

DANIEL MEMORIAL, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2014

DANIEL MEMORIAL, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

October 10, 2014

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, 2014 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.

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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, 2014 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 10, 2014, 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, 2014

ASSETS

CURRENT ASSETS:

Cash and cash equivalents, unrestricted	\$ 561,803
Investments	1,109,160
Receivables, net	1,566,127
Inventories	26,686
Prepaid expenses	<u>193,861</u>
Total Current Assets	<u>3,457,637</u>

PROPERTY AND EQUIPMENT:

Land	403,560
Buildings and improvements	8,000,300
Construction in progress	4,253
Furniture and equipment	949,984
Agency vehicles	<u>118,531</u>
	9,476,628
Accumulated depreciation	<u>(4,892,480)</u>
Net Property and Equipment	<u>4,584,148</u>

OTHER ASSETS:

Cash and cash equivalents, restricted	155,960
Cash and cash equivalents, temporarily restricted	545,793
Investments, restricted	2,544,061
Land, restricted	62,000
Receivables under split-interest agreements, restricted	<u>179,763</u>
Total Other Assets	<u>3,487,577</u>

TOTAL ASSETS **\$11,529,362**

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

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 283,667
Accrued expenses	813,602
Deferred revenue	204,766
Current portion of long-term debt	<u>144,669</u>
Total Current Liabilities	1,446,704

LONG-TERM LIABILITIES:

Long-term debt, net of current portion	<u>1,171,911</u>
Total Liabilities	<u>2,618,615</u>

NET ASSETS:

Unrestricted	5,420,170
Temporarily restricted	545,793
Permanently restricted	<u>2,944,784</u>
Total Net Assets	<u>8,910,747</u>

TOTAL LIABILITIES AND NET ASSETS **\$11,529,362**

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, 2014

UNRESTRICTED NET ASSETS

Public Support:

Contributions	\$ 691,686
Jessie Ball DuPont	16,229
United Way of Northeast Florida	<u>127,041</u>
Total Public Support	<u>834,956</u>

Governmental Support:

Medicaid	6,762,541
State of Florida, Department of Children and Families	266,693
State of Florida, Department of Financial Services	86,313
State of Florida, Department of Juvenile Justice	766,119
Family Support Services of North Florida, Inc.	4,094,102
Lutheran Services Florida Health System	32,508
City of Jacksonville	85,538
Jacksonville Children's Commission	882,999
Partnership for Child Health	76,128
Florida Department of Agriculture and Consumer Services	<u>41,861</u>
Total Governmental Support	<u>13,094,802</u>

Other Revenue:

Program service fees	555,011
Educational product sales	172,151
Educational products – cost of goods sold	(68,448)
Educational conference fees	256,906
Administrative fees	10,575
Rental Income	118,860
Investment return	140,828
Miscellaneous income	24,580
Loss on disposal of assets	<u>2,450</u>
Total Other Revenue	<u>1,212,913</u>

Net Assets Released From Restrictions 15,000

Total Revenues **\$15,157,671**

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, 2014

Expenses:

Program Services	\$12,722,152
Supporting Services:	
Salaries, benefits and payroll taxes	1,049,014
Professional fees	131,304
Contractual services	167,559
Supplies	98,988
Telephone	43,987
Postage and shipping	10,326
Occupancy	181,048
Rental and maintenance of equipment	113,145
Travel and transportation	21,086
Conferences, conventions and meetings	13,390
Specific assistance to individuals	3,001
Insurance	92,773
Interest	51,688
Depreciation and amortization	269,137
Fund raising expenses	77,367
Advertising and public relations	20,298
Other expenses	<u>190,507</u>
Total Expenses	<u>15,256,770</u>

DECREASE IN UNRESTRICTED NET ASSETS **\$ (99,099)**

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, 2014

TEMPORARILY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$119,926
Total Public Support	<u>119,926</u>
Other Revenue:	
Investment Return	<u>48</u>
Total Other Revenue	<u>48</u>
Total Revenues	<u>119,974</u>
Expenses:	
Supporting Services:	
Other expenses	<u>-</u>
Total Expenses	<u>-</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$119,974</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, 2014

PERMANENTLY RESTRICTED NET ASSETS

Public Support:	
Contributions	\$ <u>30,450</u>
Total Public Support	<u>30,450</u>
Other Revenue:	
Investment Return	<u>341,888</u>
Total Other Revenue	<u>341,888</u>
Net Assets Released From Restrictions	<u>(15,000)</u>
Total Revenues	<u>357,338</u>
Expenses:	
Supporting Services:	
Professional fees	<u>22,457</u>
Total Expenses	<u>22,457</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>334,881</u>
INCREASE IN NET ASSETS	355,756
NET ASSETS, BEGINNING OF YEAR	<u>8,554,991</u>
NET ASSETS, END OF YEAR	<u>\$8,910,747</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 355,756
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	304,492
Net realized and unrealized gain on investments	(330,077)
Gain on disposal of assets	(2,450)
(Increase) decrease in operating assets:	
Receivables, net	(519,456)
Inventory	8,085
Accrued interest receivable	8,015
Prepaid expenses	(70,812)
Receivables under split-interest agreements	(17,302)
Increase (decrease) in operating liabilities:	
Accounts payable	66,066
Accrued expenses	(205,740)
Deferred revenue	<u>54,497</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>(348,926)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(2,657,080)
Proceeds from sale of investments	1,842,238
Proceeds from sale of property and equipment	2,450
Purchase of property and equipment	<u>(181,667)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(994,059)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt	<u>(139,447)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(139,447)</u>

NET DECREASE IN CASH (1,482,432)

CASH, BEGINNING OF YEAR 2,745,988

CASH, END OF YEAR \$1,263,556

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest \$ 52,186

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

DANIEL MEMORIAL, INC. AND AFFILIATES
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 2012, 2011, and 2010 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, 2014 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 10, 2014, the date financial statements were available to be issued.

Note 2 – Receivables

Receivables at June 30, 2014 is summarized as follows:

Trade	\$ 201,909
Contract services	399,008
Medicaid	1,039,778
Other	<u>33,025</u>
	1,673,720
Less allowance for uncollectible accounts	<u>(107,593)</u>
	<u>\$1,566,127</u>

See Independent Auditor's Report.

Note 3 – Investments

Investments held at June 30, 2014, are summarized as follows:

	<u>Fair Value</u>
Mutual Funds	<u>\$3,653,221</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, 2014, endowed investments were \$2,544,061.

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, 2014:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividend income	\$ 36,545	\$48	\$ 98,792	\$135,385
Net realized and unrealized gains	104,283	-	225,794	330,077
Change in value of split-interest agreement	<u>-</u>	<u>-</u>	<u>17,302</u>	<u>17,302</u>
Total investment return	140,828	48	341,888	482,764
Less investment fees	<u>(9,338)</u>	<u>-</u>	<u>(22,394)</u>	<u>(31,732)</u>
Net investment return	<u>\$131,490</u>	<u>\$48</u>	<u>\$319,494</u>	<u>\$451,032</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, 2014:

	Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Mutual Funds	\$3,653,221	\$ -	\$ -	\$3,653,221
Receivables under split-interest agreements	<u>-</u>	<u>-</u>	<u>179,763</u>	<u>179,763</u>
	<u>\$3,653,221</u>	<u>\$ -</u>	<u>\$179,763</u>	<u>\$3,832,984</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, 2013	\$162,461
Net realized and unrealized gains	<u>17,302</u>
Balance as of June 30, 2014	<u>\$179,763</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, 2014, 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	\$ 9,271
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	<u>1,307,309</u>
	1,316,580
Amounts due within one year	<u>(144,669)</u>
Amounts due after one year	<u>\$1,171,911</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, 2014. 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.

See Independent Auditor's Report.

The following is a schedule of estimated minimum debt maturities for the five years succeeding June 30, 2014:

Years Ending	
<u>June 30,</u>	
2015	\$ 144,669
2016	148,830
2017	150,301
2018	156,037
Thereafter	<u>716,743</u>
	<u>\$1,316,580</u>

Interest expense totaled \$52,186 for the year ended June 30, 2014.

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>\$545,793</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, 2014 is as follows:

Family Endowment Funds	\$2,703,021
Charitable Remainder Trust	179,763
Land-Mills House	<u>62,000</u>
	<u>\$2,944,784</u>

Endowment net assets composition by type of fund as of June 30, 2014 is as follows:

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	<u>\$2,944,784</u>

See Independent Auditor’s Report.

Changes in endowment net assets as of June 30, 2014 are as follows:

	<u>Permanently Restricted</u>
Endowment net assets, June 30, 2013	\$2,709,903
Contributions	30,450
Investment income	76,335
Net appreciation	243,096
Contribution to Daniel Memorial, Inc.	(100,000)
Net assets released from restrictions	<u>(15,000)</u>
Endowment net assets, June 30, 2014	<u>\$2,944,784</u>

Note 6 – Employee Retirement Plan

The Organization 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 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, 2014.

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 \$152,182 as of June 30, 2014. 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, 2014, health benefits expense was \$1,180,484 of which \$152,182 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 \$16,896.

Rent expense totaled \$107,601 for the year ended June 30, 2014.

Future minimum annual lease payments as of June 30, 2014 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2015	\$106,204
2016	72,973
2017	<u>24,324</u>
Total Minimum Lease Payments	<u>\$203,501</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, 2014.

Significant portions of the Organization's revenue were earned by providing services to a state agency and pass through agencies. 31% was earned from Family Support Services of North Florida, Inc. In addition, 52% 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 10, 2014

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, 2014, 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 10, 2014.

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 10, 2014
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 10, 2014

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, 2014. 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.

Opinion on Each Major Federal Program and State Project

In our opinion, Daniel Memorial, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2014.

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.

Harbeson, Fletcher & Bates, LLP

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2014

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 programs tested as a major program for state projects were:
State of Florida, Department of Children and Families:
Out-of-Home Supports – CSFA #60.074
In-Home Supports – CSFA #60.075
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, 2014

<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	45,317	437,865	75,621	-	558,803
Investments	847,985	-	261,175	-	1,109,160
Receivables:					
Trade	-	165,494	36,415	-	201,909
Contract services	-	399,008	-	-	399,008
Medicaid	-	1,039,778	-	-	1,039,778
Other	33,025	-	-	-	33,025
Allowance for uncollectible accounts	-	(107,593)	-	-	(107,593)
Due from affiliates	-	-	163,567	(163,567)	-
Inventory	-	26,686	-	-	26,686
Prepaid expenses	2,960	189,175	1,726	-	193,861
Total Current Assets	<u>929,287</u>	<u>2,150,413</u>	<u>538,504</u>	<u>(163,567)</u>	<u>3,454,637</u>
PROPERTY AND EQUIPMENT:					
Land	-	-	403,560	-	403,560
Buildings and improvements	-	61,322	7,938,978	-	8,000,300
Construction in progress	-	-	4,253	-	4,253
Furniture and equipment	29,605	920,379	-	-	949,984
Agency vehicles	-	118,531	-	-	118,531
	<u>29,605</u>	<u>1,100,232</u>	<u>8,346,791</u>	<u>-</u>	<u>9,476,628</u>
Accumulated depreciation	(29,605)	(874,251)	(3,988,624)	-	(4,892,480)
Total Property and Equipment, Net	<u>-</u>	<u>225,981</u>	<u>4,358,167</u>	<u>-</u>	<u>4,584,148</u>
OTHER ASSETS:					
Cash, permanently restricted	158,960	-	-	-	158,960
Cash, temporarily restricted	545,793	-	-	-	545,793
Investments, permanently restricted	2,544,061	-	-	-	2,544,061
Land, permanently restricted	-	-	62,000	-	62,000
Receivables under split-interest agreements, restricted	179,763	-	-	-	179,763
Total Other Assets	<u>3,428,577</u>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>3,490,577</u>
TOTAL ASSETS	<u>4,357,864</u>	<u>2,376,394</u>	<u>4,958,671</u>	<u>(163,567)</u>	<u>11,529,362</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

<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	41	278,342	5,284	-	283,667
Due to affiliates	49,925	113,642	-	(163,567)	-
Due to employee benefits	-	152,182	-	-	152,182
Accrued payroll	-	322,956	-	-	322,956
Accrued vacation	-	314,526	-	-	314,526
Accrued liabilities	-	23,938	-	-	23,938
Deferred conference fees	-	35,620	-	-	35,620
Deferred revenue	-	169,146	-	-	169,146
Current portion of long-term debt	-	5,216	139,453	-	144,669
Total Current Liabilities	<u>49,966</u>	<u>1,415,568</u>	<u>144,737</u>	<u>(163,567)</u>	<u>1,446,704</u>
LONG-TERM LIABILITIES:					
Long-term debt, net of current portion	-	4,055	1,167,856	-	1,171,911
Total Long-Term Liabilities	<u>-</u>	<u>4,055</u>	<u>1,167,856</u>	<u>-</u>	<u>1,171,911</u>
TOTAL LIABILITIES	<u>49,966</u>	<u>1,419,623</u>	<u>1,312,593</u>	<u>(163,567)</u>	<u>2,618,615</u>
NET ASSETS:					
Unrestricted	879,321	956,771	3,584,078	-	5,420,170
Temporarily restricted net assets	545,793	-	-	-	545,793
Permanently restricted net assets	2,882,784	-	62,000	-	2,944,784
Total Net Assets	<u>4,307,898</u>	<u>956,771</u>	<u>3,646,078</u>	<u>-</u>	<u>8,910,747</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4,357,864</u>	<u>2,376,394</u>	<u>4,958,671</u>	<u>(163,567)</u>	<u>11,529,362</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2014

<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	576,012	215,674	-	(100,000)	691,686
Jessie Ball DuPont	-	16,229	-	-	16,229
United Way of Northeast Florida	55,371	71,670	-	-	127,041
Total Public Support	<u>631,383</u>	<u>303,573</u>	<u>-</u>	<u>(100,000)</u>	<u>834,956</u>
Governmental Support:					
Medicaid	-	6,762,541	-	-	6,762,541
State of Florida Department of Children and Families	-	266,693	-	-	266,693
State of Florida Department of Financial Services	-	86,313	-	-	86,313
State of Florida Department of Juvenile Justice	-	766,119	-	-	766,119
Family Support Services of North Florida, Inc.	-	4,094,102	-	-	4,094,102
Lutheran Services Florida Health System	-	32,508	-	-	32,508
City of Jacksonville	-	39,973	45,565	-	85,538
Department of Health and Human Services	-	-	-	-	-
Jacksonville Children's Commission	-	882,999	-	-	882,999
Partnership for Child Health	-	76,128	-	-	76,128
Florida Department of Agriculture and Consumer Services	-	41,861	-	-	41,861
Total Governmental Support	<u>-</u>	<u>13,049,237</u>	<u>45,565</u>	<u>-</u>	<u>13,094,802</u>
Other Revenue:					
Program service fees	-	555,011	-	-	555,011
Educational product sales	-	172,151	-	-	172,151
Educational products - cost of goods sold	-	(68,448)	-	-	(68,448)
Educational conference fees	-	256,906	-	-	256,906
Administrative fees	-	468,603	-	(458,028)	10,575
Rental income	-	-	572,944	(454,084)	118,860
Investment return	97,135	3,982	39,711	-	140,828
Miscellaneous income	-	24,580	-	-	24,580
Gain on disposal of assets	-	2,450	-	-	2,450
Total Other Revenue	<u>97,135</u>	<u>1,415,235</u>	<u>612,655</u>	<u>(912,112)</u>	<u>1,212,913</u>
Net Assets Released from Restrictions	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total Revenues	<u>743,518</u>	<u>14,768,045</u>	<u>658,220</u>	<u>(1,012,112)</u>	<u>15,157,671</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2014

	<u>DANIEL FOUNDATION</u>	<u>DANIEL MEMORIAL</u>	<u>DANIEL MEMORIAL PROPERTIES</u>	<u>ELIMINATING ENTRIES</u>	<u>CONSOLIDATED TOTALS</u>
EXPENSES					
Program Services	-	13,053,636	-	(331,484)	12,722,152
Supporting Services:					
Salaries, benefits and payroll taxes	-	1,124,490	-	(75,476)	1,049,014
Administrative services and professional fees	409,264	18,650	85,942	(382,552)	131,304
Contractual Services	-	160,959	6,600	-	167,559
Supplies	13,978	85,010	-	-	98,988
Telephone	2,794	41,193	-	-	43,987
Postage and shipping	5,161	5,094	71	-	10,326
Occupancy	17,100	107,550	178,998	(122,600)	181,048
Rental and maintenance of equipment	-	24,628	88,517	-	113,145
Travel and transportation	3,870	17,216	-	-	21,086
Conferences, conventions and meetings	6,397	6,993	-	-	13,390
Specific assistance to individuals	-	3,001	-	-	3,001
Insurance	11,162	15,883	65,728	-	92,773
Interest	-	-	51,688	-	51,688
Depreciation and amortization	716	22,607	245,814	-	269,137
Fund raising expenses	77,367	-	-	-	77,367
Advertising and public relations	11,528	8,770	-	-	20,298
Other expenses	164,874	23,465	2,168	-	190,507
Total Expenses	<u>724,211</u>	<u>14,719,145</u>	<u>725,526</u>	<u>(912,112)</u>	<u>15,256,770</u>
Increase (Decrease) in Unrestricted Net Assets	19,307	48,900	(67,306)	(100,000)	(99,099)
Intercompany Transfers	(6,500)	40,230	(33,730)	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>12,807</u>	<u>89,130</u>	<u>(101,036)</u>	<u>(100,000)</u>	<u>(99,099)</u>

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2014

<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	119,926	-	-	-	119,926
Total Public Support	119,926	-	-	-	119,926
Other Revenue:					
Investment return	48	-	-	-	48
Total Other Revenue	48	-	-	-	48
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenues	119,974	-	-	-	119,974
EXPENSES					
Supporting Services:					
Other expenses	-	-	-	-	-
Total Expenses	-	-	-	-	-
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	119,974	-	-	-	119,974

DANIEL MEMORIAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
JUNE 30, 2014

<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	30,450	-	-	-	30,450
Total Public Support	30,450	-	-	-	30,450
Other Revenue:					
Investment return	341,888	-	-	-	341,888
Total Other Revenue	341,888	-	-	-	341,888
Net Assets Released from Restrictions	(15,000)	-	-	-	(15,000)
Total Revenues	357,338	-	-	-	357,338
EXPENSES					
Supporting Services:					
Contribution	100,000	-	-	(100,000)	-
Professional fees	22,457	-	-	-	22,457
Total Expenses	122,457	-	-	(100,000)	22,457
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	234,881	-	-	100,000	334,881
INCREASE (DECREASE) IN NET ASSETS	367,662	89,130	(101,036)	0	355,756
NET ASSETS, BEGINNING OF YEAR	3,940,236	867,641	3,747,114	-	8,554,991
NET ASSETS, END OF YEAR	4,307,898	956,771	3,646,078	0	8,910,747

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

PROGRAM SERVICES

	EDUCATIONAL PRODUCT SALES	EDUCATIONAL CONFERENCES	TARGETED CASE MANAGEMENT	SIPP	ASAP	PROJECT PREPARE
Salaries	84,987	-	1,497,743	1,992,480	457	109,338
Employee benefits	10,920	-	184,636	208,157	627	13,362
Payroll taxes, etc.	8,379	-	131,622	175,453	113	9,742
Total Salaries and Related Expenses	104,286	-	1,814,001	2,376,090	1,197	132,442
Professional fees	252	-	5,325	21,374	-	1,756
Contractual services	-	-	41,052	143,103	49,600	-
Supplies	26,126	-	22,689	36,433	461	1,584
Telephone	3,051	-	42,391	33,596	74	2,933
Postage & shipping	5,219	-	441	938	131	43
Occupancy	7,182	-	46,388	180,108	-	40,161
Rental & maintenance of equipment	-	-	156	12,319	-	1,580
Travel & transportation	166	-	76,232	6,529	-	5,099
Conferences, conventions & meetings	-	94,345	2,565	5,473	-	1,156
Specific assistance to individuals	4	-	3,769	373,696	-	12,770
Insurance	259	-	5,472	21,394	-	444
Other expenses	20,218	-	134,477	83,062	-	417
Total Expenses Before Depreciation and Amortization	166,763	94,345	2,194,958	3,294,115	51,463	200,385
Depreciation and amortization	132	-	1,984	15,634	221	189
Total Expenses	166,895	94,345	2,196,942	3,309,749	51,684	200,574

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

PROGRAM SERVICES

	FAMILY BASED TREATMENT	FOSTER CARE	FULL SERVICE SCHOOLS	CBIS	BEHAVIORIAL MANAGEMENT CIRCUIT SEVEN	ADOPTION INFORMATION CENTER
Salaries	586,481	1,864,675	510,019	144,998	143,622	120,478
Employee benefits	71,283	215,402	61,510	19,662	16,804	15,060
Payroll taxes, etc.	54,345	167,647	45,934	15,301	13,889	10,960
Total Salaries and Related Expenses	712,109	2,247,724	617,463	179,961	174,315	146,498
Professional fees	17,262	10,198	3,497	1,750	2,629	782
Contractual services	99,933	6,518	8,448	2,720	199,298	-
Supplies	4,578	47,862	3,384	16,540	3,292	6,074
Telephone	16,869	64,654	3,710	15,098	1,398	16,283
Postage & shipping	876	4,384	28	15	576	4,073
Occupancy	13,677	47,992	6,045	66,145	6,729	12,312
Rental & maintenance of equipment	332	1,133	-	2,245	12	-
Travel & transportation	39,161	147,646	7,473	12,322	5,117	3,909
Conferences, conventions & meetings	8,487	5,908	783	350	499	25,785
Specific assistance to individuals	929,864	407,519	2,543	8,404	4,821	31
Insurance	4,008	20,795	3,594	3,001	828	444
Other expenses	18,697	6,716	1,653	869	468	7,159
Total Expenses Before Depreciation and Amortization	1,865,853	3,019,049	658,621	309,420	399,982	223,350
Depreciation and amortization	1,217	6,474	1,007	168	251	186
Total Expenses	1,867,070	3,025,523	659,628	309,588	400,233	223,536

DANIEL MEMORIAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>	
	<u>ADOPTION INFORMATION CENTER</u>	<u>DANIEL EDUCATION CENTER</u>	<u>TOTAL PROGRAM EXPENSES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
Salaries	200,834	161,302	7,417,414	883,266	8,300,680
Employee benefits	31,997	24,202	873,622	176,862	1,050,484
Payroll taxes, etc.	19,548	15,458	668,391	64,362	732,753
Total Salaries and Related Expenses	252,379	200,962	8,959,427	1,124,490	10,083,917
Professional fees	1,972	6,760	73,557	18,650	92,207
Contractual services	-	1,665	552,337	160,959	713,296
Supplies	1,389	2,904	173,316	85,010	258,326
Telephone	1,902	3,161	205,120	41,193	246,313
Postage & shipping	-	19	16,743	5,094	21,837
Occupancy	-	34,915	461,654	107,550	569,204
Rental & maintenance of equipment	370	2,011	20,158	24,628	44,786
Travel & transportation	12,064	-	315,718	17,216	332,934
Conferences, conventions & meetings	374	114	145,839	6,993	152,832
Specific assistance to individuals	4,259	2,951	1,750,631	3,001	1,753,632
Insurance	2,026	3,190	65,455	15,883	81,338
Other expenses	244	4,344	278,324	32,234	310,558
Total Expenses Before Depreciation and Amortization	276,979	262,996	13,018,279	1,642,901	14,661,180
Depreciation and amortization	568	7,326	35,357	22,607	57,964
Total Expenses	277,547	270,322	13,053,636	1,665,508	14,719,144

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

<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>Pass-through program from:</i>			
Kids First of Florida:			
Foster Care – Title IV-E	93.658		\$ 129,313
Social Services Block Grant	93.667		38,034
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	75,925
State of Florida, Department of Children and Families:			
Promoting Safe and Stable Families	93.556	LJ912	31,500
Temporary Assistance for Needy Families	93.558	LJ912	6,118
Adoption Assistance-Title IV-E	93.659	LJ912	61,599
Social Services Block Grant	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	93.556	DM011	99,369
Temporary Assistance for Needy Families	93.558	DM011	332,951
Child Welfare Services	93.645	DM011	90,323
Foster Care-Title IV-E	93.658	DM011	627,324
Adoption Assistance	93.659	DM011	127,033
Child Abuse & Neglect State Grant	93.669	DM011	31,626
Chafee Foster Care Independence Program	93.674	DM011	89,507
Lutheran Services Florida:			
Children's Health Insurance Program	93.767	NE030	46,879

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, 2014

<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	B12UC1200017	25,550
Community Development Block Grant	14.218	B13UC1200017	20,015
<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	15,891
National School Lunch Program	10.555	01-0162	25,971
National School Lunch Program	10.555		1,012
<u>U.S. Department of Justice</u>			
<i>Pass-through program from:</i>			
Home Builders Institute:			
Juvenile Mentoring Program	16.726		39,380
<u>Department of Homeland Security</u>			
<i>Pass-through program from:</i>			
United Way Worldwide:			
Emergency Food and Shelter National Board Program	97.024		5,000
Total Expenditures of Federal Awards			<u>\$1,993,364</u>
<u>State of Florida, Department of Children and Families</u>			
<i>Pass through program from:</i>			
Family Support Services of North Florida, Inc.:			
Out-of-Home Supports	60.074	DM011	\$ 788,703
In-Home Supports	60.075	DM011	525,803
Independent Living Program	60.112	DM011	65,266
<i>Kids First of Florida:</i>			
In-Home Supports	60.075		53,327
<u>State of Florida, Department of Juvenile Justice</u>			
<i>Direct Program:</i>			
Conditional Release – Circuit 4 and 6	80.021	P2032	252,944
Total Expenditures of State Financial Assistance			<u>\$1,686,043</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, 2014

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, 2014

CITY OF JACKSONVILLE – PROJECT PREPARE

Receipt of City Funds

Grant Number	5318-80	5318-74	5318-78
Grant Period	<u>10/1/13-9/30/14</u>	<u>10/1/12-9/30/13</u>	<u>7/1/13-6/30/14</u>
Amount of Award	\$43,000	\$50,000	\$60,000
Actual Funds received – last audit period	-	(32,271)	-
Actual amount received this period	(24,781)	(17,237)	(43,220)
Due from city	<u>(7,144)</u>	<u>-</u>	<u>(16,202)</u>
Amount remaining to be distributed	<u>\$11,075</u>	<u>\$ 492</u>	<u>\$ 578</u>

Expenditures of City Funds

Grant Number 5318-80:

<u>Budget Item</u>	<u>Budget</u>	Actual <u>10/1/13- 6/30/14</u>	Actual <u>7/1/14- 9/30/14</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$21,410	\$16,336	\$ -	\$16,336	\$ 5,074
Rent	18,597	13,948	-	13,948	4,649
Telephone	1,797	852	-	852	945
Local travel	<u>1,196</u>	<u>789</u>	<u>-</u>	<u>789</u>	<u>407</u>
	<u>\$43,000</u>	<u>\$31,925</u>	<u>\$ -</u>	<u>\$31,925</u>	<u>\$11,075</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>	<u>Remaining Balance</u>
Salaries & benefits	\$21,134	\$15,122	\$5,520	\$20,642	\$ 492
Rent	25,897	23,997	1,900	25,897	-
Telephone	1,252	933	319	1,252	-
Utilities	521	382	139	521	-
Local mileage	<u>1,196</u>	<u>1,025</u>	<u>171</u>	<u>1,196</u>	<u>-</u>
	<u>\$50,000</u>	<u>\$41,459</u>	<u>\$8,049</u>	<u>\$49,508</u>	<u>\$ 492</u>

DANIEL MEMORIAL, INC. AND AFFILIATES
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
YEAR ENDED JUNE 30, 2014

Grant Number 5318-78:

<u>Budget Item</u>	<u>Budget</u>	<u>Actual 7/1/13- 9/30/13</u>	<u>Actual 10/1/13- 6/30/14</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$47,713	\$10,126	\$37,587	\$47,713	\$ -
Indirect costs	4,770	1,192	3,578	4,770	-
Rent	5,292	1,323	3,969	5,292	-
Client care	<u>2,225</u>	<u>178</u>	<u>1,469</u>	<u>1,647</u>	<u>578</u>
	<u>\$60,000</u>	<u>\$12,819</u>	<u>\$46,603</u>	<u>\$59,422</u>	<u>\$ 578</u>

CITY OF JACKSONVILLE – MENTAL HEALTH COUNSELING PROGRAM

Receipt of City Funds

Grant Number	5318-77
Grant Period	<u>7/1/13-6/30/14</u>
Amount of Award	\$564,985
Actual funds received – last audit period	-
Actual funds received this period	(444,701)
Due from City	(120,284)
Amount remaining to be distributed	<u>\$ -</u>

Expenditures of City Funds

Grant Number 5318-77:

<u>Budget Item</u>	<u>Budget</u>	<u>Actual 7/1/13- 9/30/13</u>	<u>Actual 10/1/13- 6/30/14</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$533,415	\$148,584	\$384,831	\$533,415	\$ -
Indirect costs	28,570	7,143	21,427	28,570	-
Local mileage	<u>3,000</u>	<u>1,058</u>	<u>1,942</u>	<u>3,000</u>	<u>-</u>
	<u>\$564,985</u>	<u>\$156,785</u>	<u>\$408,200</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, 2014

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

Receipt of City Funds

Grant Number	5318-79
Grant Period	<u>7/1/13-6/30/14</u>
Amount of Award	\$276,576
Actual funds received – last audit period	-
Actual amount received this period	(196,205)
Due from City	<u>(62,388)</u>
Amount remaining to be distributed	<u>\$ 17,983</u>

Expenditures of City Funds

Grant Number 5318-79:

<u>Budget Item</u>	<u>Budget</u>	<u>Actual 7/1/13- 9/30/13</u>	<u>Actual 10/1/13- 6/30/14</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$226,108	\$60,061	\$158,062	\$218,123	\$ 7,985
Indirect costs	25,163	6,291	18,872	25,163	-
Program supplies	1,300	-	462	462	838
Local mileage	18,505	2,093	9,267	11,360	7,145
Office supplies	1,000	262	473	735	265
Educational material	<u>4,500</u>	<u>-</u>	<u>2,750</u>	<u>2,750</u>	<u>1,750</u>
	<u>\$276,576</u>	<u>\$68,707</u>	<u>\$189,886</u>	<u>\$258,593</u>	<u>\$17,983</u>