

2022

LifeStream Behavioral Center, Inc. and
Subsidiaries

Consolidated Financial Statements
and Independent Auditor's Report

June 30, 2022

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries (collectively, the Center) which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 other supplementary information on pages 28-36 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such

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

INDEPENDENT AUDITOR'S REPORT

information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



March 31, 2023
Ocala, Florida

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 15,265,951 | \$ 22,488,550 |
| Restricted Cash with Fiscal Agent | 560,000 | 560,000 |
| Accounts Receivable from Patients, Net of Contractual Allowances and Allowances for Uncollectible Accounts of \$3,850,173 in 2022 and \$1,551,342 in 2021 | 3,222,846 | 2,989,763 |
| Public Support Receivables | 8,223,741 | 2,815,435 |
| Inventory | 426,628 | 565,317 |
| Prepaid Expenses and Other Current Assets | 2,366,126 | 1,197,940 |
| Total Current Assets | 30,065,292 | 30,617,005 |
| Restricted Deposits | 92,962 | 86,950 |
| Investments, Fair Value | 5,218,294 | 2,924,661 |
| Investments, Cost and Equity | 545,484 | 484,289 |
| Property and Equipment, Net | 27,769,486 | 26,317,106 |
| Total Assets | 63,691,518 | 60,430,011 |

LIABILITIES AND NET ASSETS

| | | |
|--|----------------------|----------------------|
| Current Liabilities | | |
| Accounts Payable | 1,095,755 | 1,473,289 |
| Current Maturities of Long-Term Debt | 708,161 | 678,320 |
| Unearned Revenues and Grant Reserve | 3,382,963 | 4,285,425 |
| Accrued Salaries and Other Current Liabilities | 4,003,198 | 3,625,880 |
| Total Current Liabilities | 9,190,077 | 10,062,914 |
| Other Liabilities | | |
| Note Payable, Less Current Maturities | 8,378,602 | 9,071,720 |
| Interest Rate Swap | 304,375 | 1,221,827 |
| Total Other Liabilities | 8,682,977 | 10,293,547 |
| Total Liabilities | 17,873,054 | 20,356,461 |
| Net Assets | | |
| Without Donor Restrictions | 45,140,417 | 39,451,015 |
| With Donor Restrictions | 678,047 | 622,535 |
| Total Net Assets | 45,818,464 | 40,073,550 |
| Total Liabilities and Net Assets | \$ 63,691,518 | \$ 60,430,011 |

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------|---------------|
| Public Support and Revenue | | |
| Public Support: | | |
| Federal Grants | \$ 21,965,680 | \$ 18,994,027 |
| Net State Grants | 13,445,655 | 12,553,742 |
| Local Grants | 6,653,690 | 10,433,527 |
| Total | 42,065,025 | 41,981,296 |
| Other Public Contributions | 458,892 | 404,281 |
| Contributions of Non-Financial Assets | 2,561,643 | 3,483,794 |
| Total Public Support | 45,085,560 | 45,869,371 |
| Revenue: | | |
| Net Patient Service Revenue | 14,181,694 | 15,524,456 |
| Rent Revenue - HUD Project | 28,644 | 31,656 |
| Investment Income | 55,887 | 503,467 |
| Other Revenue | 1,602,225 | 1,778,779 |
| Total Revenue | 15,868,450 | 17,838,358 |
| Total Public Support and Revenue | 60,954,010 | 63,707,729 |
| Net Assets Released from Restriction | | |
| Satisfaction of Purpose Restrictions | 18,231 | 67,590 |
| Total Operating Revenues and Other Additions | 60,972,241 | 63,775,319 |
| Expenses | | |
| Direct Program Services: | | |
| Adult Mental Health | 39,905,288 | 37,318,514 |
| FED SAMH CCBHC | 1,135,055 | - |
| FED SAMH CMHC | 228,498 | - |
| Exceptional Education | - | 2,734,490 |
| Community Housing | 227,127 | 604,999 |
| Child Welfare Services | 8,288,864 | 9,583,129 |
| Jail Diversion Services | 979,805 | 838,613 |
| Lake Region Homes, Inc. | 87,002 | 80,643 |
| Anthony House, Inc. | 12,441 | 17,895 |
| Total Direct Program Services | 50,864,080 | 51,178,283 |
| Support Services: | | |
| Administrative and General | 2,197,265 | 2,921,657 |
| Other Support Services | 3,097,647 | 2,276,294 |
| Lifestream Foundation, Events and Awards for Fundraising | 41,298 | 71,479 |
| Total Support Services | 5,336,210 | 5,269,430 |
| Total Expenses | 56,200,290 | 56,447,713 |
| Changes in Net Assets Without Donor Restrictions | \$ 4,771,951 | \$ 7,327,606 |

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| Without Donor Restrictions, Beginning of Year | \$ 39,451,015 | \$ 31,538,281 |
| Change in Net Assets Without Donor Restrictions | 4,771,951 | 7,327,606 |
| Other | | |
| Change in Fair Value of Interest Rate Swap Liability | <u>917,451</u> | <u>585,128</u> |
| Without Donor Restrictions, End of Year | <u>\$ 45,140,417</u> | <u>\$ 39,451,015</u> |
| With Donor Restrictions | | |
| Beginning of Year | \$ 622,535 | \$ 600,503 |
| Contributions | 73,743 | 89,622 |
| Net Assets Released from Restriction | <u>(18,231)</u> | <u>(67,590)</u> |
| With Donor Restrictions, End of Year | <u>\$ 678,047</u> | <u>\$ 622,535</u> |
| Total Change in Net Assets | <u>\$ 5,744,914</u> | <u>\$ 7,934,766</u> |

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Services | | | | | |
|----------------------------------|------------------------|---------------------|-------------------|----------------------|-----------------------|------------------------|
| | Adult Mental Health | FED SAMH CCBHC | FED SAMH CMHC | Community Housing | Child Welfare Svcs | Jail Diversion Svcs |
| Functional Expenses | | | | | | |
| Salaries | \$ 17,837,753 | \$ 733,670 | \$ 164,914 | \$ 59,617 | \$ 5,594,756 | \$ 247,909 |
| Fringe | 4,499,729 | 128,651 | 23,669 | 13,263 | 1,212,189 | 75,801 |
| Building Occupancy | 2,684,939 | 115,917 | 4,602 | 75,040 | 132,600 | 44,762 |
| Professional Services | 1,869,880 | 16,780 | 5,225 | 4,858 | 53,959 | 89,088 |
| Travel | 264,799 | 6,693 | 3,647 | 400 | 244,736 | 4,175 |
| Equipment Costs | 771,201 | 12,870 | - | - | 184,638 | 2,894 |
| Food Services | 1,348,853 | 34 | - | - | 3,037 | 104 |
| Medical and Pharmacy | 4,022,776 | 419 | - | - | 1,253 | 1,625 |
| Subcontracted Services | 2,155,011 | - | - | - | 2,188 | - |
| Insurance | 1,280,455 | 45,122 | 4,910 | 6,239 | 434,216 | 17,491 |
| Interest | 330,212 | 12,887 | - | - | 24,232 | 3,762 |
| Operating Supplies and Expense | 1,415,446 | 11,416 | 17,969 | 6,717 | 255,107 | 464,540 |
| Depreciation and Amortization | 1,374,153 | 50,596 | 3,562 | 60,993 | 145,953 | 15,154 |
| Donated Items | 50,081 | - | - | - | - | 12,500 |
| Foundation Events and Awards | - | - | - | - | - | - |
| Total Functional Expenses | \$ 39,905,288 | \$ 1,135,055 | \$ 228,498 | \$ 227,127 | \$ 8,288,864 | \$ 979,805 |

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

| Program Services | | | Support Services | | | | June 30, 2022 |
|-------------------------------|------------------------|----------------------|-------------------------|------------------------------|--|---------------------|----------------------|
| Lake Region Homes, Inc. | Anthony House, Inc. | Program Total | Admin and General | Other Support Services | Lifestream Behavioral Foundation, Inc. | Support Total | |
| \$ - | \$ - | \$ 24,638,619 | \$ 2,664,235 | \$ 1,652,427 | \$ - | \$ 4,316,662 | \$ 28,955,281 |
| - | - | 5,953,302 | 544,426 | 519,046 | - | 1,063,472 | 7,016,774 |
| 21,783 | - | 3,079,643 | (1,133,817) | 185,532 | - | (948,285) | 2,131,358 |
| - | - | 2,039,790 | (383,067) | 276,629 | 8,729 | (97,709) | 1,942,081 |
| - | - | 524,450 | 89,636 | 87,644 | - | 177,280 | 701,730 |
| - | - | 971,603 | 49,393 | 34,244 | - | 83,637 | 1,055,240 |
| - | - | 1,352,028 | 7,759 | 9,507 | - | 17,266 | 1,369,294 |
| - | - | 4,026,073 | 2,130 | 28,345 | - | 30,475 | 4,056,548 |
| - | - | 2,157,199 | - | 4,541 | - | 4,541 | 2,161,740 |
| 21,938 | - | 1,810,371 | 47,640 | 31,503 | - | 79,143 | 1,889,514 |
| 18,221 | - | 389,314 | - | - | - | - | 389,314 |
| 23,606 | 279 | 2,195,080 | 280,551 | 261,168 | 1,227 | 542,946 | 2,738,026 |
| 1,454 | 12,162 | 1,664,027 | 28,379 | 7,061 | 1,492 | 36,932 | 1,700,959 |
| - | - | 62,581 | - | - | - | - | 62,581 |
| - | - | - | - | - | 29,850 | 29,850 | 29,850 |
| <u>\$ 87,002</u> | <u>\$ 12,441</u> | <u>\$ 50,864,080</u> | <u>\$ 2,197,265</u> | <u>\$ 3,097,647</u> | <u>\$ 41,298</u> | <u>\$ 5,336,210</u> | <u>\$ 56,200,290</u> |

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

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

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

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

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

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 5,744,914 | \$ 7,934,766 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation and Amortization | 1,717,627 | 1,477,454 |
| (Gain) Loss on Sale of Fixed Assets | - | 3,260 |
| Change in Value of Interest Rate Swap | (917,452) | (585,128) |
| Change in: | | |
| Accounts Receivable from Patients | (233,083) | 65,482 |
| Public Support Receivables | (5,408,306) | (192,024) |
| Prepaid Expenses, Inventory, and Other Current Assets | (1,029,497) | 299,659 |
| Accounts Payable | (377,534) | (759,931) |
| Accrued Salaries and Other Current Liabilities | 377,318 | (212,053) |
| Unearned Revenue | (902,462) | 3,426,650 |
| Net Cash Provided by (Used in) Operating Activities | (1,028,475) | 11,458,135 |
| Cash Flows from Investing Activities | | |
| Purchase of Property and Equipment | (3,286,424) | (3,355,623) |
| Proceeds from Sale of Fixed Assets | 131,460 | 17,892 |
| Proceeds (Purchase) of Investments | (2,354,828) | (650,043) |
| Net Cash Provided by (Used in) Investing Activities | (5,509,792) | (3,987,774) |
| Cash Flows from Financing Activities | | |
| Repayment of Debt | (678,320) | (649,138) |
| Net Cash Provided by (Used in) Financing Activities | (678,320) | (649,138) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (7,216,587) | 6,821,223 |
| Cash and Cash Equivalents, Beginning of Year | 23,135,500 | 16,314,277 |
| Cash and Cash Equivalents, End of Year | \$ 15,918,913 | \$ 23,135,500 |
| <u>Shown in the Financial Statements as:</u> | | |
| Cash and Cash Equivalents | \$ 15,265,951 | \$ 22,488,550 |
| Restricted Cash with Fiscal Agent | 560,000 | 560,000 |
| Restricted Cash | 92,962 | 86,950 |
| Total | \$ 15,918,913 | \$ 23,135,500 |
| <u>Supplemental Disclosure of Cash Flow Information</u> | | |
| Cash Paid During the Year for Interest | \$ 389,314 | \$ 375,024 |

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

A. - Reporting Entity and Related Organizations

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

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

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

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

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

B. - Summary of Significant Accounting Policies

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

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

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

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

- Without Donor Restrictions
- With Donor Restrictions

Without Donor Restrictions

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

With Donor Restrictions

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

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

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

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

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

The three levels in the fair value hierarchy are:

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

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

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

Restricted Deposits—Under regulatory agreement, LRH is required to set aside amounts for the replacement of property and other LRH expenditures approved by HUD. HUD-restricted deposits, which were \$24,433 and \$63,926 at June 30, 2022 and 2021, respectively, are held in separate accounts and generally are not available for operating purposes. LifeStream and LRH also hold restricted security deposits of \$68,529 and \$23,024 at June 30, 2022 and 2021, respectively.

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

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

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

Public Support—Public support revenue from government grants is recorded based upon the terms of the grantor allotment, which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Center will be required to refund any deficiencies. Management is of the opinion that all monies recognized as public support have been earned as of June 30, 2022. These amounts are reflected as without donor restrictions as the amounts are received and expended in the same year.

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

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

Net Patient Service Revenue—Net patient service revenue is reported at the net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Patient service revenue for private pay services is recorded on a sliding fee scale. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care—Under the charity care policy, which is based upon federal poverty guidelines, the Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. Unreimbursed charity care provided is excluded from gross patient service revenue. Such unreimbursed charges include PCU inpatient care and amounted to \$4,040,862 and \$3,331,574 for the years ended June 30, 2022 and 2021, respectively.

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

In-Kind Contributions—Revenues from in-kind contributions (primarily donated facilities and donated prescription drugs) are recognized as received based on the fair market value of the contribution. The fair market value of donated facilities was \$62,593 and \$71,420 for the years ended June 30, 2022 and 2021, respectively. The fair market value of donated prescription drugs was \$2,499,050 and \$3,412,374 for the years ended June 30, 2022 and 2021, respectively.

Revenue Recognition

Client/Patient Care Services—Effective July 1, 2020, the Center adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as ASC 606), using the modified retrospective transition approach applied to all contracts. Therefore, the reported results for the year ended June 30, 2021, reflect the application of ASC 606.

The modified retrospective method of transition requires disclosure of the effect of applying the new standards on each affected line item in the 2021 consolidated financial statements. The impact of adopting this standard did not have a material impact on the Center's consolidated financial statements as of and for the year ended June 30, 2021, including its general revenue activities.

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ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process of the revenue model, is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional information about the Center's revenue recognition policies and the related impact of the adoption is included in Note L to the consolidated financial statements. This standard does not apply to government funded or local contracts and grants, which are recorded under the Financial Accounting Standards Board (FASB) ASC 958-605, *Not-for-Profits*.

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

Unearned Revenues—Amounts received prior to incurring qualifying expenditures are reported as unearned revenues in the consolidated statement of financial position. The Center received \$3,382,963 and \$4,285,425 for the 2022 and 2021 fiscal years, respectively, of grant and contract funds that have not been recognized at June 30, 2022, because qualifying expenditures have not been incurred.

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

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

Advertising Costs—Advertising costs are expensed when incurred. Advertising expense was \$6,769 and \$32,326 for the years ended June 30, 2022 and 2021, respectively.

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

Subsequent Events—The Center has evaluated subsequent events through March 31, 2023, the date the financial statements were available to be issued.

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Implemented Accounting Standard

In September 2020, the FASB issued ASU Statement No.2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Non-financial Assets*. ASU Statement No. 2020-07 aims to increase the transparency of contributed non-financial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in the update address certain stakeholder’s concerns about the lack of transparency about the measurement of contributed non-financial assets recognized by not-for-profits, as well as the amount of those contributions used in an not-for-profit’s programs and other activities. The Center adopted ASU No. 2020-07 in the June 30, 2022 financial statements, as described in Note M.

Upcoming Accounting Standards

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

C. - Property and Equipment

Property and equipment consist of the following:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|----------------------|----------------------|
| Construction in Process | \$ - | \$ 7,560,975 |
| Land and Improvements | 1,893,918 | 1,761,260 |
| Building and Improvements | 38,012,020 | 28,445,480 |
| Furniture and Equipment | 11,283,486 | 10,470,718 |
| | <u>51,189,424</u> | <u>48,238,433</u> |
| (Less Accumulated Depreciation) | <u>(23,419,938)</u> | <u>(21,921,327)</u> |
| Net Property and Equipment | <u>\$ 27,769,486</u> | <u>\$ 26,317,106</u> |

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense was \$1,700,959 and \$1,461,432 for the years ended June 30, 2022 and 2021, respectively. Estimated useful lives of property and equipment range as follows:

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

Certain fixed assets of the Center were purchased with federal, state, and local government support. As a result, if such assets are disposed, the granting agency that participated in the funding of the purchase has a contractual right to participate in the proceeds from the disposition. The historical cost and net book value of all such assets are recorded at June 30, 2022, as \$3,511,547 and \$1,966,484, respectively. The historical cost and net book value of all such assets are recorded at June 30, 2021, as \$3,511,547 and \$2,079,085, respectively.

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D. - Investments and Fair Value

At June 30, 2022 and 2021, the fair value of financial instruments consisted of the following:

| Fair Market Value | 2022 | | | |
|---------------------------------|---------------------|-----------------------|-------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 191,334 | \$ - | \$ - | \$ 191,334 |
| Corporate Bonds | 2,273,448 | - | - | 2,273,448 |
| Common Stock - Public (Level 1) | 2,753,512 | - | - | 2,753,512 |
| Total | \$ 5,218,294 | \$ - | \$ - | \$ 5,218,294 |
| Interest Rate Swaps | \$ - | \$ (304,375) | \$ - | \$ (304,375) |
| Total | \$ - | \$ (304,375) | \$ - | \$ (304,375) |
| Fair Market Value | 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 62,928 | \$ - | \$ - | \$ 62,928 |
| Corporate Bonds | 1,090,891 | - | - | 1,090,891 |
| Common Stock - Public (Level 1) | 1,770,842 | - | - | 1,770,842 |
| Foreign Bonds | - | - | - | - |
| Foreign Equities | - | - | - | - |
| Total | \$ 2,924,661 | \$ - | \$ - | \$ 2,924,661 |
| Interest Rate Swaps | \$ - | \$ (1,221,827) | \$ - | \$ (1,221,827) |
| Total | \$ - | \$ (1,221,827) | \$ - | \$ (1,221,827) |

For fiscal years 2022 and 2021, \$545,484 and \$484,289, respectively, of investments, non-current, are accounted for using the equity and cost method and are further discussed in Note T.

E. - Liquidity and Availability of Financial Assets

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

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Financial Assets, at Year-End* | \$ 32,225,114 | \$ 31,702,698 |
| Less Those Unavailable for General Expenditures | | |
| Within One Year, Due to: | | |
| Contractual or Donor-Imposed Restrictions: | | |
| Restricted by Donor with Time or Purpose Restrictions | (467,977) | (412,465) |
| Restricted by Donor with Permanent Restrictions | (210,070) | (210,070) |
| Financial Assets Available to Meet | | |
| Cash Needs for Expenditures Within One Year | \$ 31,547,067 | \$ 31,080,163 |

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

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F. - With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30, 2022 and 2021:

| Net Assets With Donor Restrictions | 2022 | 2021 |
|---|-------------------|-------------------|
| Memoriams | \$ 1,306 | \$ 1,306 |
| Endowments | 5,500 | 5,500 |
| Open Door | 119,332 | 79,598 |
| Giving Catalog | 13,141 | - |
| Capital Campaign | 58,828 | 58,838 |
| Suicide Prevention | 18,027 | 18,027 |
| Children's Services | 83,590 | 82,928 |
| Adult Mental Health | 42,310 | 42,310 |
| Child Mental Health | 41,930 | 41,930 |
| Adult Substance Abuse Disorder | 41,014 | 41,014 |
| Child Substance Abuse Disorder | 41,014 | 41,014 |
| Anthony House | 1,985 | - |
| Anthony House - Land | 210,070 | 210,070 |
| Total | \$ 678,047 | \$ 622,535 |

G. - Accounts Receivable

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

Accounts receivable consisted of the following:

| | 2022 | 2021 |
|-----------------------------|---------------------|---------------------|
| Patient Accounts Receivable | \$ 7,073,019 | \$ 4,541,105 |
| Allowance for Bad Debt | (3,850,173) | (1,551,342) |
| Net | \$ 3,222,846 | \$ 2,989,763 |

Allowance for Public Support Receivable - LifeStream has been awarded grants and contracts from federal, state, and local funding agencies in its normal course of business. Typically, these grants and contracts contain multiple, varied compliance requirements and restrictions, including provisions for being subject to future regulatory review and audit compliance procedures. Some of these reviews may take place in years subsequent to the year in which the related grant revenues were reported in their financial statements. In light of these possible future events, LifeStream has calculated a Grant Audit Reserve. This reserve liability is recorded at \$772,000 and \$798,000 for the years ended June 30, 2022 and 2021, respectively.

H. - Debt

Long-term debt consists of the following:

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| | 2022 | 2021 |
|---|--------------|--------------|
| Mortgage Note Payable to HUD, Collateralized by Property and Equipment with a Net Book Value of Approximately \$210,653, Payable in Monthly Installments of \$2,824, Including Interest at a Fixed Rate of 9.25% through May 2030. | \$ 189,731 | \$ 205,282 |
| Mortgage Note Payable, Collateralized by Buildings, Payable in Varying Monthly Installments, Including Interest at 30-Day LIBOR Plus 1.85% through August 2028 Plus 1.85% through August 2028. | 700,307 | 795,404 |
| Mortgage Note Payable, Collateralized by Hospital and Administrative Buildings and Equipment, Payable in Varying Monthly Installments, Including Interest at 63.7% of 30-Day LIBOR Plus 1.355%, through July 2028. Loan Related Costs were \$131,900 and \$142,595, respectively. | 8,337,852 | 8,905,524 |
| Total Long-Term Debt | 9,227,890 | 9,906,210 |
| (Less Loan Costs) | (141,127) | (156,170) |
| (Less Current Portion) | (708,161) | (678,320) |
| Long-Term Portion | \$ 8,378,602 | \$ 9,071,720 |

Scheduled maturities on long-term debt is as follows:

| | | |
|--------------|----|--------------|
| 2023 | \$ | 708,161 |
| 2024 | | 739,353 |
| 2025 | | 771,626 |
| 2026 | | 806,066 |
| 2027 | | 841,723 |
| Thereafter | | 5,360,961 |
| Total | | \$ 9,227,890 |

The Center's interest expense for the years ended June 30, 2022 and 2021, was \$371,093 and \$353,775, respectively. In addition, subsidiary LRH's interest expense for the years ended June 30, 2022 and 2021, was \$18,221 and \$19,600, respectively.

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

Line of Credit—In June 2020, the Center entered into a line of credit agreement with a banking institution for a \$1,700,000 revolving line of credit. The interest rate is LIBOR plus 1.80% per annum with a minimum of 2.65% and a maximum of 24.00%. As of June 30, 2022 the balance owed was \$0.

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I. - Interest Rate Swap Agreement

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

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

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

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

At June 30, 2022 and 2021, the swap contract had a notional amount of \$2,888,447 and \$3,286,274, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense for the orphaned swap. The net gain (loss) on the swap at June 30, 2022 and 2021, was \$(231,366) and \$(147,446), respectively.

On July 17, 2013, the Center entered into a \$1,400,000 U.S. Dollar Rate Swap Transaction with an effective date of July 24, 2013, and a termination date of August 5, 2028. Under the terms of the agreement, the Center pays a fixed rate of 4.86% to BB&T on a monthly basis and, in return, BB&T pays the Center the monthly LIBOR rate plus 1.85%. At June 30, 2022 and 2021, the swap contract had a notional amount of \$699,588 and \$795,685, respectively. The difference between interest earned and the interest obligation accrued is received or paid the fifth day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2022 and 2021, was \$(64,786) and \$(39,051), respectively.

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On September 1, 2018, the Center entered into a \$10,000,000 U.S. Dollar Rate Swap Transaction with an effective date of November 1, 2018, and a termination date of October 1, 2033. Under the terms of the agreement, the Center pays a fixed rate of 4.84% for \$4,300,000 and 3.4% for \$5,700,000 to BB&T on a monthly basis and, in return, BB&T pays the Center the Prime rate per annum minus 2.75%. At June 30, 2022 and 2021, the swap contract had a notional amount of \$5,449,405 and \$5,619,250, respectively. The difference between interest earned and the interest obligation accrued is received or paid the fifth day of each month and is recorded as interest expense. The net gain (loss) on the swap at June 30, 2022 and 2021, was \$(621,299) and \$(398,632), respectively.

J. - Net Patient Service Revenue

Revenue and Deductions—Gross patient service revenue is recorded on the accrual basis in the period in which services are provided, at the Center’s established rates, except for patient service revenue for private pay patients, which is recorded on a sliding fee scale. Contractual adjustments are recorded as deductions from gross patient service revenue to determine net patient service revenue. Net patient service revenue for the years ended June 30, 2022 and 2021, consist of the following:

| | 2022 | 2021 |
|--------------------------------------|----------------------|----------------------|
| Gross Patient Service Revenue | \$ 68,758,932 | \$ 71,279,340 |
| (Less Provision for Bad Debt) | (3,486,380) | (3,643,692) |
| (Less Provisions for Contractual) | (51,090,858) | (52,111,192) |
| Net Patient Service Revenue | \$ 14,181,694 | \$ 15,524,456 |

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

Medicare and Medicaid—The Medicare program pays the Center for inpatient services on the “Prospective Payment System” subject to certain limitations. The Medicare and Medicaid programs reimburse the Center on a per visit basis for outpatient and certain inpatient services. Medicare and Medicaid patient service revenue as a percentage of gross patient service revenue approximates 10% and 11% for the years ended June 30, 2022 and 2021, respectively.

Final determination of amounts earned pursuant to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. Cost reports through the year ended June 30, 2021, have been audited and final settlement has been determined. The cost reports for the year ended 2022 have not been audited. The provisions for cost report settlements for 2022 are based on management’s estimates of allowable costs and fee schedules. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

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K. - Retirement Plan

The Center sponsors a defined contribution retirement plan (the Plan) covering substantially all employees, which is based on attainment of age 21 and the completion of one year of service. The Center's contribution to the Plan is at the Board's sole discretion and was approximately \$1,020,580 and \$1,010,338 for the years ended June 30, 2022 and 2021, respectively.

L. - Client/Patient Care Service Revenue Recognition

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

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

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

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

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

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

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

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

M. - Non-Financial Assets

The Center recognized contributed non-financial assets within revenue, including contributed building rent and pharmaceuticals. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions.

Contributed pharmaceuticals were provided by donors to use nearly expired goods to provide health services to clients of the Center. In valuing pharmaceuticals, the Center used third-party sources representing market prices for recording of revenues and expenses. Contributed pharmaceuticals were \$2,499,050 and \$3,412,374 for the years ended June 30, 2022 and 2021, respectively.

The contributed building rent will be used for the South Lake Hospital location. In valuing the contributed building, the Center estimated the fair value on the basis of recent comparable prices in the real estate market. Contributed building rent was \$62,594 and \$71,420 for the years ended June 30, 2022 and 2021, respectively.

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

N. - Compensated Absences

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

O. - Related-Party Balances and Transactions

The Center purchased supplies from a vendor with a relationship to a Board member. The transactions were consummated at arm's length. The Center purchased \$969,369 and \$554,044 worth of supplies and furniture for fiscal years ended 2022 and 2021, respectively, and, as of year-end, owed \$1,675 and \$20,622 to the vendor for fiscal years ended 2022 and 2021, respectively.

The Center leases property to/from a vendor with a relationship to a Board member. The transactions were consummated at arm's length. The Center paid rent of \$32,512 and received rent of \$31,140 for fiscal years ended 2022 and 2021, respectively.

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

P. - Commitments and Contingencies

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

Q. - Concentrations of Credit Risk

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

The Center maintains cash balances with various financial institutions. Demand deposit and money market accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Center's uninsured cash balances totaled \$15,030,042 and \$20,911,066 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively.

R. - Leases

The Center leases outpatient facilities and parking space under operating leases. Rental expense for the years ended June 30, 2022 and 2021, was \$315,077 and \$312,661, respectively. Future minimum lease payments under these leases are provided below:

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

Schedule of Minimum Lease Payments
Years Ended June 30

| | | |
|------|----|---------|
| 2023 | \$ | 305,177 |
| 2024 | | 150,323 |
| 2025 | | 40,124 |
| 2026 | | 35,615 |
| 2027 | | 35,615 |

S. - Summary Information Relating to Financially Interrelated Entities

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

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Lake Region Homes, Inc. | | |
| Total Assets | \$ 143,803 | \$ 102,601 |
| Total Liabilities | 738,603 | 712,197 |
| Without Donor Restrictions (Deficit) | (594,800) | (609,596) |
| Total Liabilities and Net Assets | <u>143,803</u> | <u>102,601</u> |
| Total Revenue | 115,409 | 118,803 |
| Total Expenses | (88,371) | (92,884) |
| Changes in Net Assets | <u>\$ 27,038</u> | <u>\$ 25,919</u> |
| | <u>2022</u> | <u>2021</u> |
| LifeStream Behavioral Center Foundation, Inc. | | |
| Total Assets | <u>\$ 817,168</u> | <u>\$ 715,656</u> |
| Without Donor Restrictions (Deficit) | 349,190 | 303,191 |
| With Donor Restrictions | 467,978 | 412,465 |
| Total Net Assets | <u>817,168</u> | <u>715,656</u> |
| Total Revenue | 136,651 | 243,642 |
| Total Expenses | (41,298) | (71,479) |
| Changes in Net Assets | <u>\$ 95,353</u> | <u>\$ 172,163</u> |
| | <u>2022</u> | <u>2021</u> |
| Anthony House, Inc. | | |
| Total Assets | <u>\$ 241,489</u> | <u>\$ 253,280</u> |
| Total Liabilities | - | - |
| Without Donor Restrictions (Deficit) | 31,419 | 43,210 |
| With Donor Restrictions | 210,070 | 210,070 |
| Total Liabilities and Net Assets | <u>241,489</u> | <u>253,280</u> |
| Total Revenue | 650 | 400 |
| Total Expenses | (12,441) | (17,895) |
| Changes in Net Assets | <u>\$ (11,791)</u> | <u>\$ (17,495)</u> |

LIFESTREAM BEHAVIORAL CENTER, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

T. - Dependency on Government Support

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

U. - Equity Investment

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

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

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

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

V. - Affiliation with Other Organizations

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

W. - Subsequent Event

On August 1, 2022, Lifestream extended and amended their \$1,700,000 line of credit to July 1, 2024, updated the interest rate index to SOFR plus 1.8%, and allowed for an alternative benchmark rate of 2.5%.

SUPPLEMENTARY INFORMATION

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2022

| | ASSESSMENT | CASE MANAGEMENT | CRISIS STABILIZATION | EMERGENCY SERVICES | DAY - NIGHT |
|------------------------------------|------------|--------------------|-------------------------|-----------------------|--------------|
| I. NET PATIENT REVENUE | \$ 7,310 | \$ 915,389 | \$ 1,984,713 | \$ 7,154 | \$ 1,067,164 |
| II. OTHER REVENUE | | | | | |
| Federal and State Grant Revenue | - | 719,128 | 2,205,600 | 1,741,465 | 82,220 |
| Local Grant Revenue | - | 27,623 | 556,801 | 301,497 | 200,659 |
| Other Revenue | - | 1,950 | 8,006 | 485 | 35,023 |
| TOTAL OTHER REVENUE | - | 748,701 | 2,770,407 | 2,043,447 | 317,902 |
| TOTAL REVENUE | 7,310 | 1,664,090 | 4,755,120 | 2,050,601 | 1,385,066 |
| III. PERSONNEL SERVICES | | | | | |
| Salaries | - | 820,282 | 1,691,274 | 1,091,955 | 384,812 |
| Fringe | - | 220,712 | 499,179 | 251,654 | 96,697 |
| TOTAL PERSONNEL SERVICES | - | 1,040,994 | 2,190,453 | 1,343,609 | 481,509 |
| OTHER EXPENSES | | | | | |
| Building Occupancy | - | 56,940 | 337,594 | 76,746 | 150,086 |
| Professional Services | 4,568 | 174,946 | 96,005 | 41,921 | 28,062 |
| Travel | - | 71,812 | 433 | 6,037 | 335 |
| Equipment Costs | - | 3,158 | 10,134 | 33,986 | 13,090 |
| Food Services | - | 2,709 | 153,900 | 18,022 | 63,888 |
| Medical and Pharmacy | - | 685 | 114,484 | 13,553 | 1,385 |
| Subcontracted Services | - | - | 620,234 | - | - |
| Insurance | 701 | 79,390 | 152,861 | 115,330 | 50,443 |
| Interest | - | 10,937 | 49,365 | 11,484 | 13,479 |
| Operating Supplies and Expense | 52 | 51,982 | 86,460 | 42,027 | 73,095 |
| Depreciation and Amortization | - | 53,968 | 237,737 | 51,568 | 60,924 |
| Donated Items | - | - | - | - | - |
| Foundation Events and Awards | - | - | - | - | - |
| TOTAL OTHER EXPENSES | 5,321 | 506,527 | 1,859,207 | 410,674 | 454,787 |
| TOTAL DIRECT EXPENSES | 5,321 | 1,547,521 | 4,049,660 | 1,754,283 | 936,296 |
| INDIRECT EXPENSES | | | | | |
| Administrative Overhead | 513 | 143,547 | 704,402 | 291,904 | 95,880 |
| TOTAL INDIRECT EXPENSES | 513 | 143,547 | 704,402 | 291,904 | 95,880 |
| TOTAL EXPENSES | 5,834 | 1,691,068 | 4,754,062 | 2,046,187 | 1,032,176 |
| NET OPERATING INCOME (LOSS) | 1,476 | (26,978) | 1,058 | 4,414 | 352,890 |
| NON-OPERATING REVENUE | - | - | - | - | - |
| NET INCOME (LOSS) | \$ 1,476 | \$ (26,978) | \$ 1,058 | \$ 4,414 | \$ 352,890 |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2022

| IN-HOME AND ON-SITE | INPATIENT | INTERVENTION | MEDICAL SERVICES | OUTPATIENT | PREVENTION | R&B w/ SPV LEVEL 1 |
|------------------------|--------------|--------------|---------------------|--------------|------------|-----------------------|
| \$ 436,031 | \$ 5,650,556 | \$ 2,912 | \$ 1,066,448 | \$ 1,447,643 | \$ - | \$ 6,411 |
| - | 1,233,556 | 1,414,418 | 2,007,842 | 2,221,205 | 189,325 | 2,314,760 |
| 320,754 | 1,126,871 | 109,637 | 470,441 | 1,590,521 | - | - |
| 1,250 | 1,311,929 | 3,023 | 1,993,846 | 15,076 | - | - |
| 322,004 | 3,672,356 | 1,527,078 | 4,472,129 | 3,826,802 | 189,325 | 2,314,760 |
| 758,035 | 9,322,912 | 1,529,990 | 5,538,577 | 5,274,445 | 189,325 | 2,321,171 |
| 431,264 | 2,224,298 | 825,696 | 1,346,348 | 2,799,013 | 109,765 | 955,357 |
| 106,421 | 582,104 | 189,399 | 336,614 | 665,607 | 20,925 | 211,922 |
| 537,685 | 2,806,402 | 1,015,095 | 1,682,962 | 3,464,620 | 130,690 | 1,167,279 |
| 33,306 | 348,494 | 78,224 | 125,942 | 419,155 | 2,232 | 96,039 |
| 11,836 | 199,268 | 38,986 | 365,278 | 502,326 | 5,069 | 42,091 |
| 7,420 | 69 | 35,593 | 1,127 | 52,446 | 1,371 | 1,784 |
| 303 | 8,724 | 624 | 56,519 | 14,041 | 6 | 534,660 |
| 4 | 364,793 | - | 75 | 1,641 | 1,221 | 79,483 |
| 16 | 1,451,333 | 3,708 | 2,294,495 | 9,769 | 3 | 39,433 |
| - | 1,027,344 | - | - | - | - | - |
| 14,803 | 118,737 | 47,835 | 50,146 | 146,333 | 16,195 | 54,791 |
| 4,261 | 39,403 | 3,065 | 19,309 | 24,840 | 4,428 | 17,099 |
| 13,693 | 203,772 | 38,751 | 71,069 | 244,033 | 4,596 | 59,949 |
| 14,923 | 137,140 | 21,962 | 67,220 | 131,718 | 17,787 | 55,844 |
| 1,250 | - | 1,250 | - | - | - | - |
| - | - | - | - | - | - | - |
| 101,815 | 3,899,077 | 269,998 | 3,051,180 | 1,546,302 | 52,908 | 981,173 |
| 639,500 | 6,705,479 | 1,285,093 | 4,734,142 | 5,010,922 | 183,598 | 2,148,452 |
| 63,220 | 1,205,979 | 105,432 | 366,398 | 433,168 | 14,828 | 115,316 |
| 63,220 | 1,205,979 | 105,432 | 366,398 | 433,168 | 14,828 | 115,316 |
| 702,720 | 7,911,458 | 1,390,525 | 5,100,540 | 5,444,090 | 198,426 | 2,263,768 |
| 55,315 | 1,411,454 | 139,465 | 438,037 | (169,645) | (9,101) | 57,403 |
| - | 6,456 | - | - | - | - | - |
| \$ 55,315 | \$ 1,417,910 | \$ 139,465 | \$ 438,037 | \$ (169,645) | \$ (9,101) | \$ 57,403 |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2022

| R&B w/ SPV LEVEL 2 | R&B w/ SPV LEVEL 4 | SUBSTANCE | | | SUPPORTED HOUSING | TASC | ACT TEAMS |
|-----------------------|-----------------------|----------------|------------|------------|----------------------|------------|--------------|
| | | ABUSE DETOX | CRF ARF | | | | |
| \$ 661,787 | \$ 8,792 | \$ 210,831 | \$ 353,499 | \$ 6,001 | \$ 14,286 | \$ 282,823 | |
| 4,636,962 | 160,731 | 583,841 | 1,036,352 | 41,315 | 216,770 | 2,535,178 | |
| 773,284 | 49,846 | 221,676 | 211,666 | - | 7,624 | - | |
| 72,478 | 103,125 | 2,715 | 13,057 | - | 156,844 | - | |
| 5,482,724 | 313,702 | 808,232 | 1,261,075 | 41,315 | 381,238 | 2,535,178 | |
| 6,144,511 | 322,494 | 1,019,063 | 1,614,574 | 47,316 | 395,524 | 2,818,001 | |
| 2,527,545 | 47,475 | 263,448 | 510,809 | (120,526) | 180,728 | 1,238,284 | |
| 588,014 | 13,689 | 78,922 | 160,712 | 4,321 | 50,002 | 287,559 | |
| 3,115,559 | 61,164 | 342,370 | 671,521 | (116,205) | 230,730 | 1,525,843 | |
| 431,686 | 122,206 | 93,119 | 104,655 | 2,658 | 18,619 | 81,806 | |
| 93,901 | 19,959 | 20,333 | 42,625 | 6,469 | 44,852 | 75,351 | |
| 13,698 | 504 | - | - | 30 | 5,580 | 47,417 | |
| 49,704 | 1,068 | 1,335 | 403 | 165 | 210 | 39,919 | |
| 571,496 | 2,524 | 24,593 | 58,363 | 14 | 2,537 | 596 | |
| 20,225 | - | 18,404 | 33,029 | 3 | 271 | 4,035 | |
| - | - | 125,250 | 250,604 | 131,579 | - | - | |
| 205,185 | 18,910 | 15,591 | 31,388 | 17,029 | 17,546 | 90,479 | |
| 78,213 | 20,259 | 4,452 | 9,163 | 292 | 2,902 | 9,453 | |
| 149,075 | 14,254 | 29,337 | 19,051 | 1,877 | 10,916 | 255,900 | |
| 314,518 | 23,249 | 18,030 | 37,305 | 6,577 | 19,027 | 67,669 | |
| 29,803 | 17,790 | - | - | - | - | - | |
| - | - | - | - | - | - | - | |
| 1,957,504 | 240,723 | 350,444 | 586,586 | 166,693 | 122,460 | 672,625 | |
| 5,073,063 | 301,887 | 692,814 | 1,258,107 | 50,488 | 353,190 | 2,198,468 | |
| 411,275 | 20,917 | 117,350 | 213,638 | 3,690 | 28,019 | 182,081 | |
| 411,275 | 20,917 | 117,350 | 213,638 | 3,690 | 28,019 | 182,081 | |
| 5,484,338 | 322,804 | 810,164 | 1,471,745 | 54,178 | 381,209 | 2,380,549 | |
| 660,173 | (310) | 208,899 | 142,829 | (6,862) | 14,315 | 437,452 | |
| 330,242 | - | - | - | - | - | - | |
| \$ 990,415 | \$ (310) | \$ 208,899 | \$ 142,829 | \$ (6,862) | \$ 14,315 | \$ 437,452 | |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2022

| MRT TEAMS | HOME HEALTH | TOTAL ADM PROGRAMS | COMMUNITY HOUSING | CHILD WELFARE SVCS | FORENSIC SERVICES | FED SAMH CCBHC |
|----------------------|------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|---------------------------|
| \$ - | \$ 19,856 | \$ 14,149,606 | \$ - | \$ - | \$ 20,231 | \$ - |
| 892,334 | 127,237 | 24,360,239 | - | 9,125,744 | - | 1,234,163 |
| - | 83,386 | 6,052,286 | - | 615 | 634,412 | - |
| - | 666 | 3,719,473 | 299,800 | 3,380 | 400,559 | 3,903 |
| 892,334 | 211,289 | 34,131,998 | 299,800 | 9,129,739 | 1,034,971 | 1,238,066 |
| 892,334 | 231,145 | 48,281,604 | 299,800 | 9,129,739 | 1,055,202 | 1,238,066 |
| 447,497 | 62,429 | 17,837,753 | 59,617 | 5,594,756 | 247,909 | 733,670 |
| 106,399 | 28,877 | 4,499,729 | 13,263 | 1,212,189 | 75,801 | 128,651 |
| 553,896 | 91,306 | 22,337,482 | 72,880 | 6,806,945 | 323,710 | 862,321 |
| 60,135 | 45,297 | 2,684,939 | 75,040 | 132,600 | 44,762 | 115,917 |
| 36,139 | 19,895 | 1,869,880 | 4,858 | 53,959 | 89,088 | 16,780 |
| 18,941 | 202 | 264,799 | 400 | 244,736 | 4,175 | 6,693 |
| 2,526 | 626 | 771,201 | - | 184,638 | 2,894 | 12,870 |
| 2,944 | 50 | 1,348,853 | - | 3,037 | 104 | 34 |
| 32 | 17,913 | 4,022,776 | - | 1,253 | 1,625 | 419 |
| - | - | 2,155,011 | - | 2,188 | - | - |
| 31,015 | 5,747 | 1,280,455 | 6,239 | 434,216 | 17,491 | 45,122 |
| 3,428 | 4,380 | 330,212 | - | 24,232 | 3,762 | 12,887 |
| 24,964 | 20,593 | 1,415,446 | 6,717 | 255,106 | 464,540 | 11,416 |
| 21,651 | 15,324 | 1,374,141 | 60,993 | 145,953 | 15,154 | 50,596 |
| - | - | 50,093 | - | - | 12,500 | - |
| - | - | - | - | - | - | - |
| 201,775 | 130,027 | 17,567,806 | 154,247 | 1,481,918 | 656,095 | 272,734 |
| 755,671 | 221,333 | 39,905,288 | 227,127 | 8,288,863 | 979,805 | 1,135,055 |
| 60,910 | 16,413 | 4,594,880 | 16,242 | 713,137 | 70,283 | 93,185 |
| 60,910 | 16,413 | 4,594,880 | 16,242 | 713,137 | 70,283 | 93,185 |
| 816,581 | 237,746 | 44,500,168 | 243,369 | 9,002,000 | 1,050,088 | 1,228,240 |
| 75,753 | (6,601) | 3,781,436 | 56,431 | 127,739 | 5,114 | 9,826 |
| - | - | 336,698 | - | - | - | - |
| \$ 75,753 | \$ (6,601) | \$ 4,118,134 | \$ 56,431 | \$ 127,739 | \$ 5,114 | \$ 9,826 |

LIFESTREAM BEHAVIORAL CENTER, INC.
PROGRAM/COST CENTER ACTUAL EXPENSES AND
REVENUES SCHEDULES
YEAR ENDED JUNE 30, 2022

| FED SAMH CMHC | TOTAL NON-ADM PROGRAMS | TOTAL ADMIN AND SUPPORT | LIFESTREAM BEHAVIORAL CENTER FOUNDATION, INC. | LAKE REGION HOMES, INC. | ANTHONY HOUSE, INC. | TOTAL |
|------------------|------------------------------|----------------------------|--|----------------------------|------------------------|---------------|
| \$ 11,857 | \$ 32,088 | \$ - | \$ 136,651 | \$ 115,409 | \$ 650 | \$ 14,434,404 |
| 257,343 | 10,617,250 | (2) | - | - | - | 34,977,487 |
| - | 635,027 | 61,238 | - | - | - | 6,748,551 |
| - | 707,642 | (285,023) | - | - | - | 4,142,092 |
| 257,343 | 11,959,919 | (223,787) | - | - | - | 45,868,130 |
| 269,200 | 11,992,007 | (223,787) | 136,651 | 115,409 | 650 | 60,302,534 |
| 164,914 | 6,800,866 | 6,177,019 | - | - | - | 30,815,638 |
| 23,669 | 1,453,573 | 1,249,063 | - | - | - | 7,202,365 |
| 188,583 | 8,254,439 | 7,426,082 | - | - | - | 38,018,003 |
| 4,602 | 372,921 | (918,116) | - | 21,783 | - | 2,161,527 |
| 5,225 | 169,910 | (975,686) | 8,729 | - | - | 1,072,833 |
| 3,647 | 259,651 | 182,706 | - | - | - | 707,156 |
| - | 200,402 | 86,153 | - | - | - | 1,057,756 |
| - | 3,175 | (194,202) | - | - | - | 1,157,826 |
| - | 3,297 | 30,728 | - | - | - | 4,056,801 |
| - | 2,188 | (1,116,837) | - | - | - | 1,040,362 |
| 4,910 | 507,978 | 83,697 | - | 21,938 | - | 1,894,068 |
| - | 40,881 | - | - | 18,221 | - | 389,314 |
| 17,969 | 755,748 | 653,310 | 1,227 | 23,606 | 279 | 2,849,616 |
| 3,562 | 276,258 | 37,077 | 1,492 | 1,454 | 12,162 | 1,702,584 |
| - | 12,500 | - | - | - | - | 62,593 |
| - | - | - | 29,850 | - | - | 29,850 |
| 39,915 | 2,604,909 | (2,131,170) | 41,298 | 87,002 | 12,441 | 18,182,286 |
| 228,498 | 10,859,348 | 5,294,912 | 41,298 | 87,002 | 12,441 | 56,200,289 |
| 19,513 | 912,360 | (5,507,240) | - | - | - | - |
| 19,513 | 912,360 | (5,507,240) | - | - | - | - |
| 248,011 | 11,771,708 | (212,328) | 41,298 | 87,002 | 12,441 | 56,200,289 |
| 21,189 | 220,299 | (11,459) | 95,353 | 28,407 | (11,791) | 4,102,245 |
| - | - | 388,520 | - | - | - | 725,218 |
| \$ 21,189 | \$ 220,299 | \$ 377,061 | \$ 95,353 | \$ 28,407 | \$ (11,791) | \$ 4,827,463 |

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
HOSPITAL ONLY AND ALL OTHER COST CENTERS
YEAR ENDED JUNE 30, 2022

| | Hospital Cost Centers | | | | | Total Hospital | All Other Cost Centers | Consolidated Totals |
|------------------------------------|-----------------------|--------------|----------------------|----------------|--------------------|----------------|------------------------|---------------------|
| | Inpatient | ARF | Crisis Stabilization | Detoxification | Emergency Services | | | |
| Public Support | \$ 3,678,811 | \$ 1,261,074 | \$ 2,770,406 | \$ 808,232 | \$ 2,043,447 | \$ 10,561,970 | \$ 35,791,631 | \$ 46,353,601 |
| Revenue: | | | | | | | | |
| Gross Patient Revenue | 16,886,084 | 2,778,126 | 7,774,738 | 1,171,629 | 50,731 | 28,661,308 | 40,097,624 | 68,758,932 |
| Contractual Allowance | 11,235,528 | 2,424,626 | 5,790,025 | 960,797 | 43,578 | 20,454,554 | 34,122,684 | 54,577,238 |
| Net Patient Revenue | 5,650,556 | 353,500 | 1,984,713 | 210,832 | 7,153 | 8,206,754 | 5,974,940 | 14,181,694 |
| Total Public Support and Revenue | 9,329,367 | 1,614,574 | 4,755,119 | 1,019,064 | 2,050,600 | 18,768,724 | 41,766,571 | 60,535,295 |
| Expenses | | | | | | | | |
| Personnel Expenses: | | | | | | | | |
| Salaries | 2,224,298 | 642,388 | 1,954,432 | 329,237 | 1,091,955 | 6,242,310 | 24,573,328 | 30,815,638 |
| Fringe Benefits | 582,104 | 160,712 | 499,179 | 78,922 | 251,654 | 1,572,571 | 5,629,794 | 7,202,365 |
| Total Personnel Costs | 2,806,402 | 803,100 | 2,453,611 | 408,159 | 1,343,609 | 7,814,881 | 30,203,122 | 38,018,003 |
| Direct Expenses: | | | | | | | | |
| Building Occupancy | 348,494 | 104,655 | 337,594 | 93,119 | 76,746 | 960,608 | 1,179,136 | 2,139,744 |
| Professional Services | 199,268 | 42,625 | 96,005 | 20,333 | 41,921 | 400,152 | 663,952 | 1,064,104 |
| Travel | 69 | - | 433 | - | 6,037 | 6,539 | 700,617 | 707,156 |
| Equipment Cost | 8,724 | 403 | 10,134 | 1,335 | 33,986 | 54,582 | 1,003,174 | 1,057,756 |
| Food Services | 364,793 | 58,363 | 153,900 | 24,593 | 18,022 | 619,671 | 538,155 | 1,157,826 |
| Medical and Pharmacy | 1,451,333 | 33,029 | 114,484 | 18,404 | 13,553 | 1,630,803 | 2,425,998 | 4,056,801 |
| Subcontracted Services | 1,027,344 | 119,025 | 357,076 | 59,461 | - | 1,562,906 | (522,544) | 1,040,362 |
| Insurance | 118,737 | 31,388 | 152,861 | 15,591 | 115,330 | 433,907 | 1,438,223 | 1,872,130 |
| Interest | 39,403 | 9,163 | 49,365 | 4,452 | 11,484 | 113,867 | 258,908 | 372,775 |
| Operating Supplies and Expense | 203,772 | 19,051 | 86,460 | 29,337 | 42,027 | 380,647 | 2,442,175 | 2,822,822 |
| Depreciation | 137,140 | 37,305 | 237,737 | 18,030 | 51,568 | 481,780 | 1,205,698 | 1,687,478 |
| Donated Items | - | - | - | - | - | - | 62,593 | 62,593 |
| Total Other Direct Expenses | 3,899,077 | 455,007 | 1,596,049 | 284,655 | 410,674 | 6,645,462 | 11,396,085 | 18,041,547 |
| Total Direct Expenses | 6,705,479 | 1,258,107 | 4,049,660 | 692,814 | 1,754,283 | 14,460,343 | 41,599,207 | 56,059,550 |
| Indirect Expenses: | | | | | | | | |
| Center Administration | 1,205,979 | 213,638 | 704,402 | 117,350 | 291,904 | 2,533,273 | (2,533,273) | - |
| Total Indirect Expenses | 1,205,979 | 213,638 | 704,402 | 117,350 | 291,904 | 2,533,273 | (2,533,273) | - |
| Total Expenses | 7,911,458 | 1,471,745 | 4,754,062 | 810,164 | 2,046,187 | 16,993,616 | 39,065,934 | 56,059,550 |
| Changes in Unrestricted Net Assets | \$ 1,417,909 | \$ 142,829 | \$ 1,057 | \$ 208,900 | \$ 4,413 | \$ 1,775,108 | \$ 2,700,637 | \$ 4,475,745 |

LIFESTREAM BEHAVIORAL CENTER, INC.
CONSOLIDATED SCHEDULE OF STATE EARNINGS FOR ALCOHOL, DRUG ABUSE, AND
MENTAL HEALTH SERVICES
YEAR ENDED JUNE 30, 2022

| | | | |
|----|---|----|--------------------------|
| 1 | Total SAMH Expenditures | \$ | 44,500,180 |
| 2 | (Less Other State and Federal Funds) | | 3,143,338 |
| 3 | (Less Non-Match SAMH Funds) | | 10,153,500 |
| 4a | (Less Unallowable Costs per 65E-14, F.A.C.) | | 391,788 |
| 4b | (Less Unallowable Patient Fees) | | <u>1,215,729</u> |
| 5 | Total Allowable Expenditures (sum of lines 1, 2, 3 and 4) | | <u><u>29,595,825</u></u> |
| 6 | Maximum Available Earnings (line 5 multiplied by 75%) | | 22,196,869 |
| 7 | Amount of State Funds Required Match (total of invoices paid by department, less line 3) | | <u>10,802,197</u> |
| 8 | Excess of Available Earnings Over Amount of State Funds Received (subtract line 7 from line 6. If negative, the amount of the difference is due to the State up to the amount of line 7). | \$ | <u><u>11,394,672</u></u> |
| | Amount Due Department | \$ | <u><u>-</u></u> |

**LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2022**

| Program | Cost Center | State Contracted Rate | Units of Service | Units of Services Paid by Other Sources | Units Eligible for Payment | Amount Paid by DCF | Value of Eligible Units | Amount Owed to DCF |
|--------------------------|--------------------|------------------------------|-------------------------|--|-----------------------------------|---------------------------|--------------------------------|---------------------------|
| Childrens' Mental Health | CSU | \$ 420 | \$ 7,300 | \$ 3,024 | 4,276 | \$ 428,543 | \$ 1,795,778 | \$ - |
| Adult Mental Health | CSU | 420 | 3,650 | 177 | 3,473 | 879,800 | 1,458,739 | - |
| Adult Substance Abuse | Detox | 404 | 1,825 | 349 | 1,476 | 594,672 | 596,281 | - |
| Adult Mental Health | ARF | 420 | 3,650 | 570 | 3,080 | 1,082,955 | 1,293,533 | - |
| Adult Mental Health | Res 1 | 290 | 5,840 | 13 | 5,827 | 1,583,630 | 1,689,806 | - |

**LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

None

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

OTHER REPORTS AND SCHEDULES

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CSFA/ Assistance Listing Number | Contract Grant Number | Reimbursable Expenditure |
|--|--|----------------------------------|-------------------------------------|
| U. S. Department of Agriculture | | | |
| <i>Passed Through Florida Department of Elder Affairs:</i> | | | |
| <i>Child Nutrition Cluster:</i> | | | |
| National School Lunch Program | 10.555 | Y6286 | \$ 30,860 |
| Child and Adult Care Food Program | 10.558 | Y6286 | 1,624 |
| Total U. S. Department of Agriculture | | | <u>32,484</u> |
| U. S. Department of Housing and Urban Development | | | |
| <i>Passed Through Lake Region Homes:</i> | | | |
| Section 8 Housing Assistance Payment Program | 14.195 | 2021/2022 | 86,759 |
| <i>Passed Through Lake County BOCC:</i> | | | |
| Community Development Block Grant | 14.218 | 2021/2022 | 93,124 |
| <i>Passed Through Orange County BOCC:</i> | | | |
| Community Development Block Grant | 14.218 | 2021/2022 | 330,242 |
| <i>Subtotal Expenditures - Assistance Listing 14.218</i> | | | <u>423,366</u> |
| Total U. S. Department of Housing and Urban Development | | | <u>510,125</u> |
| U. S. Department of Justice | | | |
| <i>Passed Through Lake County, Florida:</i> | | | |
| Justice and Mental Health Collaboration Program | 16.745 | 2021/2022 | 119,798 |
| Total U. S. Department of Justice | | | <u>119,798</u> |
| U. S. Department of Treasury | | | |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Coronavirus Relief Funds | 21.019 | 2021/2022 | 67,859 |
| <i>Passed Through Lake County BOCC:</i> | | | |
| Coronavirus Relief Funds | 21.019 | 2021/2022 | 61,240 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Coronavirus Relief Funds | 21.019 | 2021/2022 | 247,675 |
| Total U. S. Department of Treasury | | | <u>376,774</u> |
| Federal Communications Commission | | | |
| COVID-19 Telehealth Program | 32.006 | 2021/2022 | 103,606 |
| Total Federal Communications Commission | | | <u>103,606</u> |
| U. S. Department of Health and Human Services | | | |
| SAMHSA - Wellness Integration Network | 93.243 | 17T180328A | 708,340 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| SAMHSA - LSF SETS | 93.243 | ME028 | 150,263 |
| <i>Subtotal Expenditures - Assistance Listing 93.243</i> | | | <u>858,603</u> |
| U. S. Department of Health and Human Services | | | |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Preservation and Support Services | 93.556 | C2021-CMA-LS004 | 164,480 |
| <i>Passed Through Eckerd Florida:</i> | | | |
| Preservation and Support Services | 93.556 | ECA-C13-CMO-LSI-FY20 | 21,416 |
| <i>Subtotal Expenditures - Assistance Listing 93.556</i> | | | <u>185,896</u> |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | ME028 | 203,152 |
| <i>Passed Through Eckerd Florida:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | ECA-C13-CMO-LSI-FY20 | 577,905 |
| <i>Passed Through Central Florida Cares Health System:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | GHME1 | 124,640 |

The accompanying notes are an integral part of this schedule.

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CSFA/ Assistance Listing Number | Contract Grant Number | Reimbursable Expenditure |
|--|--|----------------------------------|-------------------------------------|
| U. S. Department of Health and Human Services | | | |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | C2021-CMA-LS004 | \$ 476,006 |
| <i>Subtotal Expenditures - Assistance Listing 93.558</i> | | | <u>1,381,703</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Grants to States for Access and Visitation Program | 93.597 | C2021-CMA-LS004 | 958 |
| <i>Subtotal Expenditures - Assistance Listing 93.597</i> | | | <u>958</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Child Welfare Services | 93.645 | C2021-CMA-LS004 | 275,326 |
| <i>Passed Through Eckerd Florida:</i> | | | |
| Child Welfare Services | 93.645 | ECA-C13-CMO-LSI-FY20 | 337,732 |
| <i>Subtotal Expenditures - Assistance Listing 93.645</i> | | | <u>613,058</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Foster Care - Title IV-E | 93.658 | C2021-CMA-LS004 | 857,853 |
| <i>Passed Through Eckerd Florida:</i> | | | |
| Foster Care - Title IV-E | 93.658 | ECA-C13-CMO-LSI-FY20 | 1,050,712 |
| <i>Subtotal Expenditures - Assistance Listing 93.658</i> | | | <u>1,908,565</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Adoption Assistance | 93.659 | C2021-CMA-LS004 | 151,151 |
| <i>Passed Through Eckerd Florida:</i> | | | |
| Adoption Assistance | 93.659 | ECA-C13-CMO-LSI-FY20 | 92,968 |
| <i>Subtotal Expenditures - Assistance Listing 93.659</i> | | | <u>244,119</u> |
| <i>Passed Through Kids Central, Inc.:</i> | | | |
| Medical Assistance Program | 93.778 | C2021-CMA-LS004 | 19,475 |
| <i>Subtotal Expenditures - Assistance Listing 93.778</i> | | | <u>19,475</u> |
| <i>Passed Through Central Florida Cares Health System:</i> | | | |
| State Targeted Response to the Opioid Crisis Grant | 93.788 | GHME1 | 139,981 |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| State Targeted Response to the Opioid Crisis Grant | 93.788 | ME028 | 1,477,728 |
| <i>Passed Through Florida Alcohol and Drug Association:</i> | | | |
| State Targeted Response to the Opioid Crisis Grant | 93.788 | 2021/2022 | 306,266 |
| <i>Subtotal Expenditures - Assistance Listing 93.788</i> | | | <u>1,923,975</u> |
| SAMHSA - Section 223 Demonstration Programs to Improve Community Mental Health Services | 93.829 | 6H79SM083272-01M003 | 1,234,163 |
| <i>Subtotal Expenditures - Assistance Listing 93.829</i> | | | <u>1,234,163</u> |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Block Grant for Community Mental Health Services | 93.958 | ME028 | 1,540,089 |
| SAMHSA - Block Grant for Community Mental Health Services | 93.958 | 6H79SM085718-01M001 | 257,343 |
| <i>Subtotal Expenditures - Assistance Listing 93.958</i> | | | <u>1,797,432</u> |
| <i>Passed Through Lutheran Services Florida:</i> | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | ME028 | 3,418,027 |
| <i>Passed Through Central Florida Cares Health System:</i> | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | GHME1 | 65,184 |
| <i>Passed Through Florida Alcohol and Drug Association:</i> | | | |
| Block Grant for Prevention and Treatment of Substance Abuse | 93.959 | 2021/2022 | 167,185 |
| <i>Subtotal Expenditures - Assistance Listing 93.959</i> | | | <u>3,650,396</u> |
| Total U.S. Department of Health and Human Services | | | <u>13,818,343</u> |
| Total Expenditures of Federal Awards | | | <u>14,961,130</u> |

The accompanying notes are an integral part of this schedule.

LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

| Florida/State Agency, Pass-Through Entity Federal Programs/State Projects | CSFA/ Assistance Listing Number | Contract Grant Number | Reimbursable Expenditure |
|--|--|----------------------------------|-------------------------------------|
| State Courts System | | | |
| Florida Alcohol and Drug Abuse Association - Naltrexone | 22.022 | 2021/2022 | \$ 198,825 |
| Medically Assisted Drug Treatment Prograam | 22.030 | 2021/2022 | 102,561 |
| Total State Court System | | | <u>301,386</u> |
| State of Florida Department of Children and Families | | | |
| Public Safety, Mental Health, and Substance Abuse Local Matching Grant | 60.115 | 2021/2022 | 389,500 |
| <i>Passed Through Lutheran Services, Florida:</i> | | | |
| Community Forensic Beds | 60.114 | ME028 | 353,553 |
| Substance Abuse and Mental Health - Crisis Prevention and Stabilization | 60.155 | ME028 | 2,600,000 |
| Centralized Receiving Systems | 60.163 | ME028 | 2,001,686 |
| Total State of Florida Department of Children and Families | | | <u>5,344,739</u> |
| Total Expenditures of State Financial Assistance | | | <u>5,646,125</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 20,607,255</u> |

The accompanying notes are an integral part of this schedule.

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

A. - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal grant and state award activity of LifeStream Behavioral Center, Inc. and Subsidiaries (collectively, the Center) under programs of the Federal government and the State of Florida for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650 of the *Rules of the Auditor General*. Therefore, some amounts in this Schedule may be different from amounts presented in, or used in the preparation of, the general-purpose financial statements.

B. - Summary of Significant Accounting Policies

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

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries’ (collectively, the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Department of Financial Services’ State Project Compliance Supplement*, that could have a direct and material effect on each of the Center’s major federal programs and state projects for the year ended June 30, 2022. The Center’s major federal programs and state projects are identified in summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion the Center’s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650 of the *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 of the *Rules of the Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance Section of our Report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Center’s compliance with the compliance requirements referred to above.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650 of the *Rules of the Auditor General* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650 of the *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650 of the *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal controls over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Purvis Gray

March 31, 2023
Ocala, Florida

**LIFESTREAM BEHAVIORAL CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

Financial Statements

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

Federal Awards and State Projects

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

Identification of Major Federal Programs/State Projects:

Federal Programs:

- U.S. Department of Health and Human Services:
 - Substance Abuse and Mental Health Services Projects of Regional and National Significance (93.243)
 - State Targeted Response to the Opioid Crisis Grant (93.788)
 - SAMHSA - Section 223 Demonstration Programs to Improve Community Mental Health Services (93.829)

State Projects:

- State Department of Children and Families:
 - Substance Abuse and Mental Health - Crisis Prevention and Stabilization (60.155)
 - Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program (60.115)

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

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

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

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

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

Prior Audit Findings

There were no prior year audit findings.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of LifeStream Behavioral Center, Inc. (a non-profit organization) and Subsidiaries (collectively, the Center) which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Purvis Gray

March 31, 2023
Ocala, Florida

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