

**DANIEL MEMORIAL, INC. AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**June 30, 2019**



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**Daniel Memorial, Inc. and Affiliates**  
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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Consolidated 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, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated 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.

### **Auditors' 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 of 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 auditors' 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, 2019, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter - Adoption of New Accounting Pronouncement**

As described in Note 2 to the consolidated financial statements, Daniel Memorial, Inc. and Affiliates adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. As a result of the adoption of this ASU, there was no restatement of the net asset balances. Our opinion is not modified with respect to this matter.

## **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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of state financial assistance, as required by the *Florida Single Audit Act*, 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, 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 28, 2019, 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.

*Carly Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
October 28, 2019

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Financial Position**

<i>June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 655,845	\$ -	\$ 655,845
Investments (Note 5)	927,973	-	927,973
Receivables, net (Note 3)	3,680,407	-	3,680,407
Inventories	85,941	-	85,941
Prepaid expenses	177,662	-	177,662
<b>Total current assets</b>	<b>5,527,828</b>	<b>-</b>	<b>5,527,828</b>
Property and equipment:			
Land	403,560	-	403,560
Buildings and improvements	8,320,596	-	8,320,596
Furniture and equipment	903,008	-	903,008
Agency vehicles	97,395	-	97,395
Construction in progress	9,357	-	9,357
	9,733,916	-	9,733,916
Less accumulated depreciation	(5,842,176)	-	(5,842,176)
<b>Net property and equipment</b>	<b>3,891,740</b>	<b>-</b>	<b>3,891,740</b>
Other assets:			
Cash and cash equivalents, restricted	-	182,382	182,382
Investments, restricted (Note 5)	-	3,061,021	3,061,021
Land, restricted	-	62,000	62,000
Receivables under split-interest agreements, restricted (Note 5)	-	164,900	164,900
<b>Total other assets</b>	<b>-</b>	<b>3,470,303</b>	<b>3,470,303</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,419,568</b>	<b>\$ 3,470,303</b>	<b>\$ 12,889,871</b>

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Financial Position**

<i>June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 346,067	\$ -	\$ 346,067
Accrued expenses	1,087,692	-	1,087,692
Deferred revenue	500,775	-	500,775
Line of credit (Note 7)	200,000	-	200,000
Current portion of long-term debt (Note 8)	72,298	-	72,298
Total current liabilities	2,206,832	-	2,206,832
Long-term debt, net of current portion (Note 8)	542,506	-	542,506
Total liabilities	2,749,338	-	2,749,338
Net assets (Note 9):			
Without donor restrictions	6,670,230	-	6,670,230
With donor restrictions	-	3,470,303	3,470,303
Total net assets	6,670,230	3,470,303	10,140,533
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,419,568</b>	<b>\$ 3,470,303</b>	<b>\$ 12,889,871</b>

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Activities**

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Public support:			
Contributions	\$ 763,064	\$ 46,366	\$ 809,430
United Way of Northeast Florida	628,327	-	628,327
Community Based Care Foundation	10,270	-	10,270
<b>Total public support</b>	<b>1,401,661</b>	<b>46,366</b>	<b>1,448,027</b>
Governmental support:			
Medicaid	7,953,070	-	7,953,070
State of Florida, Department of Children and Families	374,656	-	374,656
State of Florida, Department of Financial Services	316,991	-	316,991
State of Florida, Department of Juvenile Justice	163,415	-	163,415
Administration on Children, Youth and Families	201,242	-	201,242
Family Support Services of North Florida, Inc.	5,011,831	-	5,011,831
Lutheran Services Florida Health System	1,085,589	-	1,085,589
City of Jacksonville	106,463	-	106,463
Kids Hope Alliance	1,383,658	-	1,383,658
Partnership for Child Health	256,033	-	256,033
Florida Department of Agriculture and Consumer Services	63,603	-	63,603
<b>Total governmental support</b>	<b>16,916,551</b>	<b>-</b>	<b>16,916,551</b>
Other revenue:			
Program service fees	574,274	-	574,274
Educational product sales	95,190	-	95,190
Educational products - cost of goods sold	(25,977)	-	(25,977)
Educational conference fees	227,246	-	227,246
Administrative fees	12,296	-	12,296
Investment return, net of fees	71,664	166,139	237,803
Miscellaneous income	8,985	-	8,985
Loss on disposal of assets	(924)	-	(924)
<b>Total other revenue</b>	<b>962,754</b>	<b>166,139</b>	<b>1,128,893</b>
Net assets released from restrictions:	115,998	(115,998)	-
<b>Total revenues and other support</b>	<b>19,396,964</b>	<b>96,507</b>	<b>19,493,471</b>

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



**Daniel Memorial, Inc. and Affiliates  
Consolidated Statement of Activities**

<i>Year Ended June 30, 2019</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Expenses</b>			
Program services	15,971,230	-	15,971,230
Supporting services:			
Salaries, benefits and payroll taxes	1,824,577	-	1,824,577
Professional fees	61,981	-	61,981
Contractual services	237,433	-	237,433
Supplies	82,286	-	82,286
Telephone	31,221	-	31,221
Postage and shipping	10,205	-	10,205
Occupancy	162,054	-	162,054
Rental and maintenance of equipment	110,693	-	110,693
Travel and transportation	5,829	-	5,829
Conferences, conventions and meetings	6,761	-	6,761
Specific assistance to individuals	1,022	-	1,022
Insurance	61,238	-	61,238
Interest	42,909	-	42,909
Depreciation and amortization	232,791	-	232,791
Fundraising expenses	67,486	-	67,486
Other expenses	182,877	-	182,877
Total supporting services	3,121,363	-	3,121,363
<b>Total expenses</b>	<b>19,092,593</b>	<b>-</b>	<b>19,092,593</b>
<b>Increase in net assets</b>	<b>304,371</b>	<b>96,507</b>	<b>400,878</b>
Net assets, beginning of year	6,365,859	3,373,796	9,739,655
Net assets, end of year	\$ 6,670,230	\$ 3,470,303	\$ 10,140,533

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**

**PROGRAM SERVICES**

<i>Year Ended June 30, 2019</i>	EDUCATIONAL PRODUCT SALES	EDUCATIONAL CONFERENCES	COMMUNITY MENTAL HEALTH TARGETED CASE MANAGEMENT	STATEWIDE INPATIENT PSYCHIATRIC PROGRAM	COMMUNITY MENTAL HEALTH THERAPEUTIC BEHAVIORAL ON-SITE SERVICE	PROJECT PREPARE	THERAPEUTIC GROUP HOME
Salaries	\$ 59,441	\$ -	\$ 560,709	\$ 2,082,102	\$ 664,428	\$ 268,982	\$ 421,222
Employee benefits	6,349	-	61,756	236,773	81,474	26,640	43,107
Payroll taxes, etc.	6,264	-	58,576	213,911	73,671	26,813	40,573
<b>Total Salaries and Related Expenses</b>	<b>72,054</b>	<b>-</b>	<b>681,041</b>	<b>2,532,786</b>	<b>819,573</b>	<b>322,435</b>	<b>504,902</b>
Professional fees	238	-	4,985	18,727	7,581	2,288	3,473
Contractual services	-	-	-	144,620	48,164	-	18,870
Supplies	14,984	-	20,933	84,796	19,111	6,689	8,719
Telephone	310	307	19,270	38,626	21,615	4,586	12,612
Postage and shipping	4,684	-	142	391	238	70	31
Occupancy	85	-	1,627	7,123	1,688	797	1,748
Rental and maintenance of equipment	147	-	290	17,786	492	3,668	5,338
Travel and transportation	-	-	27,619	11,228	14,353	3,491	3,327
Conferences, conventions and meetings	225	111,440	1,233	5,627	5,401	7,335	5,550
Specific assistance to individuals	7	-	1,795	257,758	41,387	20,779	34,602
Insurance	171	-	3,542	19,331	5,274	1,412	4,275
Interest	-	-	-	-	-	-	-
Fundraising expenses	-	-	-	-	-	-	-
Other expenses	3,634	5,639	776	288,792	999	932	14,866
<b>Total Expenses Before Depreciation and Amortization</b>	<b>96,539</b>	<b>117,386</b>	<b>763,253</b>	<b>3,427,591</b>	<b>985,876</b>	<b>374,482</b>	<b>618,313</b>
Depreciation and amortization	114	-	994	9,758	4,949	329	3,159
<b>Total Expenses</b>	<b>\$ 96,653</b>	<b>\$ 117,386</b>	<b>\$ 764,247</b>	<b>\$ 3,437,349</b>	<b>\$ 990,825</b>	<b>\$ 374,811</b>	<b>\$ 621,472</b>

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**

PROGRAM SERVICES

<i>Year Ended June 30, 2019</i>	FAMILY BASED TREATMENT	FOSTER CARE	FULL SERVICE SCHOOLS	RESPIRE CARE	BEHAVIORIAL MANAGEMENT CIRCUIT SEVEN	ADOPTION INFORMATION CENTER	ADULT MENTAL HEALTH
Salaries	\$ 717,338	\$ 2,643,731	\$ 1,125,377	\$ 256,525	\$ 37,203	\$ 183,748	\$ 178,626
Employee benefits	76,568	296,628	114,070	26,373	5,506	20,124	19,211
Payroll taxes, etc.	71,491	266,506	114,039	26,736	3,602	18,474	17,708
<b>Total Salaries and Related Expenses</b>	<b>865,397</b>	<b>3,206,865</b>	<b>1,353,486</b>	<b>309,634</b>	<b>46,311</b>	<b>222,346</b>	<b>215,545</b>
Professional fees	4,581	25,417	3,357	2,210	100	2,173	1,100
Contractual services	82,299	250	-	-	68,319	-	125,550
Supplies	17,162	80,466	27,694	8,875	927	17,379	5,929
Telephone	22,682	59,425	5,397	3,019	332	4,105	3,631
Postage and shipping	704	4,084	264	47	45	4,155	25
Occupancy	43,102	4,493	388	418	53	402	14,883
Rental and maintenance of equipment	677	1,550	14	1,419	-	694	65
Travel and transportation	30,853	165,127	7,236	2,769	872	595	487
Conferences, conventions and meetings	1,771	8,766	1,831	52	-	53,459	229
Specific assistance to individuals	944,452	595,015	1,591	16,565	145	28	36,232
Insurance	5,705	20,115	2,245	3,656	-	808	792
Interest	-	-	-	-	-	-	-
Fundraising expenses	-	-	-	-	-	-	-
Other expenses	68,763	4,340	5,458	636	67	10,731	331
<b>Total Expenses Before Depreciation and Amortization</b>	<b>2,088,148</b>	<b>4,175,913</b>	<b>1,408,961</b>	<b>349,300</b>	<b>117,171</b>	<b>316,875</b>	<b>404,799</b>
Depreciation and amortization	452	3,125	317	2,774	-	145	126
<b>Total Expenses</b>	<b>\$ 2,088,600</b>	<b>\$ 4,179,038</b>	<b>\$ 1,409,278</b>	<b>\$ 352,074</b>	<b>\$ 117,171</b>	<b>\$ 317,020</b>	<b>\$ 404,925</b>

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>		
	<u>JOURNEY TO SUCCESS</u>	<u>DANIEL EDUCATION CENTER</u>	<u>TOTAL PROGRAM EXPENSES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
<i>Year Ended June 30, 2019</i>					
Salaries	\$ 196,628	\$ 295,271	\$ 9,691,331	\$ 1,497,048	\$ 11,188,379
Employee benefits	23,242	39,648	1,077,469	167,364	1,244,833
Payroll taxes, etc.	19,426	29,962	987,752	160,165	1,147,917
<b>Total Salaries and Related Expenses</b>	<b>239,296</b>	<b>364,881</b>	<b>11,756,552</b>	<b>1,824,577</b>	<b>13,581,129</b>
Professional fees	-	1,967	78,197	61,981	140,178
Contractual services	-	5,900	493,972	237,433	731,405
Supplies	102	10,366	324,132	82,286	406,418
Telephone	1	5,875	201,793	31,221	233,014
Postage and shipping	-	63	14,943	10,205	25,148
Occupancy	1	1,147	77,955	162,054	240,009
Rental and maintenance of equipment	-	5,778	37,918	110,693	148,611
Travel and transportation	9,800	-	277,757	5,829	283,586
Conferences, conventions and meetings	133	3,839	206,891	6,761	213,652
Specific assistance to individuals	597	38,506	1,989,459	1,022	1,990,481
Insurance	-	4,697	72,023	61,238	133,261
Interest	-	-	-	42,909	42,909
Fundraising expenses	-	-	-	67,486	67,486
Other expenses	154	1,923	408,041	182,877	590,918
<b>Total Expenses Before Depreciation and Amortization</b>	<b>250,084</b>	<b>444,942</b>	<b>15,939,633</b>	<b>2,888,572</b>	<b>18,828,205</b>
Depreciation and amortization	-	5,355	31,597	232,791	264,388
<b>Total Expenses</b>	<b>\$ 250,084</b>	<b>\$ 450,297</b>	<b>\$ 15,971,230</b>	<b>\$ 3,121,363</b>	<b>\$ 19,092,593</b>

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

**Daniel Memorial, Inc. and Affiliates**  
**Consolidated Statement of Cash Flows**

*Year Ended June 30, 2019*

<b>Cash flows from operating activities:</b>	
Increase in net assets	\$ 400,878
Adjustments to reconcile increase in net assets to net cash used for operating activities:	
Depreciation	264,388
Net realized and unrealized gain on investments	(70,370)
Proceeds from sale of donated securities	10,297
Loss on disposal of assets	924
(Increase) decrease in operating assets:	
Receivables, net	(1,314,696)
Inventories	(18)
Prepaid expenses	62,359
Receivables under split-interest agreements	24,044
(Decrease) increase in operating liabilities:	
Accounts payable	(6,225)
Accrued expenses	14,760
Deferred revenue	412,685
<b>Net cash used for operating activities</b>	<b>(200,974)</b>
<b>Cash flows from investing activities:</b>	
Purchase of investments	(1,255,129)
Proceeds from sale of investments	1,211,328
Purchase of property and equipment	(145,570)
<b>Net cash used for investing activities</b>	<b>(189,371)</b>
<b>Cash flows from financing activities:</b>	
Principal payments on long-term debt	(117,231)
<b>Net cash used for financing activities</b>	<b>(117,231)</b>
<b>Net decrease in cash and cash equivalents, including restricted</b>	<b>(507,576)</b>
<b>Cash and cash equivalents, including restricted:</b>	
Beginning of year	1,345,803
<b>End of year</b>	<b>\$ 838,227</b>

Supplemental disclosures of cash flow information: See Note 16.

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

## Daniel Memorial, Inc. and Affiliates Notes to Consolidated Financial Statements

### NOTE 1: ORGANIZATION AND OPERATIONS

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 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., Daniel Memorial Jaxbuild, Inc. and Daniel Payne Academy, Inc. 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 since June 30, 2013). Daniel Payne Academy, Inc. operates as a nonprofit corporation providing a comprehensive array of educational and developmental services for children and families (inactive since June 30, 2004). The majority of services and programs are provided in northeast Florida.

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

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Accounting***

The Organization's consolidated financial statements presented herein have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America.

#### ***Basis of Presentation***

In accordance with the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

- ***Without donor restrictions*** represent funds available for grants and expenses which are not otherwise limited by donor restrictions.
- ***With donor restrictions*** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.



## Daniel Memorial, Inc. and Affiliates Notes to Consolidated Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. When a restriction expires (that is, when a stipulated time-restriction has elapsed or a purpose-restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of Daniel Memorial, Inc., Daniel Foundation, Inc., Daniel Memorial Properties, Inc., Daniel Memorial Jaxbuild, Inc. and Daniel Payne Academy, Inc. Daniel Memorial, Inc. has both an economic interest and control of Daniel Foundation, Inc., Daniel Memorial Properties, Inc., Daniel Memorial Jaxbuild, Inc. and Daniel Payne Academy, Inc. through a majority voting interest in its governing board. All material intercompany transactions have been eliminated.

#### *Cash and Cash Equivalents*

For purposes of the consolidated statement of cash flows, cash equivalents includes cash on hand and in banks except for cash equivalents associated with the investment accounts. Restricted cash is included with cash and cash equivalents for purposes of the consolidated statement of cash flows.

#### *Investments*

Investments in equity and marketable securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investment income or loss (including gains and losses on investments and interest and dividends less external and direct internal investment expenses) is accounted for as a change in net assets without donor restrictions, unless previously restricted by donor specifications or law. Realized gains and losses on disposition of investments are determined by comparison to specific cost of acquisition to proceeds at the time of disposal. Unrealized gains and losses are calculated by comparing cost to market values at the statement of financial position date, and are reported as a change in the appropriate net assets class dependent on restrictions, if any. Investments donated to the Organization are recorded at their fair value on the date of the gift. It is the Organization's policy to sell donated securities immediately upon receipt, and accordingly, for purposes of the consolidated statement of cash flows, the proceeds from the sale of donated securities are reported as cash flows from operating activities.



## Daniel Memorial, Inc. and Affiliates Notes to Consolidated Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Accounts Receivable***

Accounts Receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

#### ***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 products are recognized when the related items are invoiced. Conference fees are recognized as income in the period that the conference is held.

#### ***Inventories***

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method (FIFO). When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

#### ***Donated Materials, Supplies and Services***

Donated materials, supplies, and services are reflected as contributions at their estimated fair value at the date of receipt. At June 30, 2019, \$110,791 was included in contribution revenue on the Consolidated Statement of Activities.

#### ***Property and Equipment***

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Ordinary repairs and maintenance are charged to expense when incurred. Donated property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions at that time.





## Daniel Memorial, Inc. and Affiliates Notes to Consolidated Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization evaluates the carrying value of its long-lived assets for impairment. Recoverability is measured by the expected undiscounted future cash flows of the assets compared to their net book value. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is charged to current earnings. Fair value is based on discounted cash flows of the assets at a rate determined to be reasonable for the type of asset and prevailing market conditions, appraisals, and, if appropriate, current estimated net sales proceeds from pending offers. The Organization evaluates the carrying value based on its present plans for the long-lived assets. There were no triggering events that would impair the carrying value of long-lived assets identified during the year ended June 30, 2019.

#### ***Deferred Revenue***

Revenues received in advance related to conferences, fundraising events or program services to be provided are recorded as deferred revenue. The revenue is recognized as earned in the period which the event takes place.

#### ***Functional Expenses***

The consolidated schedule of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Expenses not charged to a specific program or supporting function require allocation on a reasonable basis that is consistently applied as follows: depreciation, insurance, utilities, telephone, office equipment expense, including interest on equipment leases, certain office supplies, general postage and printing, certain professional fees, and information technology are allocated based on full-time equivalents or estimated program and support functions benefiting from the expenditures. Salaries and wages, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort.

#### ***Income Taxes***

Daniel Memorial, Inc., Daniel Foundation, Inc., Daniel Memorial Jaxbuild, Inc. and Daniel Payne Academy, 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.

#### ***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***New Accounting Pronouncement***

Effective January 1, 2018, the Organization adopted FASB's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. There was no impact to net asset balances.

**NOTE 3: RECEIVABLES**

Receivables are summarized as follows:

<i>June 30, 2019</i>	
Trade	\$ 570,523
Contract Services	525,993
Medicaid	3,170,718
	<u>4,267,234</u>
Less allowance for uncollectible accounts	(586,827)
Total receivables, net	<u>\$ 3,680,407</u>

**NOTE 4: LIQUIDITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are reallocated, if necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments.

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 4: LIQUIDITY (CONTINUED)**

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

*June 30, 2019*

Cash and cash equivalents	\$ 655,845
Investments	927,973
Receivables, net	3,680,407

Financial assets available to meet cash needs for general expenditures within one year	\$ 5,264,225
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As more fully described in Note 7, the Organization has a committed line of credit in the amount of \$250,000, which can be drawn upon. At June 30, 2019, the Organization had \$50,000 of unused credit available for expenditure.

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments are reported at fair value as defined by FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- **Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3:** Values measured using significant unobservable inputs that are supported by little or no market activity.

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

- **Mutual funds:** Valued daily at the closing price as reported by the fund. These funds are required to publish their daily net asset value (“NAV”) which is the price at which units can be traded at the measurement date. The mutual funds held by the Organization are deemed to be actively traded.
- **Money market funds:** The fair value of money market funds is classified as Level 1. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value of \$1 per share.
- **Receivables under split-interest agreements:** The underlying assets of the charitable remainder trust receivable under a split-interest agreement are mutual funds, valued daily at the closing price reported by the fund. These mutual funds are required to publish their daily net asset value (NAV) which is the price at which units can be traded at the measurement date. Then a discount rate of 6% is applied to calculate the present value of the expected future cash flow payments.

The underlying investments in marketable securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the marketable securities, it is at least reasonably possible that changes in risks in the near term could materially affect the account balances and the amounts reported in the consolidated statement of financial position and the statement of activities.

The following summarizes investments carried by level within the fair value hierarchy for the year ended June 30, 2019:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual and money market funds	\$ 927,973	\$ -	\$ -	\$ 927,973
Mutual funds, donor restricted	3,061,021	-	-	3,061,021
Receivables under split-interest agreements	-	-	164,900	164,900
<b>Total investments</b>	<b>\$ 3,988,994</b>	<b>\$ -</b>	<b>\$ 164,900</b>	<b>\$ 4,153,894</b>

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a reconciliation of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance as of June 30, 2018	\$ 188,944
Net realized and unrealized losses	(24,044)
<u>Balance as of June 30, 2019</u>	<u>\$ 164,900</u>

There were no transfers between Level 1, Level 2 or Level 3 investment categories during the year ended June 30, 2019.

The Organization's investment income is summarized as follows:

<i>Year Ended June 30, 2019</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Interest and dividend income, net of fees	\$ 55,152	\$ 136,325	\$ 191,477
Net realized and unrealized gains	16,512	53,858	70,370
Change in value of split-interest agreement	-	(24,044)	(24,044)
<u>Total investment return</u>	<u>\$ 71,664</u>	<u>\$ 166,139</u>	<u>\$ 237,803</u>

**NOTE 6: ENDOWMENT FUND**

The Organization has a written investment policy to which it closely adheres. The Organization engages professional investment advisors to handle the investment of endowed and other funds. Additionally, a committee of qualified individuals meet periodically to review investment performance and strategies.

***Implementation of Accounting Standards***

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 31, 2012, the provisions of which apply to endowment funds existing on or established after that date. Accordingly, a portion of the Organization's investments meet the definition of endowment funds under FUPMIFA.

The Organization has interpreted the law as requiring the preservation of the fair value of the original gift as of the date of the donation of the endowment funds with donor restrictions in perpetuity, absent any explicit donor stipulations to the contrary. As a result, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instruments. The Organization has interpreted FUPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fair value of the fund at June 30, 2019 was \$3,456,448.



## Daniel Memorial, Inc. and Affiliates Notes to Consolidated Financial Statements

### NOTE 6: ENDOWMENT FUND (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is considered restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions: (1) the duration and preservation of the various funds; (2) the purpose of the endowment funds with donor restrictions; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the Organization's investment policies.

#### *Spending Policy and Investment Return Objectives*

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 include mutual funds, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of the consumer price index plus 4% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 6: ENDOWMENT FUND (CONTINUED)**

Endowment net assets at June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment net assets available for expenditure	\$ -	\$ 3,456,448	\$ 3,456,448
<b>Total donor-restricted endowment net assets</b>	<b>\$ -</b>	<b>\$ 3,456,448</b>	<b>\$ 3,456,448</b>

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 3,321,471	\$ 3,321,471
Contributions	-	34,903	34,903
Investment income	-	163,729	163,729
Net appreciation	-	29,815	29,815
Professional fees	-	(27,470)	(27,470)
Net assets released from restrictions	-	(66,000)	(66,000)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 3,456,448</b>	<b>\$ 3,456,448</b>

**NOTE 7: LINE OF CREDIT**

The Organization has a revolving line of credit agreement with TIAA Bank. Under the terms of the agreement, maximum available borrowings are \$250,000. Interest on outstanding borrowings is payable monthly at the bank's prime rate plus 1%, with a floor rate of 5% (6.5% at June 30, 2019). The line of credit is collateralized by the Organization's real property and matures December 31, 2019.

At June 30, 2019, outstanding borrowings under the line of credit were \$200,000. Interest expense totaled \$12,898 for the year ended June 30, 2019.

**NOTE 8: NOTES PAYABLE**

The Organization has a promissory note with CenterState Bank in the amount of \$1,000,000. The note is payable in monthly installments of \$8,520, including interest at 4.49% through August 22, 2022, at which time the unpaid principal and accrued and unpaid interest balances are due. The note is unsecured. At June 30, 2019, the balance outstanding under the note totaled \$614,804, with \$72,298 due within one year and \$542,506 due after one year.

In connection with the promissory note, the Organization must maintain a minimum total balance of \$500,000 consisting of cash and investments without donor restrictions.

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 8: NOTES PAYABLE (CONTINUED)**

The following is a schedule of estimated minimum debt maturities for the years succeeding June 30, 2019:

<i>Year Ending June 30,</i>	
2020	\$ 72,298
2021	75,740
2022	79,261
2023	387,505
<b>Total notes payable</b>	<b>\$ 614,804</b>

Interest expense totaled \$30,011 for the year ended June 30, 2019.

**NOTE 9: NET ASSETS**

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions consist of contributions received from members of “The 1884 Club” and others and are recorded as revenue without donor restrictions and are either Board designated and not available for current operations without Board authorization or utilized in accordance with the donors request. These net assets are used to satisfy the mission of the Organization. Net assets without donor restrictions totaled \$6,670,230 at June 30, 2019.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of contributions received from members or others subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net assets with purpose restrictions consist of contributions received for the purpose of renovation of existing buildings and construction of new buildings. A schedule of the purpose restricted net assets is summarized as follows:

<i>June 30, 2019</i>	
Capital campaign	\$ 13,855
<b>Total net assets with purpose restrictions</b>	<b>\$ 13,855</b>



**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 9: NET ASSETS (CONTINUED)**

Net assets with restrictions in perpetuity consist primarily of the Family Endowment Funds' assets to be held indefinitely. The income from the endowment assets are to be used to fund scholarships for qualifying students. A schedule of the net assets restricted in perpetuity is summarized as follows:

<i>June 30, 2019</i>	
Family Endowment Funds	\$ 3,229,548
Charitable Remainder Trust	164,900
Land-Mills House	62,000
Total net assets with restrictions, in perpetuity	<u>\$ 3,456,448</u>

**NOTE 10: 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 management. 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 reinstated employee match effective January 1, 2018 of 50% of the first 6% of eligible compensation up to a maximum of \$1,500 per participant. The Organization recorded a matching contribution expense of \$55,331 for the year ended June 30, 2019.

**NOTE 11: EMPLOYEE HEALTH PLAN**

The Organization participates in a 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 \$100,001 as of June 30, 2019. 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, 2019, health benefits expense was \$1,244,833 of which \$100,001 was accrued and reported as a liability.

**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 12: OPERATING LEASES**

The Organization leases various office equipment and office space under noncancellable operating leases requiring monthly lease payments of \$32,224. Future estimated minimum lease payments under agreements classified as operating leases are as follows:

<i>Year Ending June 30,</i>	
2020	\$ 137,370
2021	112,351
2022	253,230
2023	250,002
Total minimum lease payments	<u>\$ 752,953</u>

Rent expense under operating leases totaled \$152,223 for the year ended June 30, 2019.

**NOTE 13: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash and cash equivalents in bank deposits and money market accounts. At times, cash balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insured limits which provides for full deposit coverage for noninterest-bearing accounts and insures up to \$250,000 for each interest-bearing deposit account. Management does not believe there is any significant credit risk relative to these deposits. 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, 2019.

The Organization conducts its operations solely in northeast Florida, and, therefore, is subject to risks from changes in the local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

Significant portions of the Organization's revenue were earned by providing services to a state agency and pass through agencies. 30% of governmental support was earned from Family Support Services of North Florida, Inc. In addition, 47% of governmental support earned was from providing Medicaid-covered services to children of various programs provided by the Organization.

The Organization's credit risk is inherent principally in its investments. Adverse economic conditions either domestically or internationally may result in a reduction of the investments' carrying amount. Market risk of the Organization's investment portfolio is monitored through ongoing review of asset allocations and evaluation by independent investment advisors.



**Daniel Memorial, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**

**NOTE 14: CONTINGENCIES**

The Organization is subject to various state and federal laws and regulations, which among other things, require licensing and other qualifications.

**NOTE 15: UNCERTAIN TAX POSITIONS**

The Organization evaluates its tax positions taken for any uncertainties in accordance with authoritative guidance. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld upon examination by taxing authorities. Management believes that it has appropriate support for any tax positions taken and does not have any uncertain tax positions that would require recognition of a liability or disclosure in the financial statements as of June 30, 2019.

The Daniel Memorial, Inc., Daniel Foundation, Inc. and Daniel Memorial Properties, Inc. each file an annual *Return of Organization Exempt from Income Tax* (Form 990). Daniel Jaxbuild, Inc. and Daniel Payne Academy, Inc. each file an annual *Electronic Notice (e- Postcard) for Tax- Exempt Organizations Not Required to File Form 990 or Form 990EZ* (Form 990-N). Information tax returns for fiscal tax years 2016 through 2018 remain open to examination by federal taxing authorities, generally for three years after being filed.

**NOTE 16: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

***Noncash Investing and Financing Activities***

Contribution revenue was recorded upon the immediate sale of donated securities totaling \$10,297 for the year ended June 30, 2019.

***Supplemental Cash Flow Disclosure***

Cash paid in interest totaled \$42,909 for the year ended June 30, 2019.

**NOTE 17: SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events through October 28, 2019, the date which the financial statements were available to be issued.

**INDEPENDENT AUDITORS' 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**

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, 2019, and the related consolidated statements of activities, functional expenses 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 28, 2019.

**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.

## **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.

*Cary Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
October 28, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

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 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, 2019. Daniel Memorial, Inc. and Affiliates' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statues, regulations and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

**Auditors' 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance 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 and 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, 2019.

## 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 and 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 the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Daniel Memorial, Inc. and Affiliates' 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 and 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 and 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 and 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 designed 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 considered 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 the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Cary Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
October 28, 2019

**Daniel Memorial, Inc. and Affiliates**  
**Schedule of Findings and Questioned Costs- Federal Programs and State Projects**  
**Year Ended June 30, 2019**

**SECTION A - SUMMARY OF AUDITOR'S RESULTS**

Consolidated Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards and State Financial Assistance

Internal control over major programs

Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Type of auditors' report issued on compliance for major federal Programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with the Uniform Guidance or Section 10.650, Rule of the Auditor General?  Yes  No

Identification of major federal programs and state projects:

<u>CFDA Number</u>	<u>Major Federal Programs</u>
93.658	Foster Care – Title IV-E
<u>CSFA Number</u>	<u>Major State Projects</u>
60.074	Out-of-Home Support

Dollar threshold used to distinguish Between Type A and Type B programs: Federal State  
\$750,000 \$300,000

Auditee qualified as low-risk auditee for Federal Single Audit?  Yes  No





**Daniel Memorial, Inc. and Affiliates**  
**Schedule of Findings and Questioned Costs- Federal Programs and State Projects**  
**Year Ended June 30, 2019**

**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, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**

June 30, 2019

	Without Donor Restrictions					With Donor Restrictions				Consolidated Totals
	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Eliminating Entries	Totals	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Totals	
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 24,671	\$ 255,790	\$ 375,384	\$ -	\$ 655,845	\$ -	\$ -	\$ -	\$ -	\$ 655,845
Investments	596,782	-	331,191	-	927,973	-	-	-	-	927,973
Receivables, net	-	3,680,407	-	-	3,680,407	-	-	-	-	3,680,407
Due from affiliates	-	-	396,409	(396,409)	-	-	-	-	-	-
Inventories	-	85,941	-	-	85,941	-	-	-	-	85,941
Prepaid expenses	500	177,162	-	-	177,662	-	-	-	-	177,662
Total current assets	621,953	4,199,300	1,102,984	(396,409)	5,527,828	-	-	-	-	5,527,828
Property and equipment:										
Land	-	-	403,560	-	403,560	-	-	-	-	403,560
Buildings and improvements	-	54,472	8,266,124	-	8,320,596	-	-	-	-	8,320,596
Furniture and equipment	8,555	894,453	-	-	903,008	-	-	-	-	903,008
Agency vehicles	-	97,395	-	-	97,395	-	-	-	-	97,395
Construction in progress	-	-	9,357	-	9,357	-	-	-	-	9,357
	8,555	1,046,320	8,679,041	-	9,733,916	-	-	-	-	9,733,916
Less accumulated depreciation	(1,833)	(942,453)	(4,897,890)	-	(5,842,176)	-	-	-	-	(5,842,176)
Net property and equipment	6,722	103,867	3,781,151	-	3,891,740	-	-	-	-	3,891,740
Other assets:										
Cash and cash equivalents, restricted	-	-	-	-	-	182,382	-	-	182,382	182,382
Investments, restricted	-	-	-	-	-	3,061,021	-	-	3,061,021	3,061,021
Land, restricted	-	-	-	-	-	-	-	62,000	62,000	62,000
Receivables under split-interest agreements, restricted	-	-	-	-	-	164,900	-	-	164,900	164,900
Total other assets	-	-	-	-	-	3,408,303	-	62,000	3,470,303	3,470,303
<b>TOTAL ASSETS</b>	<b>\$ 628,675</b>	<b>\$ 4,303,167</b>	<b>\$ 4,884,135</b>	<b>\$ (396,409)</b>	<b>\$ 9,419,568</b>	<b>\$ 3,408,303</b>	<b>\$ -</b>	<b>\$ 62,000</b>	<b>\$ 3,470,303</b>	<b>\$ 12,889,871</b>

**Daniel Memorial, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**

June 30, 2019

	Without Donor Restrictions					With Donor Restrictions				Consolidated Totals
	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Eliminating Entries	Totals	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Totals	
<b>LIABILITIES AND NET ASSETS</b>										
Current liabilities:										
Accounts payable	\$ -	\$ 324,423	\$ 21,644	\$ -	\$ 346,067	\$ -	\$ -	\$ -	\$ -	\$ 346,067
Due to affiliates	34,165	362,244	-	(396,409)	-	-	-	-	-	-
Accrued expenses	-	1,087,692	-	-	1,087,692	-	-	-	-	1,087,692
Deferred revenue	-	151,239	349,536	-	500,775	-	-	-	-	500,775
Line of credit	-	200,000	-	-	200,000	-	-	-	-	200,000
Current portion of long-term debt	-	-	72,298	-	72,298	-	-	-	-	72,298
Total current liabilities	34,165	2,125,598	443,478	(396,409)	2,206,832	-	-	-	-	2,206,832
Long-term debt, net of current portion	-	-	542,506	-	542,506	-	-	-	-	542,506
Total liabilities	34,165	2,125,598	985,984	(396,409)	2,749,338	-	-	-	-	2,749,338
Net assets:										
Without donor restrictions	594,510	2,177,569	3,898,151	-	6,670,230	-	-	-	-	6,670,230
With donor restrictions	-	-	-	-	-	3,408,303	-	62,000	3,470,303	3,470,303
Total net assets	594,510	2,177,569	3,898,151	-	6,670,230	3,408,303	-	62,000	3,470,303	10,140,533
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 628,675</b>	<b>\$ 4,303,167</b>	<b>\$ 4,884,135</b>	<b>\$ (396,409)</b>	<b>\$ 9,419,568</b>	<b>\$ 3,408,303</b>	<b>\$ -</b>	<b>\$ 62,000</b>	<b>\$ 3,470,303</b>	<b>\$ 12,889,871</b>

**Daniel Memorial, Inc. and Affiliates  
Consolidating Statement of Activities**

Year Ended June 30, 2019

	Without Donor Restrictions					With Donor Restrictions				Consolidated Totals
	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Eliminating Entries	Totals	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Totals	
<b>Revenues and other support</b>										
Public support:										
Contributions	\$ 71	\$ 731,814	\$ 31,179	\$ -	\$ 763,064	\$ 46,366	\$ -	\$ -	\$ 46,366	\$ 809,430
United Way of Northeast Florida	-	628,327	-	-	628,327	-	-	-	-	628,327
Community Based Care Foundation	-	10,270	-	-	10,270	-	-	-	-	10,270
<b>Total public support</b>	<b>71</b>	<b>1,370,411</b>	<b>31,179</b>	<b>-</b>	<b>1,401,661</b>	<b>46,366</b>	<b>-</b>	<b>-</b>	<b>46,366</b>	<b>1,448,027</b>
Governmental support:										
Medicaid	-	7,953,070	-	-	7,953,070	-	-	-	-	7,953,070
State of Florida, Department of Children and Families	-	374,656	-	-	374,656	-	-	-	-	374,656
State of Florida, Department of Financial Services	-	316,991	-	-	316,991	-	-	-	-	316,991
State of Florida, Department of Juvenile Justice	-	163,415	-	-	163,415	-	-	-	-	163,415
Administration on Children, Youth and Families	-	201,242	-	-	201,242	-	-	-	-	201,242
Family Support Services of North Florida, Inc.	-	5,011,831	-	-	5,011,831	-	-	-	-	5,011,831
Lutheran Services Florida Health System	-	1,085,589	-	-	1,085,589	-	-	-	-	1,085,589
City of Jacksonville	-	106,463	-	-	106,463	-	-	-	-	106,463
Kids Hope Alliance	-	1,383,658	-	-	1,383,658	-	-	-	-	1,383,658
Partnership for Child Health	-	256,033	-	-	256,033	-	-	-	-	256,033
Florida Department of Agriculture and Consumer Services	-	45,801	17,802	-	63,603	-	-	-	-	63,603
<b>Total governmental support</b>	<b>-</b>	<b>16,898,749</b>	<b>17,802</b>	<b>-</b>	<b>16,916,551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,916,551</b>
Other revenue:										
Program service fees	-	574,274	-	-	574,274	-	-	-	-	574,274
Educational product sales	-	95,190	-	-	95,190	-	-	-	-	95,190
Educational products - cost of goods sold	-	(25,977)	-	-	(25,977)	-	-	-	-	(25,977)
Educational conference fees	-	227,246	-	-	227,246	-	-	-	-	227,246
Administrative fees	-	67,582	-	(55,286)	12,296	-	-	-	-	12,296
Rental income	-	-	552,840	(552,840)	-	-	-	-	-	-
Investment return, net of fees	43,793	6,715	21,156	-	71,664	166,139	-	-	166,139	237,803
Miscellaneous income	-	8,985	-	-	8,985	-	-	-	-	8,985
Loss on disposal of assets	-	(924)	-	-	(924)	-	-	-	-	(924)
<b>Total other revenue</b>	<b>43,793</b>	<b>953,091</b>	<b>573,996</b>	<b>(608,126)</b>	<b>962,754</b>	<b>166,139</b>	<b>-</b>	<b>-</b>	<b>166,139</b>	<b>1,128,893</b>
Net assets released from restrictions	115,998	-	-	-	115,998	(115,998)	-	-	(115,998)	-
<b>Total revenues and other support</b>	<b>159,862</b>	<b>19,222,251</b>	<b>622,977</b>	<b>(608,126)</b>	<b>19,396,964</b>	<b>96,507</b>	<b>-</b>	<b>-</b>	<b>96,507</b>	<b>19,493,471</b>

**Daniel Memorial, Inc. and Affiliates  
Consolidating Statement of Activities**

	Without Donor Restrictions					With Donor Restrictions				
	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Eliminating Entries	Totals	Daniel Foundation	Daniel Memorial	Daniel Memorial Properties	Totals	Consolidated Totals
<b>Expenses</b>										
Program services	\$ -	\$ 16,428,302	\$ -	\$ (457,072)	\$ 15,971,230	\$ -	\$ -	\$ -	\$ -	\$ 15,971,230
Supporting services:										
Salaries, benefits and payroll taxes	-	1,824,577	-	-	1,824,577	-	-	-	-	1,824,577
Professional fees	-	58,273	58,994	(55,286)	61,981	-	-	-	-	61,981
Contractual services	-	237,433	-	-	237,433	-	-	-	-	237,433
Supplies	-	82,286	-	-	82,286	-	-	-	-	82,286
Telephone	-	31,221	-	-	31,221	-	-	-	-	31,221
Postage and shipping	-	10,126	79	-	10,205	-	-	-	-	10,205
Occupancy	-	98,931	158,891	(95,768)	162,054	-	-	-	-	162,054
Rental and maintenance of equipment	-	20,520	90,173	-	110,693	-	-	-	-	110,693
Travel and transportation	-	5,829	-	-	5,829	-	-	-	-	5,829
Conferences, conventions and meetings	-	6,761	-	-	6,761	-	-	-	-	6,761
Specific assistance to individuals	-	1,022	-	-	1,022	-	-	-	-	1,022
Insurance	-	8,107	53,131	-	61,238	-	-	-	-	61,238
Interest	-	12,898	30,011	-	42,909	-	-	-	-	42,909
Depreciation and amortization	-	5,581	227,210	-	232,791	-	-	-	-	232,791
Fundraising expenses	16,000	51,486	-	-	67,486	-	-	-	-	67,486
Other expenses	50,841	131,448	588	-	182,877	-	-	-	-	182,877
Total supporting services	66,841	2,586,499	619,077	(151,054)	3,121,363	-	-	-	-	3,121,363
<b>Total expenses</b>	<b>66,841</b>	<b>19,014,801</b>	<b>619,077</b>	<b>(608,126)</b>	<b>19,092,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,092,593</b>
Increase in net assets	93,021	207,450	3,900	-	304,371	96,507	-	-	96,507	400,878
Intercompany transfers	(150,000)	150,000	-	-	-	-	-	-	-	-
Increase in net assets	(56,979)	357,450	3,900	-	304,371	96,507	-	-	96,507	400,878
Net assets, beginning of year	651,489	1,820,119	3,894,251	-	6,365,859	3,311,796	-	62,000	3,373,796	9,739,655
<b>Net assets, end of year</b>	<b>\$ 594,510</b>	<b>\$ 2,177,569</b>	<b>\$ 3,898,151</b>	<b>\$ -</b>	<b>\$ 6,670,230</b>	<b>\$ 3,408,303</b>	<b>\$ -</b>	<b>\$ 62,000</b>	<b>\$ 3,470,303</b>	<b>\$ 10,140,533</b>

**Daniel Memorial, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**

FEDERAL/STATE GRANTOR, PASS-THROUGH ENTITY, FEDERAL PROGRAM/ STATE PROJECT	CFDA/ CFSA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL EXPENDITURES
<b><u>U.S. Department of Health and Human Services</u></b>			
<b><i>Pass-through program from:</i></b>			
Managed Access to Child Health, Inc.:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104		\$ 258,635
State of Florida, Department of Children and Families:			
Promoting Safe and Stable Families Temporary Assistance for Needy Families	93.556	LJ961	42,000
Adoption Assistance	93.558	LJ961	4,681
Social Services Block Grant	93.659	LJ961	81,446
Chafee Foster Care Independence Program	93.667	LJ961	19,069
Chafee Foster Care Independence Program	93.674	LJ961	86,337
Administration on Children, Youth and Families - Family and Youth Services Bureau:			
Transitional Living for Homeless Youth	93.550	90CX7128-01-00	201,242
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	CMO-015-DM	8,734
Stephanie Tubbs Jones Child Welfare Services Program	93.558	CMO-015-DM	326,515
Foster Care Title IV-E	93.645	CMO-015-DM	141,084
Adoption Assistance	93.658	CMO-015-DM	892,711
Child Abuse and Neglect State Grants	93.659	CMO-015-DM	210,412
Child Abuse and Neglect State Grants	93.669	CMO-015-DM	47,984
Lutheran Services Florida:			
Children's Health Insurance Program Block Grant for Community Mental Health Services	93.767	NE030	259,250
Mental Health Services	93.958	NE030	115,205

*The accompanying notes are an integral part of this schedule.*

**Daniel Memorial, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**

FEDERAL/STATE GRANTOR, PASS-THROUGH ENTITY, FEDERAL PROGRAM/ STATE PROJECT	CFDA/ CFSA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL EXPENDITURES
Children's Network of Southwest Florida, LLC:			
Foster Care Title IV-E	93.658	HJ300	6,213
Social Services Block Grant	93.667	HJ300	4,527
Kids First of Florida, Inc.:			
Foster Care Title IV-E	93.658	DJ039	1,014
Social Services Block Grant	93.667	DJ039	751
<b>Total U.S. Department of Health and Human Services</b>			<b>2,707,810</b>
<b><u>U.S. Department of Agriculture</u></b>			
<b><i>Pass-through program from:</i></b>			
Florida Department of Agriculture and Consumer Services:			
Child nutrition cluster:			
School Breakfast Program	10.553	01-0162	17,721
National School Lunch Program	10.555	01-0162	28,079
Total child nutrition cluster			45,800
National School Lunch Program - Equipment Assistance Grant	10.579	S-4200-G1741	17,802
<b>Total U.S. Department of Agriculture</b>			<b>63,602</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,771,412</b>

**State of Florida, Department of Children and Families**

***Pass-through program from:***

Family Support Services of North Florida, Inc.:			
Out-of-Home Supports	60.074	DJ038	\$ 460,037
In-Home Supports	60.075	DJ038	227,459
CBC- Purchase of Therapeutic Services for Children	60.183	DJ038	57,316
Extended Foster Care Program	60.141	DJ038	27,417
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 772,229</b>

Note: The Organization did not make sub-awards of federal or state financial assistance during the year ended June 30, 2019.

*The accompanying notes are an integral part of this schedule.*



**Daniel Memorial, Inc. and Affiliates**  
**Notes to the Schedule of Expenditures of Federal**  
**Awards and State Financial Assistance**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal award and state grant activity of Daniel Memorial, Inc. and Affiliates under programs of the federal and state government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Because the schedule presents only a selected portion of the operations of Daniel Memorial, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets or cash flows of Daniel Memorial, Inc. and Affiliates.

Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. School Breakfast Program (CFDA 10.553), National School Lunch Program (CFDA 10.555), and National School Lunch Program – Equipment Assistance Grant (CFDA 10.579) are reported as a cluster in the Schedule.

**NOTE 2: BASIS OF ACCOUNTING**

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Organization's federal and state grants.

**NOTE 3: INDIRECT COST RATES**

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

- The Organization's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.



**Daniel Memorial, Inc. and Affiliates**  
**Notes to the Schedule of Expenditures of Federal**  
**Awards and State Financial Assistance**

**NOTE 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS (CONTINUED)**

- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Organization's consolidated financial statements and as expenditures in the program financial reports and the Schedule.

**NOTE 5: FEDERAL AND STATE PASS-THROUGH FUNDS**

The Organization is also the sub-recipient of federal and state funds that have been subjected to testing and are reported as expenditures and listed as federal and state pass-through funds. Federal awards and state projects other than those indicated as pass-through funds are considered to be direct.

**NOTE 6: CONTINGENCIES**

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization. As of June 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 7: NONCASH ASSISTANCE**

The Organization did not receive any federal noncash assistance for the fiscal year ended June 30, 2019.

**NOTE 8: LOANS AND LOAN GUARANTEES**

The Organization did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended June 30, 2019.

**Daniel Memorial, Inc. and Affiliates**  
**Schedule of Source and Expenditures of City Grant Funds**

***CITY OF JACKSONVILLE - YOUNG ADULT HOMELESS SERVICES***

**Receipt of City Funds**

Grant number	5318-98	5318-100
Grant period	<u>10/1/17 - 9/30/18</u>	<u>10/1/18 - 9/30/19</u>
Amount of award	\$ 74,936	\$ 127,206
Funds received- last audit period	(40,955)	-
Funds received current audit period	(33,529)	(65,222)
Due from city	-	(23,039)
Amount remaining	<u>\$ 452</u>	<u>\$ 38,945</u>

**Expenditures of City Funds**

**Grant Number 5318-98**

Budget Item	Budget	Actual 10/1/2017 - 6/30/2018	Actual 7/1/2019 - 9/30/2019	Total	Remaining Balance
Salaries and benefits	\$ 68,687	\$ 51,594	\$ 16,641	\$ 68,235	\$ 452
Rent	6,249	4,687	1,562	6,249	-
	<u>\$ 74,936</u>	<u>\$ 56,281</u>	<u>\$ 18,203</u>	<u>\$ 74,484</u>	<u>\$ 452</u>

**Grant Number 5318-100**

Budget Item	Budget	Actual 10/1/2018 - 6/30/2019	Actual 7/1/2019 - 9/30/2019	Total	Remaining Balance
Salaries and benefits	\$ 102,924	\$ 72,737	\$ -	\$ 72,737	\$ 30,187
Direct costs	6,500	2,659	-	2,659	3,841
Indirect costs	1,776	861	-	861	915
Rent	16,006	12,004	-	12,004	4,002
	<u>\$ 127,206</u>	<u>\$ 88,261</u>	<u>\$ -</u>	<u>\$ 88,261</u>	<u>\$ 38,945</u>