

URBAN JACKSONVILLE, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2010

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
 Urban Jacksonville, Inc.
 Jacksonville, Florida

We have audited the accompanying statement of financial position of Urban Jacksonville, Inc. (a not-for-profit corporation), as of September 30, 2010, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Jacksonville, Inc., as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Starkville, Mississippi
 December 10, 2010

Watt, Ward and Stafford PLLC

**URBAN JACKSONVILLE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010**

ASSETS

CURRENT ASSETS	
Cash	\$ 780,181
Board designated cash	322,044
Accounts receivable (net of allowance of approximately \$32,000)	1,826,285
Prepaid expenses	5,211
Food inventory	<u>6,570</u>
TOTAL CURRENT ASSETS	2,940,291
CERTIFICATES OF DEPOSITS	344,000
PROPERTY AND EQUIPMENT, net	116,123
PLEDGE RECEIVABLE	<u>1,400,000</u>
TOTAL ASSETS	<u>\$ 4,800,414</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 867,031
Due to affiliate	83,869
Deferred revenue	<u>936,244</u>
TOTAL CURRENT LIABILITIES	1,887,143
COMMITMENTS AND CONTINGENCIES	-
UNRESTRICTED NET ASSETS	<u>2,913,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,800,414</u>

The accompanying notes are an integral part of these financial statements.

**URBAN JACKSONVILLE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010**

REVENUES	
Grant revenue	\$ 11,299,964
Client fee revenue	44,139
Contract matching revenue	442,165
Other revenue	<u>341,050</u>
TOTAL REVENUES	<u>12,127,318</u>
PROGRAM COSTS	
Service coordination	1,634,916
In-Home services	3,948,598
Community services	<u>5,026,301</u>
TOTAL PROGRAM COSTS	10,609,815
MANAGEMENT AND GENERAL	<u>1,223,022</u>
TOTAL EXPENSES	<u>11,832,837</u>
CHANGE IN NET ASSETS	294,481
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>2,618,790</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>\$ 2,913,271</u></u>

The accompanying notes are an integral part of these financial statements.

URBAN JACKSONVILLE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 294,481
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	34,403
Provision for doubtful accounts	47,687
Change in operating assets and liabilities:	
Accounts receivable	(893,830)
Prepaid expenses	1,857
Accounts payable and accrued expenses	233,844
Deferred revenue	336,461
	<u>54,902</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in board designated cash	(138,637)
Increase in certificates of deposit	(344,000)
Purchase of property and equipment	(31,085)
	<u>(513,723)</u>
NET CASH USED IN INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in due from affiliate	<u>189,018</u>
NET DECREASE IN CASH	(269,803)
CASH - BEGINNING OF YEAR	<u>1,049,984</u>
CASH - END OF YEAR	<u><u>\$ 780,181</u></u>

The accompanying notes are an integral part of these financial statements.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2010

	PROGRAM SERVICES				SUPPORTING SERVICES	TOTAL
	Service Coordination	In-Home Services	Community Services	Total Program Costs		
Salaries	\$ 1,000,959	\$ 1,076,065	\$ 421,995	\$ 2,499,019	\$ 441,003	\$ 2,940,022
Payroll taxes and fringe benefits	240,231	251,671	99,876	591,778	97,021	688,799
TOTAL PERSONNEL COSTS	1,241,190	1,327,736	521,871	3,090,797	538,024	3,628,821
Travel, conferences and seminars	\$ 65,635	\$ 90,440	\$ 10,433	166,508	15,000	181,508
In-kind personnel	160,925	49,681	-	210,606	-	210,606
Communications and postage	-	-	-	-	49,100	49,100
Advertising	-	-	-	-	7,807	7,807
Insurance	-	-	-	-	22,352	22,352
Maintenance, repairs and vehicle expense	-	114,893	-	114,893	-	114,893
Printing and supplies	-	-	-	-	102,114	102,114
Building and occupancy cost	127,155	53,850	35,276	216,281	-	216,281
Professional fees, legal, staff development and temporary staff	40,011	62,612	192,690	295,313	454,222	749,535
Service providers	-	1,231,571	4,266,031	5,497,602	-	5,497,602
Program supplies and EHEAEP	-	195,474	-	195,474	-	195,474
Depreciation	-	-	-	-	34,403	34,403
Food and food supplies	-	822,341	-	822,341	-	822,341
TOTAL OPERATING EXPENSES	393,726	2,620,862	4,504,430	7,519,018	684,998	8,204,016
TOTAL EXPENSES	\$ 1,634,916	\$ 3,948,598	\$ 5,026,301	\$10,609,815	\$ 1,223,022	\$ 11,832,837

The accompanying notes are an integral part of these financial statements.

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Urban Jacksonville, Inc. (the “Organization”) was organized as a not-for-profit corporation in the state of Florida. The Organization provides the following community services predominantly under grants through the Northeast Florida Area Agency on Aging, Inc. and other funding sources:

- A. Meals on Wheels – a federally, state and city subsidized project to provide home delivered meals for the aged and disabled.
- B. Protective Counseling Services for the Elderly – a federally funded project under Title III of the Older Americans Act to confirm the extent of and nature of problems of the elderly and to assist in solving those problems.
- C. Community Care for the Elderly – a state funded program under the Community Care for the Elderly Act of 1973 as amended to provide services that enable frail, elderly persons to stay in their homes as an alternative to institutionalization.

Funding for the Community Care for Disabled Adults portion of the programs is provided by the Department of Children and Families of the State of Florida.

The Organization is operated under a common board of directors with Cathedral Foundation of Jacksonville, Inc. (the “Foundation”).

Property and Equipment

It is the Organization’s policy to capitalize property and equipment that has a useful life extending into future periods. Purchased property and equipment costing in excess of \$750 is capitalized. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the various assets. Asset lives range from 3 years to 15 years.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value.

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Such donations are reported as unrestricted contributions unless the donor has restricted their use. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service and the Organization reclassifies temporarily restricted net assets to unrestricted net assets in the period of expiration.

Revenue

Most of the Organization's revenue originates from state and federal grants. Costs incurred under each of the programs are subject to approval and subsequent audits by the respective state or federal agencies.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Governmental grants for the funding of programs operated by the Organization are awarded on a year-to-year basis and are subject to annual renewal. Funding under certain existing grants may be reduced or increased at the discretion of the grantors. Certain agreements provide for termination by either party upon 30 days written notice.

The Organization authorizes services for elder consumers by eligible vendors under the Medicaid Waiver Program in Duval County and did not direct bill for the Medicaid Waiver Program's vendor services.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on whether any donor restrictions exist.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, these financial statements include no provision or liability for income taxes.

Use of Estimates

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

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2010:

Leasehold improvements	\$ 49,617
Equipment	491,872
	<u>541,489</u>
Less Accumulated depreciation and amortization	<u>(425,366)</u>
Leasehold improvements and equipment, net	<u>\$ 116,123</u>

Depreciation and amortization expense for the year ended September 30, 2010, approximated \$34,000.

NOTE 3 - RELATED PARTY TRANSACTIONS

Accounting and Administrative Fees Expense

During the year, the Organization received administrative, accounting and M.I.S. services from the Foundation. For the year ended September 30, 2010 the amount paid for these services approximated \$310,000 and is included in management and general expenses on the statement of activities.

Office Premises Lease

During the year, the Organization leased office space from the Foundation. For the

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

year ended September 30, 2010, the amount paid for the office premise lease approximated \$216,000 (see Note 6).

Pledge Receivable

During the year ended September 30, 2005, the Organization received a pledge for future contributions of funds from the Foundation. At September 30, 2010, the total amount of the pledge receivable is \$1,400,000. The pledge balance will be evaluated for payment terms annually based on the needs of the Organization for support from the Foundation.

Food Preparation and Purchases

During the year, the Organization purchased hot meals prepared by the Foundation and purchased frozen meals from the Foundation. For the year ended September 30, 2010, the amount paid for these dietary services approximated \$803,000.

Due from Affiliate

During the year, the Foundation provided advances to the Organization. These advances are non-interest bearing and are due on demand. At September 30, 2010, the amount due is approximately \$84,000.

NOTE 4 – DONATED SERVICES

Volunteers provide donated services to assist in client care, meal delivery, and other program assistance. Depending on the service performed, the volunteer time is valued at rates ranging from \$7.35 to \$10 per hour. The total amount of donated services recorded during the year ended September 30, 2010, was approximately \$211,000.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Foundation provides a qualified defined contribution plan which covers eligible employees of the Organization with related costs included herein. Under the terms of the Retirement Plan Trust Agreement, the Organization contributes up to a maximum

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 – EMPLOYEE RETIREMENT PLAN *(Continued)*

of 15% of the qualified salaries paid to eligible employees. Approximately five percent of qualifying salaries was contributed for the year ended September 30, 2010. The Organization's share of the contribution and expense was approximately \$122,000.

NOTE 6 – CERTIFICATES OF DEPOSIT

Certificates of Deposit

The Organization held certificates of deposit with a financial institution at interest rates ranging from 1.5% to 2.5% and various maturity dates both less than a year and greater than a year. As of September 30, 2010, certificates of deposit amounted to approximately \$344,000. These certificates of deposit are pledged to guarantee the payment of a portion of a 70-month term loan from a financial institution to Cathedral Gerontology Center, Inc. (See also Note 7 – Guarantee of Term Loan).

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Consumer Trust Funds

The Organization is required to provide a cash management service to its consumers. These funds remain the sole property of each respective consumer, to be disbursed only as requested and, accordingly, these funds are excluded from the accompanying financial statements. The Organization has a fiduciary duty of accountability for these funds. At September 30, 2010, the fund balances amounted to approximately \$296,000.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial insurance for these risks. Settled claims resulting from insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Office Premises Lease

As described in Note 3, the Organization leases office suites from the Foundation. The lease payments are based on a minimum rent plus annual adjustments for increases not to exceed 5% annually.

URBAN JACKSONVILLE, INC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

NOTE 7 - COMMITMENTS AND CONTINGENCIES (Continued)

Future minimum commitments under the noncancellable operating lease for the years subsequent to September 30, 2010, are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>AMOUNT</u>
2011	261,719
2012	274,805
2013	288,545
2014	302,972
2015	318,121
Thereafter	<u>363,254</u>
	<u>\$1,809,416</u>

Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash, accounts receivable and pledges receivable. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

Guarantee of Term Loan

On December 29, 2009, the Organization guaranteed the payment of a portion of a 70-month term loan from a bank to Cathedral Gerontology Center, Inc. ("CGC"). The amount of the term loan principal and interest guaranteed was \$344,000, and certificates of deposit ("CD's") totaling \$344,000 were pledged by the Organization to the bank in support of the guarantee. The pledged CD's include six CD's in the amount of \$50,000 each and one CD in the amount of \$44,000. The guarantee agreement calls for the pledged CD's to be released from the pledge ratably in increments over the life of the loan as payments are made on the term loan by CGC. At September 30, 2010, the amount of the guarantee had been reduced by CGC payments to \$332,111, and all payments to the bank have been made by CGC when due.

SUPPLEMENTAL INFORMATION



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Urban Jacksonville, Inc.
Jacksonville, Florida

Our report on our audit of the basic financial statements of Urban Jacksonville, Inc. (a not-for-profit corporation) for the year ended September 30, 2010 appears on page 1. Our audit was performed for the purpose of forming an opinion on the basic financial statements of Urban Jacksonville, Inc. taken as a whole. The supplemental information included herein on pages 14 to 26 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations", Chapter 691-5, Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services, and Chapter 10.650, the Rules of the Auditor General, and the State of Florida Department of Elder Affairs and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Watt's well as Stafford Inc

Starkville, Mississippi
December 10, 2010

URBAN JACKSONVILLE, INC.
SCHEDULE OF REVENUE BY SOURCE

Year Ended September 30, 2010

Program Name or Other Source of Funds	Program Description	Contract Number	Amount
NE Florida Area Agency on Aging, d/b/a ElderSource			
	III-B	A009UJ	\$ 83,979
		A010UJ	216,394
	III-C2	A009UJ	123,591
		A010UJ	351,919
	III-E	A009UJ	78,414
		A010UJ	214,258
	ARR1	A109UJ	179,654
	ARR2	A109UJ	88,445
	CCE	C009UJ	1,407,109
	CCE	C010UJ	604,249
	HCE	H09UJ	21,324
	HCE	H010UJ	9,686
	Senior Companion	I009UJ	40,788
	Senior Companion	I010UJ	3,500
	ADI	Z009UJ	102,094
	ADI	Z010UJ	26,618
	Energy Assistance	P009UJ	117,961
	Energy Assistance	P010UJ	103,242
	Relief Program	R009UJ	125,392
	Relief Program	R010UJ	41,428
	United Way funds	09/10	57,963
		10/11	22,138
U.S. Department of Agriculture			
	USDA/NSIP	U011UJ	107,680
Department of Children and Families			
	CCDA	DG016	29,390
	ADM\Guardianship	DH659	74,125
	MAS	DH663	145,350
	BRITE	LD938	300,000
	BRITE	LD931	100,000
Florida Agency for Health Care Administration			
	Medicaid Waiver		1,249,022
	Targeted Case Mgmt. Medicaid		140,070
	MW Vendor Revenue		2,440,939
	Nursing Home Diversion	XQ941	2,237,481
		XT112	356,161
City of Jacksonville Misc. Appropriations			
	Public Service Grant	6998-24	99,603
Cathedral Foundation, Inc.			
	Contract Matching		231,559
	Contract In-Kind Match		210,606
Project Income			
	III-C2		15,000
	III-B		29,139
Major Bequests			
			107,019
CFI SDC Income			
			58,962
Miscellaneous Income			
	Various sources		175,069
TOTAL REVENUE			\$ 12,127,318

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES REQUIRED BY THE DEPARTMENT OF ELDER AFFAIRS

For the Year Ended September 30, 2010

	PROGRAM SERVICES						
	Adult Day Care	Case Management	Case Aide	Chore	Caregiver Training/Support	Companionship	Congregate Meals
Salaries	\$ -	\$ 474,640	\$ 133,477	\$ 133,477	\$ 19,404	\$ 42,924	\$ 55,403
Payroll taxes and fringe benefits	-	113,914	32,034	26,695	4,269	9,443	13,297
TOTAL PERSONNEL COSTS	-	<u>588,554</u>	<u>165,511</u>	<u>160,172</u>	<u>23,673</u>	<u>52,367</u>	<u>68,700</u>
Travel, conferences and seminars	-	18,257	5,974	10,138	-	15,617	1,755
In-Kind Personnel	-	115,200	37,221	-	14,976	-	-
Communications and postage	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Maintenance, repairs and vehicle expense	-	-	-	-	-	-	-
Printing and supplies	-	-	-	-	-	-	-
Building and occupancy cost	-	53,806	14,728	1,918	1,918	6,827	-
Professional fees, legal, staff development and temporary staff	-	-	-	-	-	-	-
Service providers/Stipends	104,411	-	-	-	-	30,190	-
Program supplies and EHEAEP	-	-	-	8,900	-	-	-
Depreciation	-	-	-	-	-	-	-
Food and food supplies	-	-	-	-	-	6,528	82,155
TOTAL OPERATING EXPENSES	<u>104,411</u>	<u>775,817</u>	<u>223,434</u>	<u>181,128</u>	<u>40,567</u>	<u>111,529</u>	<u>152,610</u>
MANAGEMENT AND GENERAL ALLOCATION	15,632	116,153	33,452	27,118	6,074	16,698	22,848
TOTAL EXPENSES AFTER ALLOCATION	<u>\$ 120,043</u>	<u>\$ 891,970</u>	<u>\$ 256,886</u>	<u>\$ 208,246</u>	<u>\$ 46,641</u>	<u>\$ 128,227</u>	<u>\$ 175,458</u>
TOTAL UNITS	13,811	16,988	9,513	5,784	378	11,393	21,908

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES REQUIRED BY THE DEPARTMENT OF ELDER AFFAIRS (Continued)

For the Year Ended September 30, 2010

	PROGRAM SERVICES					
	Counseling	Education/ Training	Emergency Alert Response	Escort	Home Delivered Meals	Homemaker
Salaries	\$ 151,999	\$ 14,700	\$ 45,284	\$ 2,940	\$ 393,220	\$ 122,436.00
Payroll taxes and fringe benefits	36,480	3,528	10,868	706	94,373	29,385
TOTAL PERSONNEL COSTS	188,479	18,228	56,152	3,646	487,593	151,821
Travel, conferences and seminars	4,337	1,634	2,082	222	11,149	7,233
In-Kind Personnel	8,504	-	10,000	-	24,705	-
Communications and postage	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Maintenance, repairs and vehicle expense	-	-	-	-	114,893	-
Printing and supplies	-	-	-	-	-	-
Building and occupancy cost	26,020	1,918	4,142	2,876	21,746	1,918
Professional fees, legal, staff development and temporary staff	-	-	-	-	60,212	-
Service providers/Stipends	-	-	37,713	-	-	322,697
Program supplies and EHEAEP	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Food and food supplies	-	-	-	-	720,762	-
TOTAL OPERATING EXPENSES	227,340	21,780	110,089	6,744	1,441,060	483,669
MANAGEMENT AND GENERAL ALLOCATION	34,037	3,261	16,482	1,010	215,752	72,413
TOTAL EXPENSE AFTER ALLOCATION	\$ 261,377	\$ 25,041	\$ 126,571	\$ 7,754	\$1,656,812	\$ 556,082
TOTAL UNITS	6,623	112	42,374	369	295,566	30,612

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES REQUIRED BY THE DEPARTMENT OF ELDER AFFAIRS (Continued)

For the Year Ended September 30, 2010

	PROGRAM SERVICES				
	Nutrition Education	Outreach	Personal Care	Pest Control	Respite
Salaries	\$ 14,848	\$ 5,348	\$ 115,063	\$ -	\$ 66,682.00
Payroll taxes and fringe benefits	3,564	1,284	27,615	-	16,004
TOTAL PERSONNEL COSTS	18,412	6,632	142,678	-	82,686
Travel, conferences and seminars	522	500	9,137	-	3,334
In-Kind Personnel	-	-	-	-	-
Communications and postage	-	-	-	-	-
Advertising	-	-	-	-	-
Insurance	-	-	-	-	-
Maintenance, repairs and vehicle expense	-	-	-	-	-
Printing and supplies	-	-	-	-	-
Building and occupancy cost	4,718	1,841	1,918	-	1,918
Professional fees, legal, staff development and temporary staff	2,400	-	-	-	-
Service Providers/Stipends	-	-	313,088	8,565	406,028
Program supplies and EHEAEP	-	-	-	-	-
Depreciation	-	-	-	-	-
Food and food supplies	-	-	-	-	-
TOTAL OPERATING EXPENSES	26,052	8,973	466,821	8,565	493,966
MANAGEMENT AND GENERAL ALLOCATION	3,900	1,343	69,891	1,282	73,955
TOTAL EXPENSES AFTER ALLOCATION	\$ 29,952	\$ 10,316	\$ 536,712	\$ 9,847	\$ 567,921
TOTAL UNITS	697	262	30,562	173	31,570

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES REQUIRED BY THE DEPARTMENT OF ELDER AFFAIRS (Continued)

For the Year Ended September 30, 2010

	PROGRAM SERVICES						
	Respite - Facility	Respite/ RELIEF Program	Screening and Assessment	Shopping/ Assistance	Specialized Medical Equipment and Supplies	Transportation	Other DOEA-related Services
Salaries	\$ -	\$ 48,804	\$ 55,860	\$ 19,404	\$ 18,520	\$ -	\$ 399,648
Payroll taxes and fringe benefits	-	11,713	13,407	4,657	4,445	-	94,515
TOTAL PERSONNEL COSTS	-	60,517	69,267	24,061	22,965	-	494,163
Travel, conferences and seminars	-	29,473	-	616	-	-	9,595
In-Kind Personnel	-	-	-	-	-	-	-
Communications and postage	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Maintenance, repairs and vehicle expense	-	-	-	-	-	-	-
Printing and supplies	-	-	-	-	-	-	-
Building and occupancy cost	-	6,827	5,676	-	-	-	32,400
Professional fees, legal, staff development and temporary staff	-	-	-	-	-	-	192,690
Service providers/Supends	80,620	51,929	-	-	61,361	4,648	1,635,413
Program supplies and EHEAEP	-	-	-	-	-	-	186,574
Depreciation	-	-	-	-	-	-	-
Food and food supplies	-	12,896	-	-	-	-	-
TOTAL OPERATING EXPENSES	80,620	161,642	74,943	24,677	84,326	4,648	2,550,835
MANAGEMENT AND GENERAL ALLOCATION	12,070	24,201	11,220	3,695	12,625	696	381,904
TOTAL EXPENSES AFTER ALLOCATION	\$ 92,690	\$ 185,843	\$ 86,163	\$ 28,372	\$ 96,951	\$ 5,344	\$ 2,932,739
TOTAL UNITS	10,664	19,596	1,916	512	175	216	-

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES REQUIRED BY THE DEPARTMENT OF ELDER AFFAIRS (Continued)

For the Year Ended September 30, 2010

	PROGRAM SERVICES		SUPPORTING SERVICES				TOTAL
	Non DOEA-related Services	Total Program Costs	Unallowable Expenses	Management and General	Supporting Services	TOTAL	
Salaries	\$ 164,935	2,499,016	\$ -	\$ 441,003	\$ 441,003	\$ 2,940,022	
Payroll taxes and fringe benefits	39,584	591,780	-	97,021	97,021	688,799	
TOTAL PERSONNEL COSTS	204,519	3,090,796	-	538,024	538,024	3,628,821	
Travel, conferences and seminars	34,933	166,508	-	15,000	15,000	181,508	
In-Kind Personnel	-	210,606	-	-	-	210,606	
Communications and postage	-	-	-	49,100	49,100	49,100	
Advertising	-	-	-	7,807	7,807	7,807	
Insurance	-	-	-	22,352	22,352	22,352	
Maintenance, repairs and vehicle expense	-	114,893	-	-	-	114,893	
Printing and supplies	-	-	-	102,114	102,114	102,114	
Building and occupancy cost	23,166	216,281	-	-	-	216,281	
Professional fees, legal, staff development and temporary staff	40,011	295,313	-	454,222	454,222	749,535	
Service providers/Stipends	2,440,939	5,497,602	-	-	-	5,497,602	
Program supplies and EHEAEP	-	195,474	-	-	-	195,474	
Depreciation	-	-	-	34,403	34,403	34,403	
Food and food supplies	-	822,341	-	-	-	822,341	
TOTAL OPERATING EXPENSES	2,743,568	10,609,814	-	1,223,022	1,223,022	11,832,837	
MANAGEMENT AND GENERAL ALLOCATION	45,309	1,223,021	-	(1,223,022)	(1,223,022)	-	
TOTAL EXPENSES AFTER ALLOCATION	\$ 2,788,877	\$ 11,832,835	\$ -	\$ -	\$ -	\$ 11,832,837	
TOTAL UNITS	N/A	N/A	N/A	N/A	N/A	N/A	

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.
SCHEDULE OF STATE EARNINGS REQUIRED BY
THE DEPARTMENT OF CHILDREN AND FAMILIES
YEAR ENDED SEPTEMBER 30, 2010

1	Total Expenditures	\$11,832,837
2	Less Other State and Federal Funds	\$10,884,742
3	Less Non-Match SAMH Funds	\$219,475
4	Less Unallowable Costs per 65E-14, F.A.C.	\$0
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	\$728,621
6	Maximum Available Earnings (Line 5 times 75%)	\$546,465
7	Amount of State Funds Requiring Match	\$0
8	Amount Due to Department (Subtract line 7 from line 6)	\$0

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
REQUIRED BY THE DEPARTMENT OF CHILDREN AND FAMILIES
YEAR ENDED SEPTEMBER 30, 2010

	Related Party	Allocation of Related Party Transactions Adjustment				
		State-Designated Cost Centers				
		1	2	3	Total
Revenues From Grantee						
Rent	\$ -					
Services	-					
Interest	-					
Other	-					
Total Revenue From Grantee	-					
Expenses Associated with Grantee Transactions						
Personnel Services	-					
Depreciation	-					
Interest	-					
Other	-					
Total Associated Expenses	-					
Related Party Transaction Adjustment	\$ -	-	-	-	-	-

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.
SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
YEAR ENDED SEPTEMBER 30, 2010

AGENCY: **URBAN JACKSONVILLE, INC.**

FUNDING SOURCES & REVENUES A	STATE-SAMH-FUNDED COST CENTERS						Total for All State-Designated SAMH Cost Centers (D+E)	Non-SAMH Cost Center (G)	Total Funding (F+G) H
	STATE-SAMH-FUNDED COST CENTERS			STATE-SAMH-FUNDED COST CENTERS					
	In-Home & On-Site B ₁	Mobile Assessment for Seniors B ₂	Guardianship B ₃	Total for Program 1 or Combined (B ₁ +...+B _n) C ₁	Guardianship (CC name) B ₁	Total for State-SAMH-Funded Cost Centers (C ₁ +...+C _n) D			
IA. TOTAL STATE SAMH FUNDING	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ 145,350
(1) Contract #DH663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Contract #DH659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) From Other Districts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL STATE SAMH FUNDING =	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ 145,350
IB. OTHER GOVT. FUNDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(1) Other State Agency Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Local Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Federal Grants and Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) In-kind from local govt. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. OTHER GOVT. FUNDING =	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IC. ALL OTHER REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(1) 1st & 2nd Party Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) 3rd Party Payments (except Medicare's)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Medicare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) In-kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALL OTHER REVENUES =	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ACTUAL FUNDING =	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ -	\$ 145,350	\$ -	\$ 145,350

See Report of Independent Certified Public Accountants on Supplemental Information.

URBAN JACKSONVILLE, INC.
 SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE (Continued)
 SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
 YEAR ENDED SEPTEMBER 30, 2010

AGENCY: URBAN JACKSONVILLE, INC.

EXPENSE CATEGORIES	STATE-DESIGNATED SAMH COST CENTERS											Total Expenses (F+G+H+I+J)		
	STATE SAMH-FUNDED COST CENTERS					Non-SAMH-FUNDED COST CENTERS								
	Mobile Assessment for Seniors		Guardianship			Total for Non- State-Funded SAMH Cost Centers (D+E)	Non-SAMH Cost Center (G)	Support Costs (optional) (H)	Administration (I)	Total for All State- Designated SAMH Cost Centers (D+H+I+J)				
	In-Home & On-Site (CC name) B _{1-s}	Total for Program 1 or Combined (B _{1-s} +...+B _{1-s}) C ₁	Guardianship (CC name) B _{2-s}	Guardianship (CC name) B _{3-s}	Guardianship (CC name) B _{4-s}					Total for State SAMH-Funded Cost Centers (C ₁ +...+C ₁) D	Total for Non- State-Funded SAMH Cost Centers (D+E)		Non-SAMH Cost Center (G)	Support Costs (optional) (H)
MA. PERSONNEL EXPENSES														
(1) Salaries	\$ 110,941	\$ 110,941	\$ 55,021	\$ -	\$ -	\$ 55,021	\$ 165,962	\$ -	\$ -	\$ 165,962	\$ 2,333,057	\$ -	\$ 441,003	\$ 2,940,022
(2) Fringe Benefits	\$ 25,180	\$ 25,180	\$ 12,104	\$ -	\$ -	\$ 12,104	\$ 37,284	\$ -	\$ -	\$ 37,284	\$ 554,494	\$ -	\$ 97,021	\$ 688,799
TOTAL PERSONNEL EXPENSES	\$ 136,121	\$ 136,121	\$ 67,125	\$ -	\$ -	\$ 67,125	\$ 203,246	\$ -	\$ -	\$ 203,246	\$ 2,887,551	\$ -	\$ 538,024	\$ 3,628,821
MB. OTHER EXPENSES														
(1) Building Occupancy	\$ 2,400	\$ 2,400	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 3,900	\$ -	\$ -	\$ 3,900	\$ 212,381	\$ -	\$ -	\$ 216,281
(2) Professional Services	\$ 1,555	\$ 1,555	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ 3,555	\$ -	\$ -	\$ 3,555	\$ 291,758	\$ -	\$ 454,222	\$ 749,535
(3) Travel	\$ 1,500	\$ 1,500	\$ 2,000	\$ -	\$ -	\$ 2,000	\$ 3,500	\$ -	\$ -	\$ 3,500	\$ 163,008	\$ -	\$ 15,000	\$ 181,508
(4) Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Medical and Pharmacy	\$ 2,274	\$ 2,274	\$ -	\$ -	\$ -	\$ -	\$ 2,274	\$ -	\$ -	\$ 2,274	\$ 822,341	\$ -	\$ -	\$ 822,341
(7) Subcontracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,485,328	\$ -	\$ 22,352	\$ 5,485,328
(8) Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(9) Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(10) Operating Supplies & Expenses	\$ 1,500	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ 307,367	\$ -	\$ 193,424	\$ 503,791
(11) Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(12) Donated Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER EXPENSES	\$ 9,229	\$ 9,229	\$ 7,000	\$ -	\$ -	\$ 7,000	\$ 16,229	\$ -	\$ -	\$ 16,229	\$ 7,502,789	\$ -	\$ 684,998	\$ 8,204,016
TOT. PERSONNEL & OTH. EXP. =	\$ 145,350	\$ 145,350	\$ 74,125	\$ -	\$ -	\$ 74,125	\$ 219,475	\$ -	\$ -	\$ 219,475	\$ 10,390,340	\$ -	\$ 1,223,022	\$ 11,632,837
MC. DISTRIBUTED INDIRECT COSTS														
(A) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,022	\$ -	\$ -	\$ 1,223,022
(B) Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. DISTRIBUTED INDIRECT COSTS =	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,223,022	\$ -	\$ -	\$ 1,223,022
TOTAL ACTUAL OPER. EXPENSES =	\$ 145,350	\$ 145,350	\$ 74,125	\$ -	\$ -	\$ 74,125	\$ 219,475	\$ -	\$ -	\$ 219,475	\$ 11,613,362	\$ -	\$ -	\$ 11,832,837
MD. UNALLOWABLE COSTS														
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALLOWABLE OPERATING EXP. =	\$ 145,350	\$ 145,350	\$ 74,125	\$ -	\$ -	\$ 74,125	\$ 219,475	\$ -	\$ -	\$ 219,475	\$ 11,613,362	\$ -	\$ -	\$ 11,832,837
ME. CAPITAL EXPENDITURES														
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Report of Independent Certified Public Accountants on Supplemental Information.

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 WATKINS, WARD AND STAFFORD, PLLC
 CERTIFIED PUBLIC ACCOUNTANTS

URBAN JACKSONVILLE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2010

Federal / State Agency, Pass-through Entity <u>Federal Program / State Project</u>	CFDA / CSFA <u>Number</u>	Pass-through Entity Identifying / Contract <u>Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S. Department of Health and Human Services				
Pass-through Florida Department of Elder Affairs				
Pass-through Northeast Florida Area Agency on Aging, Inc., d/b/a ElderSource				
Title III B Support Services	93.044	A009UJ	\$ 83,979	\$ -
		A010UJ	216,394	-
Title III C - 2 Home Delivered Meals	93.045	A009UJ	123,591	-
		A010UJ	351,919	-
Title III E Services	93.052	A009UJ	78,414	-
		A010UJ	214,258	-
Title III C2 (ARRA) - Home Delivered Meals	93.705	A109UJ	88,445	-
Title III C1 (ARRA) - Home Delivered Meals	93.707	A109UJ	179,654	-
Nutrition Services Incentive Program	93.053	U010UJ	107,680	-
Emergency Home Energy Assistance for the Elderly	93.568	P009UJ	117,961	-
		P010UJ	103,242	-
Total U.S. Department of Health and Human Services			<u>1,665,537</u>	<u>-</u>
Corporation for National and Community Service				
Senior Companion Program				
	94.016	I009UJ	40,788	-
		I010UJ	3,500	-
Total Corporation for National and Community Service			<u>44,288</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,709,825</u>	<u>-</u>
Florida Department of Elder Affairs				
Pass-through Northeast Florida Area Agency on Aging, Inc., d/b/a ElderSource				
Community Care for the Elderly	65.010	C009UJ	\$ 1,407,109	-
		C010UJ	604,249	-
Home Care for the Elderly	65.001	H009UJ	21,324	-
		H010UJ	9,686	-
Alzheimer's Disease Initiative	65.004	Z009UJ	102,094	-
		Z010UJ	26,618	-
R.E.L.I.E.F. Program	65.006	R009UJ	125,392	-
		R010UJ	41,428	-
Total Florida Department of Elder Affairs			<u>2,337,899</u>	<u>-</u>
Florida Department of Children and Families				
Community Care for the Disabled Adult/PCS, Meals	60.008	DG016	29,390	-
Alcohol, Drug Abuse, and Mental Health/Guardianship	60.053	DH659	74,125	-
Alcohol, Drug Abuse, and Mental Health/MAS	60.053	DH663	145,350	-
Brief Intervention and Treatment for Elders/BRITE	93.243	LD938	300,000	-
		LD931	100,000	-
Total Florida Department of Children and Families			<u>648,865</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 2,986,764</u>	<u>\$ -</u>

Note: The significant accounting policies for the accompanying schedule of expenditures of federal awards and state financial assistance are stated in Note 1 - Nature of the Organization and Summary of Significant Accounting Policies of the notes to the financial statements.

See Report of Independent Certified Public Accountants on Supplemental Information.



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

Board of Directors
Urban Jacksonville, Inc.
Jacksonville, Florida

We have audited the financial statements of Urban Jacksonville, Inc. as of and for the year ended September 30, 2010, and have issued our report thereon dated December 10, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization’s financial statements that is more than inconsequential will not be prevented or detected by the Organization’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended for the information and use of the board of directors, management and federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Watts Ward and Stafford P.C.

Starkville, Mississippi
December 10, 2010



WATKINS, WARD AND STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
 ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
 EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON THE
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
 CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

Board of Directors
 Urban Jacksonville, Inc.
 Jacksonville, Florida

Compliance

We have audited the compliance of Urban Jacksonville, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor’s State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. Urban Jacksonville, Inc.’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of Organization’s management. Our responsibility is to express an opinion on Organization’s compliance based on our audit.

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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 691-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650 Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Urban Jacksonville, Inc.’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. Our audit does not provide a legal determination on Urban Jacksonville, Inc.’s compliance with those requirements.

In our opinion, Urban Jacksonville, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010.

Internal Control Over Compliance

The management of Urban Jacksonville, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on major federal programs and state projects in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Organization's board of directors, management and federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Starkville, Mississippi
December 10, 2010



**URBAN JACKSONVILLE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS**

SEPTEMBER 30, 2010

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified not considered to be material weaknesses _____ yes X none reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards and State Financial Assistance:

Internal control over major federal programs and/or state projects:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified not considered to be material weaknesses(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs and/or state projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with

Circular A-133, Section.510(a) and/or 10.656? _____ yes X no

See Report of Independent Certified Public Accountants on Supplemental Information

**URBAN JACKSONVILLE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS (Continued)**

SEPTEMBER 30, 2010

Federal Awards and State Financial Assistance Continued

Identification of major federal programs
and state projects:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
US Department of Health and Human Services	
Pass-through Florida Department of Elder Affairs	
Pass-through Northeast Florida Area Agency on Aging, Inc.	
Special Programs For The Aging - Title III, Part B	93.044
Special Programs For The Aging - Title III, Part C	93.045
National Family Caregiver Support	93.052
<u>Name of State Project</u>	<u>CSFA Number</u>
Florida Department of Elder Affairs	
Pass-through Northeast Florida Area Agency on Aging, Inc.	
Community Care for the Elderly	65.010
Dollar threshold used to distinguish between Type A and Type B programs for federal awards:	\$300,000
Dollar threshold used to distinguish between Type A and Type B projects for major state financial assistance:	\$300,000
Auditee qualified as low-risk auditee pursuant to OMB Circular A-133	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported.

**SECTION III: FEDERAL AWARD and
STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No findings were reported.

See Report of Independent Certified Public Accountants on Supplemental Information

URBAN JACKSONVILLE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS *(Continued)*

SEPTEMBER 30, 2010

SECTION IV - FEDERAL AWARDS and STATE FINANCIAL ASSISTANCE
SUMMARY OF PRIOR AUDIT FINDINGS

No findings were reported.

SECTION V - FINANCIAL ASSISTANCE - MANAGEMENT LETTER

No letter was issued.

See Report of Independent Certified Public Accountants on Supplemental Information