



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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April 15, 2016

Board of Directors
Life Treatment Centers, Inc.
1402 S. Michigan Street
South Bend, IN 46613

We have reviewed the audit report prepared by Weidner and Company, PC, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Life Treatment Centers, Inc., as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Life Treatment Centers, Inc.
June 30, 2015
Financial Statements



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INDEPENDENT AUDITOR'S REPORT

January 8, 2016

To the Board of Directors
Life Treatment Centers, Inc.
South Bend, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Life Treatment Centers, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The 2014 financial statements of the Organization were audited by Jurgonski & Fredlake CPAs who have ceased operations and whose opinion dated August 21, 2014 expressed an unmodified opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Weidner and Company, P.C.



LIFE TREATMENT CENTERS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash	\$ 349,791	\$ 260,559
Note receivable		36,667
Grants receivable	<u>242,765</u>	<u>161,685</u>
Total current assets	<u>592,556</u>	<u>458,911</u>
Long-term assets:		
Investments	<u>441,408</u>	<u>388,344</u>
Property and equipment:		
Land and buildings	1,526,391	1,523,073
Furniture and equipment	<u>212,146</u>	<u>141,244</u>
Total property and equipment	1,738,537	1,664,317
Less accumulated depreciation	<u>(1,128,575)</u>	<u>(1,089,365)</u>
Property and equipment, net	<u>609,962</u>	<u>574,952</u>
Total long-term assets	<u>1,051,370</u>	<u>963,296</u>
Total assets	<u>\$ 1,643,926</u>	<u>\$ 1,422,207</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 12,526	\$ 10,017
Accrued payroll and benefits	104,693	110,974
Accrued litigation fees	10,000	
Current portion of note payable	2,267	3,564
Current portion of capital lease	<u>6,962</u>	
Total current liabilities	<u>136,448</u>	<u>124,555</u>
Long-term liabilities:		
Note payable		2,267
Capital lease	<u>23,596</u>	
Total long-term liabilities	<u>23,596</u>	<u>2,267</u>
Total liabilities	<u>160,044</u>	<u>126,822</u>
Net Assets:		
Unrestricted	1,473,517	1,284,587
Temporarily restricted	<u>10,365</u>	<u>10,798</u>
Total net assets	<u>1,483,882</u>	<u>1,295,385</u>
Total liabilities and net assets	<u>\$ 1,643,926</u>	<u>\$ 1,422,207</u>



LIFE TREATMENT CENTERS, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2015 and 2014

	2015		2014	
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Unrestricted Net Assets	Temporarily Restricted Net Assets
SUPPORT AND REVENUE				
Support:				
Contributions	\$ 12,746	\$	\$ 12,746	\$
U.S. Department of Housing and Urban Development	225,261		225,261	
NIPSCO Grant	17,000		17,000	
Drug Free Grant				7,700
Emergency Shelter Grant	24,201		24,201	
Fundraising	30,348	10,365	40,713	
Net assets released from restriction	10,798	(10,798)		10,798
Total support	320,354	(433)	319,921	10,798
Revenue:				
Division of Addiction Services	1,271,772		1,271,772	
Department of Veterans' Affairs	503,774		503,774	
Program service fees	108,144		108,144	
Net realized gains	4,326		4,326	
Net unrealized gains	6,158		6,158	
Interest income, net of investment expenses	580		580	
Rent revenue	21,600		21,600	
Other	32,931		32,931	
Total revenue	1,949,285		1,949,285	
Total support and revenue	2,269,639	(433)	2,269,206	10,798
EXPENSES				
Residential and treatment program	1,534,695		1,534,695	
Administrative and supporting services	477,496		477,496	
Fundraising	68,518		68,518	
Total expenses	2,080,709		2,080,709	
Change in net assets	188,930	(433)	188,497	10,798
Net assets at beginning of year	1,284,587	10,798	1,295,385	1,111,458
Net assets at end of year	\$ 1,473,517	\$ 10,365	\$ 1,483,882	\$ 10,798
				\$ 1,295,385



LIFE TREATMENT CENTERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2015 and 2014

	2015	2014
Residential and treatment program		
Salaries and wages	\$ 947,042	\$ 1,012,662
Payroll taxes	78,039	87,409
Benefits	155,901	159,905
Insurance	33,037	26,292
Repairs and maintenance	21,023	38,335
Utilities	59,638	68,728
Telephone	13,368	21,180
Auto	20,920	26,969
Depreciation	47,010	33,899
Food	53,487	58,062
Supplies	18,627	26,057
Medical supplies	518	1,208
Medical consultants	12,696	14,919
Educational supplies	887	
Drug screening	3,613	2,247
Staff training	3,037	3,646
Interest	1,108	7,022
Security	23,014	15,203
Grant expense to subrecipient	22,627	23,656 *
Other costs	19,103	24,937
	\$ 1,534,695	\$ 1,652,336
Administrative and supporting services		
Salaries and wages	\$ 300,448	\$ 157,119
Payroll taxes	24,758	10,939
Benefits	49,431	20,030
Insurance	9,595	5,008
Office supplies	10,588	13,841
Dues and subscriptions	1,353	1,786
Professional fees	25,620	13,864
Postage	2,202	2,484
ASPIN administration fee	15,000	15,000
Other costs	38,501	45,298
	\$ 477,496	\$ 285,369
Fundraising		
Salaries and wages	\$ 36,481	\$ 61,950
Payroll taxes	3,006	4,313
Benefits	6,002	7,897
Other costs	23,029	21,217
	\$ 68,518	\$ 95,377

* Amounts have been reclassified to conform to classifications adopted in 2015.



LIFE TREATMENT CENTERS, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 188,497</u>	<u>\$ 183,927</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,010	33,899
Net realized gains	(4,326)	(4,914)
Net unrealized gains	(6,158)	(9,859)
(Gain) loss on sale of asset available for sale	(700)	7,438
Change in assets (increase) decrease:		
Note receivable	36,667	
Grants receivable	(81,080)	(40,749)
Change in liabilities increase (decrease):		
Accounts payable	2,509	1,847
Accrued payroll and benefits	(6,281)	2,462
Accrued litigation fees	10,000	
Total adjustments	<u>(2,359)</u>	<u>(9,876)</u>
Net cash provided by operating activities	<u>186,138</u>	<u>174,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of asset available for sale		95,395
Proceeds from sale of assets	700	
Proceeds from sale of investments	185,282	86,951
Proceeds from certificate of deposit		25,019
Purchase of property and equipment	(45,831)	(29,223)
Purchase of investments	<u>(227,862)</u>	<u>(266,868)</u>
Net cash used in investing activities	<u>(87,711)</u>	<u>(88,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(3,564)	(127,014)
Capital lease principal payments	<u>(5,631)</u>	
Net cash used in financing activities	<u>(9,195)</u>	<u>(127,014)</u>
Net increase (decrease) in cash	89,232	(41,689)
Cash at beginning of year	<u>260,559</u>	<u>302,248</u>
Cash at end of year	<u>\$ 349,791</u>	<u>\$ 260,559</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 1,108	\$ 7,022
Supplemental disclosure of noncash investing activities:		
Note receivable	\$	\$ 36,667

In 2015 a capital lease obligation of \$36,189 was incurred when the Organization entered into a lease for equipment.



LIFE TREATMENT CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities - Life Treatment Centers, Inc. (the Organization) is a not for profit organization providing treatment and rehabilitation to persons affected by substance abuse who otherwise could not afford treatment. It accomplishes this objective by creating a total program for the substance abuser to enhance spiritual growth and provide intervention, education, treatment, and re-socialization. Programs include detoxification, residential treatment, transitional residential services, intensive outpatient treatment, gambling addiction, and drug and alcohol education. These programs provide services primarily in St. Joseph and Elkhart Counties in Indiana. Funding is provided primarily by government grants, fees for service, and contributions.

Significant Accounting Policies

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards. In accordance with accounting principles generally accepted in the United States of America (GAAP), the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Reflect assets which have not been restricted as to use by donors. A designation within this asset group represents assets restricted by the Board of Directors.

Temporarily Restricted Net Assets – Reflect contributed assets whose use by the Organization has been limited by donors for a specific time period or purpose.

Permanently Restricted Net Assets – Reflect contributions with donor imposed restrictions which do not expire and which allow, in certain cases, only the income earned thereon to be expended by the Organization.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program, administrative and supporting services, and fundraising.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

Note Receivable – The Organization had a note receivable from the sale of real estate that was held for sale at the end of 2013. Final payment was received January 12, 2015.



LIFE TREATMENT CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Grants Receivable – Support received under governmental grants is recorded based on expenses incurred or based on a fixed rate. Grants receivable represents amounts due for expenses incurred or units serviced prior to year end, and are considered fully collectible by management.

Contributions - Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years of experience and management's analysis of specific promises made.

Capital Lease - The cost of the capital lease is included in equipment. Amortization of the lease is included in depreciation expense. The capitalized cost and accumulated amortization are \$36,189 and \$6,032, respectively, at June 30, 2015.

Property and Equipment – Property and equipment received as a donation is recorded at fair market value as of the date received. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed on the straight line method over the estimated useful lives of the assets as follows:

Buildings	10 to 40 years
Furniture and equipment	5 to 15 years

Volunteer Services – The Organization has a number of unpaid volunteers that have made significant contributions of their time to the Organization. The value of the contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under GAAP.



LIFE TREATMENT CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Income Taxes – The Organization's policy is to record an unrecognized tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the tax authorities. Interest and penalties related to gross unrecognized tax benefits would be included within the provision for income taxes. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued would be reduced in the period that such determination is made and reflected as a reduction of the overall income tax provision. The Organization files a federal and an Indiana not-for-profit state income tax return. Management believes the tax years that remain subject to examination by the federal and Indiana tax jurisdictions date back to the year ended June 30, 2012.

Subsequent Events – The Organization has evaluated subsequent events for recognition and disclosure through January 8, 2016, which is the date the Organization's financial statements were available to be issued.

Note 2. Support from Major Funding Sources/Concentrations of Credit Risk

The Organization receives a substantial amount of its support from federal, state, and local agencies. A significant reduction in the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3. Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar section of the Indiana tax law. Accordingly, no provision has been made for federal or state income taxes.

Note 4. Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.



LIFE TREATMENT CENTERS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4. Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis are summarized below:

Fair Value Measurements at June 30, 2015				
	Level 1	Level 2	Level 3	Total
Cash	\$ 230,032	\$	\$	\$ 230,032
Mutual funds	22,838			22,838
Exchange traded funds	13,314			13,314
Consumer goods	31,804			31,804
Financial	44,954			44,954
Healthcare	42,962			42,962
Industrial Goods	8,874			8,874
Services	25,200			25,200
Technologies	21,430			21,430
	\$ 441,408	\$	\$	\$ 441,408

Fair Value Measurements at June 30, 2014				
	Level 1	Level 2	Level 3	Total
Cash	\$ 224,852	\$	\$	\$ 224,852
Mutual funds	44,736			44,736
Consumer discretionary	18,203			18,203
Consumer supplies	9,241			9,241
Energy	8,481			8,481
Entertainment	6,173			6,173
Financials	16,061			16,061
Healthcare	21,688			21,688
Industrials	16,668			16,668
Information technology	5,204			5,204
Materials	3,771			3,771
Telecom	13,266			13,266
	\$ 388,344	\$	\$	\$ 388,344

Unrealized gains or losses on investments are recorded in the Statements of Activities.

Note 5. Leases

The Organization entered into a one year lease agreement with a tenant that expires in January 2016. The tenant owes rent on the first of each month in equal installments of \$1,800. Future minimum rentals on non-cancellable leases at June 30, 2015 is \$12,600.

Note 6. Note Payable

The Organization has an unsecured, non-interest bearing, note payable to the City of South Bend of \$2,267, at June 30, 2015. The Organization makes monthly payments of \$324. Final payment is due January 2016.

The schedule of principal payments of long-term debt for the year ending June 30 is as follows:

2016	\$	2,267
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LIFE TREATMENT CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Lease

In September 2014, the Company entered into a 60 month capital lease for equipment. The agreement requires monthly payments of \$654 including interest at 3.25%. The lease is secured by the equipment.

At June 30, 2015 the aggregate minimum lease commitments are approximately as follows for the years ended June 30:

	2016	\$	7,852	
	2017		7,852	
	2018		7,852	
	2019		7,852	
	2020		1,309	
	Total		32,717	
Less – amount representing interest			(2,159)	
Capital lease obligation recorded as debt		\$	30,558	

Note 8. Retirement Plan

The Organization contributes to a simplified employee pension plan for substantially all employees. The amount of the contribution to the plan is at the discretion of the Board of Directors of the Organization and is a percentage of employee salaries. The Organization contributed \$20,896 and \$21,940 for the years ended June 30, 2015 and 2014, respectively. The Organization also established an Employee Tax Deferred Savings Plan under Internal Revenue Code Section 403(b). Employees may choose to contribute to the plan at their discretion through pre tax payroll deductions.

Note 9. In-kind and Non-cash Donations

The Organization received in-kind and non-cash donations of kitchen equipment of \$2,500 for the year ended June 30, 2015 and \$700 of computer equipment for the year ended June 30, 2014.

Note 10. Lease Commitments

The Organization has entered into various operating leases primarily for office equipment, with monthly payments ranging from \$140 to \$310 per month with initial lease terms ranging from 39 to 60 months. The lease expense for these leases was \$5,400 and \$11,821 for the years ended June 30, 2015 and 2014, respectively. The following schedule presents the approximate future minimum lease payments under the leases for the years ended June 30:

	2016	\$	3,720	
	2017		310	
	Total	\$	4,030	

Note 11. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



LIFE TREATMENT CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 12. Contingencies

Under the terms of federal, state, and local grants, periodic audits are required and certain costs may be challenged as to allowability under the terms of the grants. Grant resources are expendable only for operating purposes specified by the grant. Such audits could lead to reimbursement of the grantor agencies. However, management is of the opinion that the risk of material disallowance is remote. Therefore, no provision for contingencies has been reflected in the financial statements.

Note 13. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2015 and 2014 are restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
For future period:		
Special events	<u>\$ 10,365</u>	<u>\$ 10,798</u>



LIFE TREATMENT CENTERS, INC.

SCHEDULE OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor / Pass Through Grantor/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Number</u>	<u>2015 Disbursements/ Expenditures</u>
U.S. Department of Health and Human Services			
<u>Passed through Affiliated Service Providers of Indiana, Inc. (ASPIN)</u>			
Prevention and Treatment of Substance Abuse	93.959	49-15-HO-1274	\$ <u>929,742</u>
<u>Passed through InteCare, Inc.</u>			
Prevention and Treatment of Substance Abuse	93.959		<u>108,184</u>
Subtotal Prevention and Treatment of Substance Abuse			<u>1,037,926</u>
<u>Passed through Indiana Family and Social Services Administration, Division of Family and Children</u>			
Access to Recovery	93.275		<u>4,796</u>
U.S. Department of Housing and Urban Development (HUD)			
Supportive Housing Program-Transitional Housing	14.235	IN0008L5H001306	44,054
Supportive Housing Program-Transitional Housing	14.235	IN0145B5H001100	9,613
Supportive Housing Program-Transitional Housing	14.235	IN0008B5H001104	22,627
Supportive Housing Program-Transitional Housing	14.235	IN0145L5H001301	<u>148,967</u>
Subtotal Supportive Housing Program			<u>225,261</u>
<u>Passed-through City of South Bend</u>			
Emergency Shelter Grant (ESG)	14.231	14-JE-03	<u>24,201</u>
U.S. Department of Veterans Affairs			
Homeless Veteran Housing for NIHCS		VA251-12-D-0126	<u>503,774</u>
Total federal awards			<u>\$ 1,795,958</u>

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.





**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**

January 8, 2016

To the Board of Directors
Life Treatment Centers, Inc.
South Bend, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Life Treatment Centers, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Weidner and Company, P.C.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

January 8, 2016

To the Board of Directors
Life Treatment Centers, Inc.
South Bend, Indiana

Report on Compliance for Each Major Federal Program

We have audited Life Treatment Centers, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Organization 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 for the year ended June 30, 2015.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Weidner and Company, P.C.



LIFE TREATMENT CENTERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS:

- a. The auditor's report expresses an unmodified opinion on the financial statements of Life Treatment Centers, Inc. for the year ended June 30, 2015.
- b. No significant deficiencies relating to the audit of the financial statements are reported in this schedule.
- c. No instances of noncompliance material to the financial statements of Life Treatment Centers, Inc., which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
- d. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in this schedule.
- e. The auditor's report on compliance for the major federal award program for Life Treatment Centers, Inc. expresses an unmodified opinion on the major federal program.
- f. The program tested as a major program: -- Prevention and Treatment of Substance Abuse cluster (CFDA #93.959).
- g. The threshold used for distinguishing between Type A and B programs was \$300,000.
- h. Life Treatment Centers, Inc. was determined to be a low risk auditee.
- i. There were no audit findings required to be disclosed under OMB Circular A-133 Section 510(a).

2. Findings related to the financial statements which are required to be reported in accordance with GAGAS:

None.

3. Findings and questioned costs for federal awards including audit findings as defined in OMB Circular A-133 Section 510(a):

None.



LIFE TREATMENT CENTERS, INC.

SUMMARY OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2014

There were no prior year audit findings.

