

DANIEL MEMORIAL, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

DANIEL MEMORIAL, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

October 12, 2012

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, 2012 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, 2012, 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 12, 2012 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 12, 2012
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.

Harbison, Fletcher & Bateh, LLP

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash and cash equivalents, unrestricted	\$ 575,706
Investments	828,258
Receivables, net	1,151,850
Inventories	39,252
Prepaid expenses	<u>70,710</u>
Total Current Assets	<u>2,665,776</u>

PROPERTY AND EQUIPMENT:

Land	403,560
Buildings and improvements	5,175,635
Construction in progress	2,379,066
Furniture and equipment	772,171
Agency vehicles	<u>132,553</u>
	8,862,985
Accumulated depreciation	<u>(4,686,064)</u>
Net Property and Equipment	<u>4,176,921</u>

OTHER ASSETS:

Cash and cash equivalents, restricted	1,734,810
Cash and cash equivalents, temporarily restricted	52,464
Investments, restricted	832,663
Land, restricted	62,000
Receivables under split-interest agreements, restricted	<u>151,240</u>
Total Other Assets	<u>2,833,177</u>

TOTAL ASSETS **\$9,675,874**

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 384,498
Accrued expenses	742,697
Deferred revenue	132,859
Current portion of long-term debt	<u>423,734</u>
Total Current Liabilities	<u>1,683,788</u>

LONG-TERM LIABILITIES

-

NET ASSETS:

Unrestricted	5,158,909
Temporarily restricted	52,464
Permanently restricted	<u>2,780,713</u>
Total Net Assets	<u>7,992,086</u>

TOTAL LIABILITIES AND NET ASSETS **\$9,675,874**

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

UNRESTRICTED NET ASSETS

Public Support:

Contributions	\$ 670,077
Jessie Ball DuPont	40,303
United Way of Northeast Florida	<u>105,929</u>
Total Public Support	<u>816,309</u>

Governmental Support:

Medicaid	4,771,753
State of Florida, Department of Children and Families	375,577
State of Florida, Department of Juvenile Justice	1,439,509
Family Support Services of North Florida, Inc.	3,361,321
City of Jacksonville	94,916
Department of Health and Human Services	334,025
Jacksonville Children's Commission	634,535
Emergency Services and Homeless Coalition of Jacksonville, Inc.	20,000
Florida Council of Community Mental Health	144,848
Partnership for Child Health	33,219
Florida Department of Education	<u>28,385</u>
Total Governmental Support	<u>11,238,088</u>

Other Revenue:

Program service fees	466,444
Educational product sales	150,749
Educational products – cost of goods sold	(53,670)
Educational conference fees	192,044
Administrative fees	12,929
Rental Income	119,353
Investment return	(13,932)
Miscellaneous income	28,810
Gain on disposal of assets	<u>1,857</u>
Total Other Revenue	<u>904,584</u>

Net Assets Released From Restrictions 309,155

Total Revenues \$13,268,136

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Expenses:

Program Services	\$10,490,992
Supporting Services:	
Salaries, benefits and payroll taxes	974,282
Professional fees	72,305
Contractual services	171,160
Supplies	117,489
Telephone	46,470
Postage and shipping	14,115
Occupancy	166,130
Rental and maintenance of equipment	97,467
Travel and transportation	18,621
Conferences, conventions and meetings	11,875
Specific assistance to individuals	3,334
Insurance	81,401
Interest	12,591
Depreciation and amortization	183,736
Fund raising expenses	94,111
Advertising and public relations	87,399
Other expenses	<u>201,721</u>
Total Expenses	<u>12,845,199</u>

INCREASE IN UNRESTRICTED NET ASSETS **\$ 422,937**

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

TEMPORARILY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$ <u>166,537</u>
Total Public Support	<u>166,537</u>
Other Revenue:	
Investment Return	<u>40</u>
Total Other Revenue	<u>40</u>
Net Assets Released from Restrictions	(300,755)
Total Revenues	(134,178)
Expenses:	
Supporting Services:	
Other expenses	<u>-</u>
Total Expenses	<u>-</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	\$ <u>(134,178)</u>

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

PERMANENTLY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$ 22,189
Total Public Support	<u>22,189</u>
Other Revenue:	
Investment Return	<u>333,244</u>
Total Other Revenue	<u>333,244</u>
Net Assets Released From Restrictions	<u>(8,400)</u>
Total Revenues	<u>347,033</u>
Expenses:	
Supporting Services:	
Professional fees	<u>18,911</u>
Total Expenses	<u>18,911</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>328,122</u>
INCREASE IN NET ASSETS	616,881
NET ASSETS, BEGINNING OF YEAR	7,375,205
NET ASSETS, END OF YEAR	<u>\$7,992,086</u>

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 616,881
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	197,412
Equity in income of partnership investment	11,698
Net realized and unrealized gain on investments	(228,876)
Donated property and equipment included in contributions	(14,145)
Gain on disposal of assets	(1,857)
(Increase) decrease in operating assets:	
Receivables, net	(534,983)
Inventory	2,652
Prepaid expenses	(2,727)
Receivables under split-interest agreements	8,872
Increase (decrease) in operating liabilities:	
Accounts payable	170,473
Accrued expenses	(223,825)
Deferred revenue	<u>78,790</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>80,365</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(2,034,272)
Proceeds from sale of investments	4,422,581
Proceeds from sale of property and equipment	2,700
Purchase of property and equipment	<u>(1,742,719)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>648,290</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Advances under line of credit	40,000
Advances under margin loan	173,742
Principal payments on long-term debt	<u>(60,143)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>153,599</u>

NET INCREASE IN CASH 882,254

CASH, BEGINNING OF YEAR 1,480,726

CASH, END OF YEAR \$2,362,980

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest \$ 12,591

See Accompanying Consolidated Notes to Financial Statements and Independent Auditor's Report.

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012). 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.

See Independent Auditor's Report.

- 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 2010, 2009 and 2008 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

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.

See Independent Auditor's Report.

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 three 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.

See Independent Auditor's Report.

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, 2012 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 12, 2012, the date financial statements were available to be issued.

Note 2 – Receivables

Receivables at June 30, 2012 is summarized as follows:

Trade	\$ 73,847
Contract services	475,127
Medicaid	655,113
Other	<u>2,974</u>
	1,207,061
Less allowance for uncollectible accounts	<u>(55,211)</u>
	<u><u>\$1,151,850</u></u>

See Independent Auditor's Report.

Note 3 – Investments

Investments held at June 30, 2012, are summarized as follows:

	<u>Fair Value</u>
Annuities	\$ 134,853
Corporate Equities	603,649
Mutual Funds	213,121
Corporate Bonds	549,710
Government Securities	151,574
Accrued Interest	<u>8,014</u>
	<u>\$1,660,921</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, 2012, endowed investments were \$832,663.

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, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 45,525	\$40	\$ 65,483	\$111,048
Net realized and unrealized gains (losses)	(59,457)	-	288,333	228,876
Loss from partnership investment	-	-	(11,699)	(11,699)
Change in value of split-interest agreement	<u>-</u>	<u>-</u>	<u>(8,873)</u>	<u>(8,873)</u>
Total investment return	(13,932)	40	333,244	319,352
Less investment fees	(15,362)	<u>-</u>	<u>(18,911)</u>	<u>(34,273)</u>
Net investment return	<u>\$(29,294)</u>	<u>\$ 40</u>	<u>\$314,333</u>	<u>\$285,079</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, 2012:

	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
Marketable securities	\$1,660,921	\$ -	\$ -	\$1,660,921
Receivables under split-interest agreements	<u>-</u>	<u>-</u>	<u>151,240</u>	<u>151,240</u>
	<u>\$1,660,921</u>	<u>\$ -</u>	<u>\$151,240</u>	<u>\$1,812,161</u>

See Independent Auditor's Report.

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, 2011	\$182,544
Net realized and unrealized gains	390,910
Net purchases/contributions and sales/distributions	<u>(422,214)</u>
Balance as of June 30, 2012	<u>\$151,240</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.

Note 4 – Long-term Debt

Notes payable at June 30, 2012, is summarized as follows:

Bank line of credit in the amount of \$250,000, of which \$8 was unused at June 30, 2012. 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, 2012). The line of credit is secured by real property.

\$249,992

Margin Loan Agreement with Wells Fargo Advisors with the available credit of \$1,000,000 of which \$826,258 was unused at June 30, 2012. Advances on the margin loan agreement are payable on demand and carry an interest rate at the bank's prime rate minus 0.75% (2.75% at June 30, 2012). The margin loan agreement is secured by investments maintained at Wells Fargo.

173,742
\$423,734

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>\$52,464</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, 2012 is as follows:

Family Endowment Funds	\$2,567,473
Charitable Remainder Trust	151,240
Land-Mills House	<u>62,000</u>
	<u>\$2,780,713</u>

Endowment net assets composition by type of fund as of June 30, 2012 is as follows:

	Permanently <u>Restricted</u>
Donor-restricted endowment funds	<u>\$2,780,713</u>

Changes in endowment net assets as June 30, 2012 are as follows:

	<u>Permanently Restricted</u>
Endowment net assets, June 30, 2011	\$2,452,591
Contributions	22,189
Investment income	46,572
Net appreciation	267,761
Net assets released from restrictions	<u>(8,400)</u>
Endowment net assets, June 30, 2012	<u>\$2,780,713</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 Organization did not contribute to the Plan for the year ended June 30, 2012.

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 \$121,132 as of June 30, 2012. 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, 2012, health benefits expense was \$866,758 of which \$121,132 was accrued and reported as a liability.

See Independent Auditor's Report.

Note 8 – Operating Leases

The Organization leases various office equipment and office space under operating leases requiring monthly lease payments of \$9,815.

Rent expense totaled \$91,965 for the year ended June 30, 2012.

Future minimum annual lease payments as of June 30, 2012 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2013	\$117,024
2014	53,336
2015	<u>21,615</u>
Total Minimum Lease Payments	<u>\$191,975</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, 2012.

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 31% was earned from Family Support Services of North Florida, Inc. In addition, 44% 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.

See Independent Auditor's Report.

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

City of Jacksonville – Project Prepare:

Receipt of Funds

Grant Number	<u>5318-67</u>	<u>5318-70</u>	<u>5318-64</u>
Grant Period	<u>7/1/11 – 6/30/12</u>	<u>10/1/11 – 9/30/12</u>	<u>10/1/10 – 9/30/11</u>
Amount of Award	\$60,000	\$19,903	\$14,968
Funds received – 7/1/11-9/30/11	(16,125)	-	(11,079)
Fund received – 10/1/11-6/30/12	(43,875)	(13,579)	(3,889)
Due from City – 6/30/12	<u>-</u>	<u>(1,653)</u>	<u>-</u>
Remaining balance	<u>\$ -</u>	<u>\$ 4,671</u>	<u>\$ -</u>

Expenditure of Funds

Grant Number 5318-67:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Period</u>	<u>Current Period</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$44,920	\$12,684	\$32,236	\$44,920	\$ -
Management & general	4,300	1,075	3,225	4,300	-
Building rent	6,637	1,323	5,314	6,637	-
Telephone	1,381	398	983	1,381	-
Other allowable costs – client care	2,109	518	1,591	2,109	-
Staff travel (non-amusement)	<u>653</u>	<u>127</u>	<u>526</u>	<u>653</u>	<u>-</u>
Total	<u>\$60,000</u>	<u>\$16,125</u>	<u>\$43,875</u>	<u>\$60,000</u>	<u>\$ -</u>

Grant Number 5318-70:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Period</u>	<u>Current Period</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$19,903	\$ -	\$15,232	\$15,232	\$4,671
Total	<u>\$19,903</u>	<u>\$ -</u>	<u>\$15,232</u>	<u>\$15,232</u>	<u>\$4,671</u>

See Independent Auditor’s Report.

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>\$13,574</u>	<u>\$1,394</u>	<u>\$14,968</u>	<u>\$ -</u>

City of Jacksonville – Full Service School Program:

Receipt of Funds

Grant Number	5318-68
Grant Period	<u>7/1/11– 6/30/12</u>
Amount of Award	\$564,985
Funds received – 7/1/11-9/30/11	(148,415)
Fund received – 10/1/11-6/30/12	(416,570)
Due to City – 6/30/12	<u>246</u>
Remaining balance	<u>\$ 246</u>

Expenditure of Funds

Grant Number 5318-68:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Period</u>	<u>Current Period</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$516,129	\$136,335	\$379,548	\$515,883	\$ 246
Management & general	45,856	11,464	34,392	45,856	-
Staff travel (non-amusement)	<u>3,000</u>	<u>616</u>	<u>2,384</u>	<u>3,000</u>	<u>-</u>
Total	<u>\$564,985</u>	<u>\$148,415</u>	<u>\$416,324</u>	<u>\$564,739</u>	<u>\$ 246</u>

See Independent Auditor's Report.



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 12, 2012

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, 2012, and have issued our report thereon dated October 12, 2012. 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

Management of Daniel Memorial, Inc. and Affiliates is responsible for establishing and maintaining effective 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 previously.

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates
October 12, 2012
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 & Bates, 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 12, 2012

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, 2012. 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, 2012.

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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, 2012

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 programs tested as a major program for federal programs were:
Department of Health and Human Services:
Temporary Assistance for Needy Families – CFDA #93.558
Health Care and Other Facilities – CFDA #93.887
8. The program tested as a major program for state projects was:
State of Florida, Department of Children and Families – Foster Care – CSFA #60.094.
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 as well as a Corrective Action Plan 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, 2012

ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
CURRENT ASSETS:						
Cash	58,937	357,275	159,494	-		575,706
Investments	724,973	-	103,285	-		828,258
Receivables:						
Trade	-	73,847	-	-		73,847
Contract services	-	475,127	-	-		475,127
Medicaid	-	655,113	-	-		655,113
Other	2,974	-	-	-		2,974
Allowance for uncollectible accounts	-	(55,211)	-	-		(55,211)
Due from affiliates	126,904	39,125	-	-	(166,029)	-
Inventory	-	39,252	-	-		39,252
Prepaid expenses	2,204	68,506	-	-		70,710
Total Current Assets	915,992	1,653,034	262,779	-	(166,029)	2,665,776
PROPERTY AND EQUIPMENT:						
Land	-	-	403,560	-		403,560
Buildings and improvements	-	61,322	5,114,313	-		5,175,635
Construction in progress	-	-	2,379,066	-		2,379,066
Furniture and equipment	29,605	742,566	-	-		772,171
Agency vehicles	-	132,553	-	-		132,553
	29,605	936,441	7,896,939	-		8,862,985
Accumulated depreciation	(28,380)	(850,188)	(3,807,496)	-		(4,686,064)
Total Property and Equipment, Net	1,225	86,253	4,089,443	-	-	4,176,921
OTHER ASSETS:						
Cash, permanently restricted	1,734,810	-	-	-		1,734,810
Cash, temporarily restricted	52,464	-	-	-		52,464
Investments, permanently restricted	832,663	-	-	-		832,663
Land, permanently restricted	-	-	62,000	-		62,000
Receivables under split-interest agreements, restricted	151,240	-	-	-		151,240
Total Other Assets	2,771,177	-	62,000	-	-	2,833,177
TOTAL ASSETS	3,688,394	1,739,287	4,414,222	-	(166,029)	9,675,874

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

LIABILITIES AND NET ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
CURRENT LIABILITIES:						
Accounts payable	5,076	185,605	193,817	-		384,498
Due to affiliates	-	-	166,029	-	(166,029)	-
Due to employee benefits	-	121,132	-	-		121,132
Accrued payroll	-	211,960	-	-		211,960
Accrued vacation	-	384,341	-	-		384,341
Accrued liabilities	-	25,264	-	-		25,264
Deferred conference fees	-	9,645	-	-		9,645
Deferred revenue	-	123,214	-	-		123,214
Current portion of long-term debt	173,742	-	249,992	-		423,734
Total Current Liabilities	<u>178,818</u>	<u>1,061,161</u>	<u>609,838</u>	<u>-</u>	<u>(166,029)</u>	<u>1,683,788</u>
TOTAL LIABILITIES	178,818	1,061,161	609,838	-	(166,029)	1,683,788
NET ASSETS:						
Unrestricted	738,399	678,126	3,742,384	-		5,158,909
Temporarily restricted net assets	52,464	-	-	-		52,464
Permanently restricted net assets	2,718,713	-	62,000	-		2,780,713
Total Net Assets	<u>3,509,576</u>	<u>678,126</u>	<u>3,804,384</u>	<u>-</u>	<u>-</u>	<u>7,992,086</u>
TOTAL LIABILITIES AND NET ASSETS	<u>3,688,394</u>	<u>1,739,287</u>	<u>4,414,222</u>	<u>-</u>	<u>(166,029)</u>	<u>9,675,874</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

UNRESTRICTED NET ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Public Support:						
Contributions	558,390	111,687	-	-	-	670,077
Jessie Ball DuPont	-	40,303	-	-	-	40,303
United Way of Northeast Florida	46,182	59,747	-	-	-	105,929
Total Public Support	<u>604,572</u>	<u>211,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,309</u>
Governmental Support:						
Medicaid	-	4,771,753	-	-	-	4,771,753
State of Florida Department of Children and Families	-	375,577	-	-	-	375,577
State of Florida Department of Juvenile Justice	-	1,439,509	-	-	-	1,439,509
Family Support Services of North Florida, Inc.	-	3,361,321	-	-	-	3,361,321
City of Jacksonville	-	16,627	78,289	-	-	94,916
Department of Health and Human Services	-	334,025	-	-	-	334,025
Jacksonville Children's Commission	-	634,535	-	-	-	634,535
Emergency Services and Homeless Coalition of Jacksonville, Inc	-	20,000	-	-	-	20,000
Florida Council of Community Mental Health	-	144,848	-	-	-	144,848
Partnership for Child Health	-	33,219	-	-	-	33,219
Florida Department of Education	-	28,385	-	-	-	28,385
Total Governmental Support	<u>-</u>	<u>10,825,774</u>	<u>412,314</u>	<u>-</u>	<u>-</u>	<u>11,238,088</u>
Other Revenue:						
Program service fees	-	466,444	-	-	-	466,444
Educational product sales	-	150,749	-	-	-	150,749
Educational products - cost of goods sold	-	(53,670)	-	-	-	(53,670)
Educational conference fees	-	192,044	-	-	-	192,044
Administrative fees	-	490,090	-	-	(477,161)	12,929
Rental income	-	-	562,924	-	(443,571)	119,353
Investment return	(16,398)	4,560	(2,117)	23	-	(13,932)
Miscellaneous income	2,200	43,628	-	-	(17,018)	28,810
Gain on disposal of assets	-	1,857	-	-	-	1,857
Total Other Revenue	<u>(14,198)</u>	<u>1,295,702</u>	<u>560,807</u>	<u>23</u>	<u>(937,750)</u>	<u>904,584</u>
Net Assets Released from Restrictions	<u>309,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,155</u>
Total Revenues	<u>899,529</u>	<u>12,333,213</u>	<u>973,121</u>	<u>23</u>	<u>(937,750)</u>	<u>13,268,136</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
EXPENSES						
Program Services	-	10,838,850	-	-	(347,858)	10,490,992
Supporting Services:						
Salaries, benefits and payroll taxes	-	974,282	-	-	-	974,282
Administrative services and professional fees	436,938	27,256	85,272	-	(477,161)	72,305
Contractual Services	30,875	140,485	-	-	-	171,160
Supplies	18,368	99,121	-	-	-	117,489
Telephone	661	45,809	-	-	-	46,470
Postage and shipping	7,895	6,198	22	-	-	14,115
Occupancy	17,100	80,986	163,757	-	(95,713)	166,130
Rental and maintenance of equipment	-	23,592	73,875	-	-	97,467
Travel and transportation	6,888	11,733	-	-	-	18,621
Conferences, conventions and meetings	2,106	9,769	-	-	-	11,875
Specific assistance to individuals	-	3,334	-	-	-	3,334
Insurance	9,161	19,181	53,059	-	-	81,401
Interest	-	8,896	3,695	-	-	12,591
Depreciation and amortization	1,092	13,973	168,671	-	-	183,736
Fund raising expenses	94,111	-	-	-	-	94,111
Advertising and public relations	70,758	15,991	650	-	-	87,399
Other expenses	174,644	25,256	1,821	-	(17,018)	201,721
Total Expenses	870,397	12,344,712	550,822	17,018	(937,750)	12,845,199
Increase (decrease) in Unrestricted Net Assets	29,132	(11,499)	422,299	(16,995)	-	422,937
Intercompany Transfers	(286,001)	474,138	(188,137)	-	-	-
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(256,869)	462,639	234,162	(16,995)	-	422,937

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

TEMPORARILY RESTRICTED NET ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Public Support:						
Contributions	166,537	-	-	-	-	166,537
Total Public Support	<u>166,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,537</u>
Other Revenue:						
Investment return	40	-	-	-	-	40
Total Other Revenue	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
Net Assets Released from Restrictions	<u>(300,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,755)</u>
Total Revenues	<u>(134,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,178)</u>
EXPENSES						
Supporting Services:						
Other expenses	-	-	-	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(134,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,178)</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

PERMANENTLY RESTRICTED NET ASSETS	DANIEL FOUNDATION	DANIEL MEMORIAL	DANIEL MEMORIAL PROPERTIES	DANIEL MEMORIAL JAXBUILD	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Public Support:						
Contributions	22,189	-	-	-	-	22,189
Total Public Support	<u>22,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,189</u>
Other Revenue:						
Investment return	333,244	-	-	-	-	333,244
Total Other Revenue	<u>333,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,244</u>
Net Assets Released from Restrictions	<u>(8,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,400)</u>
Total Revenues	<u>347,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,033</u>
EXPENSES						
Supporting Services:						
Professional fees	18,911	-	-	-	-	18,911
Total Expenses	<u>18,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,911</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>328,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,122</u>
(DECREASE) INCREASE IN NET ASSETS	(62,925)	462,639	234,162	(16,995)	-	616,881
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>3,509,576</u>	<u>678,126</u>	<u>3,804,384</u>	<u>-</u>	<u>-</u>	<u>7,992,086</u>

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES					
	EDUCATIONAL PRODUCT SALES	EDUCATIONAL CONFERENCES	TARGETED CASE MANAGEMENT	SIPP	THERAPEUTIC GROUP HOME	PROJECT PREPARE
Salaries	93,500	1,274	805,150	1,346,460	253,753	104,514
Employee benefits	13,090	-	87,635	156,436	40,515	13,697
Payroll taxes, etc.	8,591	77	77,600	116,880	24,713	10,011
Total Salaries and Related Expenses	115,181	1,351	970,385	1,619,776	318,981	128,222
Professional fees	387	-	6,542	17,500	3,781	3,113
Contractual services	(69)	-	33,434	122,892	5,790	-
Supplies	21,637	-	20,842	18,892	3,181	2,175
Telephone	4,680	-	20,079	15,656	7,439	3,681
Postage & shipping	2,810	25	21	1,084	13	63
Occupancy	8,763	-	24,988	147,803	29,225	40,286
Rental & maintenance of equipment	-	-	522	5,758	3,696	4,533
Travel & transportation	861	-	33,749	2,398	3,301	4,071
Conferences, conventions & meetings	1,489	99,120	1,106	2,503	45	19
Specific assistance to individuals	75	-	1,206	185,862	15,832	22,245
Insurance	292	-	-	18,268	5,823	438
Other expenses	6,181	1,279	9,412	43,200	2,418	67
Total Expenses Before Depreciation and Amortization	162,287	101,775	1,122,286	2,201,592	399,525	208,913
Depreciation and amortization	30	-	1,079	5,074	3,603	-
Total Expenses	162,317	101,775	1,123,365	2,206,666	403,128	208,913

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

PROGRAM SERVICES

	FAMILY BASED TREATMENT	FOSTER CARE	FULL SERVICE SCHOOLS	CBIS	BEHAVIORAL MANAGEMENT CIRCUIT FOUR	BEHAVIORAL MANAGEMENT CIRCUIT SEVEN
Salaries	608,121	1,578,262	493,204	492,071	113,526	60,031
Employee benefits	64,933	191,723	65,626	71,126	10,641	7,807
Payroll taxes, etc.	55,017	136,603	42,796	44,362	9,911	5,955
Total Salaries and Related Expenses	728,071	1,906,588	601,626	607,559	134,078	73,793
Professional fees	17,870	2,055	5,229	4,842	2,303	2,109
Contractual services	88,693	248	17,686	5,817	102,285	88,780
Supplies	5,433	52,158	1,813	15,071	1,370	723
Telephone	13,005	52,016	1,058	17,891	1,249	352
Postage & shipping	726	2,807	58	1,405	531	356
Occupancy	15,340	75,908	-	70,206	1,473	1,257
Rental & maintenance of equipment	627	4,989	-	2,178	60	42
Travel & transportation	31,305	117,138	3,776	33,969	3,719	968
Conferences, conventions & meetings	2,576	8,659	856	2,221	174	169
Specific assistance to individuals	795,430	415,092	9,509	13,470	7,430	568
Insurance	3,057	17,361	3,940	6,354	482	336
Other expenses	8,932	11,603	1,648	1,662	1,030	251
Total Expenses Before Depreciation and Amortization	1,711,065	2,666,622	647,199	782,645	256,184	169,704
Depreciation and amortization	668	2,232	-	829	56	39
Total Expenses	1,711,733	2,668,854	647,199	783,474	256,240	169,743

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES	
	ADOPTION INFORMATION CENTER	ASAP	TOTAL PROGRAM EXPENSES	GENERAL AND ADMINISTRATIVE	TOTAL EXPENSES
Salaries	139,783	62,684	6,152,333	761,936	6,914,269
Employee benefits	21,373	9,353	753,955	112,804	866,759
Payroll taxes, etc.	12,341	5,458	550,315	99,542	649,857
Total Salaries and Related Expenses	173,497	77,495	7,456,603	974,282	8,430,885
Professional fees	1,022	-	66,753	27,256	94,009
Contractual services	-	-	465,556	140,485	606,041
Supplies	6,838	5,944	156,077	99,121	255,198
Telephone	17,279	1,085	155,470	45,809	201,279
Postage & shipping	5,969	287	16,155	6,198	22,353
Occupancy	19,718	666	435,633	80,986	516,619
Rental & maintenance of equipment	-	-	22,405	23,592	45,997
Travel & transportation	787	1,771	237,813	11,733	249,546
Conferences, conventions & meetings	32,426	14,396	165,759	9,769	175,528
Specific assistance to individuals	169	28,506	1,495,394	3,334	1,498,728
Insurance	657	-	57,008	19,181	76,189
Other expenses	3,799	3,065	94,547	50,143	144,690
Total Expenses Before Depreciation and Amortization	262,161	133,215	10,825,173	1,491,889	12,317,062
Depreciation and amortization	67	-	13,677	13,973	27,650
Total Expenses	262,228	133,215	10,838,850	1,505,862	12,344,712

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012

<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 Program:</i>			
Health Care and Other Facilities	93.887		\$ 334,025
<i>Pass-through program from:</i>			
University of South Florida:			
Substance Abuse and Mental Health Services	93.243	1255-1045-02-E	89,672
University of South Florida:			
The Florida Council for Community Health: Substance Abuse and Mental Health Services	93.243	1255-1068-00-A	55,176
Managed Access to Child Health, Inc.: Child Mental Health Initiative	93.104	SDAN-0112-092912	32,219
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	3,605
Social Services Block Grant	93.659	LJ912	63,746
	93.667	LJ912	1,856
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	DM011	61,568
Child Welfare Services	93.558	DM011	273,998
Foster Care Title IV-E	93.645	DM011	52,981
Social Services Block Grant	93.658	DM011	683,545
Adoption Assistance-Title IV-E	93.667	DM011	130,956
Child Abuse & Neglect State Grant	93.659	DM011	104,541
Chafee Foster Care Independence Program	93.669	DM011	40,638
	93.674	DM011	63,795

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, 2012

<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 Housing and Urban Development</u>			
<i>Pass-through program from:</i>			
City of Jacksonville:			
Community Development Block Grant	14.218	B07UC120017	46,275
<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	11,806
National School Lunch Program	10.555	01-0162	16,578
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program	10.555		2,572
<u>U.S. Department of Energy</u>			
<i>Pass-through program from:</i>			
City of Jacksonville:			
ARRA-Energy Efficiency Conservation Block Grant	81.128		32,014
Total Expenditures of Federal Awards			<u>\$2,133,066</u>
<u>State of Florida, Department of Children and Families</u>			
<i>Direct Program:</i>			
Residential Treatment Services	60.048	SDH28	\$ 21,744
<i>Pass through program from:</i>			
Family Support Services of North Florida, Inc.:			
Foster Care	60.094	DM011	1,729,177
Emergency Services and Homeless Coalition of Jacksonville, Inc.:			
Challenge Grant	60.014	DFZ31	20,000
<u>State of Florida, Department of Juvenile Justice</u>			
<i>Direct Program:</i>			
Mental Health Services - Circuit 7	80.011	G8I01	157,345
Conditional Release – Circuit 6	80.018	P2032	951,604
Total Expenditures of State Financial Assistance			<u>\$2,879,870</u>

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

DANIEL MEMORIAL, INC. AND AFFILIATES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012

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.