinion that all monies recognized as public support have been earned as of June 30, 2021. These amounts are reflected as without donor restrictions as the amounts are received and expended in the same year.

Accounts Receivable—Accounts receivable from patients are reduced by contractual allowances and an allowance for uncollectable accounts. In evaluating the collectability of accounts receivable, the Center analyzes historical trends for each of its major payer sources. For accounts receivable associated with services provided to patients who have third-party coverage, the Center analyzes the collectability of the related contractually due amounts as well as analyzes the collectability of co-pays and deductibles due from the specific patients receiving those services. For accounts receivable associated with self-pay patients, the Center records significant provisions for bad debts in the period in which the service is performed on both the basis of historical trends as well as specific patient-related collectability information. Management regularly reviews data about all payer sources of revenues to estimate the appropriate allowance for doubtful accounts and the provision of bad debts.

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Annually, the Center reviews its gross charge master and any resulting changes are approved by the Board. Differences between gross charges and contractual rates, as well as the differences between gross charges and negotiated rates, are written off at the time of service. Differences between contractual or negotiated accounts receivable, along with co-pay, deductible, and self-pay accounts receivable, are further written off at the time of service to the estimated amounts collectable as charges against the allowable for uncollectable accounts. Further collectability related adjustments to accounts receivable are also charged against the allowable for uncollectable accounts for bad debts resulting after all reasonable collection efforts have been exhausted.

Net Patient Service Revenue—Net patient service revenue is reported at the net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Patient service revenue for private pay services is recorded on a sliding fee scale. 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.

Charity Care—Under the charity care policy, which is based upon federal poverty guidelines, the Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. Unreimbursed charity care provided is excluded from gross patient service revenue. Such unreimbursed charges include PCU inpatient care and amounted to \$3,331,574 and \$4,419,138 for the years ended June 30, 2021 and 2020, respectively.

Annually, the Center also updates its sliding fee scale in coordination with the annual publication of the Federal Poverty Guidelines and the requirements of Chapter 65e-14, *Florida Administrative Code*. The resulting sliding fee discounts in co-pays for qualifying patients are recorded at the time of service.

In-Kind Contributions—Revenues from in-kind contributions (primarily donated facilities and donated prescription drugs) are recognized as received based on the fair market value of the contribution. The fair market value of donated facilities was \$71,420 and \$92,126 for the years ended June 30, 2021 and 2020, respectively. The fair market value of donated prescription drugs was \$3,412,374 and \$3,628,245 for the years ended June 30, 2021 and 2020, respectively.

Revenue Recognition

Client/Patient Care Services—Effective July 1, 2020, the Center adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as ASC 606), using the modified retrospective transition approach applied to all contracts. Therefore, the reported results for the year ended June 30, 2021, reflect the application of ASC 606 while the reported results for the year ended June 30, 2020, were not adjusted and continue to be reported under the accounting guidance, ASC 605, *Revenue Recognition* (ASC 605), in effect for the prior periods. Under ASC 605, the Center recognized revenue upon completion of service.

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The modified retrospective method of transition requires disclosure of the effect of applying the new standards on each affected line item in the 2021 consolidated financial statements. The impact of adopting this standard did not have a material impact on the Center's consolidated financial statements as of and for the year ended June 30, 2021, including its general revenue activities; thus, no adjustment to the opening balance of net assets was recorded at July 1, 2020.

ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process of the revenue model, is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Additional information about the Center's revenue recognition policies and the related impact of the adoption is included in Note L to the consolidated financial statements.

Implementation of this standard does not apply to government funded or local contracts and grants, which are recorded under the Financial Accounting Standards Board (FASB) ASC 958-605, *Not-for-Profits*, and discussed below.

Contracts and Grants—In accordance with FASB ASC 958-605, *Not-for-Profits*, the majority of the Center's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contracts or grant provisions. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB) Uniform Guidance (2 CFR 200), as well as review by other state and local grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds, as applicable. Based on prior experience, the Center's management believes costs ultimately disallowed, if any, would not materially affect the consolidated financial statements.

Unearned Revenues—Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the consolidated statement of financial position. The Center received \$4,285,425 and \$858,775 for the 2021 and 2020 fiscal years, respectively, of grant and contract funds that have not been recognized at June 30, 2021, because qualifying expenditures have not been incurred. This amount has been recognized in the consolidated statement of financial position as unearned revenues.

Other Revenues—Other revenues include rental income from clients staying at housing facilities, contributions related to special events, donated medicine, and miscellaneous income related to various reimbursements.

Income Taxes—LifeStream, the Foundation, LRH, and Anthony House, Inc. were organized as not-for-profit organizations described under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Advertising Costs—Advertising costs are expensed when incurred. Advertising expense was \$32,326 and \$153,872 for the years ended June 30, 2021 and 2020, respectively.

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Reclassifications—Certain consolidated financial statements and note information from the prior year consolidated financial statements have been reclassified to conform with current year presentation format.

Subsequent Events—The Center has evaluated subsequent events through January 20, 2022, the date the financial statements were available to be issued.

Upcoming Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a liability to make lease payments and an asset representing its right-to-use the underlying asset for the lease term in the statement of financial position for both operating and capital leases. ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, deferred the effective date of ASU 2016-02. ASU 2016-02 is now effective for the Center beginning on July 1, 2022. The Center has not yet determined the impact on the consolidated financial statements.

C. - Property and Equipment

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Construction in Process	\$ 7,560,975	\$ 5,460,494
Land and Improvements	1,761,260	1,761,260
Building and Improvements	28,445,480	27,873,754
Furniture and Equipment	10,470,718	9,998,735
	<u>48,238,433</u>	<u>45,094,243</u>
(Less Accumulated Depreciation)	<u>(21,921,327)</u>	<u>(20,650,178)</u>
Net Property and Equipment	<u><u>\$ 26,317,106</u></u>	<u><u>\$ 24,444,065</u></u>

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense was \$1,461,432 and \$1,434,114 for the years ended June 30, 2021 and 2020, respectively. Estimated useful lives of property and equipment range as follows:

Building and Improvements	3 - 40 years
Furniture and Equipment	3 - 20 years

Certain fixed assets of the Center were purchased with federal, state, and local government support. As a result, if such assets are disposed, the granting agency that participated in the funding of the purchase has a contractual right to participate in the proceeds from the disposition. The historical cost and net book value of all such assets are recorded at June 30, 2021, as \$3,511,547 and \$2,079,085, respectively. The historical cost and net book value of all such assets are recorded at June 30, 2020, as \$3,293,807 and \$1,993,433, respectively.

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D. - Investments and Fair Value

At June 30, 2021 and 2020, the fair value of financial instruments consisted of the following:

Fair Market Value	2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 62,928	\$ -	\$ -	\$ 62,928
Corporate Bonds	1,090,891	-	-	1,090,891
Common Stock - Public (Level 1)	1,770,842	-	-	1,770,842
Foreign Bonds	-	-	-	-
Foreign Equities	-	-	-	-
Total	\$ 2,924,661	\$ -	\$ -	\$ 2,924,661
Interest Rate Swaps	\$ -	\$ (1,221,827)	\$ -	\$ (1,221,827)
Total	\$ -	\$ (1,221,827)	\$ -	\$ (1,221,827)

Fair Market Value	2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 20,340	\$ -	\$ -	\$ 20,340
Corporate Bonds	939,694	-	-	939,694
Common Stock - Public (Level 1)	1,258,800	-	-	1,258,800
Foreign Bonds	3,193	-	-	3,193
Foreign Equities	42,143	-	-	42,143
Total	\$ 2,264,170	\$ -	\$ -	\$ 2,264,170
Interest Rate Swaps	\$ -	\$ (1,806,955)	\$ -	\$ (1,806,955)
Total	\$ -	\$ (1,806,955)	\$ -	\$ (1,806,955)

For fiscal years 2021 and 2020, \$484,289 and \$494,737, respectively, of investments, non-current, are accounted for using the equity and cost method and are further discussed in Note T.

E. - Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts available include current assets available for expenditure in the following year. Amounts not available include items such as restricted net assets and revenue received in advance and not available for general expenses.

	2021	2020
Financial Assets, at Year-End*	\$ 31,702,698	\$ 24,669,818
Less Those Unavailable for General Expenditures		
Within One Year, Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	(412,465)	(390,433)
Restricted by Donor with Permanent Restrictions	(210,070)	(210,070)
Financial Assets Available to Meet		
Cash Needs for Expenditures Within One Year	\$ 31,080,163	\$ 24,069,315

*Total assets, less non-financial assets (i.e. property and equipment, prepaid and other assets, deposits and inventory).

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F. - With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2021 and 2020:

Net Assets With Donor Restructions	2021	2020
Memoriams	\$ 1,306	\$ 1,306
Endowments	5,500	5,500
Open Door	79,598	100,076
Capital Campaign	58,838	58,838
Suicide Prevention	18,027	18,027
Children's Services	82,928	40,418
Adult Mental Health	42,310	42,310
Child Mental Health	41,930	41,930
Adult Substance Abuse Disorder	41,014	41,014
Child Substance Abuse Disorder	41,014	41,014
Anthony House - Land	210,070	210,070
Total	\$ 622,535	\$ 600,503

G. - Accounts Receivable

Allowance for patient bad debts is estimated using the historical average of uncollectible accounts by program, subsequent cash collections, and prior knowledge and experience.

Accounts receivable consisted of the following:

	2021	2020
Patient Accounts Receivable	\$ 4,541,105	\$ 6,926,664
Allowance for Bad Debt	(1,551,342)	(3,871,419)
Net	\$ 2,989,763	\$ 3,055,245

Allowance for Public Support Receivable - LifeStream has been awarded grants and contracts from federal, state, and local funding agencies in its normal course of business. Typically, these grants and contracts contain multiple, varied compliance requirements and restrictions, including provisions for being subject to future regulatory review and audit compliance procedures. Some of these reviews may take place in years subsequent to the year in which the related grant revenues were reported in their financial statements. In light of these possible future events, LifeStream has calculated a Grant Audit Reserve. At June 30, 2021, this reserve liability is recorded at \$400,000.

H. - Debt

Long-term debt consists of the following:

	2021	2020
Mortgage Note Payable to HUD, Collateralized by Property and Equipment with a Net Book Value of Approximately \$210,653, Payable in Monthly Installments of \$2,824, Including Interest at a Fixed Rate of 9.25%, through May 2030.	\$ 205,282	\$ 219,463

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	2021	2020
Mortgage Note Payable, Collateralized by Buildings, Payable in Varying Monthly Installments, Including Interest at 30-Day LIBOR Plus 1.85%, through August 2028.	\$ 795,404	\$ 885,290
Mortgage Note Payable, Collateralized by Hospital and Administrative Buildings and Equipment, Payable in Varying Monthly Installments, Including Interest at 63.7% of 30-Day LIBOR Plus 1.355%, through July 2028. Loan Related Costs were \$142,595 and \$153,290, respectively.	8,905,524	9,450,596
Total Long-Term Debt	9,906,210	10,555,349
(Less Loan Costs)	(156,170)	(171,214)
(Less Current Portion)	(678,320)	(649,848)
Long-Term Portion	\$ 9,071,720	\$ 9,734,287

Scheduled maturities on long-term debt is as follows:

2022	\$ 678,320
2023	708,161
2024	739,353
2025	771,626
2026	806,066
Thereafter	6,202,684
Total	\$ 9,906,210

The Center's interest expense for the years ended June 30, 2021 and 2020, was \$353,775 and \$324,268, respectively. In addition, subsidiary LRH's interest expense for the years ended June 30, 2021 and 2020, was \$19,600 and \$20,858, respectively.

Debt Covenants—The loan agreements contain various restrictive covenants related to maintenance of minimum tangible net worth, incurring additional debt, fixed charge ratios, and filing of required documents with the bank.

Line of Credit—In June 2020, the Center entered into a line of credit agreement with a banking institution for a \$1,700,000 revolving line of credit. The interest rate is LIBOR plus 1.80% per annum with a minimum of 2.65% and a maximum of 24.00%. As of June 30, 2021 the balance owed was \$0.

I. - Interest Rate Swap Agreement

The Center used variable-rate debt to finance the construction of the hospital and campus expansion. The debt obligations expose the Center to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuation in cash flows resulting from interest rate risk. These swaps changed the variable rate cash flows exposure on the debt obligations to fixed-cash flows. Under the terms of the interest rate swaps, the Center receives variable interest rate payments and makes fixed interest payments, thereby creating the equivalent of fixed-rate debt.

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By using a derivative financial instrument to hedge its exposure to changes in interest rates, the Center exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Center, which creates credit risk for the Center. When the fair value of a derivative contract is negative, the Center owes the counterparty and, therefore, it does not possess credit risk. The Center minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

On August 20, 2007, the Center entered into a \$7,000,000 U.S. Dollar Rate Swap Transaction with an effective date of January 1, 2008, and a termination date of July 1, 2028. The swap was executed with the purpose of fixing the rate on the bonds issued by the City of Tavares, Florida. Under the terms of the agreement, the Center paid a fixed rate of 4.84% to Bank of America on a monthly basis and, in return, Bank of America pays the Center 63.7% of the monthly LIBOR rate plus 1.15%. On September 1, 2018, the Center refunded this debt and orphaned the swap. Bank of America agreed to tie the current rates to the new Branch Banking and Trust Co. (BB&T), now Truist, debt and allow the Center to make their monthly payments as normal.

At June 30, 2021 and 2020, the swap contract had a notional amount of \$3,286,274 and \$3,665,088, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense for the orphaned swap. The net gain (loss) on the swap at June 30, 2021 and 2020, was \$(147,446) and \$(49,492), respectively.

On July 17, 2013, the Center entered into a \$1,400,000 U.S. Dollar Rate Swap Transaction with an effective date of July 24, 2013, and a termination date of August 5, 2028. Under the terms of the agreement, the Center pays a fixed rate of 4.86% to BB&T on a monthly basis and, in return, BB&T pays the Center the monthly LIBOR rate plus 1.85%. At June 30, 2021 and 2020, the swap contract had a notional amount of \$795,685 and \$885,290, respectively. The difference between interest earned and the interest obligation accrued is received or paid the fifth day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2021 and 2020, was \$(39,051) and \$(46,954), respectively.

On September 1, 2018, the Center entered into a \$10,000,000 U.S. Dollar Rate Swap Transaction with an effective date of November 1, 2018, and a termination date of October 1, 2033. Under the terms of the agreement, the Center pays a fixed rate of 4.84% for \$4,300,000 and 3.4% for \$5,700,000 to BB&T on a monthly basis and, in return, BB&T pays the Center the Prime rate per annum minus 2.75%. At June 30, 2021 and 2020, the swap contract had a notional amount of \$5,619,250 and \$5,785,508, respectively. The difference between interest earned and the interest obligation accrued is received or paid the fifth day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2021 and 2020, was \$(398,632) and \$(549,686), respectively.

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J. - Net Patient Service Revenue

Revenue and Deductions—Gross patient service revenue is recorded on the accrual basis in the period in which services are provided, at the Center’s established rates, except for patient service revenue for private pay patients, which is recorded on a sliding fee scale. Contractual adjustments are recorded as deductions from gross patient service revenue to determine net patient service revenue. Net patient service revenue for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Gross Patient Service Revenue	\$ 71,279,340	\$ 72,802,197
(Less Provision for Bad Debt)	(3,643,692)	(713,726)
(Less Provisions for Contractual)	(52,111,192)	(57,698,190)
Net Patient Service Revenue	\$ 15,524,456	\$ 14,390,281

The Center contracts with the Department of Children and Families (DCF) for the provision of mental health and substance use disorder services for children and adults on an availability basis and on a per unit basis, as defined in the contract. The gross patient service revenue for patients who receive program benefits under this DCF grant is reflected as gross revenue with corresponding deductions/write-offs necessary to adjust this amount to net realizable value.

Medicare and Medicaid—The Medicare program pays the Center for inpatient services on the “Prospective Payment System” subject to certain limitations. The Medicare and Medicaid programs reimburse the Center on a per visit basis for outpatient and certain inpatient services. Medicare and Medicaid patient service revenue as a percentage of gross patient service revenue approximates 11% and 14% for the years ended June 30, 2021 and 2020, respectively.

Final determination of amounts earned pursuant to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. Cost reports through the year ended June 30, 2020, have been audited and final settlement has been determined. The cost reports for the year ended 2021 have not been audited. The provisions for cost report settlements for 2021 are based on management’s estimates of allowable costs and fee schedules. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

K. - Retirement Plan

The Center sponsors a defined contribution retirement plan (the Plan) covering substantially all employees, which is based on attainment of age 21 and the completion of one year of service. The Center’s contribution to the Plan is at the Board’s sole discretion and was approximately \$1,010,338 and \$896,900 for the years ended June 30, 2021 and 2020, respectively.

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L. - Client/Patient Care Service Revenue Recognition

For client/patient care services, the Center generates revenue primarily from services provided for mental health and substance abuse treatment. Revenues are stated net of contractual adjustments. Revenue generating activities under each customer contract represent a single performance obligation and are recognized at the point in time when service has been rendered for the customer and the Center's obligation has been fulfilled. The Center provides care to residents on a daily basis, including room and board, administration of medications, psychiatric evaluations, and program activities. The underlying task performed will vary by patient. The single performance obligation is based on the time period in which the client stays, billed monthly. Revenue is measured based on the amount of consideration expected to be received in exchange for the service. The contract term between the Center and the clients can be terminated or modified at any time.

Amounts due from patients, third-party payors (including health insurers, Medicare, and Medicaid), and others, include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the patients and third-party payors monthly. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied at a point in time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied at a point in time relate to patients in the residential treatment program receiving inpatient substance abuse and mental health care services, or patients receiving services in the outpatient centers. The Center measures the performance obligation after each service has been performed, from admission into the residential treatment program, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and customers (for example, pharmaceuticals) and the Center does not believe it is required to provide additional goods or services related to that patient.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, and implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

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- Medicare—Certain inpatient substance abuse and mental health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.
- Medicaid—Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- Other—Payment agreements with certain commercial insurance carriers and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Sliding fee scales, based on income level, are used to determine the rates for self-pay clients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Accounts receivable, net, from clients and third-party payees is listed in Note G.

M. - Compensated Absences

Each permanent full time employee earns paid time off for vacation, sickness, and holidays based on tenure. Employees may accumulate up to 160 hours of paid time off. Eligible employees who end their employment with the Center are reimbursed for each day of accumulated leave.

N. - Related-Party Balances and Transactions

The Center purchased supplies from a vendor with a relationship to a Board member. The transactions were consummated at arm's length. The Center purchased \$554,044 and \$303,548 worth of supplies and furniture for fiscal years ended 2021 and 2020, respectively, and, as of year-end, owed \$20,622 and \$16,741 to the vendor for fiscal years ended 2021 and 2020, respectively.

The Center leases property to/from a vendor with a relationship to a Board member. The transactions were consummated at arm's length. The Center paid rent of \$32,512 and received rent of \$31,140 for fiscal years ended 2021 and 2020, respectively.

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The Center purchased a certificate of deposit from a bank with a relationship to a Board member. The transaction was consummated at arm's length. The value of the certificate of deposit is \$250,000.

O. - Commitments and Contingencies

Litigation—Management is aware of litigation claims or actions pending against the Center arising out of the ordinary course of business. However, these claims are within the professional liability policy limits. Therefore, no accrual for possible losses attributable to these incidents has been made.

P. - Concentrations of Credit Risk

The Center grants credit without collateral to its patients. Most are local residents and are insured under third-party payor agreements. The Center has not experienced significant losses related to receivables from individual payers or groups of payers. Due to these factors, management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Center's patient accounts receivable.

The Center maintains cash balances with various financial institutions. Demand deposit and money market accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Center's uninsured cash balances totaled \$20,911,066.

Q. - Leases

The Center leases outpatient facilities and parking space under operating leases. Rental expense for the years ended June 30, 2021 and 2020, was \$312,661 and \$282,627, respectively. Future minimum lease payments under these leases are provided below:

Schedule of Minimum Lease Payments		
Years Ended June 30		
2022	\$	280,241
2023		119,824
2024		90,816
2025		40,224
2026		35,615

R. - Summary Information Relating to Financially Interrelated Entities

Summary financial information of LRH, the Foundation, and Anthony House, Inc., which has been included in these consolidated financial statements, is shown below. Inter-entity transactions have not been eliminated from this summary data.

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	<u>2021</u>	<u>2020</u>
Lake Region Homes, Inc.		
Total Assets	\$ 102,601	\$ 110,111
Total Liabilities	712,197	735,626
Without Donor Restrictions (Deficit)	(609,596)	(635,515)
Total Liabilities and Net Assets	<u>102,601</u>	<u>100,111</u>
Total Revenue	118,803	102,909
Total Expenses	(92,884)	(91,102)
Changes in Net Assets	<u>\$ 25,919</u>	<u>\$ 11,807</u>
	<u>2021</u>	<u>2020</u>
LifeStream Behavioral Center Foundation, Inc.		
Total Assets	\$ 715,656	\$ 548,651
Without Donor Restrictions (Deficit)	303,191	158,218
With Donor Restrictions	412,465	390,433
Total Net Assets	<u>715,656</u>	<u>548,651</u>
Total Revenue	243,642	218,067
Total Expenses	(71,479)	(131,574)
Changes in Net Assets	<u>\$ 172,163</u>	<u>\$ 86,493</u>
	<u>2021</u>	<u>2020</u>
Anthony House, Inc.		
Total Assets	\$ 253,280	\$ 270,774
Total Liabilities	-	-
Without Donor Restrictions (Deficit)	43,210	60,704
With Donor Restrictions	210,070	210,070
Total Liabilities and Net Assets	<u>253,280</u>	<u>270,774</u>
Total Revenue	400	28,039
Total Expenses	(17,895)	(17,892)
Changes in Net Assets	<u>\$ (17,495)</u>	<u>\$ 10,147</u>

S. - Dependency on Government Support

The Center receives a substantial amount of support from federal, state, and local government agencies. A reduction in the level of future federal, state, or local support could have a substantial effect on the Center's programs and activities.

T. - Equity Investment

The Center, along with other similar not-for-profit organizations, purchased 15 shares of stock in Florida Premier Health Plan, Inc. (FPHP). FPHP was formed as a for-profit corporation by the Florida Council for Community Mental Health, Inc. to organize a provider service network.

The Center, along with other similar not-for-profit organizations, invested in Community Foundation of South Lake (CFSL). CFSL was formed as a non-profit to support community business involvement.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

The Center, along with other similar not-for-profit organizations, invested in Progress Health System (PHS). PHS was formed as a non-profit for the purpose of enhancing the level and quality of services to clients (see Note U below for additional information).

Additionally, the Center invested in 150 Class C stock shares and 3 Class D stock shares in Mental Health Risk Retention Group, Inc. (MHRRG). MHRRG was formed as a for-profit organization by the Mental Health Corporations of America and National Council for Behavioral Health to create alternative liability insurance options for community behavioral health organizations.

U. - Affiliation with Other Organizations

On January 1, 2015, LifeStream entered into an affiliation agreement with Meridian Behavioral Healthcare, Inc. Each entity is a Florida non-profit corporation, which together with their respective subsidiaries and affiliates, will be referred to as PHS. The Board of PHS consists of an equal number of representatives from each of the affiliate corporations' Boards. The affiliation was organized for the purpose of enhancing the level and quality of services to clients in their respective communities in a cost-effective manner through the sharing of certain administrative functions while also providing a platform for providing a broader range of services on a regional basis.

SUPPLEMENTARY INFORMATION

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2021

	ASSESSMENT	CASE MANAGEMENT	CRISIS STABILIZATION	EMERGENCY SERVICES	DAY - NIGHT
I. NET PATIENT REVENUE	\$ 19,469	\$ 1,150,504	\$ 3,113,359	\$ 4,331	\$ 853,130
II. OTHER REVENUE					
Federal and State Grant Revenue	-	1,051,798	1,380,910	1,959,901	24,019
Local Grant Revenue	-	24,999	80,257	67,482	-
Other Revenue	-	79	3,555	-	400
TOTAL OTHER REVENUE	-	1,076,876	1,464,722	2,027,383	24,419
TOTAL REVENUE	19,469	2,227,380	4,578,081	2,031,714	877,549
III. PERSONNEL SERVICES					
Salaries	-	926,274	1,741,027	1,275,690	293,018
Fringe	-	230,883	244,776	244,673	85,910
TOTAL PERSONNEL SERVICES	-	1,157,157	1,985,803	1,520,363	378,928
OTHER EXPENSES					
Building Occupancy	-	52,195	272,131	66,878	70,391
Professional Services	10,771	188,908	114,359	36,547	13,523
Travel	-	77,154	51	5,102	961
Equipment Costs	-	4,732	22,787	18,171	7,274
Food Services	-	399	150,538	13,021	50,424
Medical and Pharmacy	-	387	142,376	29,618	175
Subcontracted Services	-	-	342,890	-	-
Insurance	452	51,900	74,880	45,201	26,080
Interest	-	6,480	25,344	5,268	10,280
Operating Supplies and Expense	85	65,409	55,311	25,644	9,812
Depreciation and Amortization	-	45,399	46,401	36,101	36,678
Donated Items	-	-	-	-	-
Foundation Events and Awards	-	-	-	-	-
TOTAL OTHER EXPENSES	11,308	492,963	1,247,068	281,551	225,598
TOTAL DIRECT EXPENSES	11,308	1,650,120	3,232,871	1,801,914	604,526
INDIRECT EXPENSES					
Administrative Overhead	2,945	152,904	654,473	219,943	64,627
TOTAL INDIRECT EXPENSES	2,945	152,904	654,473	219,943	64,627
TOTAL EXPENSES	14,253	1,803,024	3,887,344	2,021,857	669,153
NET OPERATING INCOME (LOSS)	5,216	424,356	690,737	9,857	208,396
NON-OPERATING REVENUE	-	-	-	-	-
NET INCOME (LOSS)	\$ 5,216	\$ 424,356	\$ 690,737	\$ 9,857	\$ 208,396

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2021

DROP-IN	IN-HOME AND ON-SITE	INPATIENT	INTERVENTION	MEDICAL SERVICES	OUTPATIENT	PREVENTION
\$ -	\$ 316,945	\$ 5,770,467	\$ 76	\$ 1,332,705	\$ 1,473,010	\$ -
78,034	-	143,000	1,021,615	2,241,174	2,105,313	16,268
69,603	626,916	3,509,940	(20)	146,399	1,332,766	386
-	-	1,296,173	-	2,871,157	450	-
147,637	626,916	4,949,113	1,021,595	5,258,730	3,438,529	16,654
147,637	943,861	10,719,580	1,021,671	6,591,435	4,911,539	16,654
40,168	599,789	2,343,488	588,740	1,324,753	2,571,781	9,049
9,284	129,320	560,238	127,312	230,932	577,816	4,246
49,452	729,109	2,903,726	716,052	1,555,685	3,149,597	13,295
54,065	63,784	324,915	60,257	121,689	241,346	3,202
5,037	27,452	205,556	41,351	472,628	359,858	3,858
273	14,017	-	34,264	1,233	50,948	754
1,095	2,142	12,450	1,777	1,186	11,238	10
3,717	65	303,714	5	205	618	15
2,917	639	1,361,672	3,879	2,920,322	15,173	102
-	116	513,547	-	96	76	-
12,019	18,108	97,503	28,701	43,646	127,727	1,161
-	5,007	26,709	2,424	15,269	23,757	163
18,647	17,177	178,857	37,995	76,961	217,174	763
4,315	23,833	72,215	24,221	57,587	133,848	1,344
-	-	-	-	-	-	-
-	-	-	-	-	-	-
102,085	172,340	3,097,138	234,874	3,710,822	1,181,763	11,372
151,537	901,449	6,000,864	950,926	5,266,507	4,331,360	24,667
17,335	38,050	845,821	68,561	425,092	399,605	2,197
17,335	38,050	845,821	68,561	425,092	399,605	2,197
168,872	939,499	6,846,685	1,019,487	5,691,599	4,730,965	26,864
(21,235)	4,362	3,872,895	2,184	899,836	180,574	(10,210)
-	-	-	-	-	-	-
\$ (21,235)	\$ 4,362	\$ 3,872,895	\$ 2,184	\$ 899,836	\$ 180,574	\$ (10,210)

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2021

R&B w/ SPV LEVEL 1	R&B w/ SPV LEVEL 2	R&B w/ SPV LEVEL 4	SUBSTANCE ABUSE DETOX	CRF ARF	SUPPORTED HOUSING	TASC
\$ 5,494	\$ 749,907	\$ 4,224	\$ 214,818	\$ 371,500	\$ 43,684	\$ 29,894
1,622,235	3,796,731	102,591	506,792	984,595	74,543	261,933
-	448,742	76,172	192,228	100,000	-	-
850	78,925	300	235	-	-	210,508
1,623,085	4,324,398	179,063	699,255	1,084,595	74,543	472,441
1,628,579	5,074,305	183,287	914,073	1,456,095	118,227	502,335
848,015	2,219,059	75,256	284,635	569,759	27,849	210,721
223,979	513,917	18,308	56,636	113,369	12,510	51,559
1,071,994	2,732,976	93,564	341,271	683,128	40,359	262,280
101,223	419,529	15,710	47,116	89,682	2,760	32,327
54,933	77,146	17,240	24,336	40,977	5,764	56,613
354	10,054	853	-	-	326	3,080
3,256	22,077	684	2,076	1,208	993	552
103,987	536,451	13,012	30,561	53,252	16	89
31,315	38,602	-	17,928	31,796	-	165
-	-	-	67,763	121,630	-	-
52,769	141,563	6,604	13,670	27,502	7,501	15,063
13,316	65,247	8,382	3,665	7,615	267	2,619
27,275	133,652	6,815	24,115	15,777	1,453	20,435
43,597	212,288	5,237	7,301	14,488	4,672	14,221
-	32,512	-	-	-	-	-
-	-	-	-	-	-	-
432,025	1,689,121	74,537	238,531	403,927	23,752	145,164
1,504,019	4,422,097	168,101	579,802	1,087,055	64,111	407,444
119,281	321,879	10,707	119,458	213,046	10,949	64,228
119,281	321,879	10,707	119,458	213,046	10,949	64,228
1,623,300	4,743,976	178,808	699,260	1,300,101	75,060	471,672
5,279	330,329	4,479	214,813	155,994	43,167	30,663
-	-	-	-	-	-	-
\$ 5,279	\$ 330,329	\$ 4,479	\$ 214,813	\$ 155,994	\$ 43,167	\$ 30,663

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2021

ACT TEAMS	MRT TEAMS	WIN CLINIC	TOTAL ADM PROGRAMS	ACADEMIC SERVICES	COMMUNITY HOUSING	CHILD WELFARE SVCS	FORENSIC SERVICES
\$ -	\$ (23)	\$ 28,380	\$ 15,481,874	\$ 13,592	\$ -	\$ -	\$ 28,988
2,697,985	1,077,513	74,474	21,221,424	-	-	10,326,270	-
-	-	31,050	6,706,920	2,939,461	134,957	11,650	640,239
-	-	260,921	4,723,553	1,300	431,496	1,565	134,996
2,697,985	1,077,513	366,445	32,651,897	2,940,761	566,453	10,339,485	775,235
2,697,985	1,077,490	394,825	48,133,771	2,954,353	566,453	10,339,485	804,223
1,514,889	636,106	163,941	18,264,007	1,347,562	130,175	6,818,158	377,793
304,338	166,436	33,671	3,940,113	325,986	28,186	1,452,463	96,556
1,819,227	802,542	197,612	22,204,120	1,673,548	158,361	8,270,621	474,349
96,375	69,901	44,247	2,249,723	279,271	173,514	169,565	38,870
72,308	35,620	22,766	1,887,551	250,194	15,343	34,727	85,057
47,408	18,137	12	264,981	10,337	133	212,322	4,200
31,409	1,720	1,189	148,026	48,180	3,609	108,805	1,304
430	57	184	1,260,760	2,259	744	1,924	-
5,273	197	281,590	4,884,126	48	-	117	1,443
-	-	-	1,046,118	-	-	16,523	-
122,655	29,939	3,811	948,455	144,303	20,158	395,882	19,231
9,682	6,090	6,722	244,306	61,556	20,760	22,810	4,293
238,870	32,525	16,179	1,220,931	59,383	51,219	236,288	167,112
91,102	31,615	20,444	926,907	205,410	141,750	113,545	23,255
-	-	-	32,512	-	19,408	-	19,500
-	-	-	-	-	-	-	-
715,512	225,801	397,144	15,114,396	1,060,941	446,638	1,312,508	364,265
2,534,739	1,028,343	594,756	37,318,516	2,734,489	604,999	9,583,129	838,614
159,290	46,993	35,138	3,992,522	215,600	35,423	897,513	56,595
159,290	46,993	35,138	3,992,522	215,600	35,423	897,513	56,595
2,694,029	1,075,336	629,894	41,311,038	2,950,089	640,422	10,480,642	895,209
3,956	2,154	(235,069)	6,822,733	4,264	(73,969)	(141,157)	(90,986)
-	-	-	-	-	-	-	-
\$ 3,956	\$ 2,154	\$ (235,069)	\$ 6,822,733	\$ 4,264	\$ (73,969)	\$ (141,157)	\$ (90,986)

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2021

TOTAL NON-ADM PROGRAMS	TOTAL ADMIN AND SUPPORT	LIFESTREAM BEHAVIORAL CENTER FOUNDATION, INC.	LAKE REGION HOMES, INC.	ANTHONY HOUSE, INC.	TOTAL
\$ 42,580	\$ 2	\$ -	\$ -	\$ -	\$ 15,524,456
10,326,270	1	-	-	-	31,547,695
3,726,307	1	-	-	-	10,433,228
569,357	(50,683)	243,642	118,803	400	5,605,072
14,621,934	(50,681)	243,642	118,803	400	47,585,995
14,664,514	(50,679)	243,642	118,803	400	63,110,451
8,673,688	5,333,806	-	-	-	32,271,501
1,903,191	1,210,631	-	-	-	7,053,935
10,576,879	6,544,437	-	-	-	39,325,436
661,220	(1,071,470)	-	22,007	-	1,861,480
385,321	(1,089,280)	-	-	-	1,183,592
226,992	78,120	-	-	-	570,093
161,898	92,524	-	-	-	402,448
4,927	(166,502)	-	-	-	1,099,185
1,608	63,358	-	-	-	4,949,092
16,523	13,814	-	-	-	1,076,455
579,574	91,893	-	22,883	-	1,642,805
109,419	1,695	-	19,600	-	375,020
514,002	504,757	1,569	13,120	267	2,254,646
483,960	44,984	942	3,033	17,628	1,477,454
38,908	-	-	-	-	71,420
-	-	68,968	-	-	68,968
3,184,352	(1,436,107)	71,479	80,643	17,895	17,032,658
13,761,231	5,108,330	71,479	80,643	17,895	56,358,094
1,205,131	(5,197,653)	-	-	-	-
1,205,131	(5,197,653)	-	-	-	-
14,966,362	(89,323)	71,479	80,643	17,895	56,358,094
(301,848)	38,644	172,163	38,160	(17,495)	6,752,357
-	597,281	-	-	-	597,281
\$ (301,848)	\$ 635,925	\$ 172,163	\$ 38,160	\$ (17,495)	\$ 7,349,638

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
HOSPITAL ONLY AND ALL OTHER COST CENTERS
YEAR ENDED JUNE 30, 2021

	Hospital Cost Centers					Total Hospital	All Other Cost Centers	Consolidated Totals
	Inpatient	ARF	Crisis Stabilization	Detoxification	Emergency Services			
Public Support	\$ 4,949,112	\$ 1,084,595	\$ 1,464,722	\$ 699,256	\$ 2,027,383	\$ 10,225,068	\$ 37,604,129	\$ 47,829,197
Revenue:								
Gross Patient Revenue	15,361,849	3,024,398	9,457,735	1,285,848	70,080	29,199,910	42,079,430	71,279,340
Contractual Allowance	9,591,382	2,652,898	6,344,376	1,071,030	65,749	19,725,435	36,029,449	55,754,884
Net Patient Revenue	5,770,467	371,500	3,113,359	214,818	4,331	9,474,475	6,049,981	15,524,456
Total Public Support and Revenue	10,719,579	1,456,095	4,578,081	914,074	2,031,714	19,699,543	43,654,110	63,353,653
Expenses								
Personnel Expenses:								
Salaries	2,343,488	1,741,027	1,275,690	284,635	1,281,179	7,780,413	24,491,088	32,271,501
Fringe Benefits	560,238	244,776	244,673	56,636	244,673	1,521,001	5,532,934	7,053,935
Total Personnel Costs	2,903,726	1,985,803	1,520,363	341,271	1,525,852	9,301,414	30,024,022	39,325,436
Direct Expenses:								
Building Occupancy	324,915	89,682	272,131	47,116	66,878	800,722	1,038,751	1,839,473
Professional Services	205,556	40,977	114,359	24,336	36,547	421,775	761,817	1,183,592
Travel	-	-	51	-	5,102	5,153	564,940	570,093
Equipment Cost	12,450	1,208	22,787	2,076	18,171	56,692	345,756	402,448
Food Services	303,714	53,252	150,538	30,561	13,021	551,086	548,099	1,099,185
Medical and Pharmacy	1,361,672	31,796	142,376	17,928	29,618	1,583,390	3,365,702	4,949,092
Subcontracted Services	513,547	121,630	342,890	67,763	-	1,045,830	30,625	1,076,455
Insurance	97,503	27,502	74,880	13,670	45,201	258,756	1,361,166	1,619,922
Interest	26,709	7,615	25,344	3,665	5,268	68,601	286,819	355,420
Operating Supplies and Expense	178,858	15,779	55,310	24,115	25,645	299,707	1,939,983	2,239,690
Depreciation	72,215	14,488	46,401	7,301	36,101	176,506	1,279,345	1,455,851
Donated Items	-	-	-	-	-	-	71,420	71,420
Total Other Direct Expenses	3,097,139	403,929	1,247,067	238,531	281,552	5,268,218	11,594,423	16,862,641
Total Direct Expenses	6,000,865	2,389,732	2,767,430	579,802	1,807,404	14,569,632	41,618,445	56,188,077
Indirect Expenses:								
Center Administration	845,821	213,046	654,473	119,458	219,943	2,052,741	(2,052,741)	-
Total Indirect Expenses	845,821	213,046	654,473	119,458	219,943	2,052,741	(2,052,741)	-
Total Expenses	6,846,686	2,602,778	3,421,903	699,260	2,027,347	16,622,373	39,565,704	56,188,077
Changes in Unrestricted Net Assets	\$ 3,872,893	\$ (1,146,683)	\$ 1,156,178	\$ 214,814	\$ 4,367	\$ 3,077,170	\$ 4,088,406	\$ 7,165,576

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED SCHEDULE OF STATE EARNINGS FOR ALCOHOL, DRUG ABUSE, AND
MENTAL HEALTH SERVICES
YEAR ENDED JUNE 30, 2021

1	Total SAMH Expenditures	\$	41,367,285
2	(Less Other State and Federal Funds)		1,842,611
3	(Less Non-Match SAMH Funds)		8,729,531
4a	(Less Unallowable Costs per 65E-14, F.A.C.)		323,054
4b	(Less Unallowable Patient Fees)		<u>1,192,269</u>
5	Total Allowable Expenditures (sum of lines 1, 2, 3 and 4)		<u><u>29,279,820</u></u>
6	Maximum Available Earnings (line 5 multiplied by 75%)		21,959,865
7	Amount of State Funds Required Match (total of invoices paid by department, less line 3)		<u>9,994,915</u>
8	Excess of Available Earnings Over Amount of State Funds Received (subtract line 7 from line 6. If negative, the amount of the difference is due to the State up to the amount of line 7).	\$	<u><u>11,964,950</u></u>
	Amount Due Department	\$	<u><u>-</u></u>

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2021

Program	Cost Center	State Contracted Rate	Units of Service	Units of Services Paid by Other Sources	Units Eligible for Payment	Amount Paid by DCF	Value of Eligible Units	Amount Owed to DCF
Childrens' Mental Health	CSU	\$ 410	7,300	4,060	3,240	\$ 380,412	\$ 1,328,345	\$ -
Adult Mental Health	CSU	410	3,650	91	3,559	947,800	1,459,186	-
Adult Substance Abuse	Detox	410	1,825	286	1,539	506,792	621,585	-
Adult Mental Health	ARF	410	3,650	495	3,155	984,595	1,293,413	-
Adult Mental Health	Res 1	285	5,840	7	5,833	1,622,235	1,662,312	-

**LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

None

This Schedule was prepared in accordance with 65E-14.106 *Florida Administrative Code* labeled *Transaction Resulting in Additional Cost to the Program*.

OTHER REPORTS AND SCHEDULES

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Florida/State Agency, Pass-Through Entity Federal Programs/State Projects	CSFA/ Assistance Listing Number	Contract Grant Number	Reimbursable Expenditure
U. S. Department of Agriculture			
<i>Passed Through Florida Department of Elder Affairs:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	Y6286	\$ 22,818
National School Lunch Program	10.558	Y6286	1,201
Total U. S. Department of Agriculture			<u>24,019</u>
U. S. Department of Housing and Urban Development			
<i>Passed Through Lake Region Homes:</i>			
Section 8 Housing Assistance Payment Program	14.195	2020/2021	<u>87,139</u>
<i>Passed Through Lake County BOCC:</i>			
Community Development Block Grant	14.218	2020/2021	109,570
<i>Passed Through Orange County BOCC:</i>			
Community Development Block Grant	14.218	2020/2021	<u>36,250</u>
<i>Subtotal Expenditures - Assistance Listing 14.218</i>			<u>145,820</u>
Total U. S. Department of Housing and Urban Development			<u>232,959</u>
U. S. Department of Justice			
<i>Passed Through Lake County, Florida:</i>			
Justice and Mental Health Collaboration Program	16.745	2020/2021	<u>137,425</u>
Total U. S. Department of Justice			<u>137,425</u>
U. S. Department of Treasury			
<i>Passed Through Lake County BOCC:</i>			
Coronavirus Relief Funds	21.019	2020/2021	1,008,768
<i>Passed Through Lutheran Services Florida:</i>			
Coronavirus Relief Funds	21.019	2020/2021	<u>40,248</u>
Total U. S. Department of Treasury			<u>1,049,016</u>
U. S. Department of Health and Human Services			
SAMHSA - Wellness Integration Network	93.243	17T180328A	<u>611,123</u>
<i>Subtotal Expenditures - Assistance Listing 93.243</i>			<u>611,123</u>
<i>Passed Through Kids Central, Inc.:</i>			
Preservation and Support Services	93.556	C2021-CMA-LS004	144,953
<i>Passed Through Eckerd Florida:</i>			
Preservation and Support Services	93.556	ECA-C13-CMO-LSI-FY20	<u>9,384</u>
<i>Subtotal Expenditures - Assistance Listing 93.556</i>			<u>154,337</u>
<i>Passed Through Lutheran Services Florida:</i>			
Temporary Assistance for Needy Families	93.558	ME028	205,348
<i>Passed Through Eckerd Florida:</i>			
Temporary Assistance for Needy Families	93.558	ECA-C13-CMO-LSI-FY20	841,264
<i>Passed Through Central Florida Cares Health System:</i>			
Temporary Assistance for Needy Families	93.558	GHME1	66,500
<i>Passed Through Kids Central, Inc.:</i>			
Temporary Assistance for Needy Families	93.558	C2021-CMA-LS004	<u>653,340</u>
<i>Subtotal Expenditures - Assistance Listing 93.558</i>			<u>1,766,452</u>

The accompanying notes are an integral part of this schedule.

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Florida/State Agency, Pass-Through Entity Federal Programs/State Projects	CSFA/ Assistance Listing Number	Contract Grant Number	Reimbursable Expenditure
U. S. Department of Health and Human Services			
<i>Passed Through Kids Central, Inc.:</i>			
Grants to States for Access and Visitation Program	93.597	C2021-CMA-LS004	\$ 13,811
<i>Passed Through Kids Central, Inc.:</i>			
Child Welfare Services	93.645	C2021-CMA-LS004	53,872
<i>Passed Through Eckerd Florida:</i>			
Child Welfare Services	93.645	ECA-C13-CMO-LSI-FY20	65,687
<i>Subtotal Expenditures - Assistance Listing 93.645</i>			<u>119,559</u>
<i>Passed Through Kids Central, Inc.:</i>			
Foster Care - Title IV-E	93.658	C2021-CMA-LS004	1,052,295
<i>Passed Through Eckerd Florida:</i>			
Foster Care - Title IV-E	93.658	ECA-C13-CMO-LSI-FY20	1,375,032
<i>Subtotal Expenditures - Assistance Listing 93.658</i>			<u>2,427,327</u>
<i>Passed Through Kids Central, Inc.:</i>			
Adoption Assistance	93.659	C2021-CMA-LS004	139,796
<i>Passed Through Eckerd Florida:</i>			
Adoption Assistance	93.659	ECA-C13-CMO-LSI-FY20	81,897
<i>Subtotal Expenditures - Assistance Listing 93.659</i>			<u>221,693</u>
<i>Passed Through Kids Central, Inc.:</i>			
Medical Assistance Program	93.778	C2021-CMA-LS004	25,615
<i>Passed Through Lutheran Services Florida:</i>			
Medical Assistance Program	93.778	ME028	248,129
<i>Subtotal Expenditures - Assistance Listing 93.778</i>			<u>273,744</u>
<i>Passed Through Central Florida Cares Health System:</i>			
State Targeted Response to the Opioid Crisis Grant	93.788	GHME1	369,988
<i>Passed Through Lutheran Services Florida:</i>			
State Targeted Response to the Opioid Crisis Grant	93.788	ME028	1,344,616
<i>Passed Through Florida Alcohol and Drug Association:</i>			
State Targeted Response to the Opioid Crisis Grant	93.788	2020/2021	410,471
<i>Subtotal Expenditures - Assistance Listing 93.788</i>			<u>2,125,075</u>
<i>Passed Through Lutheran Services Florida:</i>			
Block Grant for Community Mental Health Services	93.958	ME028	893,778
<i>Passed Through Lutheran Services Florida:</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	ME028	1,985,216
<i>Passed Through Central Florida Cares Health System:</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	GHME1	46,560
<i>Passed Through Florida Alcohol and Drug Association:</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	2020/2021	177,626
<i>Subtotal Expenditures - Assistance Listing 93.959</i>			<u>2,209,402</u>
SAMHSA - Assisted Outpatient Team	93.997	17T180328A	175,217
Total U.S. Department of Health and Human Services			<u>10,991,518</u>
Total Expenditures of Federal Awards			<u>12,434,937</u>

The accompanying notes are an integral part of this schedule.

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Florida/State Agency, Pass-Through Entity Federal Programs/State Projects	CSFA/ Assistance Listing Number	Contract Grant Number	Reimbursable Expenditure
State Courts System			
Florida Alcohol and Drug Abuse Association - Naltrexone	22.022	2020/2021	\$ 316,156
State of Florida Department of Children and Families			
Public Safety, Mental Health, and Substance Abuse Local Matching Grant	60.115	2020/2021	400,000
<i>Passed Through Lutheran Services, Florida:</i>			
Substance Abuse and Mental Health - Crisis Prevention and Stabilization	60.155	ME028	800,000
Centralized Receiving Systems	60.163	ME028	2,309,267
Total State of Florida Department of Children and Families			<u>3,509,267</u>
Total Expenditures of State Financial Assistance			<u>3,825,423</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 16,260,360</u>

The accompanying notes are an integral part of this schedule.

LIFESTREAM BEHAVIORAL CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE

A. - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal grant and state award activity of LifeStream Behavioral Center, Inc. and Subsidiaries (the Center) under programs of the Federal government and the State of Florida for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650 of the *Rules of the Auditor General*. Therefore, some amounts in this Schedule may be different from amounts presented in, or used in the preparation of, the general-purpose financial statements.

B. - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, unless otherwise specified.

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

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries (the Center), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 20, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's consolidated 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.

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LifeStream Behavioral Center, Inc.
Leesburg, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



January 20, 2022
Ocala, Florida

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL**

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries’ (the Center) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Department of Financial Services’ State Project Compliance Supplement*, that could have a direct and material effect on each of the Center’s major federal programs and state projects for the year ended June 30, 2021. The Center’s major federal programs and state projects are identified in summary of audit results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

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Leesburg, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL**

Opinion on Each Major Federal Program and State Project

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

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 project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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, non-compliance with a type of compliance requirement of a federal program and state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program and state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650 of the Rules of the Auditor General

We have audited the financial statements of the Center as of and for the year ended June 30, 2021, and have issued our report thereon dated January 22, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial

Board of Directors
LifeStream Behavioral Center, Inc.
Leesburg, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650 OF THE RULES OF THE AUDITOR GENERAL**

assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



March 30, 2022
Ocala, Florida

**LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs and Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Auditor's Report Issued on Compliance for Major Programs and Projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	No

Identification of Major Federal Programs/State Projects:

Federal Programs:

- U.S. Department of Health and Human Services:
 - Block Grant for Community Mental Health Services (93.958)
- U.S. Department of Health and Human Services:
 - Temporary Assistance for Needy Families (93.558)
- U.S. Department of Treasury:
 - Coronavirus Relief Funds (21.019)

State Projects:

- State Department of Children and Families:
 - Centralized Receiving System (60.163)

Dollar Threshold Used to Distinguish Between Type A and Type B:

Federal Programs:	\$750,000
State Projects:	\$750,000

Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance? Yes

Findings and Questioned Costs for Major Federal Programs Required to be Reported Under Section .516(a) of the Uniform Guidance

The audit disclosed no findings which are required to be reported under Section .516(a) of the Uniform Guidance.

Prior Audit Findings

There were no prior year audit findings.