



Financial Statements

June 30, 2015 and 2014

DAILY PLANET, INCORPORATED

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia:

Report on the Financial Statements

We have audited the accompanying financial statements of Daily Planet, Incorporated (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Daily Planet, Incorporated as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 September 18, 2015, on our consideration of the Organization's 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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Keita", with a stylized flourish at the end.

September 18, 2015
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Statements of Financial Position June 30, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents, unrestricted	\$ 1,392,669	\$ 1,369,937
Cash and cash equivalents, restricted for consumer escrow accounts	-	54,520
Patient accounts receivable, net	70,835	67,353
Contributions receivable	218,366	157,222
Other receivables	85,781	100,890
United Way Services funding commitment for the next fiscal year	25,000	67,800
Prepaid expenses	44,644	39,164
Property and equipment, net	<u>3,567,820</u>	<u>3,737,096</u>
Total assets	<u>\$ 5,405,115</u>	<u>\$ 5,593,982</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 52,217	\$ 98,707
Consumer escrow accounts	-	54,520
Accrued annual leave	45,824	34,480
Payroll withholdings	5,292	3,043
Notes payable	<u>428,053</u>	<u>475,891</u>
Total liabilities	<u>531,386</u>	<u>666,641</u>
Net assets:		
Unrestricted	4,580,363	4,702,319
Temporarily restricted	<u>293,366</u>	<u>225,022</u>
Total net assets	<u>4,873,729</u>	<u>4,927,341</u>
Total liabilities and net assets	<u>\$ 5,405,115</u>	<u>\$ 5,593,982</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities Year Ended June 30, 2015 with Comparative 2014 Totals

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 949,506	\$ -	\$ 949,506	\$ 944,109
Provision for bad debts	(46,456)	-	(46,456)	(60,082)
Net patient service revenue	903,050	-	903,050	884,027
Federal government grants	2,833,016	-	2,833,016	3,113,302
Program and contract income	1,049,318	-	1,049,318	765,926
Contributions	245,632	-	245,632	395,688
United Way allocations	108,671	25,000	133,671	182,444
In-kind contributions	35,714	-	35,714	36,020
Other grants	5,000	268,366	273,366	647,300
Other revenue	3,096	-	3,096	2,949
Total support and revenue	5,183,497	293,366	5,476,863	6,027,656
Net assets released from restriction	225,022	(225,022)	-	-
Expenses:				
Program services	4,607,767	-	4,607,767	4,345,002
Support services	922,708	-	922,708	855,371
Total expenses	5,530,475	-	5,530,475	5,200,373
Change in net assets	(121,956)	68,344	(53,612)	827,283
Net assets, beginning of year	4,702,319	225,022	4,927,341	4,100,058
Net assets, end of year	\$ 4,580,363	\$ 293,366	\$ 4,873,729	\$ 4,927,341

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Patient service revenue (net of contractual allowances and discounts)	\$ 944,109	\$ -	\$ 944,109
Provision for bad debts	<u>(60,082)</u>	<u>-</u>	<u>(60,082)</u>
Net patient service revenue	884,027	-	884,027
Federal government grants	3,113,302	-	3,113,302
Program and contract income	765,926	-	765,926
Contributions	395,688	-	395,688
United Way allocations	114,644	67,800	182,444
In-kind contributions	36,020	-	36,020
Other grants	490,078	157,222	647,300
Other revenue	<u>2,949</u>	<u>-</u>	<u>2,949</u>
Total support and revenue	<u>5,802,634</u>	<u>225,022</u>	<u>6,027,656</u>
Net assets released from restriction	<u>171,205</u>	<u>(171,205)</u>	<u>-</u>
Expenses:			
Program services	4,345,002	-	4,345,002
Support services	<u>855,371</u>	<u>-</u>	<u>855,371</u>
Total expenses	<u>5,200,373</u>	<u>-</u>	<u>5,200,373</u>
Change in net assets	773,466	53,817	827,283
Net assets, beginning of year	<u>3,928,853</u>	<u>171,205</u>	<u>4,100,058</u>
Net assets, end of year	<u>\$ 4,702,319</u>	<u>\$ 225,022</u>	<u>\$ 4,927,341</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses Year Ended June 30, 2015 with Comparative 2014 Totals

	Program Services				Support Services			2015 Total Expenses	2014 Total Expenses	
	Public Health	Public Health SCHC	Safe Haven	Respite	Total Program Services	Administrative	Fundraising			Total Support Services
Salaries	\$ 2,175,445	\$ 193,901	\$ 231,060	\$ 202,287	\$ 2,802,693	\$ 357,980	\$ 175,453	\$ 533,433	\$ 3,336,126	\$ 3,000,120
Employee health and retirement benefits	248,913	4,311	28,040	9,495	290,759	135,596	23,907	159,503	450,262	330,797
Payroll taxes and workers compensation insurance	159,079	14,253	18,247	16,666	208,245	19,138	12,467	31,605	239,850	224,924
Total staff compensation	2,583,437	212,465	277,347	228,448	3,301,697	512,714	211,827	724,541	4,026,238	3,555,841
Education and training	6,801	140	517	786	8,244	845	178	1,023	9,267	13,273
General and program supplies	96,634	16,522	6,139	14,267	133,562	5,596	3,714	9,310	142,872	130,678
In-kind expenses	-	-	-	-	-	35,714	-	35,714	35,714	36,020
Insurance	52,373	2,546	8,108	6,201	69,228	7,288	3,863	11,151	80,379	99,438
Interest	36	3	9,291	76	9,406	5,898	3	5,901	15,307	17,102
Janitorial services	2,927	601	-	2,668	6,196	-	97	97	6,293	6,023
Miscellaneous	3,752	145	73	187	4,157	686	487	1,173	5,330	6,597
Postage	3,951	417	354	690	5,412	588	6,669	7,257	12,669	5,558
Professional fees and contract services	554,643	15,766	8,150	11,220	589,779	17,362	13,284	30,646	620,425	753,765
Promotional and advertising	1,057	778	24	184	2,043	551	203	754	2,797	6,483
Rental expense	6,447	3,706	36	4,712	14,901	60	348	408	15,309	39,489
Repairs and maintenance	24,405	11,554	20,493	8,466	64,918	1,079	844	1,923	66,841	66,421
Specific assistance to individuals	101,037	452	13,600	33,300	148,389	365	-	365	148,754	180,715
Telephone expense	26,505	3,859	6,775	5,844	42,983	1,806	1,464	3,270	46,253	30,061
Travel and transportation	16,753	888	984	2,360	20,985	2,729	2,375	5,104	26,089	26,041
Utilities	33,967	13,455	21,818	9,000	78,240	-	1,766	1,766	80,006	65,553
Total expenses before depreciation	3,514,725	283,297	373,709	328,409	4,500,140	593,281	247,122	840,403	5,340,543	5,039,058
Depreciation	39,577	38,992	26,476	2,582	107,627	80,222	2,083	82,305	189,932	161,315
Total expenses	\$ 3,554,302	\$ 322,289	\$ 400,185	\$ 330,991	\$ 4,607,767	\$ 673,503	\$ 249,205	\$ 922,708	\$ 5,530,475	\$ 5,200,373

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services				Support Services			Total Expenses
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services	
Salaries	\$ 2,140,861	\$ 210,001	\$ 184,496	\$ 2,535,358	\$ 314,410	\$ 150,352	\$ 464,762	\$ 3,000,120
Employee health and retirement benefits	203,343	18,194	2,084	223,621	84,416	22,760	107,176	330,797
Payroll taxes and workers compensation insurance	163,420	17,171	16,026	196,617	17,401	10,906	28,307	224,924
Total staff compensation	2,507,624	245,366	202,606	2,955,596	416,227	184,018	600,245	3,555,841
Education and training	9,514	-	750	10,264	2,950	59	3,009	13,273
General and program supplies	82,761	17,454	12,780	112,995	12,028	5,655	17,683	130,678
In-kind expenses	-	-	-	-	36,020	-	36,020	36,020
Insurance	62,504	8,176	6,717	77,397	17,410	4,631	22,041	99,438
Interest	-	9,436	-	9,436	7,666	-	7,666	17,102
Janitorial services	3,303	-	2,603	5,906	-	117	117	6,023
Miscellaneous	6,402	-	-	6,402	140	55	195	6,597
Postage	3,374	282	376	4,032	1,181	345	1,526	5,558
Professional fees and contract services	665,573	10,348	28,953	704,874	29,766	19,125	48,891	753,765
Promotional and advertising	-	-	-	-	453	6,030	6,483	6,483
Rental expense	8,856	43	25,658	34,557	3,935	997	4,932	39,489
Repairs and maintenance	40,791	9,338	2,527	52,656	12,712	1,053	13,765	66,421
Specific assistance to individuals	140,284	-	39,060	179,344	-	1,371	1,371	180,715
Telephone expense	20,250	6,128	602	26,980	1,719	1,362	3,081	30,061
Travel and transportation	16,084	1,045	1,950	19,079	4,388	2,574	6,962	26,041
Utilities	43,437	19,518	-	62,955	-	2,598	2,598	65,553
Total expenses before depreciation	3,610,757	327,134	324,582	4,262,473	546,595	229,990	776,585	5,039,058
Depreciation	54,071	26,663	1,795	82,529	76,331	2,455	78,786	161,315
Total expenses	\$ 3,664,828	\$ 353,797	\$ 326,377	\$ 4,345,002	\$ 622,926	\$ 232,445	\$ 855,371	\$ 5,200,373

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (53,612)	\$ 827,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,932	161,315
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(3,482)	(67,353)
Contributions receivable	(61,144)	(53,817)
Other receivables	15,109	(100,890)
United Way Services funding commitment for the next fiscal year	42,800	-
Prepaid expenses	(5,480)	(2,242)
Accounts payable and accrued expenses	<u>(87,417)</u>	<u>68,326</u>
Net cash provided by operating activities	<u>36,706</u>	<u>832,622</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(20,656)</u>	<u>(1,496,453)</u>
Net cash used in investing activities	<u>(20,656)</u>	<u>(1,496,453)</u>
Cash flows from financing activities:		
Payments on notes payable	(47,838)	(56,730)
Cash held for consumer escrow	<u>54,520</u>	<u>(27,619)</u>
Net cash provided by (used in) financing activities	<u>6,682</u>	<u>(84,349)</u>
Change in cash and cash equivalents, unrestricted	22,732	(748,180)
Cash and cash equivalents, unrestricted, beginning of year	<u>1,369,937</u>	<u>2,118,117</u>
Cash and cash equivalents, unrestricted, end of year	<u>\$ 1,392,669</u>	<u>\$ 1,369,937</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 15,307</u>	<u>\$ 17,102</u>

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Description of Business: The Daily Planet, Incorporated (the "Organization") is a nonprofit corporation exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. It was organized as a rehabilitative service agency to provide services and treatment which will strengthen and enrich the lives of people, primarily those that are homeless, with mental health-related disabilities to function meaningfully in society. The Organization is supported primarily through contributions and governmental grants.

Basis of Presentation: Under accounting guidance for not-for-profit entities, 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. The net asset classes are summarized as follows:

Unrestricted net assets include unrestricted and board designated funds. The unrestricted and board designated funds include revenue and expenses used currently for the general operations and programs of the Organization.

Temporarily restricted net assets include contributions and grants restricted by donor designation and interest earned on restricted net assets is reported as increases in temporarily restricted net assets. When a restriction expires, either with the passage of time or by actions of the Organization, temporarily restricted net assets are released and reclassified to unrestricted net assets. If the contribution and activity occur in the same year, the revenue is recorded in unrestricted net assets. Temporarily restricted net assets at June 30, 2015 consist of grants of \$218,366, United Way Services' funding commitment of \$25,000 received for the 2016 fiscal year, and \$50,000 for branding communications. Temporarily restricted net assets at June 30, 2014 consisted of grants of \$157,222 and United Way Services' funding commitment of \$67,800 received for the 2015 fiscal year.

Permanently restricted net assets include contributions restricted by donor imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2015 and 2014.

Cash and Cash Equivalents: For the purpose of reporting the statement of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position. The Organization had cash balances in a financial institution that exceeded federal depository insurance limits.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 5 to 10 years for furniture and equipment and 15 to 40 years for buildings and improvements. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is subject to tax on any unrelated business income that it may generate.

Income Tax Uncertainties: The Organization follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization's income tax returns for years since 2012 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Gifts and Grants: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the donor restrictions expire in the fiscal year in which the contributions are recognized.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Net Patient Service Revenue: The Organization reports net patient service revenue at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Patient service revenue, net of contractual allowances and discounts, is reduced by the provision for bad debts, and net patient accounts receivable are reduced by an allowance for contractual adjustments and uncollectible accounts. These amounts are based primarily on management's assessment of historical and expected write-offs and net collections, along with the aging status for each major payor source. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. The estimated allowance was \$43,643 at June 30, 2015 and \$33,492 at June 30, 2014. After reasonable collections efforts have been exhausted in accordance with the Organization's policies, patient accounts receivable are written off.

The Organization provides care to patients regardless of their ability to pay. The Organization established a sliding fee schedule for discounted services, up to 100%, based on the patients income and Federal Poverty Level guidelines. The associated discounts based on the sliding fee are not reported as net patient service revenues.

Contributions Receivable: Under FASB guidance for accounting for contributions received, contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. If the unconditional promise to give is to occur over several fiscal periods, the assets will be measured at their present value. At June 30, 2015, there were two unconditional promises to give in the amounts of \$160,000, and \$58,366. At June 30, 2014, there were three unconditional promises to give in the amounts of \$57,222, \$50,000, and \$50,000.

In addition, the Organization has recorded receivables from United Way for \$25,000 for 2015 and \$67,800 for 2014.

In-kind Contributions: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and of a type that would typically be purchased if not provided by donation, are recorded at their fair values in the period received. A number of unpaid volunteers who serve in various capacities have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these statements because the criteria for the recognition under Accounting Standards Codification ("ASC") 958 have not been satisfied. Contributions of donated noncash assets are recorded at their fair market values in the period received. The amount recorded as in-kind contributions for clothing, toiletries, and other disposable items equaled \$35,714 for 2015 and \$36,020 for 2014.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also affect the reported amounts of revenues and expenses during the reporting period. Actual results could be different from those estimates.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through September 18, 2015, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.

2. Property and Equipment:

Property and equipment consisted of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 218,108	\$ 218,108
Buildings and improvements	4,764,059	4,417,583
Furniture and equipment	666,896	658,095
Software	135,659	131,759
Vehicle	8,808	8,808
Construction in progress	-	<u>338,526</u>
	<u>5,793,530</u>	<u>5,772,879</u>
Less accumulated depreciation	<u>2,225,710</u>	<u>2,035,783</u>
Net property and equipment	<u>\$ 3,567,820</u>	<u>\$ 3,737,096</u>

Depreciation expense amounted to \$189,932 for 2015 and \$161,315 for 2014.

3. Contingent Liabilities:

Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditure be disallowed, they must be refunded to the granting agency. Under the terms of the grant awards, grantors retain the right to require unexpended funds to be returned to the granting agency, unless prior approval is obtained for subsequent expending by the Organization.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

4. Notes Payable:

Notes payable consisted of the following as of June 30:

	2015	2014
Bank of America, secured by property located at 517 W. Grace Street, payable in monthly installments of \$2,606, including interest at 3.98%, due October 2021.	\$ 130,327	\$ 167,216
Virginia Housing Development Authority, secured by property located at 2856-2864 Hull Street, payable in monthly installments of \$1,686, including interest at 3.00%, due December 2034.	297,726	308,675
	\$ 428,053	\$ 475,891

Aggregate principal maturities required on notes payable at June 30, 2015, are as follows:

Year Ended June 30:	Amount
2016	\$ 38,032
2017	39,457
2018	40,937
2019	42,473
2020	30,361
Thereafter	236,793
	\$ 428,053

5. Net Patient Service Revenue:

For the years ended June 30, 2015 and 2014, patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), by primary payor source was as follows:

	2015	2014
Third-Party Payors	\$ 792,878	\$ 788,734
Self-Pay	156,628	155,375
	\$ 949,506	\$ 944,109

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

6. Commitments:

Leases:

The Organization has two lease agreements for the use of copiers under operating leases. Monthly payments range from \$465 to \$648, with the leases expiring in June 2019 and November 2018, respectively.

In August 2008, the Organization entered into a property lease agreement for the Respite Care program under an operating lease expiring August 2013. This lease was amended in 2012 allowing the Organization to rent the building on a month-to-month basis with a thirty day termination obligation. The lease terminated effective April 30, 2014.

In January 2013, the Organization entered into an agreement for the purchase of a building for a new satellite health center. The agreement was contingent upon the Organization receiving a use permit and approval from the City of Richmond. The terms called for lease payments of \$3,500 per month until proper approval was granted and the purchase finalized. The conditions were met and the purchase transaction was completed on August 22, 2013.

Rent expense was \$15,309 for 2015 and \$39,489 for 2014.

Bon Secours Service Agreement:

The Organization has entered into an agreement with Bon Secours Richmond Health Care Foundation ("BSRHCF") for BSRHCF to provide certain services under a grant funded by the United States Health Resources and Services Administration. The Organization incurred expenses of \$183,558 in 2015 and \$194,574 in 2014 to BSRHCF for these services. Under the agreement, the Organization is obligated to pay \$107,684 during fiscal year 2016 to BSRHCF. This agreement expires on February 29, 2016.

DAILY PLANET, INCORPORATED

Notes to Financial Statements, Continued

7. Pension Plan:

The Organization offers a defined benefit plan through United Way of Greater Richmond & Petersburg for employees meeting the eligibility requirements of age 21 and completing one year of service with a minimum of 1,000 hours worked. The plan pays retirees a fixed amount that is based on the number of years of service and compensation history. Benefits are fully vested after the employee has reached three years of service. Effective December 31, 2008, the plan sponsor, United Way of Greater Richmond & Petersburg, decided to freeze all future benefit accruals for those who are active participants. The pension plan was also frozen to new participants as of that date. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization is likely to be required to make future contributions to the Plan. Retirement expense recorded for the defined benefit plan was \$38,572 for 2015 and \$36,084 for 2014.

The Organization also maintains a 403(b) retirement plan that covers substantially all full-time employees. The Organization will match up to 3% of employees' contributions to the 403(b) retirement plan. Retirement expense recorded for the 403(b) plan was \$43,070 for 2015 and \$36,196 for 2014.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements /Expenditures</u>
U.S. Department of Health and Human Services:		
Health Care for the Homeless	93.224	\$ 2,411,510
Ryan White Care Act Part B	93.917	<u>188,020</u>
Total U.S. Department of Health and Human Services		2,599,530
U.S. Department of Housing and Urban Development:		
Supportive Housing Program - Safe Haven - No. VA36B94-0066	14.235	<u>172,507</u>
Total U.S. Department of Housing and Urban Development		<u>172,507</u>
Total		<u><u>\$ 2,772,037</u></u>

Note A – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Daily Planet, Incorporated 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Organization’s portion, may be more than shown.

See report of independent accountants.

**REPORT OF INDEPENDENT ACCOUNTANTS 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 Directors of
Daily Planet, Incorporated
Richmond, Virginia:

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Daily Planet, Incorporated (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 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 the Organization's 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.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

September 18, 2015
Glen Allen, Virginia

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia:

Report on Compliance for Each Major Federal Program

We have audited Daily Planet, Incorporated's (the "Organization") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of audit 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about the Organization's 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. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization 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, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 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 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 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. Accordingly, this report is not suitable for any other purpose.



September 18, 2015
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Not Applicable

DAILY PLANET, INCORPORATED

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

- (1) The auditors' report expresses an unmodified opinion on the financial statements of Daily Planet, Incorporated.
- (2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit.
- (3) No instances of noncompliance, material to the financial statements of Daily Planet, Incorporated, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (4) No material weakness relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
- (5) The auditors' report on compliance for the major federal award programs for Daily Planet, Incorporated expresses an unmodified opinion.
- (6) There were no audit findings relative to the major federal award programs for Daily Planet, Incorporated.
- (7) The programs tested as major programs included:

U.S. Department of Health and Human Services:
Health Care for the Homeless, CFDA No. 93.224
- (8) The threshold used for distinguishing between Type A and B programs was \$300,000.
- (9) Daily Planet, Incorporated was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None