

DANIEL MEMORIAL, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2013

DANIEL MEMORIAL, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

October 15, 2013

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Daniel Memorial, Inc. and Affiliates (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2013 and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Daniel Memorial, Inc. and Affiliates as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying consolidating statement of financial position, consolidating statement of activities, statement of functional expenses (Daniel Memorial, Inc. only), and schedule of source and expenditures of city grant funds is also presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Daniel Memorial, Inc. and Affiliates' internal control over financial reporting and compliance.

Harbeson, Fletcher & Bateh, LLP

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS:

Cash and cash equivalents, unrestricted	\$ 1,632,419
Investments	712,795
Receivables, net	1,046,671
Inventories	34,771
Prepaid expenses	<u>123,049</u>
Total Current Assets	<u>3,549,705</u>

PROPERTY AND EQUIPMENT:

Land	403,560
Buildings and improvements	7,881,046
Furniture and equipment	928,866
Agency vehicles	<u>126,178</u>
	9,339,650
Accumulated depreciation	<u>(4,632,678)</u>
Net Property and Equipment	<u>4,706,972</u>

OTHER ASSETS:

Cash and cash equivalents, restricted	678,920
Cash and cash equivalents, temporarily restricted	434,649
Investments, restricted	1,803,522
Land, restricted	62,000
Receivables under split-interest agreements, restricted	<u>162,461</u>
Total Other Assets	<u>3,141,552</u>

TOTAL ASSETS **\$11,398,229**

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

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 217,600
Accrued expenses	1,019,342
Deferred revenue	150,269
Current portion of long-term debt	<u>140,087</u>
Total Current Liabilities	1,527,298

LONG-TERM LIABILITIES:

Long-term debt, net of current portion	<u>1,315,940</u>
Total Liabilities	<u>2,843,238</u>

NET ASSETS:

Unrestricted	5,410,439
Temporarily restricted	434,649
Permanently restricted	<u>2,709,903</u>
Total Net Assets	<u>8,554,991</u>

TOTAL LIABILITIES AND NET ASSETS **\$11,398,229**

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, 2013

UNRESTRICTED NET ASSETS

Public Support:	
Contributions	\$ 613,934
Jessie Ball DuPont	78,335
United Way of Northeast Florida	<u>108,765</u>
Total Public Support	<u>801,034</u>
 Governmental Support:	
Medicaid	6,367,131
State of Florida, Department of Children and Families	260,040
State of Florida, Department of Juvenile Justice	1,489,395
Family Support Services of North Florida, Inc.	3,633,103
City of Jacksonville	74,344
Department of Health and Human Services	94,931
Jacksonville Children's Commission	921,469
Partnership for Child Health	68,529
Florida Department of Agriculture and Consumer Services	<u>35,516</u>
Total Governmental Support	<u>12,944,458</u>
 Other Revenue:	
Program service fees	433,435
Educational product sales	148,454
Educational products – cost of goods sold	(42,533)
Educational conference fees	211,141
Administrative fees	13,330
Rental Income	118,860
Investment return	65,227
Miscellaneous income	12,436
Loss on disposal of assets	<u>(1,235)</u>
Total Other Revenue	<u>959,115</u>
 Net Assets Released From Restrictions	 <u>194,001</u>
 Total Revenues	 <u>\$14,898,608</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, 2013

Expenses:

Program Services	\$12,111,588
Supporting Services:	
Salaries, benefits and payroll taxes	1,168,983
Professional fees	51,004
Contractual services	152,586
Supplies	111,336
Telephone	46,692
Postage and shipping	13,721
Occupancy	172,872
Rental and maintenance of equipment	109,666
Travel and transportation	24,192
Conferences, conventions and meetings	11,122
Specific assistance to individuals	3,563
Insurance	81,228
Interest	41,097
Depreciation and amortization	243,057
Fund raising expenses	81,237
Advertising and public relations	24,659
Other expenses	<u>198,474</u>
Total Expenses	<u>14,647,077</u>

INCREASE IN UNRESTRICTED NET ASSETS \$ 251,531

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, 2013

TEMPORARILY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$339,944
Total Public Support	<u>339,944</u>
Other Revenue:	
Investment Return	<u>27</u>
Total Other Revenue	<u>27</u>
Net Assets Released from Restrictions	<u>42,213</u>
Total Revenues	<u>382,184</u>
Expenses:	
Supporting Services:	
Other expenses	<u>-</u>
Total Expenses	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$382,184</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, 2013

PERMANENTLY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$ 38,524
Total Public Support	<u>38,524</u>
Other Revenue:	
Investment Return	<u>140,089</u>
Total Other Revenue	<u>140,089</u>
Net Assets Released From Restrictions	<u>(236,214)</u>
Total Revenues	<u>(57,601)</u>
Expenses:	
Supporting Services:	
Professional fees	<u>13,209</u>
Total Expenses	<u>13,209</u>
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>(70,810)</u>
INCREASE IN NET ASSETS	562,905
NET ASSETS, BEGINNING OF YEAR	<u>7,992,086</u>
NET ASSETS, END OF YEAR	<u>\$8,554,991</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 562,905
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	258,258
Net realized and unrealized gain on investments	(88,278)
Loss on disposal of assets	1,234
(Increase) decrease in operating assets:	
Receivables, net	105,179
Inventory	4,481
Prepaid expenses	(52,339)
Receivables under split-interest agreements	(11,221)
Increase (decrease) in operating liabilities:	
Accounts payable	(166,899)
Accrued expenses	276,645
Deferred revenue	<u>17,410</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>907,375</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(2,640,697)
Proceeds from sale of investments	1,873,579
Proceeds from sale of property and equipment	5,230
Purchase of property and equipment	<u>(794,773)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,556,661)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on line of credit	(249,992)
Net repayments on margin loan	(173,741)
Proceeds from promissory note	1,565,500
Principal payments on long-term debt	<u>(109,473)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,032,294</u>

NET INCREASE IN CASH 383,008

CASH, BEGINNING OF YEAR 2,362,980

CASH, END OF YEAR \$2,745,988

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest \$ 41,251

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

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013). 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 2011, 2010, and 2009 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, 2013 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 15, 2013, the date financial statements were available to be issued.

Note 2 – Receivables

Receivables at June 30, 2013 is summarized as follows:

Trade	\$ 112,434
Contract services	275,640
Medicaid	793,294
Other	<u>3,589</u>
	1,184,957
Less allowance for uncollectible accounts	<u>(138,286)</u>
	<u>\$1,046,671</u>

Note 3 – Investments

Investments held at June 30, 2013, are summarized as follows:

	<u>Fair Value</u>
Corporate Equities	\$ 123,754
Mutual Funds	2,384,549
Accrued Interest	<u>8,014</u>
	<u>\$2,516,317</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, 2013, endowed investments were \$1,803,522.

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, 2013:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividend income	\$32,406	\$27	\$ 73,410	\$105,843
Net realized and unrealized gains	32,821	-	55,458	88,279
Change in value of split-interest agreement	<u>-</u>	<u>-</u>	<u>11,221</u>	<u>11,221</u>
Total investment return	65,227	27	140,089	205,343
Less investment fees	<u>(5,785)</u>	<u>-</u>	<u>(13,209)</u>	<u>(18,994)</u>
Net investment return	<u>\$59,442</u>	<u>\$27</u>	<u>\$126,880</u>	<u>\$186,349</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, 2013:

	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	\$2,516,317	\$ -	\$ -	\$2,516,317
Receivables under split-interest agreements	<u>-</u>	<u>-</u>	<u>162,641</u>	<u>162,641</u>
	<u>\$2,516,317</u>	<u>\$ -</u>	<u>\$162,641</u>	<u>\$2,678,958</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, 2012	\$151,240
Net realized and unrealized gains	<u>11,221</u>
Balance as of June 30, 2013	<u>\$162,641</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, 2013, is summarized as follows:

Vehicle note payable to bank, due in monthly installments of \$458 through March 2019, including interest at 4.00%; secured by vehicle	\$ 14,280
Promissory note payable to bank, due in monthly installments of \$15,511 through August 2019, including interest at 3.70%, at which time the remaining balance will be due; unsecured	1,441,747
	1,456,027
Amounts due within one year	<u>(140,087)</u>
Amounts due after one year	<u>\$1,315,940</u>

In connections with the promissory note, the Organization must maintain a minimum total balance of \$500,000 consisting of unrestricted cash and investments.

The Organization has a \$250,000 revolving line of credit which was unused at June 30, 2013. 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. The line of credit is secured by real property.

The following is a schedule of estimated minimum debt maturities for the five years succeeding June 30, 2013:

Years Ending	
<u>June 30,</u>	
2014	\$ 140,087
2015	145,387
2016	149,441
2017	150,909
2018	156,588
Thereafter	<u>713,615</u>
	<u>\$1,456,027</u>

Interest expense totaled \$41,251 for the year ended June 30, 2013.

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>\$434,649</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, 2013 is as follows:

Family Endowment Funds	\$2,485,442
Charitable Remainder Trust	162,461
Land-Mills House	<u>62,000</u>
	<u>\$2,709,903</u>

Endowment net assets composition by type of fund as of June 30, 2013 is as follows:

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	<u>\$2,709,903</u>

See Independent Auditor’s Report.

Changes in endowment net assets as of June 30, 2013 are as follows:

	<u>Permanently Restricted</u>
Endowment net assets, June 30, 2012	\$2,780,713
Contributions	38,524
Investment income	60,201
Net appreciation	66,679
Net assets released from restrictions	<u>(236,214)</u>
Endowment net assets, June 30, 2013	<u>\$2,709,903</u>

Note 6 – Employee Retirement Plan

As of December 31, 2012, the Organization participated 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 Plan was amended effective January 1, 2013. The Organization now participates in a single employer, contributory retirement plan sponsored by Daniel Memorial, Inc. 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 Organization did not contribute to the Plan for the year ended June 30, 2013.

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 \$248,048 as of June 30, 2013. 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, 2013, health benefits expense was \$1,077,279 of which \$248,048 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 \$9,656.

Rent expense totaled \$59,839 for the year ended June 30, 2013.

Future minimum annual lease payments as of June 30, 2013 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2014	\$55,952
2015	24,231
2016	<u>2,398</u>
Total Minimum Lease Payments	<u>\$82,581</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, 2013.

Significant portions of the Organization's revenue were earned by providing services to a state agency and a pass through agency. 12% was earned from the State of Florida, Department of Juvenile Justice and 25% was earned from Family Support Services of North Florida, Inc. In addition, 43% 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.



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 15, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Daniel Memorial, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Daniel Memorial, Inc. and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Daniel Memorial, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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

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

To the Board of Trustees of
Daniel Memorial, Inc. and Affiliates
October 15, 2013
Page Two

Compliance and Other Matters

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

Purpose of this Report

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

Harbeson, Fletcher & Bateh, 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 FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

October 15, 2013

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

Report on Compliance for Each Major Federal Program and State Project

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Daniel Memorial, Inc. and Affiliates' major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Daniel Memorial, Inc. and Affiliates' compliance.

Board of Trustees of
Daniel Memorial, Inc. and Affiliates
October 15, 2013
Page Two

Opinion on Each Major Federal Program and State Project

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, 2013.

Report on Internal Control Over Compliance

Management of Daniel Memorial, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Daniel Memorial, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2013

Section A – Summary of Auditor's Results:

1. The auditor's report expresses an unmodified 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 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 unmodified opinion on all major federal programs and state projects.
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
Foster Care – Title IV-E – CFDA #93.658
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, 2013

<u>ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
CURRENT ASSETS:					
Cash	293,281	774,392	564,746		1,632,419
Investments	589,041	-	123,754		712,795
Receivables:					
Trade	-	112,434	-		112,434
Contract services	-	275,640	-		275,640
Medicaid	-	793,294	-		793,294
Other	3,589	-	-		3,589
Allowance for uncollectible accounts	-	(138,286)	-		(138,286)
Due from affiliates	-	45,305	-	(45,305)	-
Inventory	-	34,771	-		34,771
Prepaid expenses	2,261	120,788	-		123,049
Total Current Assets	888,172	2,018,338	688,500	(45,305)	3,549,705
PROPERTY AND EQUIPMENT:					
Land	-	-	403,560		403,560
Buildings and improvements	-	61,322	7,819,724		7,881,046
Construction in progress	-	-	-		-
Furniture and equipment	29,605	899,261	-		928,866
Agency vehicles	-	126,178	-		126,178
Accumulated depreciation	29,605	1,086,761	8,223,284		9,339,650
	(29,197)	(859,299)	(3,744,182)		(4,632,678)
Total Property and Equipment, Net	408	227,462	4,479,102	-	4,706,972
OTHER ASSETS:					
Cash, permanently restricted	678,920	-	-		678,920
Cash, temporarily restricted	434,649	-	-		434,649
Investments, permanently restricted	1,803,522	-	-		1,803,522
Land, permanently restricted	-	-	62,000		62,000
Receivables under split-interest agreements, restricted	162,461	-	-		162,461
Total Other Assets	3,079,552	-	62,000	-	3,141,552
TOTAL ASSETS	3,968,132	2,245,800	5,229,602	(45,305)	11,398,229

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

<u>LIABILITIES AND NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
CURRENT LIABILITIES:					
Accounts payable	94	194,268	23,238		217,600
Due to affiliates	27,802	-	17,503	(45,305)	-
Due to employee benefits	-	248,084	-		248,084
Accrued payroll	-	307,321	-		307,321
Accrued vacation	-	426,665	-		426,665
Accrued liabilities	-	37,272	-		37,272
Deferred conference fees	-	32,350	-		32,350
Deferred revenue	-	117,919	-		117,919
Current portion of long-term debt	-	5,009	135,078		140,087
Total Current Liabilities	27,896	1,368,888	175,819	(45,305)	1,527,298
LONG-TERM LIABILITIES:					
Long-term debt, net of current portion	-	9,271	1,306,669	-	1,315,940
Total Long-Term Liabilities	-	9,271	1,306,669	-	1,315,940
TOTAL LIABILITIES	27,896	1,378,159	1,482,488	(45,305)	2,843,238
NET ASSETS:					
Unrestricted	857,684	867,641	3,685,114		5,410,439
Temporarily restricted net assets	434,649	-	-		434,649
Permanently restricted net assets	2,647,903	-	62,000		2,709,903
Total Net Assets	3,940,236	867,641	3,747,114	-	8,554,991
TOTAL LIABILITIES AND NET ASSETS	3,968,132	2,245,800	5,229,602	(45,305)	11,398,229

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

<u>UNRESTRICTED NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
Public Support:					
Contributions	540,529	73,405	-		613,934
Jessie Ball DuPont	-	78,335	-		78,335
United Way of Northeast Florida	48,198	60,567	-		108,765
Total Public Support	588,727	212,307	-	-	801,034
Governmental Support:					
Medicaid	-	6,367,131	-		6,367,131
State of Florida Department of Children and Families	-	260,040	-		260,040
State of Florida Department of Juvenile Justice	-	1,489,395	-		1,489,395
Family Support Services of North Florida, Inc.	-	3,633,103	-		3,633,103
City of Jacksonville	-	46,130	28,214		74,344
Department of Health and Human Services	-	-	94,931		94,931
Jacksonville Children's Commission	-	921,469	-		921,469
Partnership for Child Health	-	68,529	-		68,529
Florida Department of Agriculture and Consumer Services	-	35,516	-		35,516
Total Governmental Support	-	12,821,313	123,145	-	12,944,458
Other Revenue:					
Program service fees	-	433,435	-		433,435
Educational product sales	-	148,454	-		148,454
Educational products - cost of goods sold	-	(42,533)	-		(42,533)
Educational conference fees	-	211,141	-		211,141
Administrative fees	-	431,897	-	(418,567)	13,330
Rental income	-	-	585,027	(466,167)	118,860
Investment return	39,438	5,392	20,397		65,227
Miscellaneous income	-	12,436	-		12,436
Gain (loss) on disposal of assets	-	5,230	(6,465)		(1,235)
Total Other Revenue	39,438	1,205,452	598,959	(884,734)	959,115
Net Assets Released from Restrictions	194,001	-	-	-	194,001
Total Revenues	822,166	14,239,072	722,104	(884,734)	14,898,608

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
EXPENSES					
Program Services	-	12,442,363	-	(330,775)	12,111,588
Supporting Services:					
Salaries, benefits and payroll taxes	-	1,168,983	-		1,168,983
Administrative services and professional fees	361,676	17,689	90,206	(418,567)	51,004
Contractual Services	7,500	145,086	-		152,586
Supplies	14,323	97,013	-		111,336
Telephone	889	45,803	-		46,692
Postage and shipping	7,556	6,084	81		13,721
Occupancy	17,100	120,193	170,971	(135,392)	172,872
Rental and maintenance of equipment	-	26,524	83,142		109,666
Travel and transportation	2,951	21,241	-		24,192
Conferences, conventions and meetings	4,903	6,219	-		11,122
Specific assistance to individuals	-	3,563	-		3,563
Insurance	10,269	16,313	54,646		81,228
Interest	-	-	41,097		41,097
Depreciation and amortization	1,124	23,854	218,079		243,057
Fund raising expenses	81,237	-	-		81,237
Advertising and public relations	19,075	5,584	-		24,659
Other expenses	174,277	22,678	1,519		198,474
Total Expenses	<u>702,880</u>	<u>14,169,190</u>	<u>659,741</u>	<u>(884,734)</u>	<u>14,647,077</u>
Increase in Unrestricted Net Assets	119,286	69,882	62,363	-	251,531
Intercompany Transfers	-	119,633	(119,633)	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>119,286</u>	<u>189,515</u>	<u>(57,270)</u>	<u>-</u>	<u>251,531</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

<u>TEMPORARILY RESTRICTED NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
Public Support:					
Contributions	339,944	-	-	-	339,944
Total Public Support	<u>339,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,944</u>
Other Revenue:					
Investment return	27	-	-	-	27
Total Other Revenue	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
Net Assets Released from Restrictions	<u>42,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,213</u>
Total Revenues	<u>382,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,184</u>
EXPENSES					
Supporting Services:					
Other expenses	-	-	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>382,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,184</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

<u>PERMANENTLY RESTRICTED NET ASSETS</u>	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
Public Support:					
Contributions	38,524	-	-	-	38,524
Total Public Support	<u>38,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,524</u>
Other Revenue:					
Investment return	140,089	-	-	-	140,089
Total Other Revenue	<u>140,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,089</u>
Net Assets Released from Restrictions	<u>(236,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,214)</u>
Total Revenues	<u>(57,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,601)</u>
EXPENSES					
Supporting Services:					
Professional fees	13,209	-	-	-	13,209
Total Expenses	<u>13,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,209</u>
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>(70,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,810)</u>
INCREASE (DECREASE) IN NET ASSETS	430,660	189,515	(57,270)	-	562,905
NET ASSETS, BEGINNING OF YEAR	<u>3,509,576</u>	<u>678,126</u>	<u>3,804,384</u>	<u>-</u>	<u>7,992,086</u>
NET ASSETS, END OF YEAR	<u>3,940,236</u>	<u>867,641</u>	<u>3,747,114</u>	<u>-</u>	<u>8,554,991</u>

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES					
	EDUCATIONAL PRODUCT SALES	EDUCATIONAL CONFERENCES	TARGETED CASE MANAGEMENT	SIPP	ASAP	PROJECT PREPARE
Salaries	95,587	-	1,342,171	1,718,148	13,690	104,536
Employee benefits	13,454	-	174,736	184,036	5,410	14,343
Payroll taxes, etc.	8,764	-	118,506	149,967	1,998	9,873
Total Salaries and Related Expenses	117,805	-	1,635,413	2,052,151	21,098	128,752
Professional fees	394	-	6,553	18,068	204	937
Contractual services	-	-	64,377	155,161	24,925	-
Supplies	27,108	1,061	18,063	41,945	2,159	2,084
Telephone	4,132	-	39,495	17,637	3,563	3,684
Postage & shipping	3,060	-	491	888	200	3
Occupancy	7,548	-	46,620	151,589	4,897	40,133
Rental & maintenance of equipment	-	-	1,214	14,053	10	2,212
Travel & transportation	1,331	-	67,535	4,844	787	5,205
Conferences, conventions & meetings	3,895	92,178	2,631	3,955	-	1,327
Specific assistance to individuals	2	-	1,836	311,061	106	10,171
Insurance	326	-	5,640	16,655	212	489
Other expenses	4,741	-	101,778	546	21	250
Total Expenses Before Depreciation and Amortization	170,342	93,239	1,991,646	2,788,553	58,182	195,247
Depreciation and amortization	73	-	1,571	7,237	40	48
Total Expenses	170,415	93,239	1,993,217	2,795,790	58,222	195,295

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES					
	FAMILY BASED TREATMENT	FOSTER CARE	FULL SERVICE SCHOOLS	CBIS	BEHAVIORAL MANAGEMENT CIRCUIT FOUR AND SIX	ADOPTION INFORMATION CENTER
Salaries	631,995	1,738,037	461,145	475,445	172,180	124,018
Employee benefits	79,323	217,903	63,649	65,712	22,158	19,537
Payroll taxes, etc.	55,105	156,629	43,059	43,081	16,833	11,917
Total Salaries and Related Expenses	766,423	2,112,569	567,853	584,238	211,171	155,472
Professional fees	16,384	5,589	3,847	4,016	2,687	828
Contractual services	86,143	1,779	5,938	10,140	208,330	-
Supplies	5,236	44,930	3,314	12,844	2,732	6,558
Telephone	16,027	50,477	1,015	17,847	1,348	17,400
Postage & shipping	682	3,364	29	758	681	4,392
Occupancy	22,849	73,471	1,674	65,882	3,408	15,100
Rental & maintenance of equipment	1,082	5,850	4	742	89	-
Travel & transportation	37,839	143,344	4,370	33,999	5,967	2,186
Conferences, conventions & meetings	6,045	9,729	989	2,925	194	23,144
Specific assistance to individuals	881,511	435,587	1,248	15,009	15,931	99
Insurance	4,178	20,967	3,991	4,682	1,157	652
Other expenses	1,370	6,777	1,423	777	628	7,659
Total Expenses Before Depreciation and Amortization	1,845,769	2,914,433	595,695	753,859	454,323	233,490
Depreciation and amortization	1,037	3,942	388	330	197	123
Total Expenses	1,846,806	2,918,375	596,083	754,189	454,520	233,613

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES		
	JOURNEY TO SUCCESS	DANIEL EDUCATION CENTER	TOTAL PROGRAM EXPENSES	GENERAL AND ADMINISTRATIVE	TOTAL EXPENSES	
Salaries	237,552	6,300	7,120,804	862,730	7,983,534	
Employee benefits	32,556	-	892,817	184,462	1,077,279	
Payroll taxes, etc.	21,898	408	638,038	121,791	759,829	
Total Salaries and Related Expenses	292,006	6,708	8,651,659	1,168,983	9,820,642	
Professional fees	2,120	-	61,627	17,689	79,316	
Contractual services	-	-	556,793	145,086	701,879	
Supplies	2,322	651	171,007	97,013	268,020	
Telephone	1,297	19	173,941	45,803	219,744	
Postage & shipping	-	112	14,660	6,084	20,744	
Occupancy	-	11	433,182	120,193	553,375	
Rental & maintenance of equipment	-	-	25,256	26,524	51,780	
Travel & transportation	15,796	-	323,203	21,241	344,444	
Conferences, conventions & meetings	262	35	147,309	6,219	153,528	
Specific assistance to individuals	4,817	291	1,677,669	3,563	1,681,232	
Insurance	2,199	-	61,148	16,313	77,461	
Other expenses	1,154	2,585	129,709	28,262	157,971	
Total Expenses Before Depreciation and Amortization	321,973	10,412	12,427,163	1,702,973	14,130,136	
Depreciation and amortization	214	-	15,200	23,854	39,054	
Total Expenses	322,187	10,412	12,442,363	1,726,827	14,169,190	

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2013

<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		\$ 94,931
<i>Pass-through program from:</i>			
Kids First of Florida:			
Foster Care – Title IV-E	93.658		19,056
Social Services Block Grant	93.667		11,216
University of South Florida:			
The Florida Council for Community Health: Substance Abuse and Mental Health Services	93.243		60,192
Managed Access to Child Health, Inc.:			
Child Mental Health Initiative	93.104	SDAN-0912-092912	68,529
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	6,118
Social Services Block Grant	93.659	LJ912	61,599
	93.667	LJ912	12,852
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	81,385
Child Welfare Services	93.558	DM011	283,926
Foster Care-Title IV-E	93.645	DM011	52,818
Social Services Block Grant	93.658	DM011	511,815
Adoption Assistance-Title IV-E	93.667	DM011	105,353
Child Abuse & Neglect State Grant	93.659	DM011	80,085
Chafee Foster Care Independence Program	93.669	DM011	29,723
	93.674	DM011	72,943

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, 2013

<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	B11UC120017	20,584
<u>U.S. Department of Agriculture</u>			
<i>Pass-through program from:</i>			
Florida Department of Agriculture and Consumer Services:			
National School Breakfast Program	10.553	01-0162	13,930
National School Lunch Program	10.555	01-0162	21,586
National School Lunch Program	10.555		1,737
<u>U.S. Department of Energy</u>			
<i>Pass-through program from:</i>			
City of Jacksonville:			
ARRA-Energy Efficiency Conservation Block Grant	81.128		7,630
Total Expenditures of Federal Awards			<u>\$1,649,508</u>
<u>State of Florida, Department of Children and Families</u>			
<i>Pass through program from:</i>			
Family Support Services of North Florida, Inc.:			
Foster Care	60.094	DM011	\$1,992,244
<i>Lutheran Services Florida:</i>			
Residential Treatment Services	60.048	SDH28	36,844
<i>Kids First of Florida:</i>			
Foster Care	60.094		13,357
<u>State of Florida, Department of Juvenile Justice</u>			
<i>Direct Program:</i>			
Conditional Release – Circuit 4 and 6	80.021	P2032	952,620
Total Expenditures of State Financial Assistance			<u>\$2,995,065</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, 2013

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.

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
YEAR ENDED JUNE 30, 2013

CITY OF JACKSONVILLE – PROJECT PREPARE

Receipt of City Funds

Grant Number	5318-70	5318-74	5318-71
Grant Period	<u>10/1/11-9/30/12</u>	<u>10/1/12-9/30/13</u>	<u>7/1/12-6/30/13</u>
Amount of Award	\$19,903	\$50,000	\$60,000
Actual Funds received – last audit period	(13,579)	-	-
Actual amount received this period	(6,324)	(32,271)	(57,637)
Due from city	<u>-</u>	<u>(9,188)</u>	<u>-</u>
Amount remaining to be distributed	<u>\$ -</u>	<u>\$ 8,541</u>	<u>\$ 2,363</u>

Expenditures of City Funds

Grant Number 5318-70:

<u>Budget Item</u>	<u>Budget</u>	Actual <u>10/1/11- 6/30/12</u>	Actual <u>7/1/12- 9/30/12</u>	<u>Total</u>	Remaining <u>Balance</u>
Salaries & benefits	\$ <u>19,903</u>	\$ <u>15,232</u>	\$ <u>4,671</u>	\$ <u>19,903</u>	\$ <u>-</u>

Grant Number 5318-74:

<u>Budget Item</u>	<u>Budget</u>	Actual <u>10/1/12- 6/30/13</u>	Actual <u>7/1/13- 9/30/13</u>	<u>Total</u>	Remaining <u>Balance</u>
Salaries & benefits	\$21,410	\$15,122	\$ -	\$15,122	\$6,288
Rent	23,997	23,997	-	23,997	-
Telephone	1,797	933	-	933	864
Utilities	1,600	382	-	382	1,218
Local mileage	<u>1,196</u>	<u>1,025</u>	<u>-</u>	<u>1,025</u>	<u>171</u>
	<u>\$50,000</u>	<u>\$41,459</u>	<u>\$ -</u>	<u>\$41,459</u>	<u>\$8,541</u>

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
YEAR ENDED JUNE 30, 2013

Grant Number 5318-71:

<u>Budget Item</u>	<u>Budget</u>	Actual 7/1/12- 9/30/12	Actual 10/1/12- 6/30/13	<u>Total</u>	Remaining <u>Balance</u>
Salaries & benefits	\$45,938	\$11,485	\$33,092	\$44,577	\$1,361
Indirect costs	4,300	1,075	3,225	4,300	-
Rent	5,292	1,782	3,510	5,292	-
Local mileage	653	109	544	653	-
Telephone	1,592	496	1,012	1,508	84
Client care	<u>2,225</u>	<u>387</u>	<u>920</u>	<u>1,307</u>	<u>918</u>
	<u>\$60,000</u>	<u>\$15,334</u>	<u>\$42,303</u>	<u>\$57,637</u>	<u>\$2,363</u>

CITY OF JACKSONVILLE – MENTAL HEALTH COUNSELING PROGRAM

Receipt of City Funds

Grant Number	5318-72
Grant Period	<u>7/1/12-6/30/13</u>
Amount of Award	\$564,985
Actual funds received – last audit period	-
Actual funds received this period	(564,985)
Amount remaining to be distributed	<u>\$ -</u>

Expenditures of City Funds

Grant Number 5318-72:

<u>Budget Item</u>	<u>Budget</u>	Actual 7/1/12- 9/30/12	Actual 10/1/12- 6/30/13	<u>Total</u>	Remaining <u>Balance</u>
Salaries & benefits	\$516,228	\$131,007	\$385,221	\$516,228	\$ -
Indirect costs	45,757	14,879	30,878	45,757	-
Local mileage	<u>3,000</u>	<u>877</u>	<u>2,123</u>	<u>3,000</u>	<u>-</u>
	<u>\$564,985</u>	<u>\$146,763</u>	<u>\$418,222</u>	<u>\$564,985</u>	<u>\$ -</u>

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
YEAR ENDED JUNE 30, 2013

CITY OF JACKSONVILLE – JACKSONVILLE JOURNEY JUVENILE CRIME AND PREVENTION/INTERVENTION PROGRAM

Receipt of City Funds

Grant Number	5318-73
Grant Period	<u>7/1/12-6/30/13</u>
Amount of Award	\$321,600
Actual funds received – last audit period	-
Actual amount received this period	(298,847)
Amount remaining to be distributed	<u>\$ 22,753</u>

Expenditures of City Funds

Grant Number 5318-73:

<u>Budget Item</u>	<u>Budget</u>	<u>Actual</u> <u>7/1/12-</u> <u>9/30/12</u>	<u>Actual</u> <u>10/1/12-</u> <u>6/30/13</u>	<u>Total</u>	<u>Remaining</u> <u>Balance</u>
Salaries & benefits	\$261,927	\$59,868	\$194,201	\$254,069	\$ 7,858
Indirect costs	29,311	7,328	17,555	24,883	4,428
Program supplies	4,000	-	150	150	3,850
Local mileage	19,152	2,889	12,510	15,399	3,753
Office supplies	2,050	685	1,058	1,743	307
Telephone	3,360	147	656	803	2,557
Educational material	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>
	<u>\$321,600</u>	<u>\$70,917</u>	<u>\$227,930</u>	<u>\$298,847</u>	<u>\$22,753</u>