Protocol for Requesting Risk Pool Funding

State Fiscal Year 2017-18

This Protocol for Requesting Risk Pool Funding for state fiscal year 2017-18 outlines the process by which Community-Based Care Lead Agencies may apply for potential funding from the Risk Pool appropriation provided in the General Appropriations Act.

The establishment of a statewide risk pool program, administered by the Department, serves to manage and share the financial risks associated with the Community-Based Care (CBC) model for child welfare services in Florida. Should factors outside of a Lead Agency's control (e.g., shifts in the number of children in care, increase in the number of very difficult populations, or a change in the characteristics of the children and families served) cause costs to rise, potentially impeding the Lead Agency's ability to provide ongoing quality services for all children and families served, section 409.990(7), F.S., (Exhibit A) provides qualified Lead Agencies with access to petition for relief from the risk pool in an effort to avoid lead agency failure.

Section 1: Eligibility criteria

Proviso language contained in Specific Appropriation 342 of the General Appropriations Act for state fiscal year 2017-2018 required the Department to conduct a comprehensive, multi-year review of the revenues, expenditures, and financial position of all CBCs for the most recent two consecutive fiscal years (SFY 2015-16 and 2016-17).

To simplify the risk pool process and minimize duplication in requests for data and information, the risk pool protocol will rely significantly on the extensive data used to develop financial viability plans and to support the ongoing monitoring of all CBCs for financial stability and programmatic performance.

A CBC is eligible to apply for risk pool funds in state fiscal year 2017-18 if they meet the following criteria:

- The CBC projects a **current year** deficit in excess of their available carry forward funds. (Note: Prior year deficits carried forward are excluded from the calculation of current year deficits.)
- The CBC has submitted a Plan to Achieve Financial Viability to the Department's Office of CBC/ME Financial Accountability.
- The CBC is implementing its Financial Viability Plan with a high degree of fidelity.

Priority consideration for risk pool funding will be given to any CBC whose percentage change in removals rank in the Tier One category, based on the 12-month moving average for removals from July 2014 to June 2017[1]. (See attached)

Section 2: Application submission process

In addition to the CBC's Financial Viability Plan, a CBC seeking risk pool funds must submit to the Department by **September 15, 2017**, the "Risk Pool Funding Application SFY 2017-18."

Applications will be reviewed and prioritized in two phases. Phase I is intended to meet acute needs, and will provide priority consideration for risk pool funding to any CBC whose percentage change in removals rank in the Tier One category, based on the 12-month moving average for removals from July 2014 to June 2017. Should an identified Tier One CBC not apply and/or be deemed ineligible to apply, the CBC with the next highest percent increase will move up to Tier One. Phase II, subject to funding availability, may afford non-Tier One CBCs an additional opportunity to make a case to be considered for risk pool funding.

Applications will be reviewed with all available cost/expenditure data and all other supporting documentation, including the CBC's Financial Viability Plan. Department personnel, upon request, may review additional records related to this Application for potential funding resolutions.

1.1 The CBC should forward the Risk Pool Funding Application to the Regional Managing Director and the Department CBC Contract Manager.

1.2 Completed applications should be forwarded electronically by the Regional Managing Director, on behalf of the Lead Agency, to the Deputy Secretary for the Department. This step shall be accomplished no later than September 19, 2017.

1.3 The review of all Risk Pool Funding Applications will be governed by a peer review process led by the Deputy Secretary and subject to the approval of the Secretary of the Department of Children and Families. The Peer Review Committee will be selected and facilitated by the Deputy Secretary and will include, but not be limited to the following members (or their designees):

(a) Two (2) Executive Directors (ED) or Chief Executive Officers (CEO) from nonapplicant Lead Agencies; and
(b) One (1) Chief Financial Officer from a nonapplicant Lead Agency.

[1] The 12-month moving average will be calculated by summing total removals between July 2014 and June 2015, and July 2016 and June 2017; and then dividing by 12 for each data point. The June 2015 average was used as the fixed point for calculating the percent change.

1.4 The Peer Review Committee will:

(a) Review, analyze, and discuss the application.
(b) Verify the accuracy of the data being reported by the Lead Agency.
(c) Conduct an on-site, fact-finding visit to confirm input from the applying Lead Agency (visits to Tier One sites are not required if visited in the last 24 months; visits to other Tier sites are not required if visited in the last 12 months – final determination to be made by the Secretary and Deputy Secretary).
(d) Assess need for immediate technical assistance regarding budget development/management, and determine if continued on-site technical assistance is appropriate. In these cases, the Peer Review Committee will serve as the coordinating entity for the provision of technical assistance.
(e) Make a final recommendation to the Secretary upon the completion of all required site visits, regarding approval or disapproval of the application. Recommendations for approval will include:
   i. Amount of funding and mix of funds to be made available.
   ii. Limitations or requirements on use of additional funding that are linked to correction of factors that caused the shortfall.
   iii. Any follow-up actions or additional documentation needed from the Lead Agency or Region.
   iv. Rating for both Family Support Services and Safety Management Services.
   v. Report on technical assistance activities completed and remaining, and/or recommendations for future technical assistance.
   vi. Access to the risk pool.

1.5 If at the end of the year, a Lead Agency that received assistance from the Risk Pool concludes with a surplus, the Department reserves the right to require the Lead Agency to refund the Department the relative portion of the surplus that was accumulated as a result of the awarded risk pool funds.

Risk Pool Funding Application SFY 2017-18

Please complete all items and submit electronically to the Regional Managing Director. Upon review and concurrence of the Risk Pool Funding Application, the Regional Managing Director will submit the application to the Deputy Secretary for the Department.

Lead Agency Name: Lakeview Center, Inc. dba FamiliesFirst Network

Region: 1 Contract No.: AJ495

Address: 1221 West Lakeview Avenue, Pensacola, FL 32501

Lead Agency Contact: Shawn Salamida Phone No.: (850) 453-7745

Contract Manager: Lisa Carden Phone No.: (850) 483-6676

This request is being submitted in response to an anticipated current year deficit in excess of available carry forward funds.

Financials:

1) Confirm the dollar amount being requested: $890,085

2) Confirm that funds will be expended by the end of the current fiscal year: ☒ Yes ☐No

3) How do you propose to use these funds to address or correct the underlying cause of the shortfall?

Our financial viability plan has been implemented as a part of normal operations. Funds received in response to this application will be used to address the deficit incurred from normal operations.

Lead Agency Name: Lakeview Center, Inc. dba FamiliesFirst Network

Region: 1

Contract No.: AJ495

Lead Agency CEO/ED Name: M. Allison Hill

M Allison Hill

Lead Agency CEO/ED Signature

9-26-2017

Date

CBC Contract Manager Name: Lisa Carden

[signature] for Lisa Carden

CBC Contract Manager Signature

10-2-17

Date

Regional Managing Director Name: Walter T. Sachs

Please confirm the following:

The Lead Agency submitted a Financial Viability Plan. ☑ Yes ☐ No

The Lead Agency is actively working its Financial Viability Plan. ☑ Yes ☐ No

Please check the applicable box to indicate your level of support of this application:

☑ Concur

☐ *Do Not Concur

Walter Sachs

Regional Managing Director Signature

10-3-17

Date

***Rationale:**

(This item must be completed if "Do Not Concur" is checked.)

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Exhibit A

Section 409.990(7), Florida Statutes:

(a) The department, in consultation with the Florida Coalition for Children, Inc., shall develop and implement a community-based care risk pool initiative to mitigate the financial risk to eligible lead agencies. This initiative must include:

1. A risk pool application and protocol developed by the department which outlines submission criteria, including, but not limited to, financial and program management, descriptive data requirements, and timeframes for submission of applications. Requests for funding from risk pool applicants must be based on relevant and verifiable service trends and changes that have occurred during the current fiscal year. The application must confirm that expenditure of approved risk pool funds by the lead agency will be completed within the current fiscal year.

2. A risk pool peer review committee, appointed by the secretary and consisting of department staff and representatives from at least three nonapplicant lead agencies, which reviews and assesses all risk pool applications. Upon completion of each application review, the peer review committee shall report its findings and recommendations to the secretary, providing, at a minimum, the following information:

a. Justification for the specific funding amount required by the risk pool applicant based on the current year's service trend data, including validation that the applicant's financial need was caused by circumstances beyond the control of the lead agency management;

b. Verification that the proposed use of risk pool funds meets at least one of the purposes specified in paragraph (c); and

c. Evidence of technical assistance provided in an effort to avoid the need to access the risk pool and recommendations for technical assistance to the lead agency to ensure that risk pool funds are expended effectively and that the agency's need for future risk pool funding is diminished.

(b) Upon approval by the secretary of a risk pool application, the department may request funds from the risk pool in accordance with s. 216.181(6)(a).

(c) The purposes for which the community-based care risk pool shall be used include:

1. Significant changes in the number or composition of clients eligible to receive services.

2. Significant changes in the services that are eligible for reimbursement.

3. Continuity of care in the event of failure, discontinuance of service, or financial misconduct by a lead agency.

4. Significant changes in the mix of available funds.

(d) The department may also request in its annual legislative budget request, and the Governor may recommend, that the funding necessary to effect paragraph (c) be appropriated to the department. In addition, the department may request the allocation of funds from the community-based care risk pool in accordance with s. 216.181(6)(a). Funds from the pool may be used to match available federal dollars.

1. Such funds shall constitute partial security for contract performance by lead agencies and shall be used to offset the need for a performance bond.

2. The department may separately require a bond to mitigate the financial consequences of potential acts of malfeasance or misfeasance or criminal violations by the service provider.

FY17-18 CBC Core Funding Projections

Projections assume that the Total Projected FY16-17 Core Expenditures continue at the same level. Each CBC should provide DCF with their own projections for FY17-18.

Prepared by DCF Office of CBC/ME Financial Accountability 6/26/2017

CBC No.	Lead Agency (CBC)	FY17-18 Core Funding	Projected Carry Forward Balance 7/1/2017	Total Funds Available for Core Services in FY17-18	Projected FY17-18 Core Services Expenditures	Projected FY17-18 Surplus / (Deficit)
1	Lakeview Center (aka Families First Network)	34,623,974	0	34,623,974	35,514,059	(890,085)
2	Big Bend CBC	25,649,578	537,411	26,186,989	25,549,322	637,667
3	Partnership for Strong Families	22,726,341	100,000	22,826,341	23,135,916	(309,575)
4	Kids First of Florida	6,612,645	2,410,685	9,023,330	6,294,455	2,728,875
5	Family Support Services of North Florida	35,904,623	3,454,757	39,359,380	35,519,941	3,839,439
6	Saint Johns Board of County Commissioners	4,475,248	93,636	4,568,884	4,080,687	488,197
7	Community Partnership for Children	25,545,017	(251,864)	25,293,153	25,661,665	(368,512)
8	Kids Central	38,666,497	0	38,666,497	40,860,156	(2,193,659)
9	CBC of Central Florida	55,291,962	(498,112)	54,793,850	55,968,779	(1,174,929)
10	Heartland for Children	33,077,946	2,275,348	35,353,294	33,764,866	1,588,428
11	Community-Based Care of Brevard	19,275,291	16,037	19,291,328	18,786,961	504,367
12	Devereux Community Based Care	22,227,363	774,541	23,001,904	21,371,756	1,630,148
13	Eckerd (Pasco-Pinellas)	45,555,137	(200,571)	45,354,566	46,086,038	(731,472)
14	Sarasota Family YMCA	22,294,024	0	22,294,024	23,640,014	(1,345,990)
15	Eckerd (Hillsborough)	55,584,469	(181,179)	55,403,290	55,073,797	329,493
16	Children's Network of Southwest Florida	33,969,362	1,880,609	35,849,971	31,299,135	4,550,836
17	Childnet (Palm Beach)	32,432,855	(1,402,695)	31,030,160	32,987,213	(1,957,053)
18	ChildNet (Broward)	57,807,569	(4,473,730)	53,333,839	59,834,621	(6,500,782)
19	Our Kids	73,648,328	4,464,736	78,113,064	71,827,503	6,285,561
	Total	**645,368,229**	**8,999,609**	**654,367,838**	**647,256,882**	**7,110,956**
	Total Surpluses		**16,007,760**		Total Surpluses	**22,583,012**
	Total Deficits		(7,008,151)		Total Deficits	(15,472,056)

Risk Pool Funds Available in FY 17-18	5,000,000

Note:

FY16-17 Projected Carry Forward Balance from CBC 3rd Qtr projections and adjusted for the allocation of $9.5M in additional funding for deficits

FY17-18 projected core expenditures from FY 16-17 CBC 3rd Qtr projections.

Lakeview Center, Inc. dba FamiliesFirst Network

Framework of CBC
Plans to Achieve Financial Viability
State Fiscal Year 2017-2018

A. Context Information

1. **Requirements**. In the proviso to line 322 of the 2017 General Appropriations Act, all Community-based Care Lead Agencies must develop and maintain a plan to achieve financial viability which shall accompany the department's submission to the Governor, the President of the Senate and the Speaker of the House by November 1, 2017. CBCs are requested to complete the information requested in this document (Framework for Financial Viability Plans) and submit an action plan like Attachment C to the DCF Region by August 15, 2017. DCF Regions should review the Framework for FVPs and FV Action Plans and work with Lead Agencies as needed to assure compliance with the requirements requested. Final Framework documents and FV Action Plans are due to the DCF Office of CBC/ME Financial Accountability by August 31, 2017.

2. **Scope of Analysis**. For purposes of this analysis, include core services funding and expenditures. Core services funding includes from the Schedule of Funds: Section A&B, Medicaid Administration, Promoting Safe and Stable Families Grant, State Access Visitation Grant and Training. Core services funding does not include Maintenance Adoption Subsidies (MAS), Independent Living/Extended Foster Care, Children's Mental Health Wraparound or any special project funding. Any expenditures above funding provided in non-core services funding should be included as a projected use of core services funding.

3. ***Attachment A*** shows the department's information regarding your organization's core service funding and projected expenditures.

4. For State Fiscal Year (SFY) 2017-2018, your funding available is estimated by the Department of Children and Families (DCF) to be:

    a. Core Services Funding $ 34,623,974

    b. Estimated Carry Forward Funding $ 0

    c. Total $ 34,623,974

    Insert amounts from Attachment A

5. Your SFY 2016-2017 core services expenditures were estimated to be $ 35,514,059.
   [*Insert amount from Attachment A*]

6. If SFY 2017-2018 core services expenditures are equal to the prior year, you would have a projected surplus/ (deficit) of $ (890,085). [*Insert amount from Attachment A*]

7. In performing your analysis of causal factors, please use the new Child Welfare Dashboard (http://www.dcf.state.fl.us/programs/childwelfare/dashboard/index.shtml). The Dashboard has data and reports comparable to the Child Welfare Service Trend Reports ("Spinner"). ***Attachment B*** shows a list of performance measures that DCF will include in the report that will accompany the CBC financial viability reports.

B. CBC Analysis

1. Based on your analysis of your current financial position, what is your calculation of your initial core services funding available?

   a. Core Services Funding $ 34,623,974

   b. Estimated Carry Forward Balance on 6/30/2017 $ (248,426)

   c. Other projected revenue (identify) $ 0

   d. Total $ 34,375,548

2. What is your projected level of core services expenditures for SFY 2017-2018? $ 34,375,548

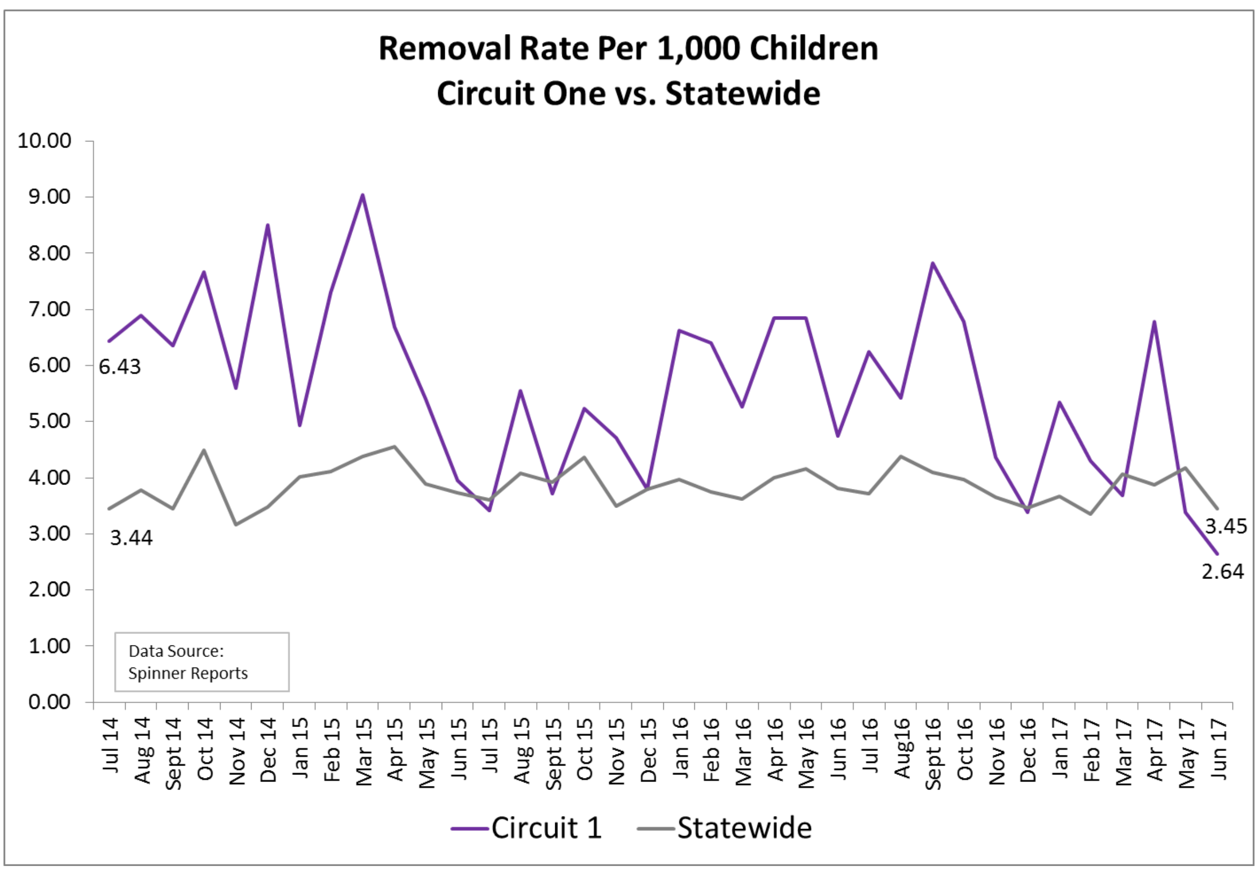
3. What is your projected core services surplus/ (deficit) for the end of SFY 2017-2018? $ 0

4. If you do not project a core services deficit for SFY 2017-2018, identify the key indicators related to a. through c. below that you will monitor to assure that expenditures stay within revenues.

   If you are projecting a core services deficit for the fiscal year, identify the key causal factors related to a. through c below that are affecting your expenditure levels.

   Identify actions you are planning (either factors you control or factors involving key partners) to ensure expenditures remain within funds available.

   a. Factors related to entries into care.



For all of calendar year 2016, Circuit 1 had a significantly higher removal rate than the rest of the state, which prolonged a 3-year trend of elevated rates of children in OHC. This was a major causal factor in the agency's deficit for FY 16-17. However, in January 2017, Decision Support Team calls were reinstated throughout the Circuit by DCF, which began a downward trend in removal rates. Correspondingly, utilization of Family Support Services has increased, as has referral for In-Home Non-Judicial Services. For the first time in three years, Circuit 1 has had a lower removal rate than the state for two consecutive months (May and June, 2017).

FamiliesFirst Network (FFN) will continue a concerted focus on front-end intervention with families in hopes of continuing this downward trend. In reviewing statewide trends, FFN noted the Jacksonville CBC had not experienced the dramatic OHC increases in recent years that most other CBCs have endured. FSSNF has been viewed as a well run system, and has not experienced financial shortfalls in recent years. FFN has made several "benchmarking" visits to FSSNF to learn about the elements of their system of care they believed to most strongly contribute to their stability. The most significant component is Safety Management Services (SMS) provided by certified child welfare case managers who are a part of specialized case management units that only provide SMS and In-Home Non-Judicial (IHNJ) case oversight. These units specialize in early engagement while the investigation is still being conducted in hopes of being able to maintain the child in the home and build rapport with the family for eventual case transfer to the same worker as an in-home case. Perhaps most importantly, DCF investigators appear to have a high level of confidence in these services, making it the preferred referral path for families.

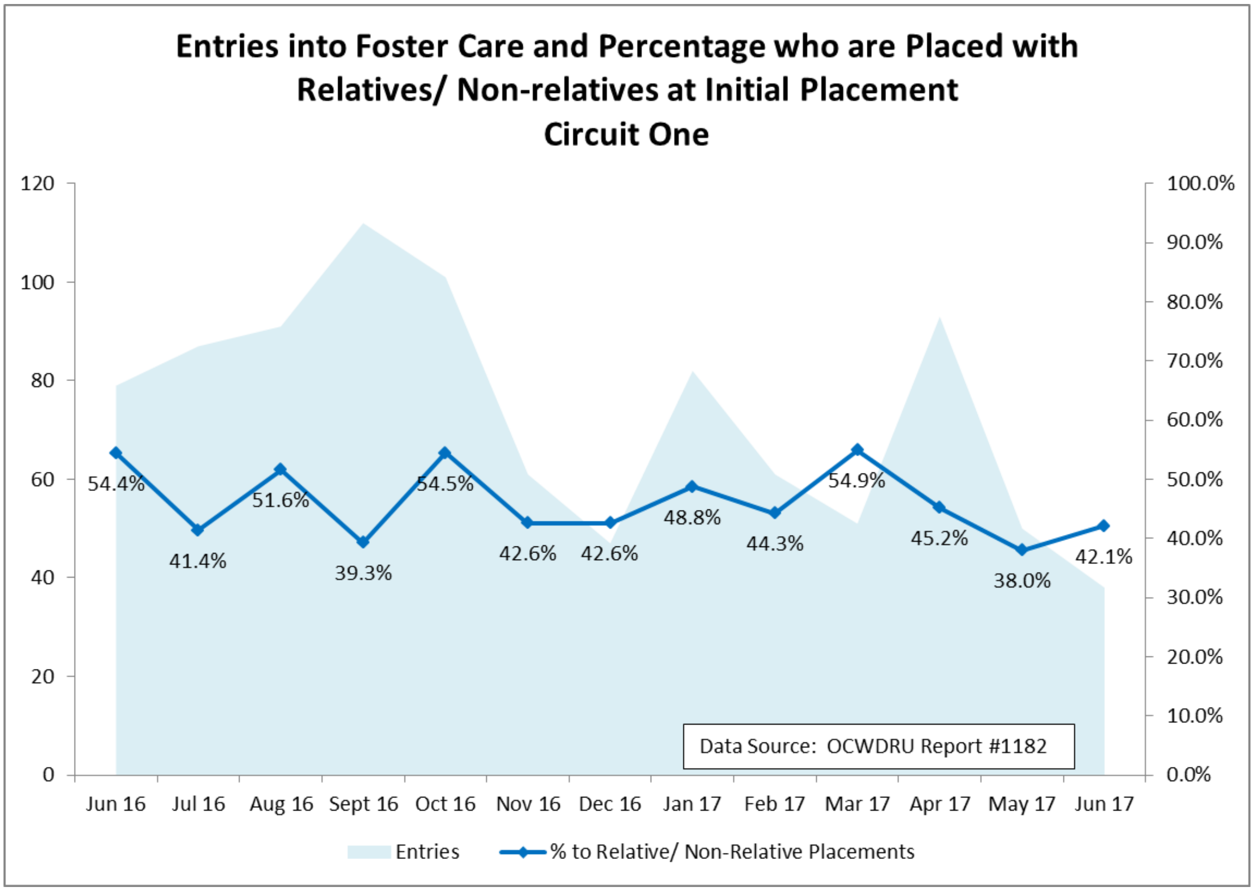
Through continued work with DCF and consultation from FSSNF, FFN has developed an implementation plan that will replicate the Jacksonville model over the next year. Each quarter, one county will transition, beginning with Santa Rosa County September 1. This will shift cases away from OHC placement and allow FFN to engage the family and prevent removal.

Shifting SMS currently provided by FFN's contracted provider partners to FFN's internal case managers will allow the provider agencies to deliver a new service line that has been requested by DCF, which is short-term in-home interventions such as budgeting, hazardous home organization, access to community resources, etc. that can be accessed even before a safety determination is made. FFN will create a position to be a single point of access for this service line by CPIs. This position will be located within the Care Coordination Unit, which will allow CPIs to gain information and access for several programs, including the internal SMS. During non-business hours, CPIs will be able to refer directly to FFN's contracted providers for In Home-Support Service interventions.

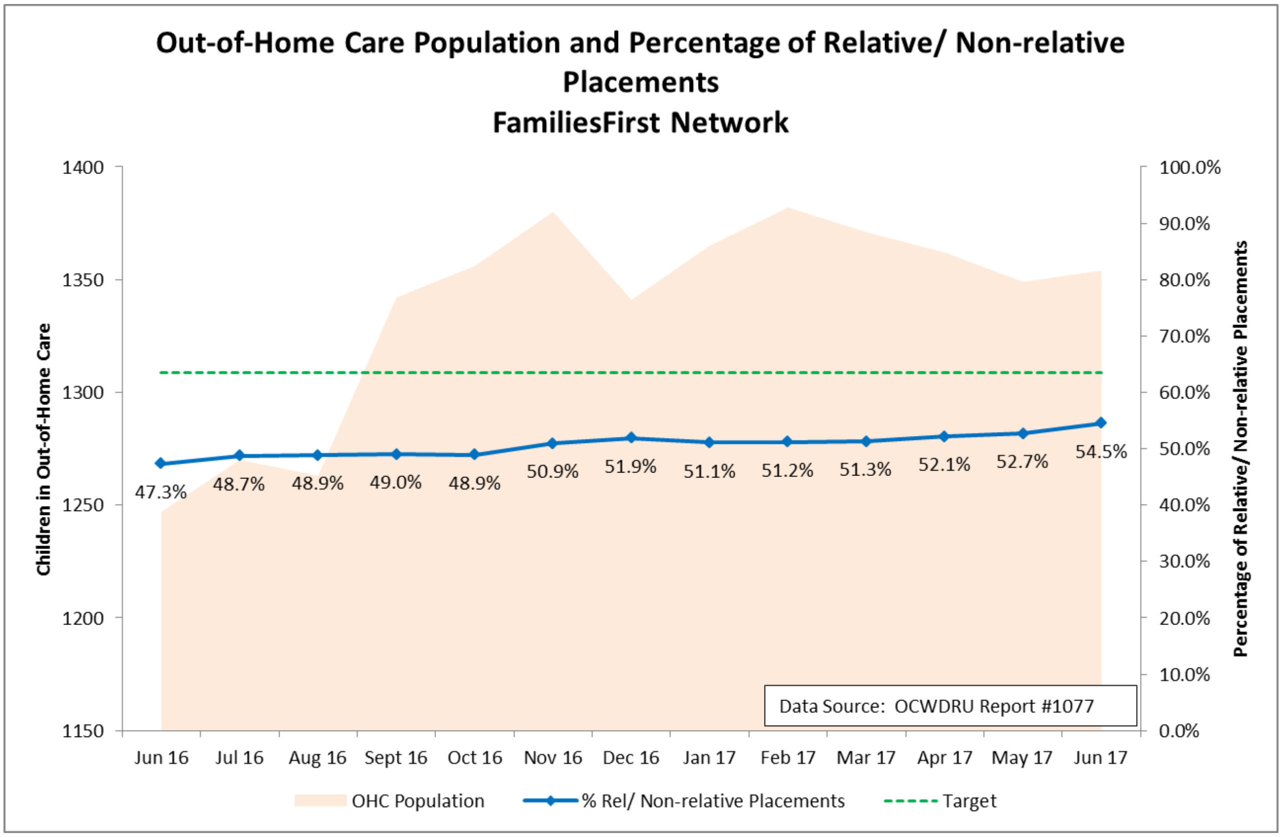
Training will be provided to CPIs on an ongoing basis to familiarize them with these new options for service interventions to stabilize families and prevent removal.

b. Factors related to the cost of children while in care.

Relative / Non-Relative Placement



The percentage of children placed with relatives or non-relatives for their initial placement upon removal had declined somewhat over the past year. Additionally, once placed in licensed care FFN has had minimal effectiveness in shifting the placement to an identified relative. This, coupled with the increases of children in the system, has over extended FFN's foster home capacity and increased OHC costs.



FFN will put a major focus on identifying relatives for children in out-of-home care. We will identify a position to conduct a diligent search on any new removal and provide the results to FFN Case Management, including senior leadership. Leaders will ensure follow up once the case is transferred to explore relative placement options. This will be tracked and reported on a weekly basis. This, coupled with DCF's efforts to increase relative placement at removal, is beginning to show positive results, evidenced by a 7% increase in relative placements over the past year.

High Cost Placements

As noted in the Risk Pool report, while FFN's rate of placement in RGC is below state norms, it is at an elevated level for our system. In addition, many of FFN's foster home placements are with enhanced rates. Many of these placements are children and youth with complex behavioral, medical, and developmental needs who are in need of services from DJJ, APD, CMS, and AHCA. Because of this, much of our focus will be on reducing RGC placements, and leveraging services from other systems to meet child and family needs.

FFN will continue our High Utilizer Staffing process. FFN Operations and placement executive leadership meets weekly to review our highest cost placements for safe step down possibilities, location of appropriate relative or non-relative placements, and plans for permanency. FFN's CEO is a participant in the staffings.

FFN is also working to build relationships with parallel state agencies (APD, CMS, AHCA) to determine appropriate funding sources for eligible children in out-of-home placement. This is

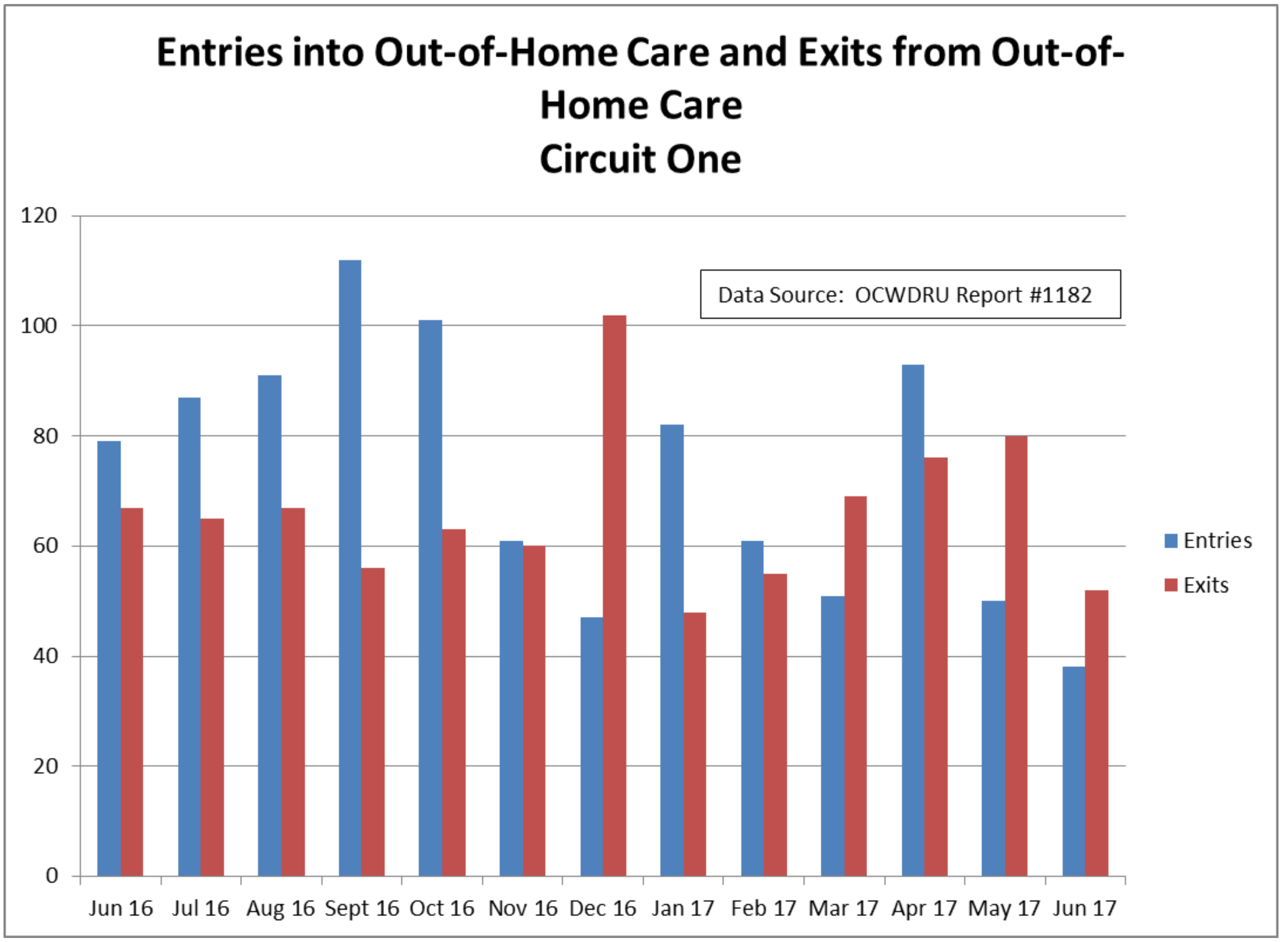
both on a system as well as case-by-case basis. FFN will engage Circuit, Region and OCW DCF Leadership when necessary.

The FFN system of care has a small number (6) of Specialized Therapeutic Foster Care (STFC) homes compared to the size of the out of home care population and the needs of the children currently being served. FFN has a group of foster homes (17) that currently take children and youth with challenging behavioral issues and are paid an enhanced rate (Matrix program). In order to increase capacity of Medicaid funded placements, FFN plans to convert (3) Matrix homes to (STFC) homes, and to increase STFC capacity. FFN/Lakeview has also applied for a grant offered by Sunshine and CBCIH to expand Medicaid funded (STFC) capacity with in Circuit One.

FFN recently contracted with another provider to increase capacity of behavioral foster homes with enhanced rates lower than standard residential group care. The National Youth Advocate Program (NYAP) was awarded a contract effective as of March 1, 2017. This contract is expected to replace existing services with services that will provide sufficient capacity to meet the growing needs of this region related to lock-out youth and cross-system youth. The NYAP homes are intended to reduce FFN's reliance on residential group care and to serve youth with behavioral needs that are not linked to a mental health diagnosis, which therefore disqualifies them from placement in an STFC home and Medicaid cost-sharing.

At its highest, FFN's out-of-home care costs were more than $29,000 a day. This enhanced focus has helped to bring out-of-home care costs down to a little more than $25,000 a day. Annualized, this could result in approximately $1.4 million savings.

c. Factors related to exits from care.



With a recent decrease in removals, system resources are shifting to exits, where much work needs to be done. While FFN's discharge rates are above the national target, they trail the state average. However, for three of the last four months FFN's exits have exceeded entries as we tend to see an adverse relationship between entries and exits (i.e., when entries decrease, exits increase).

FFN is now disseminating a weekly report of case closures to the FFN Senior Leadership Team. This will reflect the Unit and Team Manager levels. FFN is also implementing Rapid Permanency Reviews with Casey Family Programs as a structured method to improve efficiency and decision making in case closure.

FFN is in the process of managing a high population of TPR'd children. Circuit 1 has well over 300 children whose parents' rights have been terminated. FFN recently underwent a comprehensive Adoption Process Mapping Project and discovered several opportunities for system practice or policy changes that could alleviate delays and exit children to permanency more quickly. FFN will implement recommendations of the Adoption Process Mapping Project to increase efficiency to finalization of adoption cases.

5. Based on this analysis, develop a plan of action detailing the actions necessary to mitigate costs and bring projected expenditures in line with revenues. Your actions should be realistic and include activities within your control and activities that will require coordination with key partners. Include actions, time frames and responsible person(s)/entity(ies) in your plan. See ***Attachment C-1*** for an example of a completed financial viability plan from SFY 2016-2017 which you are encouraged to use in formatting your action plan. ***Attachment C-2*** is the blank template for the above. If you choose to use a different plan format you will need to assure that all elements in this sample are included. It is expected that your plan will be focused on key cost driver causal factors and actions designed to effectively mitigate these cost drivers. Please do not include extensive data charts or historical information that are not directly relevant to the issues in your plan.

   For CBCs who do not project a core services deficit in SFY 2017-18 and were not required to submit a financial viability report in SFY 2016-2017, a financial viability plan is still required in SFY 2017-18 by the proviso in General Appropriations Act. However your plan may address your actions to monitor and mitigate unforeseen changes to your system of care which may affect your financial viability and which include some specific countermeasures you could deploy to mitigate these conditions.

6. Given the actions detailed in your plan, what are your expected quarterly core services expenditure milestones (QTD, not cumulative YTD) associated with this projection?

   a. September 30, 2017 (92 days) $ 8,832,226

   b. December 31, 2017 (92 days) $ 8,745,234

   c. March 31, 2018 (90 days) $ 8,415,234

   d. June 30, 2018 (91 days) $ 8,382,854

7. If you do not realistically project ending the fiscal year without a core services deficit, please outline the actions you intend to take to permit you to continue operations through the year without disruption to client services or delay or disruption in payment to employees, providers or others. How will you manage cash flow and otherwise fulfill your fiduciary responsibilities?

   In the event that FFN ends the 17/18 contract year in a deficit, it is Lakeview Center, Inc.'s intention to maintain normal operations for FFN for the remaining 17/18 fiscal year. It is Lakeview Center, Inc.'s understanding that any deficit, specifically related to the 17/18 contract year, will be carried into the 18/19 contract year, from which such deficit will be reduced by any surplus achieved by FFN within the 18/19 contract year.

8. The financial viability of major subcontractors such as case management organizations is of concern to a system of care. Please provide a narrative description of how your lead agency will address the monitoring of these providers to assess and address their financial viability.

   For example listed below are some common financial practices used to monitor and assess an organizations financial health. Please identify these or any other processes, methods and data your lead agency plans to use in FY17/18.

   FFN does not subcontract case management to external case management organizations. This key function is conducted by direct care staff within FFN. However, FFN is still focused on monitoring the service providers we do contract with to ensure they are fiscally sound.

   FFNs current practices include the following:

   - **Audited financial statements are reviewed annually.**
   - **A financial risk assessment is performed annually utilizing current audited financial information. This analysis reviews and compares a variety of financial ratios which are used to determine each sub provider's level of financial risk.**
   - **Review of recent budget to actual expenditure reports, submitted by each subpovider, to assess their current financial condition.**
   - **Internal processes and controls are in place in the event that a provider requests early payment of invoices for cash flow purposes or reporting a financial deficit.**
   - **Notification of change in key leadership or inability to maintain a stable and productive workforce (turnover) is required in performance of the contracts.**

   Based on our analysis described above, there are no current financial risks with our sub-contractors.

9. Additional information – Include any supplemental information that is relevant to your plan.

Attachment C

1. Lakeview Center, Inc. dba FamiliesFirst Network Financial Viability Plan June 2017-June 2018											
1A	Increase early intervention and family enagement to safely decrease removals.										
	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	Current Performance	Target	Data Source	Quarterly Projections	Cost Savings Projections*
1	Implement specialized SMS and IHNJ services (Jacksonville model)	Jenn Petion, Dir of Admin & Special Projects & Lynne Whittington, Director of Case Management	June 30, 2018	September 1, 2017	Ongoing	FFN will implement specialized case management units to provide SMS and IHNJ services. FFN has made multiple "benchmarking" visits to FSSNF to learn about this element of their system of care. FFN will replicate the model in one county per quarter this SFY. This will shift cases away from OHC placement and allow FFN to engage the family and prevent removal. A reduction in costs associated with licensed care placement will result.	33.9% of FFN's open caseload is IHNJ	40% of FFN's caseload will be IHNJ	FSFN	Q1 July 1-Sept 30 - 35.4% Q2 Oct 1-Dec 31 - 36.9% Q3 Jan 1-March 31 - 38.4% Q4 April 1-June 30 - 40%	Total OHC cost savings: Qtr 1 - $63,502 Qtr 2 - $47,626 Qtr 3 - $38,826 Qtr 4 - $43,183 Total annual projected cost savings: $193,137
2	Provide ease of accces for CPIs for front end service array.	Rodney Moore, Director of Care Coordination Unit	January 1, 2017	July 1, 2017	Ongoing	FFN will create a position to be a single point of access for CPIs. Through this position, CPIs will be able to refer for IHNJ services, or to any of FFN's front end services, during business hours. During non business hours, CPIs will be able to refer to FFN's contracted providers for In Home Support Service interventions. Training will be provided to all CPIs by FFN to familiarize them with the service array and how to access.					
1B	Reduce OHC costs through service intergration, placement setting, and discharges.										
	Action Steps	Person Responsible	Goal Date	Initiated	Status	Comments	Current Performance	Target			
1	Increase relative and non-relative placement as a percentage of total OHC.	Lynne Whittington, Director of Case Management	June 30, 2018	September 1, 2017	Ongoing	FFN will identify a position to conduct a diligent search on any new removal and provide the results to FFN Case Management senior leadership. Leaders will ensure follow up once case is transferred to explore relative placement options. This will be tracked and reported on a monthly basis down to the unit level for accountability and sharing of best practice.	54.5% of OHC is R/NR	63.5% of OHC to be R/N-R	FSFN	Q1 July 1-Sept 30 - 56.5% Q2 Oct 1-Dec 31 - 58.5% Q3 Jan 1-March 31 - 61.5% Q4 April 1-June 30 - 63.5%	Total OHC cost savings: Qtr 1 - $117,856 Qtr 2 - $194,185 Qtr 3 - $323,890 Qtr 4 - $379,985
2	Continue High Utilizer Staffing process.	Jenn Petion, Dir of Admin & Special Projects	June 30, 2018	July 1, 2017	Ongoing	Operations and placement leadership meet weekly to review FFN's most expensive placements for safe step down possibilities, location of appropriate relative or non-relative placements, and plans for permanency. This has garnered positive gains so we will continue the practice.	The average daily cost of FFN's Top 25 High Utilizers is $6,133.57	Reduce average daily cost of Top 25 High Utilizers by 10% to $5,520.21.	FFN Reporting	Q1 July 1-Sept 30 - $5,980 Q2 Oct 1-Dec 31 - $5,826 Q3 Jan 1-March 31 - $5,673 Q4 April 1-June 30 - $5,520	
3	Leverage appropriate funding streams for qualified OHC population (Medicaid, APD, CMS).	Shawn Salamida, President	June 30, 2018	July 1, 2017	Ongoing	FFN will build relationships with parallel state agencies (APD, CMS, AHCA) to determine appropriate funding source for eligible children in OHC placement. This will be on a system as well as case by case basis. FFN will engage Circuit, Region and OCW DCF Leadership when necessary.					

4	Safely increase discharge rates.	Lynne Whittington, Director of Case Management & Margaret Taylor, Director of Quality and Policy	June 30, 2018	September 1, 2017	Planning	FFN will disseminate a weekly report of case closures to the Senior Leadership Team. This will reflect the unit and Team Manager levels. FFN will also implement Rapid Permanency Reviews and designate staff to assist Case Managers in working cases to closure.	FFN closed an average of 37 child cases per month from Apr 17 to Jun 17	FFN will close an average of 41 child cases per month (10% increase)	FSFN	Q1 July 1-Sept 30 - 38/mo Q2 Oct 1-Dec 31 - 39/mo Q3 Jan 1-March 31 - 40/mo Q4 April 1-June 30 - 41/mo	Total annual projected cost savings: $1,015,916
5	Maintain timely adoption finalizatons.	Lynne Whittington, Director of Case Management	June 30, 2018	July 1, 2017	Ongoing	FFN will implement recommendations of the Adoption Process Mapping Project to increase efficiency to finalization of adoption cases. A detailed tracking system will be developed to measure timliness of adoptions processes, with specific focus on reducing time from TPR to finalization.	39% of TPR'd children have not been matched or finalized after 12 months	10% decrease in the number of case TPR'd for over 12 months that have not been matched or finalized.	FFN Reporting	Q1 July 1-Sept 30 - 36.5% Q2 Oct 1-Dec 31 - 34% Q3 Jan 1-March 31 - 31.5% Q4 April 1-June 30 - 29%	

Additional reporting for CBCs: Must be included in SFY 2107-2018 plans

CBC	CBC OHC Baseline	OHC Actual	OHC Projection per Plan				CBC RGC Baseline & Target	RGC Actual	RGC Projections per Plan			
		6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018		6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
		1354	1333	1313	1293	1272		126	122	118	114	110
		OHC Performance						RGC Performance				
		Quarterly number						Quarterly number				
		Quarterly budget	$ 2,204,749	$ 2,117,757	$ 1,931,832	$ 1,827,415		Quarterly budget	$ 1,386,950	$ 1,299,959	$ 1,131,812	$ 1,018,505

Total FY18 budget	$ 8,081,753		Total FY18 budget	$ 4,837,226

1. The Department - Northwest Region - will monitor removals to identify trends

Action Steps		Person Responsible	Goal Date	Initiated	Status	Comments	Current Performance FY 2016-2017	Target	Data Source	Quarterly Projections	Cost Savings Projections*	October 2017 Update (1st Qtr - Jul-Sep)	January 2018 Update (2nd Qtr - Oct-Dec)	April 2018 Update (3rd Qtr - Jan-Mar)	July 2018 Update (4th Qtr - Apr-Jun)
1	Complete Removal Analysis (November 2016 - October 2017)	Courtney Stanford	11/15/17			An analysis of all removals will be conducted in Circuit 1 based on identified trends: removals occuring after normal business hours; removals open to case management; removals with prior case maangement; removals with no upfront Safety Management Services. If other trends are identified they will be included, as well.	809	760	FSFN	1st Qtr - 243 2nd Quarter 181 3rd Quarter 167 4th Qtr 169					
2	Review results and determine next steps	Courtney Stanford	12/15/17			Will evaluate results after completion of review period ending 10/31/17.									
3	Utilize Safety Management Service via FamiliesFirst Network In Home Non Judicial system in Circuit 1.	Tina Cain	9/1/2017			FamiliesFirst Network is enhancing their service delivery system to provide for children to remain in their homes safely.									

2. The Department will continue to implement the DST process.

Action Steps		Person Responsible	Goal Date	Initiated	Status	Comments	Target								
1	A teaming decision will be held when Present Danger is identified or when Impending Danger is identified and an Out of Home plan is needed.	Courtney Stanford	6/21/2015	6/20/2015	Ongoing	This team was developed to provide support and guidance to Child Protective Investigators (CPI) and Child Protective Investigator Supervisors (CPIS) at the point Present Danger is identified and at any time during the investigation when a discussion regarding removal is held. The intent is for the CPI and CPIS to hold a discussion and include a practice expert or consultant in the process to ensure the discussion aligns with our child welfare practice model.									

3. The Department will identify ways to prevent lockouts.

Action Steps		Person Responsible	Goal Date	Initiated	Status	Comments	Current Performance	Target	Data Source	Quarterly Projections	Cost Savings Projections*	October 2017 Update (1st Qtr - Jul-Sep)	January 2018 Update (2nd Qtr - Oct-Dec)	April 2018 Update (3rd Qtr - Jan-Mar)	July 2018 Update (4th Qtr - Apr-Jun)
1	Deploy "Green Belt" process to identify root cause of lockouts.	Melissa Sidoti	6/30/16	12/31/17	In process	Identification of root causes can aid in developing appropriate protocols for communties/provider interventions that may engage before developing more complex problems and develop action plan.	N/A	Plan to have all action steps from action plan implemented by 12/31/17	Action Plan and manual tracking sheet.				100% of action steps completed.		Evaluation of results of implementation completed
2	Educate in the judicial system about appropriate referrals to the Department where the DJJ is involved.	Phyllis Gonzalez	6/30/17	1/31/18	Not started	Judges often suggest DJJ refer to DCF when individuals may be better with referral to local service providers or other types of placements. DJJ now participating in Family Team Staffings.							25%		

Lakeview Center dba FFN - Contract #AJ481

Total Multi-year Year Expenditures, Budget and Projections

OCA 16/17	Total Expenditures 16/17	Total Funds Available 16/17	Surplus/ (Deficit) Based on All Funds Available 16/17
Reserve		106,138	106,138
DCM00,CHPA0	16,216,041	18,546,712	2,330,672
AS000,AS0CS	2,302,084	1,680,994	(621,090)
PVS00,PVSCS	2,691,140	3,434,469	743,329
CS0IH CS00H CS0AS PR024	1,659,156	3,147,344	1,488,188
LCFH0	3,732,846	2,989,263	(743,583)
LCRGE	5,330,431	2,854,438	(2,475,993)
SEC00	251,160	20,154	(231,006)
Total A&B	32,182,858	32,779,512	596,654
39MAS SFMSA	10,958,715	11,035,777	77,062
IL Program	1,807,220	1,397,540	(409,680)
PR005	201,231	81,222	(120,009)
PRSAV	90,816	33,327	(57,489)
PRE04	286,969	294,999	8,030
PRE06	456,813	310,775	(146,038)
PRE11	0	0	0
PRE12	235,333	158,790	(76,543)
DCTRN,TRCOR, TRFCA,TRCIT	1,531,437	1,494,326	(37,111)
BAT00	0	0	0
19MCB, CSEC?	383,730	290,106	(93,624)
SAFMS	462,805	462,805	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total C	16,415,068	15,559,667	(855,401)
Total All	48,597,926	48,339,179	(258,747)

OCA 15/16	Total Expenditures 15/16	Total Funds Available 15/16	Surplus/ (Deficit) Based on All Funds Available 15/16
Reserve		0	0
DCM00,CHPA0	16,084,132	17,613,213	1,529,081
AS000,AS0CS	1,965,349	1,640,898	(324,451)
PVS00,PVSCS	3,123,847	3,222,553	98,706
CS0IH CS00H CS0AS PR024	2,627,416	3,140,004	512,588
LCFH0	3,413,834	3,052,954	(360,880)
LCRGE	3,690,002	2,511,986	(1,178,016)
LC0TH	147,534	495,116	347,582
SEC00	36,408	15,306	(21,102)
Total A&B	31,088,522	31,692,030	603,508
39MAS WO006	10,075,942	10,090,921	14,979
IL Program	1,974,934	1,160,527	(814,407)
PR005	127,495	96,020	(31,475)
PRSAV	90,816	83,248	(7,568)
PRE04	642,742	773,820	131,078
PRE06	766,058	852,674	86,616
PRE11	0	0	0
PRE12	415,398	320,983	(94,415)
DCTRN,TRCOR, TRFCA,TRCIT	1,145,888	1,391,117	245,229
BAT00	0	0	0
19MCB	369,975	513,575	143,601
SFTOP	0	0	0
SFMVS	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Total C	15,609,248	15,282,886	(326,362)
Total All	46,697,770	46,974,917	277,146

OCA 14/15	Total Expenditures 14/15	Total Funds Available 14/15	Surplus/ (Deficit) Based on All Funds Available 14/15
Reserve		19,440	19,440
DCM00,CHPA0	14,912,347	16,999,214	2,086,867
AS000,AS0CS	1,754,929	1,310,148	(444,781)
PVS00,PVSCS	2,624,973	2,997,023	372,050
CS0IH CS00H CS0AS PR024	1,719,636	2,771,862	1,052,226
TRPIS	586,823	514,324	(72,499)
TRFCA	53,131	69,321	16,190
LCFH0 LCRGE LC0TH	5,713,492	5,261,279	(452,213)
Total A&B	27,365,331	29,942,610	2,577,279
39MAS WO006	9,351,266	9,274,087	(77,179)
IL Program	1,950,321	2,612,107	661,786
PR005	96,020	81,222	(14,798)
PRSAV	83,248	38,327	(44,921)
PRE04	773,820	1,011,058	237,238
PRE06	852,674	1,026,834	174,160
PRE11	0	0	0
PRE12	320,983	158,790	(162,193)
BAT00	0	0	0
19MCB	513,575	290,106	(223,469)
CPAPS	294,262	294,262	0
SFSEY	0	0	0
SEC00	7,150	15,306	8,156
SFTOP	0	0	0
SFMVS	0	0	0
	0	0	0
	0	0	0
Total C	14,243,320	14,802,099	558,779
Total All	41,608,651	44,744,710	3,136,058

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

Lakeview Center, Inc. and Subsidiaries
Years Ended September 30, 2016 and 2015
With Report of Independent Certified Public Accountants

Ernst & Young LLP

Building a better working world

Lakeview Center, Inc. and Subsidiaries

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

Years Ended September 30, 2016 and 2015

Contents

Lakeview Center, Inc. and Subsidiaries

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

Years Ended September 30, 2016 and 2015

Contents (continued)

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Report of Independent Certified Public Accountants

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheets as of September 30, 2016 and 2015, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary and Other Information

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

The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,, and by Chapter 10.650, *Rules of the Auditor General*, presented on pages 56 through 64 is presented for purposes of additional analysis 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. 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 consolidated financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 22, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Ernst & Young LLP

December 22, 2016

Lakeview Center, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30 2016	September 30 2015
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 54,590**	$ 45,606
Investments	**37,241**	22,794
Accounts receivable:		
Client accounts receivable, less allowance for doubtful accounts of $506 and $747 in 2016 and 2015, respectively	**902**	2,333
Governmental funding sources receivable	**2,389**	5,283
Vocational service contracts receivable	**13,576**	12,563
Other accounts receivable	**935**	1,819
Inventories	**272**	254
Prepaid expenses	**939**	888
Total current assets	**110,844**	91,540
Investments limited as to use, internally designated for:		
Capital improvements	**27,204**	25,218
Regulatory requirements	**2,346**	2,210
Other	**11,589**	10,723
	41,139	38,151
Property and equipment, net	**20,343**	20,731
Interest in net assets of related organization	**2,220**	2,087
Intercompany receivable	**13,640**	11,244
Other assets	**184**	175
Total assets	**$ 188,370**	$ 163,928

	September 30 2016	September 30 2015
	(In Thousands)	
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 12,147**	$ 10,976
Accrued liabilities	**11,927**	12,065
Current portion of long-term debt	**33**	30
Compensated absences	**2,346**	2,210
Total current liabilities	**26,453**	25,281
Long-term debt, less current portion	**746**	779
Total liabilities	**27,199**	26,060
Net assets:		
Unrestricted:		
Undesignated	**118,485**	98,036
Designated	**41,139**	38,151
Total unrestricted	**159,624**	136,187
Temporarily restricted	**1,475**	1,609
Permanently restricted	**72**	72
Total net assets	**161,171**	137,868
Total liabilities and net assets	**$ 188,370**	$ 163,928

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended September 30	
	2016	2015
	(In Thousands)	
Unrestricted revenue and support:		
Federal, state, and local financial awards	**$ 65,793**	$ 58,875
Net client service fees	**13,837**	14,255
Provision for bad debts, net of recoveries	**(197)**	(513)
Net client service fees less provision for bad debts	**13,640**	13,742
Vocational service contracts	**145,197**	132,097
Contract revenue	**29,276**	23,740
Other fees and support	**400**	1,109
In-kind services	**1,223**	1,151
Management fees	**592**	595
Contributions	**454**	182
Other	**799**	483
Total unrestricted revenue and support	**257,374**	231,974
Expenses:		
Salaries and wages	**89,301**	82,976
Fringe benefits	**26,537**	23,917
Building occupancy	**5,089**	5,073
Professional fees	**12,520**	10,501
Contract medical services	**18,055**	14,214
Travel	**2,151**	1,975
Equipment costs	**1,311**	1,266
Food services	**1,858**	1,855
Medical/pharmacy services	**4,623**	4,104
Subcontracted services	**48,937**	48,464
Subsidy payments	**16,711**	15,381
Personal welfare	**2,221**	2,128
Insurance	**717**	850
Interest	**78**	73
Donated items	**1,123**	1,051
Depreciation	**2,675**	2,552
Other operating expenses	**4,265**	3,801
Total expenses	**238,172**	220,181
Income from operations before gain from weather related event	**19,202**	11,793
Gain from weather related event	**–**	36
Income from operations	**19,202**	11,829
Nonoperating gains (losses):		
Investment income	**1,282**	1,862
Allocated share of Pool's net unrealized gains (losses) on trading securities	**2,685**	(2,318)
Total nonoperating gains (losses), net	**3,967**	(456)
Excess of unrestricted revenue, support, and gains over expenses and losses	**23,169**	11,373

Lakeview Center, Inc. and Subsidiaries

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

	Year Ended September 30 2016	2015
	(In Thousands)	
Unrestricted net assets:		
Excess of unrestricted revenue, support, and gains over expenses and losses	**$ 23,169**	$ 11,373
Change in interest in net assets of recipient organization	**268**	(84)
Change in unrestricted net assets	**23,437**	11,289
Temporarily restricted net assets:		
Change in interest in net assets of recipient organization	**(134)**	19
Change in temporarily restricted net assets	**(134)**	19
Permanently restricted net assets:		
Change in interest in net assets of recipient organization	**–**	10
Change in permanently restricted net assets	**–**	10
Change in net assets	**23,303**	11,318
Net assets at beginning of year	**137,868**	126,550
Net assets at end of year	**$ 161,171**	$ 137,868

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended September 30	
	2016	**2015**
	(In Thousands)	
Operating activities		
Change in net assets	**$ 23,303**	$ 11,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,675**	2,552
Provision for bad debts, net of recoveries	**197**	513
Loss on sale and retirement of property and equipment	**6**	1
Allocated share of Pool's net unrealized (gains) losses on trading securities	**(2,685)**	2,318
Change in interest in net assets of related organization	**(133)**	55
Changes in operating assets and liabilities:		
Accounts receivable	**1,234**	(529)
Governmental funding sources receivable	**2,894**	(3,612)
Vocational service contracts receivable	**(1,013)**	2,501
Other accounts receivable	**884**	2,136
Inventories	**(18)**	(100)
Prepaid expenses	**(51)**	1,307
Other assets	**(9)**	(19)
Accounts payable	**1,171**	(4,746)
Accrued liabilities	**(138)**	(686)
Compensated absences	**136**	330
Net cash provided by operating activities	**28,453**	13,339
Investing activities		
Purchases of property and equipment	**(2,293)**	(2,646)
Purchases of investments	**(25,013)**	(17,367)
Sales of investments	**10,263**	15,434
Net cash used in investing activities	**(17,043)**	(4,579)

Lakeview Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year Ended September 30 2016	2015
	(In Thousands)	
Financing activities		
Repayments of long-term debt	**$ (30)**	$ (30)
Net repayments to affiliated organization	**(2,396)**	(5,125)
Net cash used in financing activities	**(2,426)**	(5,155)
Net change in cash and cash equivalents	**8,984**	3,605
Cash and cash equivalents at beginning of year	**45,606**	42,001
Cash and cash equivalents at end of year	**$ 54,590**	$ 45,606
Supplemental disclosure of cash flow information		
Interest paid	**$ 78**	$ 73

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

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

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

Principles of Consolidation

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

Operating and Nonoperating Activities

The Center's primary mission is to provide a broad range of behavioral health services, vocational services, and child protective services to citizens of the region. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the Center's primary mission are considered nonoperating. Nonoperating gains and losses include income and losses from investments in joint ventures, and earnings on investments other than operating cash on hand.

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

Use of Estimates

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

Net Assets

The Center reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets are classified based on the existence or absence of donor-imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

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

- *Unrestricted* – Net assets that are free of donor-imposed restrictions, including all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- *Temporarily restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by action of the Center pursuant to those stipulations.

- *Permanently restricted* – Net assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

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

Contributions

The Center records contributions received on its behalf by Baptist Health Care Foundation, an affiliated fundraising foundation, as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash Equivalents

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

Investments and Investment Income

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

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

Accounts Receivable and Allowance for Doubtful Accounts

The Center grants credit without collateral to its clients, most of whom are local residents and are insured under third-party payor agreements.

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

Client accounts receivable are stated at the amount of uncollected balances reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is established through a provision for bad debts and is presented on a separate line as a deduction from net client service fees revenue in the accompanying consolidated statements of operations and changes in net assets. Client accounts receivable are charged against the allowance for doubtful accounts when management believes the collectability of the receivable is unlikely.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Management regularly reviews collections data by major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. On the basis of historical experience, a significant portion of self-pay clients will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts in the period services are provided to self-pay clients. The Center's allowance for doubtful accounts for self-pay clients was 67% and 70% of self-pay accounts receivable as of September 30, 2016 and 2015, respectively. For receivables associated with clients who have third-party coverage, the Center analyzes contractually due amounts and provides a provision for bad debts, if necessary. Accounts receivable are written off after the collection effort has been followed in accordance with the Center's policies. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts and subsequent recoveries are added. Monthly, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

The allowance is an amount that management believes will be adequate to absorb possible losses on receivables that may become uncollectible. No allowance is provided for other receivables as they are due from governmental units, grantors, and third-party paying agencies. Those receivables have been adjusted in accordance with the terms of their contractual agreements.

Inventories

Pharmacy and food inventories are valued at the lower of cost or market using the first-in, first-out method.

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

Investments Limited as to Use

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

Property and Equipment

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

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

Compensated Absences

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

Net Client Service Fees

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per completion of service, reimbursed costs, and discounted charges. Net client

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

service fees are reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

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

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

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

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

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

Charity Care

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

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

The Center estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to clients. The cost of providing charity care was \$3,803 and \$7,287 for the years ended September 30, 2016 and 2015, respectively.

Medicaid Managed Medical Assistance Contract Revenue

The Center is licensed as a prepaid limited health services organization pursuant to Chapter 636, *Florida Statutes*. Effective August 1, 2014, the Center, doing business as Access Behavioral Health, was awarded contracts with the Medicaid Managed Medical Assistance Plan (the MMA Plan). The Center receives a per-member per-month rate to provide mental health and substance abuse services to an annual average of 101,900 Medicaid beneficiaries in Escambia, Santa Rosa, Okaloosa, and Walton counties. Amounts received are recognized as contract revenue during the period in which the Center is obligated to provide services to beneficiaries. Approximately \$29,276 and \$23,740 was recognized as revenue under the MMA Plan during the years ended September 30, 2016 and 2015, respectively.

Medicaid Prepaid Mental Health Plan Costs

The Center is directly responsible for providing mental health and substance abuse services to beneficiaries residing in Escambia and Santa Rosa counties, representing approximately 69% of the covered lives under the MMA Plan. The Center has entered into subcontracts with two comprehensive community mental health centers to provide mental health services to the MMA Plan beneficiaries residing in Okaloosa and Walton counties. These subcontracts are on a full-risk capitated basis. The mental health services covered under the MMA Plan are generally the same as those covered under the Medicaid fee-for-service program. Covered services include inpatient psychiatric care, outpatient care, substance abuse, and physician services. The majority of services for which the Center is directly responsible is provided within its own service delivery system; however, some services are contracted for on a fee-for-service basis with local area hospitals and providers. A provision has been made for these services rendered but not reported as of September 30, 2016 and 2015.

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

Interest in Net Assets of Recipient Organization

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

Income Taxes

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

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC Topic 740 provides guidance for recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There were no material uncertain tax positions as of September 30, 2016 or 2015.

Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-15, *Statement of Cash Flows* (ASU 2016-15). Current GAAP either is unclear or does not include specific guidance on eight cash flow classification issues. The amendments in ASU 2016-15 provide guidance for these eight issues, reducing the current and potential future diversity in practice. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of ASU 2016-15 on the Center's consolidated financial statements.

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

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

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). The amendments in ASU 2016-02 require lessees to recognize the assets and liabilities arising from leases on their balance sheets, but recognize expenses on their income statements similar to current accounting requirements. The amendments also eliminate real estate-specific provisions for all entities. For lessors, the amendments modify classification criteria and the accounting for sales-type and direct financing leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is currently evaluating the impact of ASU 2016-02 on the Center's consolidated financial statements.

In June 2015, the FASB issued ASU No. 2015-10, *Technical Corrections and Improvements* (ASU 2015-10) to correct differences between original guidance and the Accounting Standards Codification, clarify the guidance, correct references and make minor improvements affecting a variety of topics. The standard was effective immediately upon issuance. Adoption of ASU 2015-10 did not have a significant impact on the Center's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* (ASU 2015-05). The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. ASU 2015-05 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015 with early adoption permitted. Management is currently evaluating the impact of ASU 2015-05 on the Center's consolidated financial statements.

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

In February 2015, the FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items* (ASU 2015-01). The amendments in ASU 2015-01 simplify income statement presentation by eliminating the need to determine whether to classify an item as an extraordinary item. Current presentation and disclosure requirements for an event and transaction that is of an unusual nature of a type that indicates infrequency of occurrence have been retained. ASU 2015-01 is effective for fiscal years beginning after December 15, 2015, and interim periods within those years. Management does not expect adoption of this guidance to have a significant impact on the Center's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern* (ASU 2014-15). The amendments in ASU 2014-15 require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term *substantial doubt*, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plan, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plan, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for annual periods and interim periods thereafter, with early application permitted. Management is currently evaluating the effects of ASU 2014-15 on the Center's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which outlines a single comprehensive revenue recognition principles-based model that replaces most of the existing revenue recognition guidance, including industry-specific guidance. ASU 2014-09 was originally effective for annual periods beginning after December 15, 2016, and can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the change recognized at the date of the initial application. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which defers the effective date of this new revenue recognition standard by one year for both public and nonpublic entities. In 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross*

(Dollars in Thousands)

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

versus Net), ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients*. These amendments provide guidance on considerations in recognizing revenue from contracts with customers. Management is currently evaluating the potential effects ASU 2014-09, 2016-08, 2016-10, and 2016-12 will have on the Center's consolidated financial statements and disclosures.

2. Cash and Investments

The composition of cash and investments is as follows:

	September 30 2016	September 30 2015
Interest in the Pool	**$ 59,539**	$ 46,868
Cash and cash equivalents	**54,590**	45,606
U.S. corporate obligations	**10,966**	8,924
U.S. Treasury and government agencies obligations	**7,790**	5,068
Other	**85**	85
	$ 132,970	$ 106,551

The investments included in the Pool comprised the following:

	September 30 2016	September 30 2015
Equity securities and mutual funds that invest in equity securities	**21%**	22%
Mutual funds that invest in fixed-income securities	**33**	35
Alternative investments	**14**	9
Cash and cash equivalents	**13**	4
U.S. Treasury and government agencies obligations	**5**	7
U.S. corporate obligations	**11**	14
Mortgages and other asset-backed securities	**3**	9
	100%	100%

(Dollars in Thousands)

2. Cash and Investments (continued)

Investment income comprised the following:

	Year Ended September 30	
	2016	**2015**
Excess of unrestricted revenue, support, and gains over expenses and losses:		
Investment return included in nonoperating gains (losses):		
Interest and dividend income	**$ 381**	$ 260
Allocated share of Pool's:		
Investment income	**1,110**	965
Realized (losses) gains on sales of securities	**(209)**	637
Net unrealized gains (losses) on trading securities	**2,685**	(2,318)
	$ 3,967	$ (456)

3. Concentrations of Credit Risk

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

	September 30	
	2016	**2015**
Medicaid and Medicare	**27%**	48%
Other third-party payors	**57**	38
Client payments	**16**	14
	100%	100%

(Dollars in Thousands)

4. Property and Equipment

Major classifications of property and equipment are summarized as follows:

	September 30 2016	September 30 2015
Buildings and improvements	**$ 25,587**	$ 25,057
Furniture and equipment	**18,754**	17,910
Land	**2,461**	2,402
Construction-in-progress	**1,653**	1,453
	48,455	46,822
Less accumulated depreciation	**(28,112)**	(26,091)
	$ 20,343	$ 20,731

5. Long-Term Debt

Long-term debt consists of the following:

	September 30 2016	September 30 2015
Note payable to HUD, interest at 9.0%, monthly payments of $5,000 including interest, secured by real property, maturing May 2032	**$ 517**	$ 531
Note payable to HUD, interest at 8.375%, monthly payments of $2,000 including interest, secured by real property, maturing March 2032	**200**	206
Note payable to HUD, interest at 9.25%, monthly payments of $1,000 including interest, secured by real property, maturing October 2021	**62**	72
	779	809
Less current portion	**(33)**	(30)
	$ 746	$ 779

(Dollars in Thousands)

5. Long-Term Debt (continued)

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

		Amount
Year ending September 30:		
2017	$	33
2018		36
2019		39
2020		43
2021		46
Thereafter		582
	$	779

During fiscal year 2010, Baptist Hospital, Inc. (Baptist), an affiliate of BHCC, issued $194,000 in bonds (the Bonds) through the Escambia County Health Facilities Authority (the Authority) to extinguish previously issued bonds; to pay or reimburse Baptist for the cost of acquiring, constructing, and equipping certain capital projects; to pay the related cost of issuance; and to fund a debt service reserve and capitalized interest fund. The Bonds are limited obligations of the Authority, payable principally from the receipts of loan agreements between the Authority and Baptist. The Bonds are secured by a gross revenue pledge of Baptist and a mortgage on the Gulf Breeze Hospital (an affiliate of BHCC) campus. Baptist and the Center comprise the Combined Group under a Master Trust Indenture, and the Center, as a restricted affiliate under the Master Trust Indenture, agrees to be bound by its terms but is not directly liable for obligations issued under the Master Trust Indenture. The Master Trust Indenture requires certain covenants and reporting requirements to be met by the Combined Group. The total amount of the Bonds outstanding, net of unamortized bond discount, is $141,112 at September 30, 2016. None of the Bonds are included in the accompanying consolidated financial statements.

6. Net Client Service Fees

Contractual 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.

(Dollars in Thousands)

6. Net Client Service Fees (continued)

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

	Year Ended September 30 2016	2015
Third-party payors, net of contractual allowances	**$ 9,936**	$ 10,381
Self-pay clients, net of deductions	**3,901**	3,874
	$ 13,837	$ 14,255

The Center has determined, based on an assessment at the reporting-entity level, that client service fee revenue is primarily recorded prior to assessing the client's ability to pay, and as such, the entire provision for bad debts is recorded as a deduction from client service fees revenue in the accompanying consolidated statements of operations and changes in net assets.

Revenues from the Medicare and Medicaid programs accounted for approximately 21% and 29% of the Center's net client service fees for the years ended September 30, 2016 and 2015, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Center.

7. In-Kind Contributions

In-kind contributions and expenses represent the value assigned to instructional services provided by Escambia County School Board educators, as well as donated prescription drugs from the State of Florida. In-kind contributions are recognized if the services or goods received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions for the years ended September 30, 2016 and 2015, amounted to $1,223 and $1,151, respectively.

(Dollars in Thousands)

8. Leased Facilities

The Center leases various buildings and equipment under operating leases expiring through 2018. Minimum future lease payments for operating leases having remaining terms in excess of one year as of September 30, 2016, are as follows:

2017	$	1,033
2018		952
2019		901
2020		835
2021		535
Thereafter		121
	$	4,377

Rent expense for the years ended September 30, 2016 and 2015, amounted to $1,552 and $1,428, respectively.

9. Retirement Plan

The Center provides a tax deferred annuity 403(b) retirement plan (Plan) to all eligible employees. Employees who work a minimum of 20 hours per week are eligible to participate in the Plan after completing one year of employment. Voluntary employee contributions are allowed to the extent permitted by law. The Center contributed a total of 3% of each eligible participant's annual compensation to the Plan with a match of up to 2% of each eligible participant's compensation. In compliance with Internal Revenue Service regulations, employer contributions for eligible participants vest under a six-year graduated vesting schedule. Plan expense for the years ended September 30, 2016 and 2015, amounted to $1,516 and $1,402, respectively.

10. Support From the State of Florida Requiring Match

The Center received a substantial portion of its support from the state of Florida under grant contract number AH394 with the Florida Department of Children and Families (DCF) Substance Abuse and Mental Health Program. This contract must be renegotiated annually. The contract requires a 25% local match for certain community mental health services. This local match requirement has been met.

11. Related-Party Transactions

The Center manages West Florida Community Care Center pursuant to a contract with DCF. For the years ended September 30, 2016 and 2015, the Center received $517 and $520, respectively, for the management of that institution.

The Center has several transactions with BHCC and its affiliated entities and had a net intercompany receivable from BHCC in the amount of $13,640 and $11,244 at September 30, 2016 and 2015, respectively.

Additionally, the Center received $75 in management fees from Baptist for the years ended September 30, 2016 and 2015, $3,469 and $3,247 for services rendered and $120 and $133 in interest payments for the years ended September 30, 2016 and 2015, respectively, and paid $1,759 and $1,946 in management fees and other support services provided by BHCC for the years ended September 30, 2016 and 2015, respectively.

12. Restricted Net Assets

Temporarily restricted net assets as of September 30, 2016 and 2015, were $1,475 and $1,609, respectively, the majority of which relate to children's services. Permanently restricted net assets are restricted to an endowment fund in accordance with instructions from the donors and were $72 as of September 30, 2016 and 2015. Earnings on the endowment funds are unrestricted.

13. Commitments and Contingencies

The Center carries general and professional liability insurance from an unrelated commercial insurance carrier with coverage up to $1,000 per occurrence and $3,000 in the aggregate, on a claims-made basis, and employee benefits liability insurance with coverage up to $1,000 per occurrence and $1,000 in the aggregate. In addition, the Center has excess coverage policies with an unrelated insurance carrier for losses up to $5,000 per occurrence and in the aggregate.

The Center is involved in various lawsuits and claims incidental to the normal course of its operations. The Center may be liable for losses in excess of the amounts recorded at September 30, 2016; however, in the opinion of management, such potential losses would not be material to the consolidated financial statements.

13. Commitments and Contingencies (continued)

The Center is self-insured for employees' medical insurance claims. The Center carries stop-loss insurance coverage with annual limits of $300 per participant and $8,726 in the aggregate. It is the opinion of management that recorded reserves are adequate for existing and unreported claims.

The Center has established five irrevocable standby letters of credit: three in amounts of $385, $160, and $365 with the Center's three previous administrators for workers' compensation claims as the named beneficiaries; one for $292 with one of the insurance providers for the ABH managed medical advantage plan; and one for $1,075 with the Center's current administrator for workers' compensation claims as the named beneficiary. The Center, under its workers' compensation policies, is responsible to pay all individual claims up to $250 each, as well as certain administration costs to its claims administrators. Should the Center default on any of these payments, the letter of credit guarantees the claims administrators' payment of any outstanding amounts.

Line of Credit Agreements

Baptist has two available line of credit arrangements through March 31, 2017, in the amount of $2,500, on which borrowings bear interest at LIBOR plus 1.50% to LIBOR plus 1.90%. The Andrews Institute Ambulatory Surgery Center, which is consolidated in the financial statements of Baptist, has available a line of credit arrangement through February 24, 2017, in the amount of $1,500, on which borrowings bear interest at LIBOR plus 3.15%. The Combined Group has two available line of credit arrangements through July 2, 2017 and June 30, 2018, in the amount of $5,000 and $10,000, respectively, on which borrowings bear interest ranging from LIBOR plus 1.50% to LIBOR plus 1.60%. At September 30, 2016 and 2015, amounts outstanding under these line of credit arrangements were $14,845 and $9,900, respectively. The Center, as a member of the Combined Group, is a guarantor under these lines of credit, but as of September 30, 2016 and 2015, is not directly obligated for any of the amounts outstanding under these line of credit arrangements. Therefore, none of these amounts outstanding are included in the accompanying consolidated financial statements.

13. Commitments and Contingencies (continued)

Contingencies

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

Unemployment Compensation – The Center reports its wages to various states for unemployment compensation purposes, as a reimbursable employer. Reimbursable employers compensate prior employees only when a claim has been made with these states. In the opinion of management, no material claims were outstanding that had not been reserved for at September 30, 2016.

14. Fair Value Measurements

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

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

> *Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Center has the ability to access.
>
> *Level 2* – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

(Dollars in Thousands)

14. Fair Value Measurements (continued)

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

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

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2016, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 54,590	$ –	$ –	$ 54,590
Investments limited as to use:				
U.S. corporate obligations	–	10,966	–	10,966
U.S. Treasury obligations	4,062	–	–	4,062
U.S. government agencies and sponsored entities	–	3,728	–	3,728
Other	85	–	–	85
Total investments limited as to use	4,147	14,694	–	18,841
	$ 58,737	$ 14,694	$ –	$ 73,431

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The fair value of the Center's financial assets measured at fair value on a recurring basis at September 30, 2015, was as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 45,606	$ –	$ –	$ 45,606
Investments limited as to use:				
U.S. corporate obligations	–	8,924	–	8,924
U.S. Treasury obligations	2,943	–	–	2,943
U.S. government agencies and sponsored entities	–	2,125	–	2,125
Other	85	–	–	85
Total investments limited as to use	3,028	11,049	–	14,077
	$ 48,634	$ 11,049	$ –	$ 59,683

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2016:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**13%**	**–%**	**–%**	**13%**
U.S. corporate obligations	–	**11**	–	**11**
U.S. government agencies and sponsored entities	–	**5**	–	**5**
Collateralized debt obligations	–	**3**	–	**3**
Domestic equities	**33**	–	–	**33**
Foreign equities	**21**	–	–	**21**
Other	–	**14**	–	**14**
	67%	**33%**	**–%**	**100%**

(Dollars in Thousands)

14. Fair Value Measurements (continued)

The fair value of the financial assets of the Pool measured at fair value on a recurring basis comprised the following at September 30, 2015:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	4%	–%	–%	4%
U.S. corporate obligations	–	14	–	14
U.S. government agencies and sponsored entities	–	3	–	3
Collateralized debt obligations	–	9	–	9
Domestic equities	35	–	–	35
Foreign equities	22	–	–	22
Other	–	13	–	13
	61%	39%	–%	100%

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

	September 30 2016	2015
Investments, at fair value	**$ –**	$ –
Interest in the Pool	**37,241**	22,794
Total investments	**$ 37,241**	$ 22,794
Investments limited as to use, at fair value	**$ 18,841**	$ 14,077
Interest in the Pool	**22,298**	24,074
Total investments limited as to use	**$ 41,139**	$ 38,151

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

(Dollars in Thousands)

14. Fair Value Measurements (continued)

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

15. Summary Information Relating to Financially Interrelated Entities

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

	As of and for the Year Ended September 30, 2016		
	CMHC Hernandez House, Inc.	**Lakeview Villa, Inc.**	**Lakeview Place, Inc.**
Total assets	$ 221	$ 383	$ 234
Total liabilities	$ 261	$ 552	$ 321
Unrestricted, undesignated net deficit	(40)	(371)	(102)
Designated net assets	–	202	15
Total net deficit	(40)	(169)	(87)
Total liabilities and net deficit	$ 221	$ 383	$ 234
Total revenue and support	$ 40	$ 141	$ 86
Total expenses	(41)	(130)	(78)
Change in net deficit	$ (1)	$ 11	$ 8

(Dollars in Thousands)

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

	As of and for the Year Ended September 30, 2015		
	CMHC Hernandez House, Inc.	**Lakeview Villa, Inc.**	**Lakeview Place, Inc.**
Total assets	$ 226	$ 405	$ 227
Total liabilities	$ 266	$ 585	$ 322
Unrestricted, undesignated net deficit	(40)	(382)	(110)
Designated net assets	–	202	15
Total net deficit	(40)	(180)	(95)
Total liabilities and net deficit	$ 226	$ 405	$ 227
Total revenue and support	$ 41	$ 140	$ 78
Total expenses	(53)	(136)	(92)
Gain from weather related event	–	157	–
Change in net deficit	$ (12)	$ 161	$ (14)

16. Gain From Weather Related Event

In April 2014, the Center sustained property and equipment damage from heavy flooding affecting northwest Florida. The Center shares in the BHCC property damage insurance (with a $100 deductible per event) and carries flood insurance through Homesite Insurance Company as a part of the National Flood Insurance Program.

Property damage costs from the weather event for the year ended September 30, 2015, totaled $131 and the Center received $167 from insurers for the recovery of these costs. Included in the accompanying statements of activities is a net gain, net of insurance proceeds received, related to the remediation from the April 2014 flooding totaling $36 for the year ended September 30, 2015.

17. Subsequent Events

The Center evaluated events and transactions occurring subsequent to September 30, 2016, and through December 22, 2016, the date the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

Other Information

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2016

	SAMH Covered Services														
	State Funded														
	Adult Mental Health										Adult Substance Abuse				
Funding Sources and Revenues	Case Management	Crisis Stabilization	Crisis Support/ Emergency	In-Home and On Site	Medical Services (No TANF)	Outpatient-Individual	Residential Level III	Incidental Expenses IDP	Incidental Expenses FACT	Adult Mental Health Total	Day/Night	Intervention HIV	Medical Services (No TANF)	Outpatient-Individual	Residential Level II
	2	3	4	8	12	14	20	28	28	(B1-a+…+B1-i)	6	11	12	14	19
A	B1-a	B1-b	B1-c	B1-d	B1-e	B1-f	B1-g	B1-h	B1-i	C1	B2-a	B2-b	B2-c	B2-d	B2-e
IA. State SAMH funding:															
(1) Contract # A0110 - SAMH	$ 80,588	$ 1,592,342	$ 456,622	$ 450,246	$ 1,816,279	$ 232,026	$ 158,513	$ 27,325	$ –	$ 4,813,941	$ 283,044	$ 108,931	$ 143,359	$ 4,079	$ 1,708,048
(2) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	1,196,592	1,196,592	–	–	–	–	–
(4) Contract # A0160 - FITT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(5) Contract # A0160 - CAT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total State SAMH funding	80,588	1,592,342	456,622	450,246	1,816,279	232,026	158,513	27,325	1,196,592	6,010,533	283,044	108,931	143,359	4,079	1,708,048
IB. Other Govt. funding:															
(1) Other State Agency Funding	–	–	–	342,104	–	801	–	–	–	342,905	–	–	–	–	10,950
(2) Medicaid	109,310	138,580	28,651	231,713	996,362	640,285	26,437	–	–	2,171,338	627,134	–	78,343	99,715	–
(3) Local Government	84,778	92,934	74,403	–	28,390	384,677	42,240	–	–	707,421	241,722	–	2,258	–	–
(4) Federal Grants and Contracts	92,458	–	–	–	48,438	11,112	195,020	–	–	347,028	3,825	–	3,853	–	(750)
(5) In-kind from local govt. only	–	–	–	–	–	(4,208)	–	–	–	(4,208)	–	–	–	–	–
Total other Govt. funding	286,546	231,514	103,054	573,817	1,073,190	1,032,667	263,697	–	–	3,564,484	872,681	–	84,454	99,715	10,200
IC. All other revenues:															
(1) 1st and 2nd Party payments	13,014	13,849	(1,821)	90,794	711,466	143,008	135,339	–	2	1,105,652	81,051	381	54,691	13,461	5,709
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	88,000	10,000	–	–	–	98,000	–	–	7,000	–	–
(5) Other	736	328	103	23	3,715	20,084	508	–	–	25,495	–	–	295	–	33,584
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	13,750	14,177	(1,718)	90,817	803,181	173,092	135,847	–	2	1,229,147	81,051	381	61,986	13,461	39,293
Total funding	$ 380,884	$ 1,838,033	$ 557,958	$ 1,114,880	$ 3,692,650	$ 1,437,785	$ 558,057	$ 27,325	$ 1,196,594	$ 10,804,164	$ 1,236,776	$ 109,312	$ 289,799	$ 117,255	$ 1,757,541

	SAMH Covered Services												
	State Funded												
	Adult Substance Abuse			Children's Mental Health								Children's Substance Abuse		
Funding Sources and Revenues	**Substance Abuse Detox (No TANF)**	**Outpatient Group**	**Adult Substance Abuse Total**	**Case Management**	**Crisis Stabilization**	**Crisis Support/ Emergency**	**In-Home and On Site**	**Medical Services (No TANF)**	**Outpatient- Individual**	**Incidental Expenses- BNET**	**Children's Mental Health Total**	**Case Management**	**Crisis Support/ Emergency**	**Intervention- Individual**
	24	**35**	**(B2-a+…+B2-g)**	**2**	**3**	**4**	**8**	**12**	**14**	**14**	**(B3-a+…+B3-g)**	**2**	**4**	**11**
A	**B2-f**	**B2-g**	**C2**	**B3-a**	**B3-b**	**B3-c**	**B3-d**	**B3-e**	**B3-f**	**B3-g**	**C3**	**B4-a**	**B4-b**	**B4-c**
IA. State SAMH funding:														
(1) Contract # A0110 - SAMH	$ 633,090	$ 45,870	$ 2,926,421	$ 235,354	$ 138,232	$ 146,119	$ 173,841	$ 102,399	$ 183,512	$ –	$ 979,458	$ –	$ 6,088	$ 218,365
(2) Contract # A0160 - BNET	–	–	–	–	–	–	–	–	–	125,000	125,000	–	–	–
(3) Contract # A0170 - FACT	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contract # A0160 - FITT	–	–	–	–	–	–	–	–	–	–	–	287,637	–	–
(5) Contract # A0160 - CAT	–	–	–	567,727	–	–	–	–	–	–	567,727	–	–	–
Total State SAMH funding	633,090	45,870	2,926,421	803,081	138,232	146,119	173,841	102,399	183,512	125,000	1,672,185	287,637	6,088	218,365
IB. Other Govt. funding:														
(1) Other State Agency Funding	–	–	10,950	1,297	–	–	15,237	–	4,496	–	21,030	–	–	184
(2) Medicaid	183,700	10,956	999,847	333,795	435,358	9,168	132,780	55,959	145,223	15	1,112,298	–	382	6,719
(3) Local Government	123,192	42,657	409,829	–	17,791	23,809	28,190	1,613	–	–	71,403	–	992	–
(4) Federal Grants and Contracts	–	675	7,603	–	–	–	–	2,752	–	–	2,752	–	–	–
(5) In-kind from local govt. only	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other Govt. funding	306,892	54,288	1,428,229	335,092	453,149	32,977	176,207	60,324	149,719	15	1,207,483	–	1,374	6,903
IC. All other revenues:														
(1) 1st and 2nd Party payments	18,358	842	174,494	50,992	–	(583)	22,015	39,065	28,083	1,087	140,659	1,093	(24)	1,289
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	7,000	–	–	–	–	5,000	–	–	5,000	–	–	–
(5) Other	434	–	34,313	358	–	33	–	211	54	(3,210)	(2,554)	–	1	27
(6) In-kind	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total all other revenues	18,792	842	215,807	51,350	–	(550)	22,015	44,276	28,137	(2,123)	143,105	1,093	(23)	1,316
Total funding	$ 958,774	$ 101,000	$ 4,570,457	$ 1,189,523	$ 591,381	$ 178,546	$ 372,063	$ 206,999	$ 361,368	$ 122,892	$ 3,022,773	$ 288,730	$ 7,439	$ 226,584

	SAMH Covered Services								
	State Funded								
	Children's Substance Abuse								
Funding Sources and Revenues	Outpatient-Individual	Residential Level II	TASC	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Total Funding
	14	19	27	(B4-a+…+B4-f)	(C1+…+C4)		(D+E)		(F+G)
A	B4-d	B4-e	B4-f	C4	D	E	F	G	H
IA. State SAMH funding:									
(1) Contract # A0110 - SAMH	$ 29,874	$ 1,146,628	$ 38,535	1,439,490	$ 10,159,311	$ –	$ 10,159,311	$ –	$ 10,159,311
(2) Contract # A0160 - BNET	–	–	–	–	125,000	–	125,000	–	125,000
(3) Contract # A0170 - FACT	–	–	–	–	1,196,592	–	1,196,592	–	1,196,592
(4) Contract # A0160 - FITT	–	–	–	287,637	287,637	–	287,637	–	287,637
(5) Contract # A0160 - CAT	–	–	–	–	567,727	–	567,727	–	567,727
Total State SAMH funding	29,874	1,146,628	38,535	1,727,127	12,336,267	–	12,336,267	–	12,336,267
IB. Other Govt. funding:									
(1) Other State Agency Funding	732	(11,625)	33	(10,676)	364,208	3,028,332	3,392,540	45,916,103	49,308,642
(2) Medicaid	23,641	2,314	1,186	34,242	4,317,726	12,217,334	16,535,059	11,135,268	27,670,327
(3) Local Government	–	–	–	992	1,189,645	1,685,527	2,875,172	4,421,998	7,297,171
(4) Federal Grants and Contracts	–	–	–	–	357,383	949,518	1,306,901	136,264,339	137,571,240
(5) In-kind from local govt. only	–	102,865	–	102,865	98,657	928,075	1,026,732	165,666	1,192,399
Total other Govt. funding	24,373	93,554	1,219	127,423	6,327,619	18,808,786	25,136,404	197,903,374	223,039,779
IC. All other revenues:									
(1) 1st and 2nd Party payments	4,572	185	228	7,341	1,428,147	12,921,531	14,349,678	48	14,349,726
(2) 3rd Party payments (except Medicare)	–	–	–	–	–	–	–	–	–
(3) Medicare	–	–	–	–	–	–	–	–	–
(4) Contributions and donations	–	–	–	–	110,000	5,701	115,701	177,926	293,628
(5) Other	9	–	5	42	57,297	–	595,800	3,554,770	4,150,570
(6) In-kind	–	–	–	–	–	–	–	–	–
Total all other revenues	4,581	185	233	7,383	1,595,444	12,927,232	15,061,179	3,732,744	18,793,924
Total funding	$ 58,828	$ 1,240,367	$ 39,987	$ 1,861,933	$ 20,259,330	$ 31,736,018	$ 52,533,850	$ 201,636,118	$ 254,169,970

SAMH Covered Services

State Funded

Expense Categories	Adult Mental Health										Adult Substance Abuse				
	Case Management	Crisis Stabilization	Crisis Support/ Emergency	In-Home and On Site	Medical Services (No TANF)	Outpatient- Individual	Residential Level III	Incidental Expenses IDP	Incidental Expenses FACT	Adult Mental Health Total	Day/Night	Intervention HIV	Medical Services (No TANF)	Outpatient- Individual	Residential Level II
	2	3	4	8	12	14	20	28	28	(B1-a+…+B1-i)	6	11	12	14	19
A	B1-a	B1-b	B1-c	B1-d	B1-e	B1-f	B1-g	B1-h	B1-i	C1	B2-a	B2-b	B2-c	B2-d	B2-e
IIA. Personnel expenses:															
(1) Salaries	$ 517,627	$ 651,609	$ 396,429	$ 658,578	$ 2,169,939	$ 947,344	$ 534,761	$ –	$ 576,996	$ 6,453,282	$ 414,181	$ 80,998	$ 169,101	$ 24,890	$ 372,984
(2) Fringe benefits	136,629	182,280	92,119	187,137	258,013	268,168	168,623	–	122,005	1,414,973	110,322	10,498	19,334	8,381	91,010
Total personal expenses	654,256	833,889	488,548	845,715	2,427,952	1,215,512	703,384	–	699,001	7,868,255	524,503	91,496	188,435	33,271	463,994
IIB. Other expenses:															
(1) Building occupancy	33,037	96,355	35,756	18,656	84,628	133,062	174,317	–	32,209	608,018	154,317	–	6,364	10,553	83,633
(2) Professional services	–	–	–	–	–	785	–	–	–	785	–	–	–	–	–
(3) Travel	16,643	16,362	1,252	29,325	12,023	35,472	8,965	–	21,973	142,015	1,362	–	916	109	866
(4) Equipment	316	1,179	–	–	29,626	1,918	1,426	–	1,220	35,684	257	–	2,357	25	39
(5) Food services	696	60,321	226	1,283	1,832	3,096	213,586	–	1,352	282,391	91,293	–	144	16,405	132,223
(6) Medical and pharmacy	1,213	25,781	–	3,337	17,232	2,877	5,901	–	680	57,020	27,244	–	1,292	408	23,866
(7) Subcontracted services	–	1,496,822	–	–	17,697	11,940	–	–	178	1,526,636	85	–	1,408	15	100
(8) Insurance	8,724	14,094	5,588	10,872	13,093	22,336	16,122	–	8,842	99,673	11,720	1,316	965	960	8,345
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	6,905	24,734	3,324	14,556	52,213	51,203	33,419	–	208,768	395,121	20,892	–	4,091	1,141	9,121
(11) Other-bad debt	114	103	193	264	88,750	15,368	10,463	–	125	115,380	150	2	6,729	–	–
(12) Donated items	–	–	–	–	–	(4,208)	–	–	–	(4,208)	–	–	–	–	–
Total other expenses	67,648	1,735,751	46,339	78,293	317,094	273,849	464,199	–	275,347	3,258,515	307,320	1,318	24,266	29,616	258,193
Total personnel and other expenses	721,904	2,569,640	534,887	924,008	2,745,046	1,489,361	1,167,583	–	974,348	11,126,770	831,823	92,814	212,701	62,887	722,187
IIC. Distributed indirect costs:															
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	158,250	126,957	156,242	183,083	498,416	489,083	177,478	–	98,358	1,887,867	138,523	94,847	37,971	11,539	116,765
Total distributed indirect costs	158,250	126,957	156,242	183,083	498,416	489,083	177,478	–	98,358	1,887,867	138,523	94,847	37,971	11,539	116,765
Total actual oper. expenses	880,154	2,696,597	691,129	1,107,091	3,243,462	1,978,444	1,345,061	–	1,072,706	13,014,637	970,346	187,661	250,672	74,426	838,952
IID. Unallowable costs	(4,061)	(63,107)	(2,698)	(7,136)	7,266	(19,002)	(221,086)	–	(3,990)	(313,814)	(94,357)	–	625	(16,875)	(135,525)
Total allowable oper. expenses	$ 876,093	$ 2,633,490	$ 688,431	$ 1,099,955	$ 3,250,728	$ 1,959,442	$ 1,123,975	$ –	$ 1,068,716	$ 12,700,823	$ 875,989	$ 187,661	$ 251,297	$ 57,551	$ 703,427
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Expense Categories	Adult Substance Abuse: Substance Abuse Detox (No TANF)	Adult Substance Abuse: Outpatient Group	Adult Substance Abuse Total	Children's Mental Health: Case Management	Children's Mental Health: Crisis Stabilization	Children's Mental Health: Crisis Support/ Emergency	Children's Mental Health: In-Home and On Site	Children's Mental Health: Medical Services (No TANF)	Children's Mental Health: Outpatient-Individual	Children's Mental Health: Incidental Expenses-BNET	Children's Mental Health Total	Children's Substance Abuse: Case Management	Children's Substance Abuse: Crisis Support/ Emergency	Children's Substance Abuse: Intervention-Individual
	24	35	(B2-a+…+B2-g)	2	3	4	8	12	14	14	(B3-a+…+B3-g)	2	4	11
A	B2-f	B2-g	C2	B3-a	B3-b	B3-c	B3-d	B3-e	B3-f	B3-g	C3	B4-a	B4-b	B4-c
IIA. Personnel expenses:														
(1) Salaries	$ 863,761	$ 48,201	$ 1,974,115	$ 783,375	$ –	$ 126,857	$ 267,330	$ 120,786	$ 179,938	$ 84,870	$ 1,563,157	$ 147,835	$ 5,286	$ 155,684
(2) Fringe benefits	241,626	11,088	492,260	230,872	–	29,478	64,136	13,810	40,931	17,990	397,217	25,711	1,228	36,458
Total personal expenses	1,105,387	59,289	2,466,375	1,014,247	–	156,335	331,466	134,596	220,869	102,860	1,960,374	173,546	6,514	192,142
IIB. Other expenses:														
(1) Building occupancy	127,727	16,680	399,274	48,259	–	11,442	46,494	4,546	11,575	165	122,480	27,033	477	14,069
(2) Professional services	–	–	–	–	150,256	–	–	–	–	–	150,256	782	–	–
(3) Travel	21,689	131	25,074	26,035	–	401	16,255	655	338	771	44,454	14,697	17	139
(4) Equipment	1,563	20	4,262	9,324	–	–	2,344	1,683	643	–	13,994	8,654	–	–
(5) Food services	79,960	(294)	319,730	2,709	–	72	169	103	1,486	–	4,539	1,745	3	191
(6) Medical and pharmacy	34,175	4,400	91,385	450	–	–	–	923	–	9,721	11,094	–	–	–
(7) Subcontracted services	576,374	–	577,982	810	132,309	–	–	1,005	284	8,348	142,756	–	–	136
(8) Insurance	18,683	1,108	43,097	15,752	–	1,788	6,495	690	3,421	805	28,950	988	75	3,673
(9) Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(10) Operating supplies and expenses	32,786	2,546	70,578	123,357	–	1,064	9,920	2,922	4,773	3,772	145,808	18,705	44	3,314
(11) Other-bad debt	137	27	7,045	2	–	62	436	4,806	3,453	–	8,759	31	3	–
(12) Donated items	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total other expenses	893,094	24,618	1,538,427	226,698	282,565	14,829	82,113	17,333	25,973	23,582	673,090	72,635	619	21,522
Total personnel and other expenses	1,998,481	83,907	4,004,802	1,240,945	282,565	171,164	413,579	151,929	246,842	126,442	2,633,464	246,181	7,133	213,664
IIC. Distributed indirect costs:														
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	168,291	12,906	580,842	271,368	–	49,998	93,870	27,122	80,410	11,470	534,237	22,584	2,083	45,465
Total distributed indirect costs	168,291	12,906	580,842	271,368	–	49,998	93,870	27,122	80,410	11,470	534,237	22,584	2,083	45,465
Total actual oper. expenses	2,166,772	96,813	4,585,644	1,512,313	282,565	221,162	507,449	179,051	327,252	137,912	3,167,701	268,765	9,216	259,129
IID. Unallowable costs	(83,654)	224	(329,563)	(9,979)	–	(863)	(2,449)	446	(1,123)	(523)	(14,490)	(3,313)	(36)	(875)
Total allowable oper. expenses	$ 2,083,118	$ 97,037	$ 4,256,081	$ 1,502,334	$ 282,565	$ 220,299	$ 505,000	$ 179,497	$ 326,129	$ 137,389	$ 3,153,211	$ 265,452	$ 9,180	$ 258,254
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 1	$ –	$ –	$ –	$ –	$ –

	SAMH Covered Services										
	State Funded										
	Children's Substance Abuse										
Expense Categories	Outpatient-Individual	Residential Level II	TASC	Children's Substance Abuse Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Other Support Costs (Optional)	Administration	Total Expenses
	14	19	27	(B4-a+…+B4-f)	(C1+…+C4)		(D+E)				(F+G+H*+I*)
A	B4-d	B4-e	B4-f	C4	D	E	F	G	H	I	J
IIA. Personnel expenses:											
(1) Salaries	$ 29,292	$ 416,075	$ 27,474	$ 781,645	$ 10,772,199	$ 11,061,409	$ 21,833,608	$ 61,598,896	$ –	$ 6,099,740	$ 89,532,244
(2) Fringe benefits	6,663	110,854	6,434	187,349	2,491,798	2,511,759	5,003,557	18,836,035	–	1,531,527	25,371,118
Total personal expenses	35,955	526,929	33,908	968,994	13,263,997	13,573,168	26,837,165	80,434,931	–	7,631,267	114,903,362
IIB. Other expenses:											
(1) Building occupancy	1,884	95,034	2,483	140,980	1,270,753	2,037,274	3,308,026	3,801,377	–	1,228,862	8,338,265
(2) Professional services	–	–	–	782	151,822	2,362,846	2,514,668	3,621,342	–	983,718	7,119,728
(3) Travel	55	260	25	15,193	226,736	199,990	426,726	1,813,377	–	(134,073)	2,106,030
(4) Equipment	105	67	–	8,825	62,765	280,284	343,049	453,828	–	413,207	1,210,084
(5) Food services	242	101,502	34	103,717	710,377	314,522	1,024,899	870,762	–	9,502	1,905,163
(6) Medical and pharmacy	–	5,454	–	5,454	164,953	4,297,316	4,462,270	60,673	–	49,524	4,572,467
(7) Subcontracted services	46	133	24	339	2,247,713	5,204,031	7,451,744	80,956,244	–	–	88,407,988
(8) Insurance	557	10,564	648	16,504	188,225	181,036	369,260	334,025	–	78,670	781,956
(9) Interest paid	–	–	–	–	–	–	–	165,487	–	–	165,487
(10) Operating supplies and expenses	777	13,238	585	36,662	648,169	678,039	1,326,208	3,016,050	–	1,064,510	5,406,768
(11) Other-bad debt	562	301	–	897	132,080	(82,814)	49,266	–	–	–	49,266
(12) Donated items	–	102,865	–	102,865	98,657	828,079	926,736	165,666	–	–	1,092,403
Total other expenses	4,228	329,418	3,799	432,218	5,902,250	16,300,603	22,202,852	95,258,831	–	3,693,920	121,155,605
Total personnel and other expenses	40,183	856,347	37,707	1,401,212	19,166,247	29,873,771	49,040,017	175,693,762	–	11,325,187	236,058,967
IIC. Distributed indirect costs:											
(a) Other support costs (optional)	–	–	–	–	–	–	–	–	–	–	–
(b) Administration	13,090	143,963	8,023	235,209	3,238,155	1,287,557	4,525,712	6,799,475	–	(11,325,187)	–
Total distributed indirect costs	13,090	143,963	8,023	235,209	3,238,155	1,287,557	4,525,712	6,799,475	–	–	–
Total actual oper. expenses	53,273	1,000,310	45,730	1,636,421	22,404,402	31,161,328	53,565,729	182,493,236	–	–	236,058,967
IID. Unallowable costs	(183)	(105,487)	(154)	(110,049)	(767,915)	(448,899)	(1,216,814)	(1,287,748)	–	–	(2,504,562)
Total allowable oper. expenses	$ 53,090	$ 894,823	$ 45,576	$ 1,526,372	$ 21,636,487	$ 30,712,429	$ 52,348,915	$ 181,205,488	$ –	$ –	$ 233,554,405
IIE. Capital expenditures	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2016

1. Summary of Significant Accounting Policies

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

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2016

1. Total expenditures	$ 236,059
2. Less other state and federal funds	(215,118)
3. Less non-match SAMH funds	(7,922)
4. Less unallowable costs per 65E-14, F.A.C.	(2,505)
5. Total allowable expenditures (sum lines 1, 2, 3 and 4)	10,514
6. Maximum available earnings (line 5 times 75%)	7,886
7. Amount of state funds requiring match	3,846
8. Amount due to department (subtract line 7 from line 6)	$ –

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2016

1. Summary of Significant Accounting Policies

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

Lakeview Center, Inc. and Subsidiaries

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

Year Ended June 30, 2016

	Related Passed Through to Subrecipient
Revenues from grantee:	
Rent	$ –
Services	2,205,144
Interest	–
Other	–
Total revenue from grantee	2,205,144
Expenses associated with grantee transactions:	
Personnel services	–
Depreciation	–
Interest	–
Other	–
Total associated expenses	–
Related-party transaction adjustment	$ 2,205,144
Allocation of related-party transaction adjustment:	
SAMH covered services:	
3	$ 1,645,635
24	559,509
Total	$ 2,205,144

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2016

1. Summary of Significant Accounting Policies

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

Lakeview Center, Inc. and Subsidiaries

Schedule of Bed-Day Availability Payments (Unaudited)

Year Ended June 30, 2016

Program	Covered Service	Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Passed	Amount Paid for Services by the Department	Maximum $ Value of Units in Column	Amount Owed to Department
A	B	C	D	E	F	G	H=FxC	> of G-H or $0
Children's MH	Crisis stabilization unit	$ 328.47	411	–	411	$ 51,223	$ 135,001	$ –
Adult MH	Crisis stabilization unit	328.47	7,791	905	6,886	1,464,743	2,261,844	–
Children's SA	Substance abuse detox	n/a	n/a	n/a	n/a	n/a	n/a	–
Adult SA	Substance abuse detox	n/a	n/a	n/a	n/a	n/a	n/a	–
Adult MH	Short-term residential treatment	n/a	n/a	n/a	n/a	n/a	n/a	–
							Total amount owed to department	$ –

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

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

June 30, 2016

1. Summary of Significant Accounting Policies

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

Supplementary Information

Lakeview Center, Inc. and Subsidiaries

DUI School

Balance Sheets

	September 30 2016	September 30 2015
Assets		
Current assets:		
Cash	**$ –**	$ –
Other accounts receivable	**–**	848
Property and equipment, less accumulated depreciation of $29,456 and $28,911 in 2016 and 2015, respectively	**3,772**	4,317
Total assets	**$ 3,772**	$ 5,165
Liabilities and net deficit		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 789**	$ 778
Due to Lakeview Center, Inc.	**199,358**	159,484
Compensated absences	**265**	48
Total current liabilities	**200,412**	160,310
Net deficit:		
Unrestricted, designated	**(196,640)**	(155,145)
Total liabilities and net deficit	**$ 3,772**	$ 5,165

See accompanying notes.

Lakeview Center, Inc. and Subsidiaries

DUI School

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

	Year Ended September 30 2016	2015
Changes in unrestricted net assets		
Revenue:		
Net client fees	**$ 275,762**	$ 298,573
Net client fees – SSS	**86,310**	129,370
	362,072	427,943
Fees remitted to State of Florida	**(15,298)**	(18,654)
Fees remitted to State of Florida – SSS	**(4,788)**	(8,082)
	(20,086)	(26,736)
Total client fees	**341,986**	401,207
Total revenue	**341,986**	401,207
Expenses:		
DUI – other:		
Salaries	**166,196**	145,713
Fringe benefits	**28,580**	21,158
Building maintenance and operations	**21,951**	20,502
Conference and conventions	**72**	1,160
Other program costs	**27,003**	22,758
Testing and assessment	**4,040**	3,199
Printing and production	**1,664**	1,075
Promotion and publicity	**360**	317
Data processing	**5,795**	2,709
Administrative	**22,345**	17,008
	278,006	235,599

Lakeview Center, Inc. and Subsidiaries

DUI School

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

	Year Ended September 30	
	2016	**2015**
Expenses (continued):		
DUI – SSS:		
Salaries	**$ 52,017**	$ 63,136
Fringe benefits	**8,945**	9,167
Building maintenance and operations	**11,740**	14,110
Conference and conventions	**39**	799
Other program costs	**14,441**	15,663
Testing and assessment	**2,161**	2,201
Printing and production	**890**	740
Promotion and publicity	**193**	218
Data processing	**3,099**	1,865
Administrative	**11,950**	11,706
	105,475	119,605
Total expenses	**383,481**	355,204
Change in unrestricted net deficit	**(41,495)**	46,003
Net deficit at beginning of year	**(155,145)**	(201,148)
Net deficit at end of year	**$ (196,640)**	$ (155,145)

See accompanying notes.

1. Summary of Significant Accounting Policies

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

2. State Assessment Fee

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

	Year Ended September 30	
	2016	**2015**
Fees collected during current year	**$ 20,086**	$ 26,736
Fees remitted during current year	**20,086**	26,736
Fees due to the state of Florida	**$ –**	$ –

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

3. Other Program Costs for DUI (Non-SSS Expenses)

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

	Year Ended September 30 2016	2015
Copier costs	**$ 687**	$ 625
Florida association of DUI program membership dues	**1,805**	1,641
Office supplies	**2,612**	2,375
Telephone	**3,793**	3,448
Other	**5,944**	3,613
Program admin allocations	**12,162**	11,056
Total other program costs	**$ 27,003**	$ 22,758

4. Indirect Cost Allocations

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

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Balance Sheets (Regulatory Basis)

	September 30 2016	2015
	(In Thousands)	
Assets		
Cash and invested assets:		
Cash and cash equivalents	**$ 53,094**	$ 45,517
Real estate	**15,336**	15,537
Other invested assets	**39,500**	26,660
Internally designated investments	**40,376**	34,316
Total cash and invested assets	**148,306**	122,030
Electronic data processing equipment and software	**62**	78
Health care and other amounts receivable	**2,389**	5,283
Accounts receivable on service industry contracts (non-health)	**13,576**	12,563
Accounts receivable – other (non-health)	**8,650**	13,034
Inventories	**272**	200
Total assets	**$ 173,255**	$ 153,188
Liabilities and net assets		
Liabilities:		
Claims unpaid	**$ 709**	$ 630
General expenses due or accrued	**15,539**	13,910
Amounts withheld or retained for the account of others	**2,274**	1,272
Amounts due to parent, subsidiaries, and affiliates	**(463)**	84
Deferred revenue	**1,929**	2,809
Accrued wages	**3,625**	4,416
Accrued compensated absences	**2,346**	2,210
Total liabilities	**25,959**	25,331
Net assets:		
Net assets	**161,171**	137,811
Less non-admitted assets	**(13,875)**	(9,954)
Total net assets	**147,296**	127,857
Total liabilities and net assets	**$ 173,255**	$ 153,188

See accompanying note.

Lakeview Center, Inc. and Subsidiaries

Access Behavioral Health

Statements of Operations (Regulatory Basis)

	Year Ended September 30	
	2016	**2015**
	(In Thousands)	
Revenue:		
Capitation revenue	**$ 30,276**	$ 23,740
Total revenue	**30,276**	23,740
Expenses:		
Sub-capitation expense	**26,292**	21,251
Taxes and insurance	**66**	30
Personnel	**1,094**	1,046
Printing/production and shipping	**1**	1
Other	**526**	977
Total expenses	**27,979**	23,305
Excess of revenue over expenses	**$ 2,297**	$ 435

See accompanying note.

1. Summary of Significant Accounting Policies

The Access Behavioral Health (ABH) financial statements are prepared on a regulatory basis of accounting in accordance with guidelines established by the State of Florida Office of Insurance Regulation. Significant accounting policies for ABH are the same as those described in Note 1 to the accompanying consolidated financial statements of Lakeview Center, Inc. and Subsidiaries.

Lakeview Center, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct from Substance Abuse and Mental Health Services Administration						
Project S.H.A.P.E.:						
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/30/15–9/29/20	93.243	1H79SP021270-01	$ 1,194,375	$ 281,779	$ –
P.H.A.S.E. II:						
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	9/30/12–9/29/17	93.243	1H79T1024458-04	2,472,117	471,757	–
Total CFDA No. 93.243					753,536	–
Medicaid Cluster						
Passed through from The State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Medical Assistance Program	7/1/07–6/30/17	93.778	DCF – AJ481	354,437,226	46,094	–
Passed through from Big Bend Community Based Care (BB)						
Florida Assertive Community Treatment (FACT):						
Medical Assistance Program	7/1/15–6/30/17	93.778	BB – A0170	1,196,592	197,722	–
Total CFDA No. 93.778 and Medicaid Cluster					243,816	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from the State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Promoting Safe and Stable Families	7/1/07–6/30/17	93.556	DCF – AJ481		$ 1,135,211	$ 770,527
Grants to States for Access and Visitation Programs	7/1/07–6/30/17	93.597	DCF – AJ481		33,327	12,230
Chafee Education and Training Vouchers Program (ETV)	7/1/07–6/30/17	93.599	DCF – AJ481		81,522	–
Adoption and Legal Guardianship Incentive Payments	7/1/07–6/30/17	93.603	DCF – AJ481		187,522	–
Stephanie Tubbs Jones Child Welfare Services Program	7/1/07–6/30/17	93.645	DCF – AJ481		890,273	113,423
Foster Care – Title IV-E	7/1/07–6/30/17	93.658	DCF – AJ481		8,232,254	840,689
Adoption Assistance	7/1/07–6/30/17	93.659	DCF – AJ481		6,027,426	19,280
Child Abuse and Neglect State Grants	7/1/07–6/30/17	93.669	DCF – AJ481		67,464	64,027
Chafee Foster Care Independence Program	7/1/07–6/30/17	93.674	DCF – AJ481		180,678	–
Community Based Care – Child Welfare (Parent Café):						
Community-Based Child Abuse Prevention Grants	2/1/16–6/30/18	93.590	DCF – AJ492	404,529	103,991	96,285

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
TANF Cluster:						
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Temporary Assistance for Needy Families	7/1/15–6/30/17	93.558	BB – A0110	$ 19,958,954	$ 406,163	$ –
Passed through from The State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Temporary Assistance for Needy Families	7/1/07–6/30/17	93.558	DCF – AJ481		3,621,406	123,592
Total CFDA No. 93.558 and TANF Cluster					4,027,569	123,592
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Community Mental Health Services	7/1/15–6/30/17	93.958	BB – A0110		622,222	–
Florida Assertive Community Treatment (FACT):						
Block Grants for Community Mental Health Services	7/1/15–6/30/17	93.958	BB – A0170		137,748	–
Total CFDA No. 93.958					759,970	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from the State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Social Services Block Grant	7/1/07–6/30/17	93.667	DCF – AJ481		$ 1,897,907	$ 308,779
Passed through from Agencies for Persons with Disabilities						
Agencies for Persons with Disabilities						
D/S Court Liaison – Miami:						
Social Services Block Grant	7/1/15–6/30/18	93.667	APD – KCF12	764,724	242,940	–
D/S Court Liaison – Escambia:						
Social Services Block Grant	1/1/15–6/30/19	93.667	APD – ACR02	811,500	168,154	–
Total CFDA No. 93.667					2,309,001	308,779
Passed through from Big Bend Community Based Care (BB)						
Children's Mental Health Behavioral Services (BNET):						
Children's Health Insurance Program	7/1/15–6/30/17	93.767	BB – A0160	225,880	99,547	–

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)						
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/13–6/30/14	93.959	BB – A0110		$ 2,328,223	$ –
Community Drug and Alcohol Council, Inc. (CDAC):						
Block Grants for Prevention and Treatment of Substance Abuse	7/1/15–6/30/16	93.959	LCI03	150,000	78,335	–
Block Grants for Prevention and Treatment of Substance Abuse	7/1/16–6/30/17	93.959	LCI16-17	150,000	77,076	–
Total CFDA No. 93.959					2,483,634	–
Passed through the State of Florida Department of Health						
Rape Risk Reduction Education & Training:						
Research and Development Cluster:						
Injury Prevention and Control Research and State and Community Based Programs	11/1/12–1/31/16	93.136	COH6Z	173,976	24,127	–
Total CFDA No. 93.136 and Research and Development Cluster					24,127	–
Preventive Health and Health Services Block Grant		93.991	COH6Z		685	–
Total U.S. Department of Health and Human Services					27,641,553	2,348,832

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF EDUCATION						
Passed through the State of Florida Department of Labor and Employment Security						
Vocational Rehab and Supported Employment:						
Rehabilitation Services – Vocational Rehabilitation Grants to States	4/1/15–3/31/18	84.126	VR5096	R/A	$ 469,532	$ –
Total U.S. Department of Education					469,532	–
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Transitional Housing:						
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0142L4H111307	278,744	209,057	–
Continuum of Care Program	7/1/16–6/30/17	14.267	FL0142L4H111908	139,341	34,836	–
Independent Living:						
Continuum of Care Program	7/1/15–6/30/16	14.267	FL0139L4H111407	271,707	203,778	–
Continuum of Care Program	7/1/16–6/30/17	14.267	FL0139L4H111508	273,341	68,334	–
Total CFDA No. 14.267					516,005	–
Total U.S. Department of Housing and Urban Development					516,005	–

Lakeview Center, Inc. and Subsidiaries

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

Federal Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	Federal Expenditures	Passed Through to Subrecipients
Federal awards (continued)						
U.S. DEPARTMENT OF JUSTICE						
Passed through the Florida Council Against Sexual Violence						
Victim Services Support Services (SASP):						
Sexual Assault Services Formula Program	8/1/13–7/31/16	16.017	13SAS03	$ 65,471	$ 55,628	$ –
Passed through the State of Florida Office of the Attorney General						
Victims of Crime Act Program Services (VOCA):						
Crime Victim Assistance	10/1/15–9/30/16	16.575	V084-15159	74,229	74,229	–
Passed through the Florida Coalition Against Domestic Violence						
Violence Against Women Formula Grants	7/1/15–6/30/16	16.588	15-6016-CCII	54,545	40,909	–
Total U.S. Department of Justice					170,766	–
Total expenditures of federal awards					$ 28,797,856	$ 2,348,832

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

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
State financial assistance						
State of Florida Department of Children and Families (DCF)						
Community Based Care – Child Welfare:						
Out-of-Home Supports	7/1/07–6/30/17	60.074	DCF – AJ481		$ 1,279,942	$ 266,093
In-Home Supports	7/1/07–6/30/17	60.075	DCF – AJ481		838,752	646,851
Independent Living Program	7/1/07–6/30/17	60.112	DCF – AJ481		1,147,085	–
Sexually Exploited Children	7/1/07–6/30/17	60.138	DCF – AJ481		100,694	–
Substance Abuse and Mental Health:						
Community Action Teams	8/1/15–6/30/16	60.150	AH408	750,000	505,227	–
Community Action Teams	7/1/16–6/30/19	60.150	AH409	2,250,000	173,551	–
Total CFDA No. 60.150					678,778	–
Passed through from Big Bend Community Based Care (BB)						
Substance Abuse and Mental Health Managing Entity:						
SAMH - Community Services	7/1/15–6/30/17	60.153	BB – A0110		23,401	–
Total State of Florida Department of Children and Families					4,068,652	912,944

Lakeview Center, Inc. and Subsidiaries

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

State Grantor/Pass-Through Grantor/Project Title /Program Title	Grant Period	Federal CFDA Number	Grantor's Number	Program/ Award Amount	State Expenditures	Passed Through to Subrecipients
State financial assistance (continued)						
Florida Counsel Against Sexual Violence						
Rape Crisis Trust Fund – Sexual Battery Victims' Access to Services Act	7/1/15–6/30/16	64.061	13RCP03	37,149	$ 27,772	$ –
Rape Crisis Trust Fund – Sexual Battery Victims' Access to Services Act	7/1/16–6/30/17	64.061	TFGR	100,544	9,392	–
Total CFDA No. 64.061					37,164	–
Rape Crisis Center	7/1/15–6/30/16	64.069	13GR03	62,195	46,646	–
Rape Crisis Center	7/1/16–6/30/17	64.069	TFGR		15,745	–
Total CFDA No. 64.069					62,391	–
Rape Crisis Program:						
Florida Council Against Sexual Violence	7/1/15–6/30/16	41.010	15OAG03	14,003	10,502	–
Florida Council Against Sexual Violence	7/1/16–6/30/17	41.010	16OAG03	12,596	3,149	–
Total CFDA No. 41.010					13,651	–
Total Florida Council Against Sexual Violence					113,206	–
State Courts System						
Adult Post-Adjudicatory Drug Court Program	7/1/15–6/30/17	22.021	010074Z	695,500	147,728	–
Naltrexone Program (Vivitrol)	7/1/15–6/30/17	22.022	SC00679	279,261	279,261	–
Total State Courts System					426,989	–
Total expenditures of state financial assistance					$ 4,608,847	$ 912,944

See accompanying notes.

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

September 30, 2016

1. Presentation and Basis of Accounting

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

2. Contingencies

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

3. Subrecipients

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

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

Other Reports and Schedule

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lakeview Center, Inc. and Subsidiaries (the Center), which comprise the consolidated balance sheet as of September 30, 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2016.

Internal Control Over Financial Reporting

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

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

Building a better working world

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

Compliance and Other Matters

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

Purpose of this Report

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

Ernst + Young LLP

December 22, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited Lakeview Center, Inc. and Subsidiaries' (the Center) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs and state financial assistance projects for the year ended September 30, 2016. The Center's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2016.

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 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

Ernst & Young LLP

December 22, 2016

Lakeview Center, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer):	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards and State Financial Assistance

Internal control over major federal or state programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a), Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General*?		Yes	X	No

Section I – Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	Name of Federal Program
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.959	Block Grants for Prevention and Treatment of Substance Abuse

CSFA Number	Name of State Project
60.074	Out-of-Home Supports
60.112	Independent Living Program
60.150	Community Action Teams

Section I – Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$863,936 for federal awards $300,000 for state financial assistance

Auditee qualified as low-risk auditee for federal purposes pursuant to 2 CFR 200.516(a)?	X	Yes		No

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* require reporting.

We did not identify any significant deficiencies, material weaknesses, fraud, noncompliance with laws, regulations, provisions of contracts and grant agreements, or abuse related to the consolidated financial statements.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

Major Federal Awards Programs

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs, and material abuse).

We did not identify any significant deficiencies, material weakness, material instances of noncompliance, including questioned costs, or abuse findings involving federal awards that are material to a major program that are required to be reported.

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs (continued)

Major State Financial Assistance Projects

The *Rules of the Auditor General*, Section 10.654(1)(e), require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failure to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by *Rules of the Auditor General*, Section 10.654(1)(e). In accordance with Rule 10.656(3)(d)(4-5) of the Auditor General, there were no audit findings for major state financial assistance projects in the current or prior year.

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