

**CENPATICO BEHAVIORAL HEALTH  
OF ARIZONA, LLC AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS,  
SUPPLEMENTAL INFORMATION AND  
OMB CIRCULAR A-133 SUPPLEMENTARY REPORTS**

For the Years Ended September 30, 2015 and 2014

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND OMB CIRCULAR A-133 SUPPLEMENTARY REPORTS

For the Years Ended September 30, 2015 and 2014

### CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	3
Consolidated Statements of Activities	4
Consolidated Statements of Member's Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 17
SUPPLEMENTAL SCHEDULES	
Independent Auditors' Report on Supplemental Schedules	18
Schedule 1 – Supplemental Schedule of Activities – GSA 2, GSA 3, and GSA 4	19 - 20
Schedule 2 – Supplemental Schedule of Activities – GSA 2	21 - 22
Schedule 3 – Supplemental Schedule of Activities – GSA 3	23 - 24
Schedule 4 – Supplemental Schedule of Activities – GSA 4	25 - 26
Schedule 5 – Supplemental Schedule of Activities – Disclosures - GSA 2, GSA 3, and GSA 4	27 - 28
Schedule 6 – Supplemental Schedule of Activities – Disclosures - GSA 2	29 - 30
Schedule 7 – Supplemental Schedule of Activities – Disclosures - GSA 3	31 - 32
Schedule 8 – Supplemental Schedule of Activities – Disclosures - GSA 4	33 - 34
Consolidating Balance Sheet	35
Consolidating Statement of Activities	36
OMB CIRCULAR A-133 SUPPLEMENTARY REPORTS	
Schedule of Expenditures of Federal Awards	37
Notes to the Schedule of Expenditures of Federal Awards	38
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39 - 40
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133	41 - 42
Schedule of Findings and Questioned Costs	43 - 44



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### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of

#### **CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

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

We have audited the accompanying consolidated financial statements of ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary***, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of activities, member's equity and cash flows for the years ended September 30, 2015 and 2014, and the related notes to the consolidated financial statements.

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

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

##### ***Auditors' Responsibility***

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

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

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** as of September 30, 2015 and 2014, and the results of their operations and their cash flows for the years ended September 30, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Supplemental and Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities presented on pages 35 and 36 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial information and results of operations of the individual entities, and are not a required part of the consolidated financial statements. 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 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 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 consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016 on our consideration of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's** internal control over financial reporting and on our tests of their 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 **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's** internal control over financial reporting and compliance.



Phoenix, Arizona  
January 27, 2016

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 61,429,997	\$ 32,580,620
Accounts receivable	4,219,387	2,876,316
Accrued interest income	12,304	8,919
Prepaid expenses	1,469,670	797,704
Deferred income tax asset	3,412,414	2,780,416
TOTAL CURRENT ASSETS	70,543,772	39,043,975
PROPERTY AND EQUIPMENT, net	992,568	234,302
INVESTMENTS	2,026,313	1,500,000
DEPOSITS	131,030	69,270
TOTAL ASSETS	<u>\$ 73,693,683</u>	<u>\$ 40,847,547</u>
<b><u>LIABILITIES AND MEMBER'S EQUITY</u></b>		
CURRENT LIABILITIES		
Payable to providers	\$ 13,384,158	\$ 11,434,798
Payable to Arizona Department of Health Services	5,471,648	462
Accounts payable and accrued expenses	1,568,889	1,084,862
Due to affiliated companies	7,047,134	605,005
Income tax payable	4,849,842	3,356,727
Deferred revenue	-	13,900
TOTAL CURRENT LIABILITIES	32,321,671	16,495,754
DEFERRED INCOME TAX LIABILITY	11,467	36,023
OTHER LIABILITIES	17,828	32,346
TOTAL LIABILITIES	32,350,966	16,564,123
MEMBER'S EQUITY		
Controlling interests	39,831,478	24,283,424
Non-controlling interests	1,511,239	-
TOTAL MEMBER'S EQUITY	41,342,717	24,283,424
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 73,693,683</u>	<u>\$ 40,847,547</u>

See Notes to Financial Statements

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
REVENUES		
Arizona Department of Health Services	\$ 205,065,612	\$ 170,944,540
Health insurer fee premium revenue	4,764,355	2,452,953
Interest income	181,460	163,911
Other	<u>936,792</u>	<u>1,032,282</u>
TOTAL REVENUES	<u>210,948,219</u>	<u>174,593,686</u>
EXPENSES		
Program services	177,477,281	150,640,066
General and administrative	18,801,248	12,096,275
Health insurer fee	<u>2,958,852</u>	<u>1,642,250</u>
TOTAL EXPENSES	<u>199,237,381</u>	<u>164,378,591</u>
NET INCOME BEFORE INCOME TAXES	11,710,838	10,215,095
INCOME TAX PROVISION	<u>5,558,085</u>	<u>4,554,088</u>
NET INCOME	6,152,753	5,661,007
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	<u>(670,023)</u>	<u>-</u>
NET INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	<u>\$ 6,822,776</u>	<u>\$ 5,661,007</u>

See Notes to Financial Statements

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**

For the Years Ended September 30, 2015 and 2014

	<u>Investment by Centene Corporation</u>	<u>Investment by Non-Controlling Interests</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, September 30, 2013	\$ 9,200,000	\$ -	\$ 13,422,417	\$ 22,622,417
Member distribution	-	-	(4,000,000)	(4,000,000)
Net income	<u>-</u>	<u>-</u>	<u>5,661,007</u>	<u>5,661,007</u>
Balance, September 30, 2014	9,200,000	-	15,083,424	24,283,424
Member contributions	8,725,278	-	-	8,725,278
Contributions from non-controlling interests	-	2,181,262	-	2,181,262
Net income (loss)	<u>-</u>	<u>(670,023)</u>	<u>6,822,776</u>	<u>6,152,753</u>
Balance, September 30, 2015	<u>\$ 17,925,278</u>	<u>\$ 1,511,239</u>	<u>\$ 21,906,200</u>	<u>\$ 41,342,717</u>

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 6,152,753	\$ 5,661,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	146,862	111,487
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(1,343,071)	715,687
Accrued interest income	(3,385)	(84)
Prepaid expenses	(671,966)	(662,075)
Deferred income tax asset	(631,998)	356,548
Increase (decrease) in:		
Payable to providers	1,949,360	589,482
Payable to Arizona Department of Health Services	5,471,186	(4,499,786)
Accounts payable and accrued expenses	484,027	376,460
Due to affiliated companies	6,442,129	63,019
Income tax payable	1,493,115	(1,615,189)
Deferred revenue	(13,900)	13,900
Deferred income tax liability	(24,556)	(21,679)
Other liabilities	(14,518)	(13,863)
Net cash provided by operating activities	19,436,038	1,074,914
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(905,128)	(1,380)
Purchase of investments	(526,313)	-
Increase in deposits	(61,760)	-
Net cash used in investing activities	(1,493,201)	(1,380)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Member distribution	-	(4,000,000)
Member contributions	8,725,278	-
Contributions from non-controlling interests	2,181,262	-
Net cash provided by (used in) financing activities	10,906,540	(4,000,000)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	28,849,377	(2,926,466)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	32,580,620	35,507,086
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 61,429,997</b>	<b>\$ 32,580,620</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Income taxes paid	\$ 4,623,869	\$ 5,834,369

See Notes to Financial Statements



# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (1) Company operations and summary of significant accounting policies

**Nature of operations** - Effective March 11, 2005, *Cenpatico Behavioral Health of Arizona, LLC* (Cenpatico), was incorporated in the State of Arizona. On July 9, 2012, the Company changed their name from Cenpatico Behavioral Health of Arizona, LLC to Cenpatico of Arizona, LLC. Subsequently, on December 10, 2012, the Company changed their name back to *Cenpatico Behavioral Health of Arizona, LLC*. Located in Tempe, Arizona, Cenpatico is a comprehensive behavioral health solutions company. Cenpatico is wholly owned by CenCorp Health Solutions, a subsidiary of Centene Corporation (Centene). Cenpatico was initially funded through a \$6.2 million capital contribution from Centene.

Through a contract with the Arizona Department of Health Services (ADHS), which expired September 30, 2013, with two optional one year extensions, Cenpatico has been designated as the Regional Behavioral Health Authority (RBHA) for the geographic service areas (GSA) of Yuma, La Paz, Gila, Pinal, Cochise, Graham, Greenlee and Santa Cruz counties (GSA 2, 3 and 4). The contract was subsequently renewed through September 30, 2015 and was not subsequently renewed.

Cenpatico is responsible for managing and maintaining an organized, comprehensive behavioral healthcare delivery system for the benefit of eligible members within its geographic service area. Substantially all of Cenpatico's revenues are from its contract with ADHS.

Cenpatico functions as a behavioral health management organization and, except for member services functions and limited utilization management functions, does not provide direct healthcare services to eligible members. Direct behavioral healthcare services are provided to eligible members by a network of subcontracted providers.

Cenpatico's contract with ADHS ended September 30, 2015. Upon the conclusion of Cenpatico's contract with ADHS, the operations of Cenpatico entered a run-out phase for claims relating to operations in effect prior to that date, which will continue as long as required by ADHS.

In December 2012, Cenpatico of Arizona, Inc. (COA) was incorporated in the State of Arizona as a wholly owned subsidiary of Cenpatico. COA was organized to coordinate the delivery of health care services to persons eligible to receive medically necessary services. Through October 2014, COA did not perform services and had no activity. In October 2014, COA entered into a Plan Collaboration Agreement (the Agreement) with Cenpatico and the University of Arizona Health Plans – Family Care, Inc. and the University of Arizona Health Plans – University Care Advantage, Inc. (collectively, the University of Arizona Health Network) to create an equity based joint venture in order to service a contract between COA and ADHS for the delivery of health care services to eligible persons pursuant to the Greater Arizona Request for Proposal (RFP) issued by ADHS in July 2014 (see below). Pursuant to the Agreement, COA issued to the University of Arizona Health Network shares of common stock of COA in an amount equal to 20% of the total issued and outstanding COA shares in exchange for \$2,181,262. Cenpatico retained 80% ownership in COA. All conditions in the Agreement were subject to COA being awarded the contract with ADHS as a result of the RFP.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (1) Company operations and summary of significant accounting policies (continued)

In July 2014, ADHS released the RFP for Integrated Care. The RFP will create a specialty Regional Behavioral Health Authority (RBHA) model for Medicaid members having serious mental illness and will continue traditional RBHA services for other populations. The RFP encompasses fourteen counties outside of the greater Phoenix area (Maricopa County) and was split into two Geographic Service Areas (GSAs). The South GSA includes the following counties: Cochise, Graham, Greenlee, La Paz, Pima, Pinal, Santa Cruz and Yuma counties. On December 18, 2014, The Arizona Department of Health Services awarded the Southern Arizona Integrated RBHA contract to Cenpatico of Arizona, Inc. d/b/a. Cenpatico Integrated Care (CIC). The contract has an initial three year term with two-two year renewal options for a potential maximum length of 7 years. The allowable administrative overhead on the new contract and the allowable services profit have been raised to 8% and 4%, respectively. The contract began on October 1, 2015 and is being operated under CIC under the Agreement between Cenpatico and the University of Arizona Health Network. Through September 30, 2015, CIC primarily incurred expenses related to the RFP and contract implementation. Prior to October 1, 2015, CIC generated no revenue, other than investment income.

The Financial Accounting Standards Board (FASB) sets accounting principles generally accepted in the United States of America (GAAP) to ensure consistent reporting. References to GAAP are to the *FASB Accounting Standards Codification* (FASB ASC).

**Principles of consolidation** - The accompanying consolidated financial statements include the amounts of Cenpatico Behavioral Health of Arizona, LLC and its 80% owned subsidiary, Cenpatico of Arizona, Inc. d/b/a Cenpatico Integrated Care (collectively, Cenpatico or the Company). All significant intercompany amounts and transactions have been eliminated in consolidation.

The significant accounting policies followed by the Company are as follows:

**Management's use of estimates** - The preparation of consolidated 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and cash equivalents** - Cash includes cash deposits in banks and cash equivalents. Cenpatico considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2015 and 2014, cash and cash equivalents consisted of cash and money market accounts.

**Investments** - Investments are classified as held to maturity and are carried at amortized cost. Unrealized gains and losses on investments available for sale, if any, are excluded from earnings and reported as a separate component of member's equity, net of income tax effects. Premiums and discounts are amortized or accreted over the life of the related security using the effective interest method. Cenpatico monitors the difference between the cost and fair value of investments. Investments that experience a decline in value that is judged to be other than temporary are written down to fair value and a realized loss is recorded in investment income. To calculate realized gains and losses on the sale of investments, Cenpatico uses the specific amortized cost of each investment sold. Realized gains and losses are recorded in investment income.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (1) Company operations and summary of significant accounting policies (continued)

As of September 30, 2015 and 2014, investments consisted primarily of municipal bonds valued at the principal amount of the bonds and U.S. Treasury Notes which are valued at amortized cost. There were no realized or unrealized gains or losses on investments recorded for the years ended September 30, 2015 and 2014.

**Property and equipment** - Property and equipment is recorded at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$5,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the following general range of estimated useful lives:

	<u>Estimated Useful Lives</u>
Furniture and equipment	5 - 7 years
Leasehold improvements	1 - 10 years
Computer hardware and software	3 - 5 years

**Impairment of long-lived assets** - Cenpatico accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of cost or fair value less costs to sell. No impairment charges were recorded for the years ended September 30, 2015 and 2014.

**Payable to providers** - Cenpatico compensates providers for authorized behavioral healthcare and substance abuse services to covered beneficiaries. Cenpatico uses a variety of methods to estimate the amounts payable to providers including authorizations for services to be provided, payments to be made under contract arrangements currently in force, and correspondence with significant providers to ascertain the level of care being provided to beneficiaries for which a claim has not yet been submitted.

The liability for payable to providers includes estimates of amounts due on reported claims and claims that have been incurred but were not reported as of September 30, 2015 and 2014. Such liabilities represent Cenpatico's best estimate of amounts that are reasonable and adequate to discharge Cenpatico's obligations for claims incurred but unpaid as of September 30, 2015 and 2014. Such estimates are, however, subject to a significant degree of inherent variability. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in each period when necessary.

**Revenue recognition** - Cenpatico receives substantially all of its revenue from its contract with ADHS. Contract revenues include funds for behavioral healthcare services and prevention programs for youth and seriously mentally ill (SMI) adult and general mental health/substance abuse populations under three major types of revenue sources: Medicaid (Title XIX), Non-Medicaid (Non-Title XIX) and KidsCare (Title XXI). Contract revenue is recognized in the period for which Cenpatico is obligated to provide covered services. Deferred revenue relates to grant amounts received in the current year that cannot be recognized until certain terms are met. As of September 30, 2015 and 2014, Cenpatico reported \$0 and \$13,900 of deferred revenue, respectively. Contract revenue is also limited by the terms of the Contract to a maximum profit percentage of 3%. Refer to Note 9 for additional information surrounding contractual revenue adjustments for the years presented.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

(1) **Company operations and summary of significant accounting policies (continued)**

**Title XIX Revenue** - The Contract with ADHS requires Cenpatico to provide behavioral healthcare services to all eligible enrollees within its geographic service areas. Under this agreement, Cenpatico receives monthly capitation payments from ADHS based on a capitated rate and the number of Title XIX Arizona Health Care Cost Containment System (AHCCCS) enrollees eligible for covered services during that month. Payments received under capitation are subject to risk and Cenpatico assumes the risk for claims in excess of these payments. Capitation premiums are recognized as earned over the period that enrollees are entitled to services.

**Title XXI Revenue** - The Contract with ADHS requires Cenpatico to provide behavioral healthcare services to all eligible enrollees within its geographic service areas. Under this agreement, Cenpatico receives monthly capitation payments from ADHS based on a capitated rate and the number of Title XXI AHCCCS enrollees eligible for covered services during that month. These capitated payments are accounted for as described above.

**Non-Title XIX Revenue** - The Contract with ADHS provides for payment to Cenpatico monthly, subject to timing of funding availability under the ADHS Non-Title XIX and Subvention programs. These programs provide behavioral healthcare services to lower income uninsured or underinsured individuals not eligible for behavioral healthcare coverage under Title XIX/Title XXI or those services not covered by Medicaid for eligible Title XIX/Title XXI enrolled individuals. Non-Title XIX and Subvention programs are funded through a combination of federal mental health block and substance abuse grant funds and State of Arizona appropriated funds administered by ADHS.

**Healthcare service cost recognition** - Cenpatico contracts with various at-risk providers for the provision of a full range of behavioral healthcare services to eligible adults and children for Title XIX, Title XXI and Non-Title XIX programs. Healthcare services are purchased under fee-for-service or block purchase arrangements. Fee-for-service contract expenses are accrued as incurred. Healthcare services provided under block purchase arrangements are accrued based upon contract terms. From time to time, Cenpatico amends their provider contracts. The effects of these amendments are recorded in the period in which the amendment was executed.

Cenpatico receives pharmacy rebates for volume-based utilization of certain medications. These rebates are recorded when earned as a reduction of program services expense. For the years ended September 30, 2015 and 2014 pharmacy rebates totaled approximately \$321,000 and \$156,000, respectively.

**Health insurer fee** - Under the Patient Protection and Affordable Care Act (ACA), Cenpatico qualifies as a covered entity of a controlled group engaged in providing health insurance for U.S. health risks. Centene is the designated entity of the controlled group and must pool the premiums of all its subsidiaries to calculate its premium for purposes of determining its share of the health insurer fee under ACA provision 9010. This fee is effective for entities providing health insurance on or after January 1, 2014.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (1) Company operations and summary of significant accounting policies (continued)

The annual fee equals net premiums written for health insurance U.S. health risks during the applicable 'fee year' divided by aggregate net premiums written for health insurance of U.S. health risks of all covered entities during the applicable "fee year" multiplied by the annual applicable amount as seen below:

<u>Fee Year</u>	<u>Applicable Amount</u>
2014	\$ 8,000,000,000
2015	\$ 11,300,000,000
2016	\$ 11,300,000,000
2017	\$ 13,900,000,000
2018	\$ 14,300,000,000
2019 and thereafter	The applicable amount in the preceding fee year increased by the rate of premium growth.

As the designated entity of the controlled group, Centene passes the fee down to its subsidiaries based on an allocation of net premiums written. The health insurer fee is considered an excise tax and thus is nondeductible for income tax purposes. Cenpatico funded approximately \$3,200,000 and \$2,200,000 to Centene in September 2015 and 2014, respectively, to pay the fee for the years ended December 31, 2015 and 2014, respectively. As a result, at September 30, 2015 and 2014, \$803,812 and \$547,416, respectively, of health insurer fees are included in prepaid expenses in the accompanying consolidated balance sheet. The State of Arizona has agreed to assist the health insurers with this fee by adjusting the contract premiums by an amount that approximates the Title XIX/XXI annual fee grossed up by the Company's effective tax rate. Accordingly, at September 30, 2015 and 2014, Cenpatico has recorded receivables from ADHS of approximately \$3,947,000 and \$2,453,000, respectively, related to the health insurer fee which are included in accounts receivable.

**Expense allocation** - Certain direct, indirect and administrative expenses are incurred which benefit more than one program. Such common expenses are allocated based upon an ADHS approved cost allocation plan as submitted by Cenpatico, which is primarily based upon enrollment, claims and costs by lines of business.

**Income taxes** - The Company accounts for income taxes using FASB ASC 740, *Accounting for Income Taxes*. Under FASB ASC 740, deferred federal and state income taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Valuation allowances are established when necessary to reduce deferred tax assets to the extent they are not realizable based on the Company's deductible temporary difference reversals, taxable income in its carryback period, its surplus, and the existence of taxable temporary differences. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Company considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior year carryback periods and tax planning strategies.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (1) Company operations and summary of significant accounting policies (continued)

The Company's policy is to classify income tax penalties and interest as income tax expense in its financial statements. During the years ended September 30, 2015 and 2014, the Company incurred no penalties or interest.

Cenpatico evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Company's federal Income Tax Returns (Form 1120) for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the 2015 income tax return had not yet been filed.

**Subsequent events** - Cenpatico has evaluated subsequent events through January 27, 2016, which is the date the consolidated financial statements were available to be issued.

### (2) Contract performance bond

In accordance with the terms of its contract with ADHS, Cenpatico is required to post a performance bond with ADHS equal to 110% of the first monthly ADHS payment to Cenpatico each fiscal year based on gross capitation payments, as specified in the contract. The amount of the bond is subject to adjustment as certain conditions change and its method of calculation is specified in the contract. The actual amount is reset each year upon expiration. The performance bond must be maintained to guarantee payment of Cenpatico's obligations under the contract. The performance bond requirement was \$16,775,313 and \$14,371,655 for the years ended September 30, 2015 and 2014, respectively, which was met through the purchase of a surety bond. Effective June 1, 2015, ADHS increased Cenpatico's performance bond requirement to \$20,097,906, which was met by Cenpatico through an amendment to the surety bond, which was subsequently renewed through September 30, 2015. The bonding requirement for Cenpatico is extended through September 30, 2016. Effective October 1, 2015, CIC is required to maintain a performance bond in the amount of \$51,863,264, which was met through the purchase of a surety bond.

### (3) Accounts receivable

Accounts receivable consists of the following at September 30:

	<u>2015</u>	<u>2014</u>
Arizona Department of Health Services	\$ 4,029,323	\$ 2,468,336
Provider receivables	100,000	337,652
Pharmacy rebates	90,064	70,328
Total	<u>\$ 4,219,387</u>	<u>\$ 2,876,316</u>

Accounts receivable from providers represents amounts paid to providers prior to contract adjustments made near the end of the fiscal year for various block providers. All amounts due from providers are expected to be collected within one year.

Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2015 and 2014, accounts receivable are considered by management to be fully collectible and, accordingly, an allowance for doubtful accounts has not been provided.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (4) Property and equipment

Property and equipment consists of the following at September 30:	<b>2015</b>	<b>2014</b>
Furniture and equipment	\$ 739,956	\$ 609,380
Leasehold improvements	691,331	691,331
Computer hardware	582,392	167,274
Computer software	182,905	66,149
Construction in progress	214,454	-
Total cost	2,411,038	1,534,134
Accumulated depreciation and amortization	(1,418,470)	(1,299,832)
Net property and equipment	\$ 992,568	\$ 234,302

Depreciation and amortization expense charged to operations was \$146,862 and \$111,487 for the years ended September 30, 2015 and 2014, respectively.

As of September 30, 2015, construction in progress consisted of certain building improvements related to CIC which are expected to be completed in contract year 2016.

### (5) Income taxes

Federal income tax returns are filed on a consolidated basis with Centene, the parent corporation, and other subsidiaries. A provision (benefit) for income taxes has been provided for under a separate return method. This results in each component company of the consolidated group showing tax expense (benefit) solely on the results of its own operations. Current taxes which would have been due on a separate company basis have either been paid to or will be paid to the parent company. Deferred income tax assets and liabilities are computed based upon cumulative temporary differences in financial reporting and taxable income based on enacted tax law in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets result from reserves established for financial reporting purposes but are not deductible for tax purposes. Income tax benefits provided by the Company to the consolidated group as a result of utilizing operating losses will be reimbursed by the parent corporation pursuant to a signed agreement between the companies. The income tax expense (benefit) consists of the following for the years ended September 30, 2015 and 2014:

Income tax provision as of September 30:	<b>2015</b>	<b>2014</b>
Federal	\$ 5,763,256	\$ 3,908,364
State and local	451,383	310,816
Total current provision	6,214,639	4,219,180
Deferred provision (benefit)	(656,554)	334,908
Total provision for income taxes	\$ 5,558,085	\$ 4,554,088

As of September 30, 2015 and 2014, the current deferred tax assets consist primarily of amounts payable to providers which are not currently deductible for tax purposes. The deferred tax liability represents the difference between GAAP and tax depreciation.

The effective tax rate is different than the amount that would be computed by applying the United States corporate income tax rate to the income before income taxes. The differences for the years ended September 30, 2015 and 2014 are due primarily to the health insurer fee and tax exempt interest.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (6) Related-party transactions

Centene, CenCorp Health Solutions and affiliated companies provide administrative and other services to Cenpatico, including systems functions, accounts payable and payroll processing. Included in general and administrative expenses is an allocation of the costs of the administrative services provided by affiliated companies. Cenpatico's allocation was approximately \$2,160,000 for each of the years ended September 30, 2015 and September 30, 2014.

Amounts due from/to affiliated companies as of September 30, 2015 and 2014 primarily relate to payroll and the provision of other services which result in a receivable/payable from Centene and subsidiaries.

Under the provisions of the Contract with ADHS, distributions may be paid only to the extent of allowable profit in each of the funding sources as defined. For the year ended September 30, 2014 a \$4 million distribution was declared and paid. There were no distributions declared or paid for the year ended September 30, 2015.

The Company contracted with NurseWise, an affiliated company wholly owned by CenCorp Health Solutions, to provide nurse triage and crisis services to eligible enrollees that are served under the ADHS contract. The Company paid NurseWise block payments of approximately \$4,539,000 and \$4,142,000 for these services for the years ended September 30, 2015 and 2014, respectively. These amounts are included in program services expense in the accompanying consolidated statements of activities.

Cenpatico operates under a management contract with US Script, an affiliated company wholly owned by CenCorp Health Solutions, to provide pharmacy benefit management services to eligible enrollees. The Company paid US Script approximately \$11,959,000 and \$11,479,000 for these services for the years ended September 30, 2015 and 2014, respectively. Claim encounters are submitted to ADHS to substantiate these payments. These amounts are included in program services expense in the accompanying consolidated statements of activities.

### (7) Retirement plan

Cenpatico participates in the retirement plan of its parent company, Centene. Centene has a defined contribution plan which covers substantially all of its employees who work at least 1,000 hours in a twelve consecutive month period and are at least twenty-one years of age. Under the plan, eligible employees may contribute a percentage of their base salary, subject to certain limitations. Centene may elect to match a portion of the employees' contribution. Cenpatico's expense related to matching contributions to the plan was approximately \$143,000 and \$125,000 for the years ended September 30, 2015 and 2014, respectively.



# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (8) Commitments and contingencies

**Operating leases** - Cenpatico leases office space in Arizona for their headquarters, various satellite offices and certain equipment under operating lease agreements expiring at various dates through January 2018. Certain operating leases contain escalation provisions. The rental expense related to these leases is recorded on a straight-line basis over the lease term, including rent holidays. The difference between rent expense and rent paid due to recording expenses on the straight-line method of approximately \$47,000 and \$32,000 as of September 30, 2015 and 2014, respectively, and is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. In the normal course of business, operating leases are generally renewed or replaced by other leases. Minimum future payments under these non-cancelable operating leases as of September 30, 2015 are as follows:

#### Years Ending September 30,

2016	\$	310,607
2017		273,201
2018		<u>90,607</u>
Total minimum lease payments	\$	<u>674,415</u>

Operating lease expense for the years ended September 30, 2015 and 2014 was approximately \$534,000 and \$295,000, respectively.

**Liability insurance** - Cenpatico, through Centene, maintains professional and general liability insurance coverage under claims-made policies. Centene is insured for losses up to \$10 million per claim and in the aggregate, with a self-insured retention of \$1 million under its professional liability policy. Centene is insured for losses up to \$1 million per claim and \$2 million in the aggregate under its general liability policy. Cenpatico is also covered under an umbrella policy providing for professional and general liability coverage up to \$15 million per claim and in the aggregate. Claims reported endorsement (tail coverage) is available if the policy is not renewed to cover claims incurred but not reported. Cenpatico anticipates that renewal coverage will be available at expiration of the current policy. Cenpatico participates in the above policy with its affiliates. Per claim and aggregate limits are applicable to all covered entities as a group.

**Litigation** - Cenpatico is routinely subject to legal proceedings in the normal course of business. While the ultimate resolution of such matters is uncertain, Cenpatico does not expect the results of these matters to have a material effect on their consolidated financial position or results of operations.

**Healthcare regulation** - The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud, waste and abuse. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. As of September 30, 2015 and 2014, Cenpatico was not a Medicare certified facility and did not derive any of its revenue from the provision of services to Medicare beneficiaries. Management believes that Cenpatico is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown or unasserted at this time.

Health reform legislation at both the federal and state levels continues to evolve. Changes continue to impact existing and future laws and rules. Such changes may impact the way the Company does business, restrict revenue and enrollment growth in certain eligibility categories, restrict premium growth rates for certain eligibility categories, increase medical, administrative and capital costs, and expose the Company to increased risk of loss or further liabilities. The Company's consolidated operating results, financial position and cash flows could be adversely impacted by such changes.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

### (8) Commitments and contingencies (continued)

**Community reinvestment program** - In fiscal year 2011, Cenpatico approved a Community Reinvestment program. Under the program, Cenpatico will place a minimum of 6% of its after tax profits into the program. For the years ended September 30, 2015 and 2014, Cenpatico had met or exceeded that amount. Proposals are requested annually and three Advisory Boards composed of people who receive services and their family members, community stakeholders and providers review all proposals and make recommendations for awards to the leadership of Cenpatico. The program funds community projects that enhance the lives of people in the communities in Cenpatico's geographic service areas. These funds are for projects and services not eligible for service or prevention dollars from Cenpatico.

For the years ended September 30, 2015 and 2014, Cenpatico approved amounts that resulted in expenses of approximately \$619,000 and \$760,000, respectively, to be spent on various behavioral health community projects. At September 30, 2015 and 2014, Cenpatico had not yet spent all of the funds appropriated. Accordingly, at September 30, 2015 and 2014, Cenpatico has recorded a liability for unspent community reinvestment program funds of approximately \$922,000 and \$801,000, respectively, which is included in accounts payable and accrued expenses.

### (9) Contract requirements

In accordance with its contract with ADHS, Cenpatico is required to maintain certain minimum financial reporting and viability measures.

Pursuant to its contract with ADHS, Cenpatico must maintain unrestricted, minimum capitalization of at least 90% of the monthly capitation and Non-Title XIX/XXI payments received under the contract. As of September 30, 2015, Cenpatico was in compliance with this requirement.

Cenpatico's contract with ADHS contains various quarterly financial performance requirements, including required minimum liquidity ratio, administrative cost percentages and service expense percentages. As of September 30, 2015, Cenpatico was not in compliance with the required minimum ratio for Title XIX/XXI service expense in GSA 2 and GSA 4.

Should Cenpatico be in default of any material obligations under its contract with ADHS, ADHS may, at its discretion, in addition to other remedies, either adjust the amount of future payment or withhold future payment until satisfactory resolution of the default or exception. In addition, although it has not expressed an intention to do so, ADHS has the right to terminate the contract in whole or in part without cause by giving Cenpatico 90 days written notice. Further, if monies are not appropriated by the state or are not otherwise available, the contract with ADHS may be cancelled upon written notice until such monies are so appropriated or available.

Prior to fiscal 2011, Cenpatico could be subject to a potential encounter withhold by ADHS if Cenpatico reported less than the minimum number of encounters as stipulated in the Contract. As of June 30, 2011, the encounter withhold concept was replaced by a possible sanction for failing to meet the minimum number of encounters. Typically, Cenpatico has up to eight months after fiscal year end to submit encounters related to the fiscal year.

For the year ended September 30, 2014, Cenpatico anticipated meeting the required encounter threshold. Accordingly, as of September 30, 2014, Cenpatico did not record a liability associated with an encounter sanction. Through the date of this report, ADHS has not yet completed its encounter evaluation assessment for the year ended September 30, 2014. However, management continues to anticipate meeting the required encounter threshold.

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

**(9) Contract requirements (continued)**

For the year ended September 30, 2015, Cenpatico has until May 31, 2016 to submit encounters to meet the minimum number of encounters stipulated in the contract. Cenpatico anticipates meeting the required encounter threshold for the year ended September 30, 2015. Accordingly, as of September 30, 2015, Cenpatico has not recorded a liability associated with an encounter sanction.

As discussed in Note 1, Cenpatico is limited by the terms of its contract with ADHS to profit that can be earned under the various programs. Contract profit limitations are applied on an after-tax basis. Cenpatico is subject to a profit risk corridor calculation that calculates a return of premium to the extent certain financial ratios are not met by program types. Cenpatico recorded a return of premium of \$5,471,648 and \$0 as a result of the profit risk corridor, General Fund profit and unspent funds calculations for the years ended September 30, 2015 and 2014, respectively. These amounts are included in the payable to ADHS in the accompanying consolidated balance sheets.

ADHS has a right to sanction Cenpatico for other matters of non-compliance of the Contract, as determined by ADHS. Cenpatico received no sanctions for the years ended September 30, 2015 and 2014.

**SUPPLEMENTAL SCHEDULES**



**Mayer Hoffman McCann P.C.**

**An Independent CPA Firm**

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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES**

To the Board of Directors of

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

***Report on the Supplemental Schedules***

We have audited the accompanying supplemental schedules of activities and supplemental schedules of activities - disclosures (as defined in the contract dated July 1, 2011, between **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** and the Arizona Department of Health Services – Division of Behavioral Health Services (ADHS-DBHS)) of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** as of September 30, 2015 and for the year then ended.

***Management's Responsibility for the Supplemental Schedules***

Management is responsible for the preparation and fair presentation of these schedules 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 these schedules that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the supplemental schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the supplemental schedules, 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 supplemental schedules 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 supplemental schedules.

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 supplemental schedules of activities and supplemental schedule of activities - disclosures referred to above present fairly, in all material respects, the activities of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** for the year ended September 30, 2015, as defined in the contract referred to in the first paragraph.

This report is intended solely for the information and use of the Board of Directors, management of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary**, others within the entity, the state of Arizona and the ADHS-DBHS, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive style.

Phoenix, Arizona  
January 27, 2016

CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 1 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES GSA 2, GSA 3, GSA 4  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>REVENUES</b>																					
401	Revenue Under ADHS Contract																				
a	ADHS Revenue																				
b	ADHS Revenue - Qualifying Incentive Payments																				
402	Specialty & Other Grants*																				
403	Client Fees (Co-pays)																				
404	Third Party Recoveries																				
a	Medicare																				
b	Other Insurance																				
405	Interest Income																				
406	Other Behavioral Health Funding Sources - Non ADHS*																				
407	Unrelated Business Revenue*																				
408	<b>TOTAL REVENUE</b>																				
<b>EXPENSES</b>																					
<b>Service Expenses:</b>																					
501	<b>Treatment Services</b>																				
a	Counseling																				
1	Counseling, Individual																				
2	Counseling, Family																				
3	Counseling, Group																				
b	Assessment Evaluation and Screening																				
c	Other Professional																				
d	<b>Total Treatment Services</b>																				
502	<b>Rehabilitation Services</b>																				
a	Living Skills Training																				
b	Cognitive Rehabilitation																				
c	Health Promotion																				
d	Supported Employment Services																				
e	<b>Total Rehabilitation Services</b>																				
503	<b>Medical Services</b>																				
a	Medication Services																				
b	Medical Management																				
c	Laboratory, Radiology & Medical Imaging																				
d	Electro-Convulsive Therapy																				
e	<b>Total Medical Services</b>																				
504	<b>Support Services</b>																				
a	Case Management																				
b	Personal Care Services																				
c	Family Support																				
d	Peer Support																				
e	Home Care Training to Home Care Client																				
f	Unskilled Respite Care																				
g	Supported Housing*																				
h	Flex Fund Services																				
i	Transportation																				
j	<b>Total Support Services</b>																				
505	<b>Crisis Intervention Services</b>																				
a	Crisis Intervention - Mobile																				
b	Crisis Intervention - Stabilization																				
c	Crisis Intervention - Telephone																				
d	<b>Total Crisis Intervention Services</b>																				
506	<b>Inpatient Services</b>																				
a	Hospital																				
1	Psychiatric (Provider Types 02 & 71)																				
2	Detoxification (Provider Types 02 & 71)																				
b	Sub acute Facility																				
1	Psychiatric (Provider Types B5 & B6)																				
2	Detoxification (Provider Types B5 & B6)																				
c	Residential Treatment Center (RTC)																				
1	Psychiatric - Secure & Non-Secure Provider Types 78,B1,B2,B3)																				
2	Detoxification - Secure & Non-Secure (Provider Types 78,B1,B2,B3)																				
d	Inpatient Services, Professional																				
e	<b>Total Inpatient Services</b>																				
507	<b>Residential Services</b>																				
a	Behavioral Health Residential Facilities																				
b	Reserved for Future Use																				
c	Room and Board																				
d	<b>Total Residential Services</b>																				
508	<b>Behavioral Health Day Program</b>																				
a	Supervised Day Program																				
b	Therapeutic Day Program																				
c	Medical Day Program																				
d	<b>Total Behavioral Health Day Program</b>																				

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.

See Independent Auditors' Report on Supplemental Schedules  
 Amounts expressed in whole dollars, differences are due to rounding  
 -19-



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES GSA 2  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>REVENUES</b>																					
401	<b>Revenue Under ADHS Contract</b>																				
a	ADHS Revenue																				
b	ADHS Revenue - Qualifying Incentive Payments																				
402	Specialty & Other Grants*																				
403	Client Fees (Co-pays)																				
404	<b>Third Party Recoveries</b>																				
a	Medicare																				
b	Other Insurance																				
405	Interest Income																				
406	Other Behavioral Health Funding Sources - Non ADHS*																				
407	Unrelated Business Revenue*																				
408	<b>TOTAL REVENUE</b>																				
<b>EXPENSES</b>																					
<b>Service Expenses:</b>																					
501	<b>Treatment Services</b>																				
a	Counseling																				
1	Counseling, Individual																				
2	Counseling, Family																				
3	Counseling, Group																				
b	Assessment, Evaluation and Screening																				
c	Other Professional																				
d	<b>Total Treatment Services</b>																				
502	<b>Rehabilitation Services</b>																				
a	Living Skills Training																				
b	Cognitive Rehabilitation																				
c	Health Promotion																				
d	Supported Employment Services																				
e	<b>Total Rehabilitation Services</b>																				
503	<b>Medical Services</b>																				
a	Medication Services																				
b	Medical Management																				
c	Laboratory, Radiology & Medical Imaging																				
d	Electro-Convulsive Therapy																				
e	<b>Total Medical Services</b>																				
504	<b>Support Services</b>																				
a	Case Management																				
b	Personal Care Services																				
c	Family Support																				
d	Peer Support																				
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f	Unskilled Respite Care																				
g	Supported Housing*																				
h	Flex Fund Services																				
i	Transportation																				
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505	<b>Crisis Intervention Services</b>																				
a	Crisis Intervention - Mobile																				
b	Crisis Intervention - Stabilization																				
c	Crisis Intervention - Telephone																				
d	<b>Total Crisis Intervention Services</b>																				
506	<b>Inpatient Services</b>																				
a	Hospital																				
1	Psychiatric (Provider Types 02 & 71)																				
2	Detoxification (Provider Types 02 & 71)																				
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1	Psychiatric (Provider Types B5 & B6)																				
2	Detoxification (Provider Types B5 & B6)																				
c	Residential Treatment Center (RTC)																				
1	Psychiatric - Secure & Non-Secure Provider Types 78,B1,B2,B3)																				
2	Detoxification - Secure & Non-Secure (Provider Types (78,B1,B2,B3)																				
d	Inpatient Services, Professional																				
e	<b>Total Inpatient Services</b>																				
507	<b>Residential Services</b>																				
a	Behavioral Health Residential Facilities																				
b	Reserved for Future Use																				
c	Room and Board																				
d	<b>Total Residential Services</b>																				
508	<b>Behavioral Health Day Program</b>																				
a	Supervised Day Program																				
b	Therapeutic Day Program																				
c	Medical Day Program																				
d	<b>Total Behavioral Health Day Program</b>																				
509	<b>Prevention Services</b>																				
a	Prevention																				
b	HIV																				
c	<b>Total Prevention Services</b>																				
510	<b>Medication</b>																				
a	Medication Expense																				
b	Less Pharmacy Rebate Received																				
c	Pharmacy Rebate Related Expense																				
d	<b>Total Medication Services</b>																				
511	Other ADHS Service Expenses Not Rpt'd Above*																				
512	FOHC/RHC Expenses																				
513	<b>Subtotal ADHS Service Expenses</b>																				
520	Service Expenses from Non ADHS Sources*																				
525	<b>Total Service Expense</b>																				

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES GSA 2  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL	
<b>Administrative Expenses:</b>																						
601 Salaries	505,072	140,055	20,522	612,464	18,307	566,441	27,869	59,466	17,546	1,511	-	4,541	3,874	51,460	-	-	-	-	2,029,128	-	2,029,128	
602 Employee Benefits	59,045	16,373	2,399	71,600	2,140	66,216	3,329	7,095	2,094	180	-	531	453	6,561	-	-	-	-	238,016	-	238,016	
603 Professional & Outside Services	77,747	21,559	3,159	94,278	2,818	87,188	-	-	-	-	-	699	596	4,657	-	-	-	-	292,701	-	292,701	
604 Travel	15,188	4,212	617	18,417	551	17,033	4,814	10,259	3,027	261	-	137	116	4,100	-	-	-	-	78,732	-	78,732	
605 Occupancy	34,610	9,597	1,406	41,970	1,255	38,814	4,505	9,601	2,833	244	-	311	265	5,192	-	-	-	-	150,603	-	150,603	
606 Depreciation	6,146	1,704	250	7,453	223	6,893	-	-	-	-	-	55	47	408	-	-	-	-	23,179	-	23,179	
607 All Other Operating*	223,769	62,151	9,080	271,259	8,100	251,366	-	-	-	-	-	2,009	1,714	14,923	-	-	-	-	844,375	-	844,375	
<b>608 Subtotal ADHS Administrative Expenses</b>	<b>921,577</b>	<b>255,651</b>	<b>37,433</b>	<b>1,117,441</b>	<b>33,394</b>	<b>1,033,951</b>	<b>40,517</b>	<b>86,421</b>	<b>25,500</b>	<b>2,196</b>	<b>-</b>	<b>8,283</b>	<b>7,065</b>	<b>87,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,656,734</b>	<b>-</b>	<b>3,656,734</b>	
620 Interpretive Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
650 Encounter Evaluation Sanction*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
651 Non ADHS and/or Unrelated Admin. Expense*	249,435	70,536	7,336	233,506	8,495	312,500	-	-	-	-	-	-	-	24,750	-	-	5,837	-	912,395	-	912,395	
<b>652 Subtotal Administrative Expense</b>	<b>1,171,012</b>	<b>326,187</b>	<b>44,769</b>	<b>1,350,947</b>	<b>41,889</b>	<b>1,346,451</b>	<b>40,517</b>	<b>86,421</b>	<b>25,500</b>	<b>2,196</b>	<b>-</b>	<b>8,283</b>	<b>7,065</b>	<b>112,051</b>	<b>-</b>	<b>-</b>	<b>5,837</b>	<b>-</b>	<b>4,569,129</b>	<b>-</b>	<b>4,569,129</b>	
701 Unrelated Business Expenses*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189,817	189,817	
<b>790 Income Tax Provisions</b>																						
a ADHS Income Tax Provision	56,844	403,694	(22,889)	405,066	21,565	894,414	-	-	-	-	-	3,717	3,172	28,449	-	-	(111)	-	1,793,921	73,647	1,867,568	
b Non ADHS Income Tax Provision	171,135	45,558	4,742	157,017	5,484	207,911	-	-	-	-	-	-	-	-	-	-	(2,151)	-	589,696	(49,543)	540,153	
<b>799 Subtotal Income Tax Provision</b>	<b>227,979</b>	<b>449,252</b>	<b>(18,147)</b>	<b>562,083</b>	<b>27,049</b>	<b>1,102,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,717</b>	<b>3,172</b>	<b>28,449</b>	<b>-</b>	<b>-</b>	<b>(2,262)</b>	<b>-</b>	<b>2,383,617</b>	<b>24,104</b>	<b>2,407,721</b>	
<b>800 TOTAL EXPENSES</b>	<b>15,611,040</b>	<b>3,798,099</b>	<b>510,811</b>	<b>16,844,334</b>	<b>475,002</b>	<b>19,764,797</b>	<b>568,168</b>	<b>1,152,270</b>	<b>340,000</b>	<b>29,285</b>	<b>-</b>	<b>172,222</b>	<b>146,904</b>	<b>1,568,976</b>	<b>-</b>	<b>-</b>	<b>117,681</b>	<b>-</b>	<b>61,099,592</b>	<b>363,300</b>	<b>61,462,892</b>	
<b>801 INC(DEC) IN NET ASSETS/EQUITY</b>	<b>107,001</b>	<b>689,514</b>	<b>(39,538)</b>	<b>698,307</b>	<b>36,719</b>	<b>1,534,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,370</b>	<b>5,436</b>	<b>48,752</b>	<b>-</b>	<b>-</b>	<b>(3,875)</b>	<b>-</b>	<b>3,082,746</b>	<b>41,306</b>	<b>3,124,052</b>	

\*Disclose on Schedule A

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 3 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES GSA 3  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>Administrative Expenses:</b>																					
601 Salaries	398,844	165,254	19,061	643,049	19,527	468,875	28,160	90,767	16,514	1,554	-	8,358	7,103	61,033	-	-	-	-	1,928,099	-	1,928,099
602 Employee Benefits	46,627	19,319	2,228	75,175	2,283	54,814	3,360	10,830	1,970	185	-	977	830	7,207	-	-	-	-	225,805	-	225,805
603 Professional & Outside Services	61,395	25,438	2,934	98,986	3,006	72,175	-	-	-	-	-	1,287	1,093	4,780	-	-	-	-	271,094	-	271,094
604 Travel	11,994	4,969	573	19,337	587	14,100	4,858	15,660	2,849	268	-	251	214	6,112	-	-	-	-	81,772	-	81,772
605 Occupancy	27,331	11,324	1,306	44,065	1,338	32,130	4,546	14,655	2,666	251	-	573	487	6,972	-	-	-	-	147,645	-	147,645
606 Depreciation	4,854	2,011	232	7,825	238	5,706	-	-	-	-	-	102	86	377	-	-	-	-	21,431	-	21,431
607 All Other Operating*	176,737	73,743	8,433	285,779	8,639	208,270	-	-	-	-	-	3,698	3,142	13,721	-	-	-	-	782,153	-	782,153
<b>608 Subtotal ADHS Administrative Expenses</b>	<b>727,782</b>	<b>302,058</b>	<b>34,767</b>	<b>1,174,212</b>	<b>35,618</b>	<b>856,070</b>	<b>40,924</b>	<b>131,912</b>	<b>24,000</b>	<b>2,258</b>	<b>-</b>	<b>15,246</b>	<b>12,955</b>	<b>100,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,457,999</b>	<b>-</b>	<b>3,457,999</b>
620 Interpretive Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
650 Encounter Evaluation Sanction*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
651 Non ADHS and/or Unrelated Admin. Expense*	179,926	118,933	4,912	293,308	9,633	228,088	-	-	-	-	-	-	-	24,750	-	-	-	-	859,550	-	859,550
<b>652 Subtotal Administrative Expense</b>	<b>907,708</b>	<b>420,991</b>	<b>39,679</b>	<b>1,467,520</b>	<b>45,251</b>	<b>1,084,158</b>	<b>40,924</b>	<b>131,912</b>	<b>24,000</b>	<b>2,258</b>	<b>-</b>	<b>15,246</b>	<b>12,955</b>	<b>124,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,317,549</b>	<b>-</b>	<b>4,317,549</b>
701 Unrelated Business Expenses*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,351	170,351
<b>790 Income Tax Provisions</b>																					
a ADHS Income Tax Provision	(439,175)	844,811	(77,857)	1,101,431	27,144	(319,059)	-	-	-	-	-	6,968	5,868	25,726	-	-	-	-	1,175,857	51,483	1,227,340
b Non ADHS Income Tax Provision	122,284	75,081	3,132	192,021	6,088	148,850	-	-	-	-	-	-	-	-	-	-	-	-	547,456	(44,050)	503,406
<b>799 Subtotal Income Tax Provision</b>	<b>(316,891)</b>	<b>919,892</b>	<b>(74,725)</b>	<b>1,293,452</b>	<b>33,232</b>	<b>(170,209)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,968</b>	<b>5,868</b>	<b>25,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,723,313</b>	<b>7,433</b>	<b>1,730,746</b>
<b>800 TOTAL EXPENSES</b>	<b>11,328,042</b>	<b>5,382,601</b>	<b>413,367</b>	<b>19,245,733</b>	<b>543,493</b>	<b>15,046,736</b>	<b>545,645</b>	<b>1,758,838</b>	<b>320,000</b>	<b>30,106</b>	<b>-</b>	<b>319,762</b>	<b>271,687</b>	<b>1,665,581</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>56,872,186</b>	<b>312,155</b>	<b>57,184,341</b>
<b>801 INC/(DEC) IN NET ASSETS/EQUITY</b>	<b>(745,904)</b>	<b>1,445,613</b>	<b>(133,714)</b>	<b>1,892,900</b>	<b>46,298</b>	<b>(548,251)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,940</b>	<b>10,057</b>	<b>44,087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,023,031</b>	<b>12,737</b>	<b>2,035,768</b>

\*Disclose on Schedule A

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 4 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES GSA 4  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CNDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>Administrative Expenses:</b>																					
601 Salaries	603,528	226,050	35,083	814,480	37,405	738,014	49,375	106,821	12,386	2,360	1,610	8,376	8,074	63,971	2,667	-	-	-	2,710,200	-	2,710,200
602 Employee Benefits	70,555	26,426	4,101	95,216	4,373	86,277	5,891	12,746	1,478	281	192	976	944	7,547	318	-	-	-	317,321	-	317,321
603 Professional & Outside Services	92,902	34,796	5,400	125,374	5,758	113,604	-	-	-	-	-	1,289	1,243	5,458	-	-	-	-	385,824	-	385,824
604 Travel	18,149	6,798	1,055	24,492	1,125	22,193	8,519	18,430	2,137	407	278	252	243	5,994	460	-	-	-	110,531	-	110,531
605 Occupancy	41,357	15,490	2,404	55,813	2,563	50,573	7,972	17,247	2,000	381	260	574	553	7,039	431	-	-	-	204,657	-	204,657
606 Depreciation	7,345	2,751	427	9,912	455	8,981	-	-	-	-	-	102	98	433	-	-	-	-	30,504	-	30,504
607 All Other Operating*	268,808	100,180	15,528	361,117	16,549	328,434	-	-	-	-	-	3,706	3,572	15,718	-	-	-	-	1,113,608	-	1,113,608
608 <b>Subtotal ADHS Administrative Expenses</b>	1,102,644	412,491	63,998	1,486,404	68,228	1,348,076	71,757	155,244	18,000	3,429	2,340	15,275	14,727	106,160	3,876	-	-	-	4,872,645	-	4,872,645
620 Interpretive Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
650 Encounter Evaluation Sanction*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
651 Non ADHS and/or Unrelated Admin. Expense*	323,085	128,172	16,556	331,385	22,973	420,074	-	-	-	-	-	-	-	30,268	-	1,364	3,230	-	1,277,107	392,438	1,669,545
652 <b>Subtotal Administrative Expense</b>	1,425,729	540,663	80,554	1,817,789	91,201	1,768,150	71,757	155,244	18,000	3,429	2,340	15,275	14,727	136,428	3,876	1,364	3,230	-	6,149,752	392,438	6,542,190
701 Unrelated Business Expenses*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	258,832	258,832
790 <b>Income Tax Provisions</b>																					
a ADHS Income Tax Provision	522,863	411,520	7,356	557,955	55,730	988,110	-	-	-	-	(862)	6,920	6,176	30,237	-	-	(221)	-	2,585,784	47,791	2,633,575
b Non ADHS Income Tax Provision	220,296	81,989	10,592	221,155	14,669	276,406	-	-	-	-	862	-	-	-	-	769	(1,190)	-	825,548	50,216	875,764
799 <b>Subtotal Income Tax Provision</b>	743,159	493,509	17,948	779,110	70,399	1,264,516	-	-	-	-	-	6,920	6,176	30,237	-	769	(1,411)	-	3,411,332	98,007	3,509,339
<b>800 TOTAL EXPENSES</b>	18,721,457	6,467,637	1,019,985	22,492,998	1,165,529	25,627,870	956,760	2,219,932	240,000	45,711	31,180	319,494	307,489	1,814,178	51,689	28,683	64,969	-	81,575,557	950,165	82,525,722
<b>801 INC/(DEC) IN NET ASSETS/EQUITY</b>	908,206	702,009	12,173	962,505	95,176	1,693,198	-	-	-	-	-	11,858	10,595	51,807	-	1,317	(2,419)	-	4,446,427	167,954	4,614,381

\*Disclose on Schedule A

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.

See Independent Auditors' Report on Supplemental Schedules  
 Amounts expressed in whole dollars, differences are due to rounding  
 -26-



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 5 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 2, GSA 3, GSA 4  
 YEAR ENDED SEPTEMBER 30, 2015

DISCLOSURE OF ALL OTHER OPERATING ON LINE 607	TXIX GMH/SA (Includes TXXI Adult)					SUPPORTED HOUSING for TXIX SMI											PROGRAM ADMIN & MGMT/GEN			
	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX CHILD	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	MGMT/GEN	TOTAL
Itemization of Items Reported on Line 607																				
Moving & Storage	57	20	3	80	3	68						0		3				234		234
Meeting Expense	14,696	5,180	728	20,180	733	17,288						207	186	974				60,172		60,172
Seminars	31,272	11,022	1,549	42,941	1,561	36,787						441	394	2,073				128,040		128,040
Postage	456	160	23	625	23	536						7	5	30				1,865		1,865
Messenger	1,092	386	54	1,500	54	1,286						15	14	72				4,473		4,473
Bank Charges	625	221	32	859	32	736						8	8	42				2,563		2,563
EOP/EOB Processing Fees	2,623	925	130	3,602	131	3,086						38	33	174				10,742		10,742
Penalties	98	-	-	-	-	-						-	-	-				98		98
Other Taxes	-	-	-	-	-	-						-	-	-				-		-
Dues/subscriptions/publications	5,857	2,064	290	8,043	292	6,890						83	74	388				23,981		23,981
Printing	6,649	2,344	330	9,132	332	7,823						94	84	441				27,229		27,229
MDC Printing/Postage Allocation	907	319	44	1,243	45	1,066						13	11	60				3,708		3,708
Office Supplies	10,538	3,714	521	14,472	527	12,398						149	133	698				43,150		43,150
Business Gifts	45	16	3	61	3	53						-	-	3				184		184
Member Service Fees	-	-	-	-	-	-						-	-	-				-		-
Translation Services	642	226	32	882	32	755						10	8	42				2,629		2,629
CPT Books/Med Dict/Phys Cred	-	-	-	-	-	-						-	-	-				-		-
Outreach Expense	2,766	975	137	3,798	139	3,253						38	35	184				11,325		11,325
Marketing give aways	6,202	2,186	306	8,517	309	7,297						87	78	412				25,394		25,394
Sponsorships	17,044	6,008	845	23,405	851	20,049						240	215	1,130				69,787		69,787
Equipment Maintenance	5,125	1,806	254	7,037	255	6,028						71	64	339				20,979		20,979
Equipment Lease	1,320	466	66	1,812	66	1,553						18	16	87				5,404		5,404
Misc Equipment Expense	734	258	36	1,008	37	863						10	9	48				3,003		3,003
Insurance Expense	32,393	11,419	1,605	44,481	1,617	38,106						458	410	2,148				132,637		132,637
Other Operating Expense	(260)	(92)	(13)	(358)	(12)	(307)						(3)	(3)	(17)				(1,065)		(1,065)
Interest on Late Claims	2,302	992	8	2,356	1	3,535						-	-	141				9,335		9,335
Information System Expense	10,783	3,801	534	14,807	539	12,685						152	137	715				44,153		44,153
Corporate Allocations	515,349	181,656	25,526	707,668	25,723	606,237						7,273	6,512	34,172				2,110,116		2,110,116
Recouped Sanctions	-	-	-	-	-	-						-	-	-				-		-
<b>Total All Other Operating</b>	<b>669,315</b>	<b>236,072</b>	<b>33,043</b>	<b>918,151</b>	<b>33,293</b>	<b>788,071</b>						<b>9,409</b>	<b>8,423</b>	<b>44,359</b>				<b>2,740,136</b>		<b>2,740,136</b>

DISCLOSURE OF ENCOUNTER EVALUATION SANCTIONS ON LINE 650  
 Itemization of Items Reported on Line 650

Total Encounter Evaluation Sanctions	-	-	-	-	-	-												-		-
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DISCLOSURE OF NON ADHS AND/OR UNRELATED ADMINISTRATIVE EXPENSES ON LINE 651  
 Itemization of Items Reported on Line 651

Bridgeway Behavioral Health Administrative Expenses	-	-	-	-	-	-													392,438	392,438
Pinal/Gila County COE	-	-	-	-	-	-									1,364			1,364	-	1,364
Health insurer fee expenses	752,446	317,641	28,804	858,199	41,101	960,662												2,958,853	-	2,958,853
SAPT Prevention - assistant	-	-	-	-	-	-								79,768				79,768	-	79,768
Bridge Subsidy Program	-	-	-	-	-	-											9,067	9,067	-	9,067
<b>Total Unrelated Administrative Expenses</b>	<b>752,446</b>	<b>317,641</b>	<b>28,804</b>	<b>858,199</b>	<b>41,101</b>	<b>960,662</b>								<b>79,768</b>			<b>3,048,052</b>	<b>392,438</b>	<b>3,441,490</b>	

DISCLOSURE OF UNRELATED BUSINESS EXPENSES LINE 701  
 Itemization of Items Reported on Line 701

Community Reinvestment	-	-	-	-	-	-												-	619,000	619,000
<b>Total Unrelated Business Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>												<b>-</b>	<b>619,000</b>	<b>619,000</b>

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.

See Independent Auditors' Report on Supplemental Schedules  
 Amounts expressed in whole dollars, differences are due to rounding

CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 6 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 2  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXXI Adult)	TXXI CHILD	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>DISCLOSURE OF NTXIX/XXI OTHER AND OTHER FEDERAL ADHS REVENUE</b>																						
Itemization of Items Reported in Other Column																						
CMHS Coaching & Training																						
<b>Total - NTXIX/XXI OTHER AND OTHER FEDERAL Column</b>																						
<b>DISCLOSURE OF OTHER GRANTS REPORTED ON LINE 402</b>																						
Itemization of Items Reported on Line 402																						
Health insurer fee revenue																						
SAPT Prevention - assistant																						
SFY '14 NT Crisis Funds																						
Bridge Subsidy Program																						
<b>Total Other Grants</b>																						
<b>DISCLOSURE OF OTHER BEHAVIORAL HEALTH SOURCES - NON ADHS REPORTED ON LINE 406</b>																						
Itemization of Items Reported on Line 406																						
Sanctions Imposed by Cenpatico to provider																						
<b>Total Other Behavioral Health Sources - Non ADHS</b>																						
<b>UNRELATED BUSINESS REVENUE REPORTED ON LINE 407</b>																						
Itemization of Items Reported on Line 407																						
Payments for copies of records																						
<b>Total Unrelated Business Revenue</b>																						
<b>DISCLOSURE OF SUPPORTED HOUSING ON LINE 504g (Choose a category)</b>																						
Rent Subsidy																						
Transitional Housing																						
Property Improvements																						
<b>Total Supported Housing</b>																						
<b>DISCLOSURE OF ALL OTHER BEHAVIORAL HEALTH SERVICES ON LINE 511</b>																						
Itemization of Items Reported on Line 511																						
Block Provider qualifying Incentive Bonus Expense																						
Linkages - Job Development Services																						
Passport Fees																						
CMHS Coaching & Training																						
PASRR Screening Services																						
<b>Total All Other Behavioral Health Services</b>																						
<b>DISCLOSURE OF SERVICES EXPENSES FROM NON ADHS SOURCES ON LINE 520</b>																						
Itemization of Items Reported on Line 520																						
SFY '14 NT Crisis Funds																						
Bridge Subsidy Program																						
<b>Total Service Expenses Non-ADHS Sources</b>																						

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.



CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 6 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 2  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXXI Adult)	TXXI CHILD	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>DISCLOSURE OF ALL OTHER OPERATING ON LINE 607</b>																						
Itemization of Items Reported on Line 607																						
Moving & Storage	19	5	1	24	1	22	-	-	-	-	-	-	-	-	1	-	-	-	-	73	-	73
Meeting Expense	4,924	1,365	200	5,971	178	5,522	-	-	-	-	-	-	44	38	327	-	-	-	-	18,569	-	18,569
Seminars	10,478	2,905	426	12,705	380	11,750	-	-	-	-	-	-	94	80	696	-	-	-	-	39,514	-	39,514
Postage	153	42	6	185	6	171	-	-	-	-	-	-	1	1	10	-	-	-	-	575	-	575
Messenger	366	102	15	444	13	411	-	-	-	-	-	-	3	3	24	-	-	-	-	1,381	-	1,381
Bank Charges	210	58	9	254	8	235	-	-	-	-	-	-	2	2	14	-	-	-	-	792	-	792
EOP/EOB Processing Fees	879	244	36	1,066	32	966	-	-	-	-	-	-	8	7	58	-	-	-	-	3,316	-	3,316
Penalties	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-	15
Other Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues/subscripits/publications	1,962	544	80	2,380	71	2,201	-	-	-	-	-	-	18	15	130	-	-	-	-	7,401	-	7,401
Printing	2,228	618	91	2,702	81	2,499	-	-	-	-	-	-	20	17	148	-	-	-	-	8,404	-	8,404
MDC Printing/Postage Allocation	304	84	12	368	11	340	-	-	-	-	-	-	3	2	20	-	-	-	-	1,144	-	1,144
Office Supplies	3,531	979	143	4,282	128	3,960	-	-	-	-	-	-	32	27	234	-	-	-	-	13,316	-	13,316
Business Gifts	15	4	1	18	1	17	-	-	-	-	-	-	-	-	1	-	-	-	-	57	-	57
Member Service Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Translation Services	215	60	9	261	8	241	-	-	-	-	-	-	2	2	14	-	-	-	-	812	-	812
CPT Books/Med Dict/Phys Cred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outreach Expense	927	257	38	1,124	34	1,039	-	-	-	-	-	-	8	7	62	-	-	-	-	3,496	-	3,496
Marketing give aways	2,078	576	84	2,520	75	2,331	-	-	-	-	-	-	19	16	138	-	-	-	-	7,837	-	7,837
Sponsorships	5,711	1,584	232	6,925	207	6,404	-	-	-	-	-	-	51	44	379	-	-	-	-	21,537	-	21,537
Equipment Maintenance	1,717	476	70	2,082	62	1,925	-	-	-	-	-	-	15	13	114	-	-	-	-	6,474	-	6,474
Equipment Lease	442	123	18	536	16	496	-	-	-	-	-	-	4	3	29	-	-	-	-	1,667	-	1,667
Misc Equipment Expense	246	68	10	298	9	276	-	-	-	-	-	-	2	2	16	-	-	-	-	927	-	927
Insurance Expense	10,853	3,010	441	13,161	393	12,171	-	-	-	-	-	-	98	83	721	-	-	-	-	40,931	-	40,931
Other Operating Expense	(87)	(24)	(4)	(106)	(3)	(98)	-	-	-	-	-	-	(1)	(1)	(6)	-	-	-	-	(330)	-	(330)
Interest on Late Claims	303	188	1	296	1	778	-	-	-	-	-	-	-	-	85	-	-	-	-	1,652	-	1,652
Information System Expense	3,613	1,002	147	4,381	131	4,052	-	-	-	-	-	-	32	28	240	-	-	-	-	13,626	-	13,626
Corporate Allocations	172,669	47,881	7,016	209,383	6,259	193,638	-	-	-	-	-	-	1,553	1,324	11,466	-	-	-	-	651,189	-	651,189
Recouped Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Operating</b>	<b>223,771</b>	<b>62,151</b>	<b>9,082</b>	<b>271,260</b>	<b>8,102</b>	<b>251,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,008</b>	<b>1,713</b>	<b>14,921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844,375</b>	<b>-</b>	<b>844,375</b>
<b>DISCLOSURE OF ENCOUNTER EVALUATION SANCTIONS ON LINE 650</b>																						
Itemization of Items Reported on Line 650																						
Total Encounter Evaluation Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DISCLOSURE OF NON ADHS AND/OR UNRELATED ADMINISTRATIVE EXPENSES ON LINE 651</b>																						
Itemization of Items Reported on Line 651																						
Health insurer fee expenses	249,435	70,536	7,336	233,506	8,495	312,500	-	-	-	-	-	-	-	-	-	-	-	-	-	881,808	-	881,808
SAPT Prevention - assistant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,750	-	-	-	-	24,750	-	24,750
Bridge Subsidy Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,837	-	5,837	-	5,837
<b>Total Unrelated Administrative Expenses</b>	<b>249,435</b>	<b>70,536</b>	<b>7,336</b>	<b>233,506</b>	<b>8,495</b>	<b>312,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>912,395</b>	<b>-</b>	<b>912,395</b>
<b>DISCLOSURE OF UNRELATED BUSINESS EXPENSES LINE 701</b>																						
Itemization of Items Reported on Line 701																						
Community Reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189,817	189,817
<b>Total Unrelated Business Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,817</b>	<b>189,817</b>

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.

See Independent Auditors' Report on Supplemental Schedules  
 Amounts expressed in whole dollars, differences are due to rounding  
 -30-

CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 7 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 3  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXIX Adult)	TXIX CHILD	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>DISCLOSURE OF OTHER GRANTS REPORTED ON LINE 402</b>																						
Itemization of Items Reported on Line 402																						
Health insurer fee revenue	286,987	191,871	7,755	472,458	15,503	364,191	-	-	-	-	-	-	-	-	-	-	-	-	-	1,338,765	-	1,338,765
SAPT Prevention - assistant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,750	-	-	-	-	24,750	-	24,750
Bridge Subsidy Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Grants</b>	<b>286,987</b>	<b>191,871</b>	<b>7,755</b>	<b>472,458</b>	<b>15,503</b>	<b>364,191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,363,515</b>	<b>-</b>	<b>1,363,515</b>
<b>DISCLOSURE OF OTHER BEHAVIORAL HEALTH SOURCES - NON ADHS REPORTED ON LINE 406</b>																						
Itemization of Items Reported on Line 406																						
Sanctions Imposed by Cenpatico to provider	21,935	-	-	18,245	-	11,270	-	-	-	-	-	-	-	-	-	-	-	-	-	51,450	-	51,450
<b>Total Other Behavioral Health Sources - Non ADHS</b>	<b>21,935</b>	<b>-</b>	<b>-</b>	<b>18,245</b>	<b>-</b>	<b>11,270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,450</b>	<b>-</b>	<b>51,450</b>
<b>UNRELATED BUSINESS REVENUE REPORTED ON LINE 407</b>																						
Itemization of Items Reported on Line 407																						
<b>Total Unrelated Business Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISCLOSURE OF SUPPORTED HOUSING ON LINE 504g (Choose a category)</b>																						
Rent Subsidy	-	-	-	-	-	-	-	-	115,431	296,000	-	-	-	-	-	-	-	-	-	411,431	-	411,431
Transitional Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Improvements	-	-	-	-	-	-	-	-	-	-	27,848	-	-	-	-	-	-	-	-	27,848	-	27,848
<b>Total Supported Housing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,431</b>	<b>296,000</b>	<b>27,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439,279</b>	<b>-</b>	<b>439,279</b>
<b>DISCLOSURE OF ALL OTHER BEHAVIORAL HEALTH SERVICES ON LINE 511</b>																						
Itemization of Items Reported on Line 511																						
Block Provider qualifying Incentive Bonus Expense	-	-	-	39,612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,612	134,371	134,371
Linkages - Job Development Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Passport Fees	5,513	847	227	2,923	363	8,374	-	-	-	-	-	-	68	-	180	-	-	-	-	18,495	-	18,495
CMHS Coaching & Training	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Caring Voices cell phone program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PASRR Screening Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	600	600	-	600
<b>Total All Other Behavioral Health Services</b>	<b>5,513</b>	<b>847</b>	<b>227</b>	<b>42,535</b>	<b>363</b>	<b>8,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,848</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>58,707</b>	<b>134,371</b>	<b>193,078</b>
<b>DISCLOSURE OF SERVICES EXPENSES FROM NON ADHS SOURCES ON LINE 520</b>																						
Itemization of Items Reported on Line 520																						
Bridge Subsidy Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Service Expenses Non-ADHS Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.

CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC  
 SCHEDULE 7 - SUPPLEMENTAL SCHEDULE OF ACTIVITIES - DISCLOSURES - GSA 3  
 YEAR ENDED SEPTEMBER 30, 2015

	TXIX/XXI CHILD	TXIX CMDP	TXIX DD CHILD	TXIX SMI	TXIX DD ADULT	TXIX GMH/SA (Includes TXXI Adult)	TXXI CHILD	NTXIX/XXI CRISIS	NTXIX/XXI SMI	SUPPORTED HOUSING for TXIX SMI	SB1616 HOUSING	NTXIX/XXI OTHER	MHBG SED	MHBG SMI	SABG	OTHER FEDERAL	COUNTY	PASRR/ADOH	PATH	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
<b>DISCLOSURE OF ALL OTHER OPERATING ON LINE 607</b>																						
Itemization of Items Reported on Line 607																						
Moving & Storage	15	6	1	25	1	18	-	-	-	-	-	-	-	-	1	-	-	-	-	67	-	67
Meeting Expense	3,888	1,611	186	6,269	190	4,571	-	-	-	-	-	-	81	69	302	-	-	-	-	17,167	-	17,167
Seminars	8,274	3,428	395	13,340	405	9,727	-	-	-	-	-	-	173	147	643	-	-	-	-	36,532	-	36,532
Postage	121	50	6	194	6	142	-	-	-	-	-	-	3	2	9	-	-	-	-	533	-	533
Messenger	289	120	14	466	14	340	-	-	-	-	-	-	6	5	22	-	-	-	-	1,276	-	1,276
Bank Charges	165	69	8	267	8	195	-	-	-	-	-	-	3	3	13	-	-	-	-	731	-	731
EOP/EOB Processing Fees	694	288	33	1,119	34	816	-	-	-	-	-	-	15	12	54	-	-	-	-	3,065	-	3,065
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues/subscripits/publications	1,550	642	74	2,498	76	1,822	-	-	-	-	-	-	32	28	120	-	-	-	-	6,842	-	6,842
Printing	1,759	729	84	2,837	86	2,068	-	-	-	-	-	-	37	31	137	-	-	-	-	7,768	-	7,768
MDC Printing/Postage Allocation	240	99	11	386	12	282	-	-	-	-	-	-	5	4	19	-	-	-	-	1,058	-	1,058
Office Supplies	2,788	1,155	133	4,496	137	3,278	-	-	-	-	-	-	58	50	217	-	-	-	-	12,312	-	12,312
Business Gifts	12	5	1	19	1	14	-	-	-	-	-	-	-	-	1	-	-	-	-	53	-	53
Member Service Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Translation Services	170	70	8	274	8	200	-	-	-	-	-	-	4	3	13	-	-	-	-	750	-	750
CPT Books/Med Dict/Phys Cred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outreach Expense	732	303	35	1,180	36	860	-	-	-	-	-	-	15	13	57	-	-	-	-	3,231	-	3,231
Marketing give aways	1,641	680	78	2,646	80	1,929	-	-	-	-	-	-	34	29	128	-	-	-	-	7,245	-	7,245
Sponsorships	4,509	1,868	216	7,271	221	5,301	-	-	-	-	-	-	94	80	351	-	-	-	-	19,911	-	19,911
Equipment Maintenance	1,356	562	65	2,186	66	1,594	-	-	-	-	-	-	28	24	105	-	-	-	-	5,986	-	5,986
Equipment Lease	349	145	17	563	17	411	-	-	-	-	-	-	7	6	27	-	-	-	-	1,542	-	1,542
Misc Equipment Expense	194	80	9	313	10	228	-	-	-	-	-	-	4	3	15	-	-	-	-	856	-	856
Insurance Expense	8,571	3,551	410	13,818	420	10,076	-	-	-	-	-	-	180	153	666	-	-	-	-	37,845	-	37,845
Other Operating Expense	(69)	(29)	(3)	(111)	(3)	(81)	-	-	-	-	-	-	(1)	(1)	(5)	-	-	-	-	(303)	-	(303)
Interest on Late Claims	283	632	-	1,281	-	832	-	-	-	-	-	-	-	-	-	-	-	-	-	3,028	-	3,028
Information System Expense	2,853	1,182	136	4,600	140	3,354	-	-	-	-	-	-	60	51	222	-	-	-	-	12,598	-	12,598
Corporate Allocations	136,352	56,495	6,516	219,839	6,676	160,294	-	-	-	-	-	-	2,857	2,428	10,603	-	-	-	-	602,060	-	602,060
Recouped Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Operating</b>	<b>176,736</b>	<b>73,741</b>	<b>8,433</b>	<b>285,776</b>	<b>8,641</b>	<b>208,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,695</b>	<b>3,140</b>	<b>13,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>782,153</b>	<b>-</b>	<b>782,153</b>
<b>DISCLOSURE OF ENCOUNTER EVALUATION SANCTIONS ON LINE 650</b>																						
Itemization of Items Reported on Line 650																						
Total Encounter Evaluation Sanctions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DISCLOSURE OF NON ADHS AND/OR UNRELATED ADMINISTRATIVE EXPENSES ON LINE 651</b>																						
Itemization of Items Reported on Line 651																						
Health insurer fee expenses	179,926	118,933	4,912	293,308	9,633	228,088	-	-	-	-	-	-	-	-	-	-	-	-	-	834,800	-	834,800
SAPT Prevention - assistant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bridge Subsidy Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,750	-	-	-	-	24,750	-	24,750
<b>Total Unrelated Administrative Expenses</b>	<b>179,926</b>	<b>118,933</b>	<b>4,912</b>	<b>293,308</b>	<b>9,633</b>	<b>228,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>859,550</b>	<b>-</b>	<b>859,550</b>
<b>DISCLOSURE OF UNRELATED BUSINESS EXPENSES LINE 701</b>																						
Itemization of Items Reported on Line 701																						
Community Reinvestment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,351	170,351
<b>Total Unrelated Business Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,351</b>	<b>170,351</b>

Note: The Supplemental Schedule of Activities and Supplemental Schedule of Activities - Disclosures were prepared using an ADHS approved allocation plan, as submitted to ADHS by Cenpatico.





**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

**CONSOLIDATING BALANCE SHEET**

September 30, 2015

**ASSETS**

	<b>Cenpatico Behavioral Health</b>	<b>Cenpatico Integrated Care</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 51,048,735	\$ 10,381,262	\$ -	\$ 61,429,997
Accounts receivable	4,219,387	-	-	4,219,387
Accrued interest income	11,065	1,239	-	12,304
Prepaid expenses	1,034,498	435,172	-	1,469,670
Deferred income tax asset	3,412,414	-	-	3,412,414
<b>TOTAL CURRENT ASSETS</b>	<b>59,726,099</b>	<b>10,817,673</b>	<b>-</b>	<b>70,543,772</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>150,040</b>	<b>842,528</b>	<b>-</b>	<b>992,568</b>
<b>INVESTMENT IN SUBSIDIARY</b>	<b>5,773,853</b>	<b>-</b>	<b>(5,773,853)</b>	<b>-</b>
<b>INVESTMENTS</b>	<b>1,500,000</b>	<b>526,313</b>	<b>-</b>	<b>2,026,313</b>
<b>DEPOSITS</b>	<b>69,270</b>	<b>61,760</b>	<b>-</b>	<b>131,030</b>
<b>TOTAL ASSETS</b>	<b>\$ 67,219,262</b>	<b>\$ 12,248,274</b>	<b>\$ (5,773,853)</b>	<b>\$ 73,693,683</b>

**LIABILITIES AND MEMBER'S EQUITY**

<b>CURRENT LIABILITIES</b>				
Payable to providers	\$ 13,384,158	\$ -	\$ -	\$ 13,384,158
Payable to Arizona Department of Health Services	5,471,648	-	-	5,471,648
Accounts payable and accrued expenses	1,160,924	407,965	-	1,568,889
Due to affiliated companies	402,333	6,644,801	-	7,047,134
Income tax payable	6,939,559	(2,089,717)	-	4,849,842
<b>TOTAL CURRENT LIABILITIES</b>	<b>27,358,622</b>	<b>4,963,049</b>	<b>-</b>	<b>32,321,671</b>
<b>DEFERRED INCOME TAX LIABILITY</b>	<b>11,334</b>	<b>133</b>	<b>-</b>	<b>11,467</b>
<b>OTHER LIABILITIES</b>	<b>17,828</b>	<b>-</b>	<b>-</b>	<b>17,828</b>
<b>TOTAL LIABILITIES</b>	<b>27,387,784</b>	<b>4,963,182</b>	<b>-</b>	<b>32,350,966</b>
<b>MEMBER'S EQUITY</b>	<b>39,831,478</b>	<b>7,285,092</b>	<b>(5,773,853)</b>	<b>41,342,717</b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 67,219,262</b>	<b>\$ 12,248,274</b>	<b>\$ (5,773,853)</b>	<b>\$ 73,693,683</b>

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC & SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2015

	<u>Cenpatico Behavioral Health</u>	<u>Cenpatico Integrated Care</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>REVENUES</b>				
Arizona Department of Health Services	\$ 205,065,612	\$ -	\$ -	\$ 205,065,612
Health insurer fee premium revenue	4,764,355	-	-	4,764,355
Interest income	180,397	1,063	-	181,460
Other	936,792	-	-	936,792
<b>TOTAL REVENUES</b>	<u>210,947,156</u>	<u>1,063</u>	<u>-</u>	<u>210,948,219</u>
<b>EXPENSES</b>				
Program services	177,477,281	-	-	177,477,281
General and administrative	13,089,016	5,712,232	-	18,801,248
Health insurer fee	2,958,852	-	-	2,958,852
<b>TOTAL EXPENSES</b>	<u>193,525,149</u>	<u>5,712,232</u>	<u>-</u>	<u>199,237,381</u>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	17,422,007	(5,711,169)	-	11,710,838
<b>INCOME TAX PROVISION (BENEFIT)</b>	<u>7,647,806</u>	<u>(2,089,721)</u>	<u>-</u>	<u>5,558,085</u>
<b>NET INCOME (LOSS)</b>	9,774,201	(3,621,448)	-	6,152,753
<b>LESS: NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<u>\$ -</u>	<u>\$ (670,023)</u>	<u>\$ -</u>	<u>\$ (670,023)</u>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 9,774,201</u>	<u>\$ (2,951,425)</u>	<u>\$ -</u>	<u>\$ 6,822,776</u>

See Notes to Financial Statements

**OMB CIRCULAR A-133 SUPPLEMENTARY REPORTS**



**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended September 30, 2015

<u>Federal Grantor / Pass-Through Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Arizona Department of Health Services:			
Block Grants for Community Mental Health Services (MHBG):			
SMI - Non Title XIX	93.958	HP032097-001	752,167
Children - Non Title XIX	93.958	HP032097-001	<u>841,558</u>
Total Mental Health Block Grant			<u>1,593,725</u>
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	HP032097-001	<u>51,689</u>
Block Grants for Prevention and Treatment of Substance Abuse (SABG):			
Substance Abuse/General Mental Health	93.959	HP032097-001	3,307,711
Substance Abuse	93.959	HP032097-001	360,079
Crisis	93.959	HP032097-001	333,142
Prevention	93.959	HP032097-001	<u>1,192,450</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>5,193,382</u>
Center for Medicare and Medicaid Services (CMS) Medical Assistance Program:			
PASRR	93.778	HP032097-001	900
Children - Title XIX	93.778	HP032097-001	45,191,597
Substance Abuse/General Mental Health	93.778	HP032097-001	17,108,156
Proposition 204	93.778	HP032097-001	51,034,495
SMI - Title XIX	93.778	HP032097-001	14,464,176
Adult Expansion	93.778	HP032097-001	<u>7,485,857</u>
Total CMS Medical Assistance Program			<u>135,285,181</u>
Children's Health Insurance Program, Title XXI			
Children	93.767	HP032097-001	76,997
SMI	93.767	HP032097-001	<u>10,333</u>
Total Children's Health Insurance Program, Title XXI			<u>87,330</u>
Total Arizona Department of Health and Human Services			<u>142,211,307</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>142,211,307</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 142,211,307</u>

See Independent Auditors' Report  
See Notes to Schedule of Expenditures of Federal Awards

# CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Years Ended September 30, 2015 and 2014

(1) **Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary**, it is not intended and does not present the financial position, changes in net assets or cash flows of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary**.

(2) **Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in *OMB Circular A-122, Cost Principles for Non-profit Organizations*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **Catalog of federal domestic assistance (CFDA) numbers**

The program titles and CFDA numbers were obtained from the 2015 *Catalog of Federal Domestic Assistance*.

(4) **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** provided federal awards to subrecipients as follows:

<b><u>Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Amounts Provided to Subrecipients</u></b>
Block Grants for Community Mental Health Services (MHBG)	93.958	\$ 1,431,184
Block Grants for Prevention and Treatment of Substance Abuse (SABG)	93.959	4,590,886
Centers for Medicare and Medicaid Services (CMS) Medical Assistance Program	93.778	113,978,809
Centers for Medicare and Medicaid Services (CMS) Medical Assistance Program - PASRR	93.778	1,575
Substance Abuse and Mental Health Services	93.243	47,813
Children's Health Insurance Program, Title XXI	93.767	72,400



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**INDEPENDENT AUDITORS' 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**

To the Board of Directors of

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

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 **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary**, which comprise the consolidated balance sheet as of September 30, 2015, and the related consolidated statements of activities, member's equity and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 27, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary'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.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." The signature is written in a cursive, flowing style.

Phoenix, Arizona  
January 27, 2016



## Mayer Hoffman McCann P.C.

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of

#### **CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC AND SUBSIDIARY**

##### ***Report on Compliance for Each Major Federal Program***

We have audited ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's*** 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 ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's*** major federal programs for the year ended September 30, 2015. ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's*** major federal programs are identified in the summary of auditors' 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.

##### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary'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 ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary'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 ***Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's*** compliance.

### **Opinion on Each Major Federal Program**

In our opinion, **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** 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 September 30, 2015.

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

Management of **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary** 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 **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary'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 **Cenpatico Behavioral Health of Arizona, LLC and Subsidiary's** internal control over compliance.

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

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

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



Phoenix, Arizona  
January 27, 2016

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended September 30, 2015

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of Auditors’ Report Issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to consolidated financial statements noted? \_\_\_\_\_ Yes  X  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes  X  None reported

Type of Auditors’ Report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.767	Children’s Health Insurance Program
93.778	Medical Assistance Program
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**CENPATICO BEHAVIORAL HEALTH OF ARIZONA, LLC**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended September 30, 2015

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Year Findings and Questioned Costs Relating to Federal Awards**

None