

DANIEL MEMORIAL, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2011

DANIEL MEMORIAL, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

October 7, 2011

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates

We have audited the accompanying consolidated statement of financial position of Daniel Memorial, Inc. and Affiliates (nonprofit organizations) as of June 30, 2011 and the related consolidated statement of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 the 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Daniel Memorial, Inc. and Affiliates as of June 30, 2011, and the consolidated changes in its net assets and its consolidated 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 October 7, 2011 on our consideration of Daniel Memorial, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Board of Trustees of
Daniel Memorial, Inc. and Affiliates
October 7, 2011
Page Two

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Daniel Memorial, Inc. and Affiliates taken as a whole. The accompanying consolidating statement of financial position, consolidating statement of activities, statement of functional expenses (Daniel Memorial, Inc. only), the schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the State of Florida Office of the Auditor General*, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Harbeson, Fletcher & Bateh, LLP

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash and cash equivalents, unrestricted	\$1,116,363
Investments	1,779,294
Receivables, net	616,867
Inventories	41,904
Prepaid expenses	<u>67,983</u>
Total Current Assets	<u>3,622,411</u>

PROPERTY AND EQUIPMENT:

Land	403,560
Buildings and improvements	5,117,330
Construction in progress	814,403
Furniture and equipment	734,073
Agency vehicles	<u>173,046</u>
	7,242,412
Accumulated depreciation	<u>(4,624,100)</u>
Net Property and Equipment	<u>2,618,312</u>

OTHER ASSETS:

Cash and cash equivalents, restricted	177,721
Cash and cash equivalents, temporarily restricted	186,642
Investments, restricted	2,052,758
Land, restricted	62,000
Receivables under split-interest agreements, restricted	<u>160,112</u>
Total Other Assets	<u>2,639,233</u>

TOTAL ASSETS **\$8,879,956**

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 214,025
Accrued expenses	966,522
Deferred revenue	54,069
Current portion of long-term debt	<u>224,006</u>
Total Current Liabilities	<u>1,458,622</u>

LONG-TERM LIABILITIES:

Long-term debt, net of current portion	<u>46,129</u>
Total Liabilities	<u>1,504,751</u>

NET ASSETS:

Unrestricted	4,735,972
Temporarily restricted	186,642
Permanently restricted	<u>2,452,591</u>
Total Net Assets	<u>7,375,205</u>

TOTAL LIABILITIES AND NET ASSETS **\$8,879,956**

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

UNRESTRICTED NET ASSETS

Public Support:

Contributions	\$ 835,242
Jessie Ball DuPont	24,161
United Way of Northeast Florida	<u>111,293</u>
Total Public Support	<u>970,696</u>

Governmental Agencies:

Medicaid	3,675,384
State of Florida, Department of Children and Families	619,675
State of Florida, Department of Juvenile Justice	1,497,759
Family Support Services of North Florida, Inc.	2,492,864
City of Jacksonville	357,244
Department of Health and Human Services	66,044
Jacksonville Children's Commission	629,985
University of South Florida	214,354
Emergency Services and Homeless Coalition of Jacksonville, Inc.	30,517
Florida Department of Education	<u>29,443</u>
Total Governmental Agencies	<u>9,613,269</u>

Other Revenue:

Program service fees	261,528
Educational product sales	214,015
Educational products – cost of goods sold	(50,412)
Educational conference fees	220,539
Administrative fees	11,344
Rental Income	9,905
Investment return	385,730
Miscellaneous income	21,443
Loss on disposal of assets	<u>(3,021)</u>
Total Other Revenue	<u>1,071,071</u>

Net Assets Released From Restrictions **226,676**

Total Revenues **\$11,881,712**

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Expenses:

Program Services	\$ 8,615,011
Supporting Services:	
Salaries, benefits and payroll taxes	915,221
Professional fees	67,266
Contractual services	196,501
Supplies	113,076
Telephone	41,435
Postage and shipping	47,103
Occupancy	148,045
Rental and maintenance of equipment	107,685
Travel and transportation	19,425
Conferences, conventions and meetings	18,912
Specific assistance to individuals	4,961
Insurance	82,561
Interest	5,963
Depreciation and amortization	175,039
Fund raising expenses	198,580
Advertising and public relations	63,104
Other expenses	<u>291,940</u>
Total Expenses	<u>11,111,828</u>

INCREASE IN UNRESTRICTED NET ASSETS **\$ 769,884**

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

TEMPORARILY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$319,627
Total Public Support	<u>319,627</u>
Other Revenue:	
Investment Return	<u>97</u>
Total Other Revenue	<u>97</u>
Net Assets Released from Restrictions	<u>(221,726)</u>
Total Revenues	<u>97,998</u>
Expenses:	
Supporting Services:	
Other expenses	<u>12</u>
Total Expenses	<u>12</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 97,986</u>

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

PERMANENTLY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$ <u>23,251</u>
Total Public Support	<u>23,251</u>
Other Revenue:	
Investment Return	<u>394,301</u>
Total Other Revenue	<u>394,301</u>
Net Assets Released From Restrictions	<u>(4,950)</u>
Total Revenues	<u>412,602</u>
Expenses:	
Supporting Services:	
Professional fees	<u>18,993</u>
Total Expenses	<u>18,993</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>393,609</u>
INCREASE IN NET ASSETS	1,261,479
NET ASSETS, BEGINNING OF YEAR	<u>6,113,726</u>
NET ASSETS, END OF YEAR	<u>\$7,375,205</u>

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$1,261,479
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	198,895
Equity in income of partnership investment	23,387
Net realized and unrealized gain on investments	(665,881)
Decrease in accrued interest and dividends receivable	1,937
Loss on disposal of assets	3,020
(Increase) decrease in operating assets:	
Receivables, net	50,705
Inventory	(12,393)
Prepaid expenses	13,177
Receivables under split-interest agreements	(25,555)
Increase (decrease) in operating liabilities:	
Accounts payable	(36,707)
Accrued expenses	180,982
Deferred revenue	<u>(23,427)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>969,619</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(2,353,265)
Proceeds from sale of investments	2,427,486
Purchase of property and equipment	<u>(667,525)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(593,304)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Advances under line of credit	150,000
Principal payments on long-term debt	<u>(79,090)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>70,910</u>

NET INCREASE IN CASH **447,225**

CASH, BEGINNING OF YEAR **1,033,501**

CASH, END OF YEAR **\$1,480,726**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest \$ 14,773

See Consolidated Notes to Financial Statements.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies

Organization

Daniel Foundation, Inc. operates as a nonprofit corporation for the purpose of carrying on charitable, educational and scientific activities by exclusively supporting or carrying out the purposes of Daniel Memorial, Inc., Daniel Memorial Properties, Inc. and Daniel Memorial Jaxbuild, Inc. Daniel Memorial, Inc. operates as a nonprofit corporation providing a comprehensive network of services to children and adolescents and their families and the community serving youth. Daniel Memorial Properties, Inc. operates as a nonprofit corporation for the purpose of holding title to property used exclusively for educational, literary, scientific or charitable purposes. Daniel Memorial Jaxbuild, Inc. operates as a nonprofit corporation providing training and employment opportunities in the building construction industry (inactive at June 30, 2011). The majority of services and programs are provided in northeast Florida.

Daniel Foundation, Inc., Daniel Memorial, Inc., Daniel Memorial Properties, Inc. and Daniel Memorial Jaxbuild, Inc. will be collectively referred to as the Organization.

Consolidation of Related Entities

The Organization is consolidated as required by the provisions of the American Institute of Certified Public Accountants Statement of Position No. 94-3, "*Reporting of Related Entities by Not-for-Profit Organizations.*" SOP 94-3 states that nonprofit organizations should consolidate another nonprofit if the reporting nonprofit organization has both control of the other nonprofit organization, as evidenced by either majority ownership or a majority voting interest in the board of trustees, and an economic interest in the other nonprofit organization. All significant intercompany balances and transactions have been eliminated.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the following criteria:

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Functional Expense Allocation

The costs of providing the various programs and other activities for the affiliate Daniel Memorial, Inc. have been summarized on a functional basis in the statement of functional expenses included in the supplementary information. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

Daniel Foundation, Inc., Daniel Memorial, Inc. and Daniel Memorial Jaxbuild, Inc. are exempt from federal income tax under Section 501(c)(3) of the U. S. Internal Revenue Code and are not private foundations. Daniel Memorial Properties, Inc. is exempt from federal income tax under Section 501(c)(2) of the Internal Revenue Code and is not a private foundation. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2009, 2008 and 2007 are subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition

In general, the Organization recognizes revenue from governmental agencies on a purchase of service basis. Contracts and grants other than purchases of service are recognized either on a straight-line basis over the contract term or on a cost reimbursement basis, whichever the contract or grant allows. Program services fees are recognized at the time services are rendered to clients at the Organization's per diem rate. Educational product are recognized when the related items are invoiced. Conference fees are recognized as income in the period that the conference is held.

Contributions and Promises to Give

Contributions are recognized when they are received or unconditionally pledged. They are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction.

Donated Materials

Donated materials are reflected as contributions at their estimated fair value at the date of receipt.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts receivable is based on management's evaluation of collectability and prior collection experience of receivables that are past due.

Inventories

Inventories is stated at the lower of cost or market, determined by the first-in, first-out method (FIFO).

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment purchased are carried at cost while donated assets are recorded at fair market value at the time such assets are received by the Organization. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. The Organization records one-half year's depreciation in the year of acquisition and disposition. Maintenance and repairs are charged to expense as incurred and renewals and betterments are capitalized.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments and Spending Policy for Endowments

The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are reported as a change in the appropriate net assets class dependent on restrictions, if any. Income derived from investments is recognized when earned and is accounted for as a change in the unrestricted net assets, unless previously restricted by donor specifications. Gains and losses on disposition of investments are considered elements of revenue and expense and are accounted for as a change in unrestricted net assets, unless previously restricted by donor specifications.

The Organization's endowment consists of approximately four individual funds established for a variety of purposes. Its endowment includes donor-restricted funds to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of the consumer price index plus 4% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Organization has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of the consumer price index plus 4% annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net assets as of June 30, 2011 are classified as permanently restricted net assets (See Note 3).

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, management has evaluated subsequent events through October 7, 2011, the date financial statements were available to be issued.

Note 2 – Receivables

Receivables at June 30, 2011 is summarized as follows:

Trade	\$137,105
Contract services	328,572
Medicaid	159,846
Other	<u>100</u>
	625,623
Less allowance for uncollectible accounts	<u>(8,756)</u>
	<u>\$616,867</u>

Note 3 – Investments

Investments held at June 30, 2011, are summarized as follows:

	Fair Value
Annuities	\$ 128,751
Corporate Equities	2,708,619
Mutual Funds	287,289
Corporate Bonds	317,623
Government Securities	359,324
Partnership Interest	22,432
Accrued Interest	8,014
	<u>\$3,832,052</u>

Investments include endowments, which must be held in perpetuity by the Organization and as a result are not available for current operations. As of June 30, 2011, endowed investments were \$2,052,758.

Interest and dividend income includes earnings on the Organization's cash balances and investments. The following schedule summarizes the investment return for the year ended June 30, 2011:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 55,729	\$ 97	\$ 56,253	\$112,079
Net realized and unrealized gains	330,001	-	335,880	665,881
Loss from partnership investment	-	-	(23,387)	(23,387)
Change in value of split-interest agreement	-	-	25,555	25,555
Total investment return	385,730	97	394,301	780,128
Less investment fees	(19,321)	-	(18,993)	(38,314)
Net investment return	<u>\$366,409</u>	<u>\$ 97</u>	<u>\$375,308</u>	<u>\$741,814</u>

The following is a summary of the inputs used to determine the fair value of the Organization's investments in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, as of June 30, 2011:

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Marketable securities	\$3,809,620	\$ -	\$ -	\$3,809,620
Partnership interest	-	-	22,432	22,432
Receivables under split-interest agreements	-	-	160,112	160,112
	<u>\$3,809,620</u>	<u>\$ -</u>	<u>\$182,544</u>	<u>\$3,992,164</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

Balance as of June 30, 2010	\$180,376
Net realized and unrealized gains	2,168
Net purchases/contributions and sales/distributions	-
Net transfers in and/or out of Level 3 investments	-
Balance as of June 30, 2011	<u>\$182,544</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair value for the contribution receivable from a beneficial interest in a charitable remainder trust (Level 3) is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and a 6% discount rate. Also, the partnership interest is valued using Level 3 inputs which are based upon the partnership capital account at the time of donation, adjusted for partnership earnings and distributions.

Note 4 – Long-term Debt

Notes payable at June 30, 2011, is summarized as follows:

Mortgage note payable to bank, due in monthly installments of \$2,088 including interest at 5.70% through April 2014, then adjusted to the Wall Street Journal Prime rate (with a floor of 5%) through March 29, 2022; secured by real property.	\$ 60,142
Bank line of credit in the amount of \$250,000, of which \$40,007 was unused at June 30, 2011. Advances on the credit line are payable on demand and carry an interest rate at the bank's prime rate plus 1%, with a 5.00% floor (5.00% at June 30, 2011). The line of credit is secured by real property.	<u>209,993</u>
	270,135
Less current portion	<u>(224,006)</u>
	<u>\$ 46,129</u>

Aggregate debt maturities for fiscal years ending after June 30, 2011 are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2012	\$224,006
2013	14,834
2014	15,703
2015	<u>15,592</u>
	<u>\$270,135</u>

Note 5 – Net Assets

Unrestricted

Contributions received from the members of “The 1884 Club” are recorded as unrestricted revenue and are either Board designated and not available for current operations without Board authorization or utilized in accordance with the donors request.

Temporarily Restricted

Temporarily restricted net assets consist of contributions received for the purpose of construction of new buildings.

Capital Campaign Contributions	\$ <u>186,642</u>
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Permanently Restricted

Permanently restricted net assets consist primarily of the Family Endowment Funds' assets to be held indefinitely. The income from the assets are to be used to fund scholarships for qualifying students. A summary of the permanently restricted net assets at June 30, 2011 is as follows:

Family Endowment Funds	\$2,208,047
Atlantic Arms Partnership	22,432
Charitable Remainder Trust	160,112
Land-Mills House	<u>62,000</u>
	<u>\$2,452,591</u>

Endowment net assets composition by type of fund as of June 30, 2011 is as follows:

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ <u>2,452,591</u>

Changes in endowment net assets as June 30, 2011 are as follows:

	<u>Permanently Restricted</u>
Endowment net assets, June 30, 2010	\$2,058,982
Contributions	23,251
Investment income	56,253
Net appreciation	319,055
Net assets released from restrictions	<u>(4,950)</u>
Endowment net assets, June 30, 2011	<u>\$2,452,591</u>

Note 6 – Employee Retirement Plan

The Organization participates in a multi-employer, non-contributory retirement plan (the Plan) sponsored by Daniel Memorial, Inc. (the Sponsor) covering substantially all employees of the Organization. The Organization's contributions to the Plan are at the sole discretion of the board of directors. The Sponsor has received a favorable determination letter from the Internal Revenue Service that the Plan is a qualified plan under Section 401(a) of the U.S. Internal Revenue Code.

The contribution for the plan year ended June 30, 2011 was \$40,000 which was accrued at June 30, 2011.

Note 7 – Employee Health Plan

The Organization participates in a multi-employer, self-funded welfare benefit plan (the Health Plan) sponsored by Daniel Memorial, Inc. covering substantially all employees of the Organization. The Health Plan is intended to meet the requirements of ERISA and to be exempt from taxation under Section 501(m) of the Internal Revenue Code of 1986. The Plan's reserve was \$130,406 as of June 30, 2011. The Plan is reinsured through an excess loss policy which provides for individual and aggregate deductibles. The Organization is contingently liable for claims that would exceed the policy limits in the event of an unusual incident of high claims.

For the year ended June 30, 2011, health benefits expense was \$762,017 of which \$130,406 was accrued and reported as a liability.

Note 8 – Operating Leases

The Organization leases various office equipment and office space under operating leases requiring monthly lease payments of \$10,021.

Rent expense totaled \$122,629 for the year ended June 30, 2011.

Future minimum annual lease payments as of June 30, 2011 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2012	\$14,700
2013	<u>3,800</u>
Total Minimum Lease Payments	<u>\$18,500</u>

Note 9 – Concentrations

Cash and cash equivalents are, for the most part, maintained with several major financial institutions located in Jacksonville, Florida. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand and therefore bear minimal risk. Investment balances are insured by the Securities Investor Protection Corporation up to \$500,000 and further insured up to \$50,000,000 by Gulf Insurance Company. There were no uninsured investment balances at June 30, 2011.

Significant portions of the Organization’s revenue were earned by providing services to a state agency and a pass through agency. 13% was earned from the State of Florida, Department of Juvenile Justice and 21% was earned from Family Support Services of North Florida, Inc. In addition, 31% of revenues earned were from providing Medicaid-covered services to children of various programs provided by the Organization.

Note 10 – Contingencies

The Organization, in the normal course of business, is subject to claims and litigation. Although the ultimate disposition of these legal matters cannot be predicted with certainty, it is the present opinion of the Organization’s management that the outcome of the current litigation will not have a material effect on the financial condition of the Organization.

Note 11 – Schedule of Receipts and Expenditures – City of Jacksonville

City of Jacksonville – Project Prepare:

Receipt of Funds

Grant Number	<u>5318-63</u>	<u>5318-60</u>	<u>5318-64</u>
Grant Period	<u>7/1/10 – 6/30/11</u>	<u>10/1/09 – 9/30/10</u>	<u>10/1/10 – 9/30/11</u>
Amount of Award	\$60,000	\$27,495	\$14,968
Funds received – prior period	-	(16,354)	-
Fund received – current period	(60,000)	(11,141)	(11,079)
Due from City – 6/30/11	<u>-</u>	<u>-</u>	<u>(2,495)</u>
Amount remaining	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,394</u>

Expenditure of Funds

Grant Number 5318-63:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$45,981	\$ -	\$45,981	\$45,981	\$ -
Management & general	4,300	-	4,300	4,300	-
Building rent	5,292	-	5,292	5,292	-
Telephone	1,592	-	1,592	1,592	-
Other allowable costs – client care	2,225	-	2,225	2,225	-
Staff travel (non-amusement)	<u>610</u>	<u>-</u>	<u>610</u>	<u>610</u>	<u>-</u>
Total	<u>\$60,000</u>	<u>\$ -</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$ -</u>

Grant Number 5318-60:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$20,331	\$15,248	\$5,083	\$20,331	\$ -
Rent	5,722	4,292	1,430	5,722	-
Other allowable costs – client care	<u>1,442</u>	<u>1,300</u>	<u>142</u>	<u>1,442</u>	<u>-</u>
Total	<u>\$27,495</u>	<u>\$20,840</u>	<u>\$ 6,655</u>	<u>\$27,495</u>	<u>\$ -</u>

City of Jacksonville – Project Prepare:

Expenditure of Funds

Grant Number 5318-64:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$ <u>14,968</u>	\$ <u>-</u>	\$ <u>13,574</u>	\$ <u>13,574</u>	\$ <u>1,394</u>

City of Jacksonville – Full Service School Program:

Receipt of Funds

Grant Number	5318-62
Grant Period	<u>7/1/10– 6/30/11</u>
Amount of Award	\$564,985
Funds received – prior period	-
Fund received – current period	(564,985)
Due to City – 6/30/11	<u>-</u>
Amount remaining	\$ <u>-</u>

Expenditure of Funds

Grant Number 5318-62:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$516,129	\$ -	\$516,129	\$516,129	\$ -
Management & general	45,856	-	45,856	45,856	-
Staff travel (non-amusement)	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total	\$ <u>564,985</u>	\$ <u>-</u>	\$ <u>564,985</u>	\$ <u>564,985</u>	\$ <u>-</u>



Harbeson, Fletcher & Bateh, LLP

Certified Public Accountants

E. Cobb Harbeson
John C. Fletcher, Jr.
Raymond Z. Bateh
M. Ronald Hargraves, Jr.

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

October 7, 2011

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates

We have audited the consolidated financial statements of Daniel Memorial, Inc. and Affiliates (nonprofit organizations) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. 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 Daniel Memorial, Inc. and Affiliates' 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 Daniel Memorial, Inc. and Affiliates' 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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates
October 7, 2011
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Daniel Memorial, Inc. and Affiliates' consolidated 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 solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harbeson, Fletcher & Batch, LLP



Harbeson, Fletcher & Bateh, LLP

Certified Public Accountants

E. Cobb Harbeson
John C. Fletcher, Jr.
Raymond Z. Bateh
M. Ronald Hargraves, Jr.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

October 7, 2011

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates

Compliance

We have audited Daniel Memorial, Inc. and Affiliates' compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement*, and the requirements described in the Department of Financial Services State Projects Compliance Supplement, that could have a direct and material effect on each of Daniel Memorial, Inc. and Affiliates' major federal programs and state projects for the year ended June 30, 2011. Daniel Memorial, Inc. and Affiliates' 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 Daniel Memorial, Inc. and Affiliates' management. Our responsibility is to express an opinion on Daniel Memorial, Inc. and Affiliates' 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*, 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 program or state project occurred. An audit includes examining, on a test basis, evidence about Daniel Memorial, Inc. and Affiliates' 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 of Daniel Memorial, Inc. and Affiliates' compliance with those requirements.

In our opinion, Daniel Memorial, Inc. and Affiliates complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Daniel Memorial, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Daniel Memorial, Inc. and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Daniel Memorial, Inc. and Affiliates' 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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 solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Harbeson, Fletcher & Bateh, LLP

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2011

Section A – Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the consolidated financial statements of Daniel Memorial, Inc. and Affiliates.
2. No significant deficiencies were disclosed during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the financial statements of Daniel Memorial, Inc. and Affiliates, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in the internal control over major federal award programs or state projects were identified during the audit.
5. The auditor's report on compliance for the major federal programs and state projects for Daniel Memorial, Inc. and Affiliates expresses an unqualified opinion.
6. There were no reportable audit findings relative to major federal programs or state projects for Daniel Memorial, Inc. and Affiliates.
7. The program tested as a major program for federal programs was:
 Department of Health and Human Services-Temporary Assistance for Needy Families –
 CFDA #93.558
 Department of Housing and Urban Development – Community Development Block Grant –
 CFDA #14.218
8. The programs tested as a major program for state projects were:
 State of Florida, Department of Children and Families – Foster Care – CSFA #60.094.
 State of Florida, Department of Juvenile Justice – Conditional Release Services – CSFA #80.018.
9. The threshold used for distinguishing between Type A and B programs/projects was \$300,000 for both major federal programs and major state projects.
10. Daniel Memorial, Inc. and Affiliates was determined to be a low-risk auditee for its federal programs pursuant to OMB Circular A-133.
11. A management letter was not required under Section 215.97 of the Florida Single Audit Act because there were no findings required to be reported in the management letter and a Summary Schedule of Prior Audit Findings was not required because there were no prior audit findings related to Federal programs or State projects.

Section B – Findings – Financial Statement Audit:

None – as stated in Section A above.

Section C – Findings and Questioned Costs – Major Federal Award Programs and State Projects Audit:

None – as stated in Section A above.

SUPPLEMENTARY INFORMATION

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAX/BUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
CURRENT ASSETS:						
Cash	98,804	868,753	131,811	16,995		1,116,363
Investments	1,171,143	-	608,151	-		1,779,294
Receivables:						
Trade	-	137,105	-	-		137,105
Contract services	-	328,572	-	-		328,572
Medicaid	-	159,846	-	-		159,846
Other	1,452	-	-	-	(1,352)	100
Allowance for uncollectible accounts	-	(8,756)	-	-	-	(8,756)
Due from affiliates	-	-	508,747	-	(508,747)	41,904
Inventory	4,220	63,763	-	-		67,983
Prepaid expenses	-	-	-	-		-
Total Current Assets	1,275,619	1,591,187	1,248,709	16,995	(510,099)	3,622,411
PROPERTY AND EQUIPMENT:						
Land	-	-	403,560	-		403,560
Buildings and improvements	-	61,322	5,056,008	-		5,117,330
Construction in progress	-	-	814,403	-		814,403
Furniture and equipment	29,605	704,468	-	-		734,073
Agency vehicles	-	173,046	-	-		173,046
Accumulated depreciation	(27,563)	(903,503)	(3,693,034)	-		(4,624,100)
Total Property and Equipment, Net	2,042	35,333	2,580,937	-	-	2,618,312
OTHER ASSETS:						
Cash, permanently restricted	177,721	-	-	-		177,721
Cash, temporarily restricted	185,742	900	-	-		186,642
Investments, permanently restricted	2,052,758	-	-	-		2,052,758
Land, permanently restricted	-	-	62,000	-		62,000
Receivables under split-interest agreements, restricted	160,112	-	-	-		160,112
Total Other Assets	2,576,333	900	62,000	-	-	2,639,233
TOTAL ASSETS	3,853,994	1,627,420	3,891,646	16,995	(510,099)	8,879,956

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

<u>LIABILITIES AND NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>DANIEL MEMORIAL JAXBUILD</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
CURRENT LIABILITIES:						
Accounts payable	3,215	160,873	51,289	-	(1,352)	214,025
Due to affiliates	278,278	230,469	-	-	(508,747)	-
Due to employee benefits	-	170,406	-	-	-	170,406
Accrued payroll	-	359,752	-	-	-	359,752
Accrued vacation	-	350,954	-	-	-	350,954
Accrued liabilities	-	85,410	-	-	-	85,410
Deferred conference fees	-	5,210	-	-	-	5,210
Deferred revenue	-	48,859	-	-	-	48,859
Current portion of long-term debt	-	-	224,006	-	-	224,006
Total Current Liabilities	281,493	1,411,933	275,295	-	(510,099)	1,458,622
LONG-TERM LIABILITIES:						
Note payable, net of current portion	-	46,129	-	-	-	46,129
Total Long-Term Liabilities	-	46,129	46,129	-	-	46,129
TOTAL LIABILITIES	281,493	1,411,933	321,424	-	(510,099)	1,504,751
NET ASSETS:						
Unrestricted	995,268	215,487	3,508,222	16,995	-	4,735,972
Temporarily restricted net assets	186,642	-	-	-	-	186,642
Permanently restricted net assets	2,390,591	-	62,000	-	-	2,452,591
Total Net Assets	3,572,501	215,487	3,570,222	16,995	-	7,375,205
TOTAL LIABILITIES AND NET ASSETS	3,853,994	1,627,420	3,891,646	16,995	(510,099)	8,879,956

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

UNRESTRICTED NET ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Public Support:						
Contributions	792,436	42,806	-	-	-	835,242
Jessie Ball DuPont	21,911	2,250	-	-	-	24,161
United Way of Northeast Florida	55,050	56,243	-	-	-	111,293
Total Public Support	869,397	101,299	-	-	-	970,696
Governmental Agencies:						
Medicaid	-	3,675,384	-	-	-	3,675,384
State of Florida Department of Children and Families	-	619,675	-	-	-	619,675
State of Florida Department of Juvenile Justice	-	1,497,759	-	-	-	1,497,759
Family Support Services of North Florida, Inc.	-	2,492,864	-	-	-	2,492,864
City of Jacksonville	-	20,229	337,015	-	-	357,244
Department of Health and Human Services	-	-	66,044	-	-	66,044
Jacksonville Children's Commission	-	629,985	-	-	-	629,985
University of South Florida	-	214,354	-	-	-	214,354
Emergency Services and Homeless Coalition of Jacksonville, Inc	-	30,517	-	-	-	30,517
Florida Department of Education	-	29,443	-	-	-	29,443
Total Governmental Agencies	-	9,210,210	403,059	-	-	9,613,269
Other Revenue:						
Program service fees	-	261,528	-	-	-	261,528
Educational product sales	-	214,015	-	-	-	214,015
Educational products - cost of goods sold	-	(50,412)	-	-	-	(50,412)
Educational conference fees	-	220,539	-	-	-	220,539
Administrative fees	-	457,134	-	-	(445,790)	11,344
Rental income	-	-	456,517	-	(446,612)	9,905
Investment return	250,163	6,731	128,725	111	-	385,730
Miscellaneous income	717	19,226	1,500	-	-	21,443
Loss on disposal of assets	-	(1,558)	(1,463)	-	-	(3,021)
Total Other Revenue	250,880	1,127,203	585,279	111	(892,402)	1,071,071
Net Assets Released from Restrictions	226,676	-	-	-	-	226,676
Total Revenues	1,346,953	10,438,712	988,338	111	(892,402)	11,881,712

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
EXPENSES						
Program Services	-	8,971,285	-	-	(356,274)	8,615,011
Supporting Services:						
Salaries, benefits and payroll taxes	-	915,221	-	-	-	915,221
Administrative services and professional fees	413,249	18,448	81,359	-	(445,790)	67,266
Contractual Services	45,250	151,251	-	-	-	196,501
Supplies	26,237	86,839	-	-	-	113,076
Telephone	-	41,435	-	-	-	41,435
Postage and shipping	40,580	6,470	53	-	-	47,103
Occupancy	17,100	75,571	145,712	-	(90,338)	148,045
Rental and maintenance of equipment	-	19,946	87,739	-	-	107,685
Travel and transportation	4,427	14,998	-	-	-	19,425
Conferences, conventions and meetings	12,298	6,614	-	-	-	18,912
Specific assistance to individuals	1,566	3,395	-	-	-	4,961
Insurance	9,718	18,697	54,146	-	-	82,561
Interest	-	-	5,963	-	-	5,963
Depreciation and amortization	613	10,061	164,365	-	-	175,039
Fund raising expenses	198,580	-	-	-	-	198,580
Advertising and public relations	56,144	3,677	3,283	-	-	63,104
Other expenses	258,853	32,093	994	-	-	291,940
Total Expenses	1,084,615	10,376,001	543,614	-	(892,402)	11,111,828
Increase in Unrestricted Net Assets	262,338	62,711	444,724	111	-	769,884
Intercompany Transfers	(260,301)	-	260,301	-	-	-
INCREASE IN UNRESTRICTED NET ASSETS	2,037	62,711	705,025	111	-	769,884

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

<u>TEMPORARILY RESTRICTED NET ASSETS</u>	<u>DANIEL</u> <u>FOUNDATION</u>	<u>DANIEL</u> <u>MEMORIAL</u>	<u>DANIEL</u> <u>MEMORIAL</u> <u>PROPERTIES</u>	<u>DANIEL</u> <u>MEMORIAL</u> <u>JAXBUILD</u>	<u>ELIMINATING</u> <u>ENTRIES</u>	<u>CONSOLIDATED</u> <u>TOTALS</u>
Public Support:						
Contributions	319,627	-	-	-	-	319,627
Total Public Support	<u>319,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,627</u>
Other Revenue:						
Investment return	97	-	-	-	-	97
Total Other Revenue	<u>97</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97</u>
Net Assets Released from Restrictions	<u>(221,726)</u>					<u>(221,726)</u>
Total Revenues	<u>97,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,998</u>
EXPENSES						
Supporting Services:						
Other expenses	12	-	-	-	-	12
Total Expenses	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>97,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,986</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

<u>PERMANENTLY RESTRICTED NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>DANIEL MEMORIAL JAXBUILD</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
Public Support:						
Contributions	23,251	-	-	-	-	23,251
Total Public Support	<u>23,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,251</u>
Other Revenue:						
Investment return	394,301	-	-	-	-	394,301
Total Other Revenue	<u>394,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,301</u>
Net Assets Released from Restrictions	<u>(4,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,950)</u>
Total Revenues	<u>412,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,602</u>
EXPENSES						
Supporting Services:						
Professional fees	18,993	-	-	-	-	18,993
Total Expenses	<u>18,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,993</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>393,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>393,609</u>
INCREASE IN NET ASSETS	493,632	62,711	705,025	111	-	1,261,479
NET ASSETS, BEGINNING OF YEAR	<u>3,076,869</u>	<u>152,776</u>	<u>2,865,197</u>	<u>16,884</u>	<u>-</u>	<u>6,113,726</u>
NET ASSETS, END OF YEAR	<u>3,572,501</u>	<u>215,487</u>	<u>3,570,222</u>	<u>16,995</u>	<u>-</u>	<u>7,375,205</u>

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	PROGRAM SERVICES					
	EDUCATIONAL PRODUCT SALES	EDUCATIONAL CONFERENCES	SIPP	THERAPEUTIC GROUP HOME	PROJECT PREPARE	FAMILY BASED TREATMENT
Salaries	45,737	48,582	1,279,671	464,118	111,452	460,865
Employee benefits	6,049	8,613	146,127	61,130	13,056	46,182
Payroll taxes, etc.	3,248	5,009	115,338	40,628	9,767	40,706
Total Salaries and Related Expenses	55,034	62,204	1,541,136	565,876	134,275	547,753
Professional fees	297	453	14,951	7,331	1,649	24,584
Contractual services	225	-	89,616	14,648	1,000	81,551
Supplies	17,461	1,051	23,932	8,407	3,044	4,086
Telephone	2,775	3,643	16,318	15,501	4,501	10,422
Postage & shipping	3,841	650	1,163	11	55	581
Occupancy	3,666	6,100	143,448	45,047	30,817	21,859
Rental & maintenance of equipment	70	116	6,481	3,149	1,449	311
Travel & transportation	203	162	2,968	5,791	6,564	19,177
Conferences, conventions & meetings	83	88,740	3,263	1,456	95	3,498
Specific assistance to individuals	-	-	201,099	34,109	20,771	621,426
Insurance	209	348	20,081	11,898	836	3,586
Other expenses	4,742	4,649	8,409	(2,418)	614	8,314
Total Expenses Before Depreciation and Amortization	88,606	168,116	2,072,865	710,806	205,670	1,347,148
Depreciation and amortization	133	31	9,927	7,743	304	223
Total Expenses	88,739	168,147	2,082,792	718,549	205,974	1,347,371

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	PROGRAM SERVICES							CONDITIONAL RELEASE CIRCUIT THIRTEEN
	FOSTER CARE	FULL SERVICE SCHOOLS	CBIS	BEHAVIORAL MANAGEMENT CIRCUIT FOUR	BEHAVIORAL MANAGEMENT CIRCUIT SEVEN	BEHAVIORAL MANAGEMENT CIRCUIT THIRTEEN	BEHAVIORAL MANAGEMENT CIRCUIT THIRTEEN	
Salaries	1,295,006	480,759	377,352	58,377	45,869	113,580		
Employee benefits	181,343	60,401	49,926	5,482	5,981	16,361		
Payroll taxes, etc.	118,023	42,813	32,580	5,779	5,318	10,711		
Total Salaries and Related Expenses	1,594,372	583,973	459,858	69,638	57,168	140,652		
Professional fees	7,656	4,220	4,735	1,478	1,486	2,376		
Contractual services	1,925	14,717	10,498	101,785	92,648	6,484		
Supplies	41,254	4,584	9,454	786	759	2,956		
Telephone	39,796	1,080	14,903	1,218	297	4,540		
Postage & shipping	2,668	130	449	442	442	281		
Occupancy	90,808	1,471	53,517	1,952	1,942	16,461		
Rental & maintenance of equipment	3,743	-	1,002	33	33	83		
Travel & transportation	107,822	3,669	25,567	1,756	1,301	12,582		
Conferences, conventions & meetings	3,593	619	588	599	150	254		
Specific assistance to individuals	216,407	4,997	13,159	1,953	247	785		
Insurance	16,437	3,762	5,005	379	379	1,097		
Other expenses	14,178	1,640	2,404	928	904	1,494		
Total Expenses Before Depreciation and Amortization	2,140,659	624,862	601,139	182,947	157,756	190,045		
Depreciation and amortization	2,943	334	1,708	24	24	300		
Total Expenses	2,143,602	625,196	602,847	182,971	157,780	190,345		

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	PROGRAM SERVICES			SUPPORTING SERVICES	
	ADOPTION INFORMATION CENTER	ASAP	TOTAL PROGRAM EXPENSES	GENERAL AND ADMINISTRATIVE	TOTAL EXPENSES
Salaries	137,902	114,868	5,034,138	670,683	5,704,821
Employee benefits	14,665	14,239	629,555	146,703	776,258
Payroll taxes, etc.	11,692	11,199	452,811	97,835	550,646
Total Salaries and Related Expenses	164,259	140,306	6,116,504	915,221	7,031,725
Professional fees	1,876	814	73,906	18,448	92,354
Contractual services	-	5,135	420,232	151,251	571,483
Supplies	7,360	19,393	144,527	86,839	231,366
Telephone	16,809	2,312	134,115	41,435	175,550
Postage & shipping	9,632	719	21,064	6,470	27,534
Occupancy	19,437	4,518	441,043	75,571	516,614
Rental & maintenance of equipment	363	90	16,923	19,946	36,869
Travel & transportation	1,939	1,721	191,222	14,998	206,220
Conferences, conventions & meetings	28,786	6,921	138,645	6,614	145,259
Specific assistance to individuals	-	17,761	1,132,714	3,395	1,136,109
Insurance	1,115	1,036	66,168	18,697	84,865
Other expenses	4,284	223	50,365	35,770	86,135
Total Expenses Before Depreciation and Amortization	255,860	200,949	8,947,428	1,394,655	10,342,083
Depreciation and amortization	99	64	23,857	10,061	33,918
Total Expenses	255,959	201,013	8,971,285	1,404,716	10,376,001

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

<u>FEDERAL/STATE GRANTOR, PASS-THROUGH ENTITY, FEDERAL PROGRAM/ STATE PROJECT</u>	<u>CFDA/CSFA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Programs:</i>			
Health Care and Other Facilities	93.887		\$ 66,044
<i>Pass-through program from:</i>			
University of South Florida:			
Substance Abuse and Mental Health	93.243	1255-1045-02-E	214,354
State of Florida, Department of Children and Families:			
Promoting Safe and Stable Families Temporary Assistance for Needy Families	93.556	LJ912	31,500
Adoption Assistance-Title IV-E	93.558	LJ912	3,378
Social Services Block Grant	93.659	LJ912	62,497
	93.667	LJ912	38,833
State of Florida, Department of Children and Families - Family Support Services of North Florida, Inc.:			
Promoting Safe and Stable Families Temporary Assistance for Needy Families	93.556	DM010	71,781
Child Welfare Services	93.558	DM010	274,640
Foster Care Title IV-E	93.645	DM010	76,448
Social Services Block Grant	93.658	DM010	603,160
Adoption Assistance-Title IV-E	93.667	DM010	106,972
Child Abuse & Neglect State Grant	93.659	DM010	179,004
	93.669	DM010	29,931
<u>U.S. Department of Housing and Urban Development</u>			
<i>Pass-through program from:</i>			
City of Jacksonville:			
Community Development Block Grant	14.218	B09UC120017	337,015
Emergency Services and Homeless Coalition of Jacksonville, Inc.:			
ARRA-Homelessness Prevention and Rapid Re-Housing Program	14.257		30,518

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

<u>FEDERAL/STATE GRANTOR, PASS-THROUGH ENTITY, FEDERAL PROGRAM/ STATE PROJECT</u>	<u>CFDA/CSFA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Agriculture</u>			
<i>Pass-through program from:</i>			
Florida Department of Education:			
National School Breakfast Program	10.553	01-0162	13,448
National School Lunch Program	10.555	01-0162	15,994
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program	10.555	24029	<u>1,542</u>
Total Expenditures of Federal Awards			<u>\$2,157,059</u>
<i>State of Florida, Department of Children and Families:</i>			
Residential Treatment Services	60.048	SDH28	\$ 3,133
<i>State of Florida, Department of Children and Families - Family Support Services of North Florida, Inc.:</i>			
Foster Care	60.094	DM091	1,275,333
<i>State of Florida, Department of Juvenile Justice:</i>			
Mental Health Services - Circuit 7	80.011	G8I01	252,010
Mental Health Services - Circuit 4	80.011	D7I04	284,870
Conditional Release - Circuit 13	80.018	P2013	250,752
Conditional Release - Circuit 6	80.018	P2032	<u>710,127</u>
Total Expenditures of State Financial Assistance			<u>\$2,776,225</u>

See accompanying notes to schedule of expenditures of federal awards.

DANIEL MEMORIAL, INC. AND AFFILIATES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Daniel Memorial, Inc. and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.