

**DAYBREAK YOUTH SERVICES**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

## **TABLE OF CONTENTS**

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INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2-3
Statement of activities	4-5
Statement of cash flows	6
Notes to financial statements	7-14
SUPPLEMENTAL INFORMATION	
Statement of functional revenues and expenses	15-18

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Daybreak Youth Services  
Spokane, Washington

We have audited the accompanying statements of financial position of Daybreak Youth Services (a nonprofit organization) (the Organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 15 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of the Organization's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Spokane, Washington  
December 13, 2010

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FINANCIAL POSITION**

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**ASSETS**

	June 30,	
	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 943,315	\$ 550,052
Accounts receivable, net of allowance for doubtful accounts 2010 \$37,717; 2009 \$21,267	481,323	655,485
Contributions receivable, net of allowance for doubtful accounts 2010 \$-0-; 2009: \$403	<u>3,699</u>	<u>3,302</u>
Total current assets	<u>1,428,337</u>	<u>1,208,839</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	426,000	426,000
Land, held for development	500,000	500,000
Building and building improvements	225,923	225,923
Furniture and equipment	210,106	175,536
Automotive	6,876	6,876
Leasehold improvements	<u>457,034</u>	<u>446,843</u>
	1,825,939	1,781,178
Less accumulated depreciation	<u>745,198</u>	<u>707,112</u>
	<u>1,080,741</u>	<u>1,074,066</u>
<b>OTHER ASSETS</b>		
Development costs	359,470	359,470
Investments under charitable gift annuity agreement	39,160	25,586
Investments, common stock, at fair value	<u>28,284</u>	<u>26,718</u>
	<u>426,914</u>	<u>411,774</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,935,992</u>	<u>\$ 2,694,679</u>

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FINANCIAL POSITION**

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**LIABILITIES AND NET ASSETS**

	June 30,	
	2010	2009
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 218,379	\$ 170,008
Accrued expenses	115,826	109,242
Accrued vacation	98,940	98,202
Refundable advances	23,320	-
Note payable	1,633	1,539
Liability under charitable gift annuity agreement	-	806
	<b>458,098</b>	379,797
Note payable, net of current portion	12,323	13,985
Liability under charitable gift annuity agreement, net of current portion	25,399	17,828
	<b>37,722</b>	31,813
Total liabilities	<b>495,820</b>	411,610
<b>COMMITMENTS AND CONTINGENCIES (Notes 2 and 3)</b>		
<b>NET ASSETS</b>		
Unrestricted	2,415,728	2,250,002
Temporarily restricted	24,444	33,067
	<b>2,440,172</b>	2,283,069
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 2,935,992</b>	\$ 2,694,679

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF ACTIVITIES**

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	Year Ended June 30, 2010		
	Unrestricted	Temporarily Restricted	Total
Revenues:			
Contracts from government agencies	\$ 3,086,943	\$ -	\$ 3,086,943
Fees and insurance	1,018,275	-	1,018,275
Private grant income	19,238	14,982	34,220
Contributions and in-kind donations	630,810	-	630,810
Investment income	5,403	173	5,576
Miscellaneous	71,093	-	71,093
Net assets released from restrictions	23,778	(23,778)	-
 Total revenues	 <u>4,855,540</u>	 <u>(8,623)</u>	 <u>4,846,917</u>
Expenses:			
Outpatient program	485,491	-	485,491
Inpatient program	3,500,247	-	3,500,247
Administrative	357,247	-	357,247
Fund-raising	346,829	-	346,829
 Total expenses	 <u>4,689,814</u>	 <u>-</u>	 <u>4,689,814</u>
 INCREASE (DECREASE) IN NET ASSETS	  165,726	  (8,623)	  157,103
 NET ASSETS, beginning of year	 <u>2,250,002</u>	 <u>33,067</u>	 <u>2,283,069</u>
 NET ASSETS, end of year	 <u>\$ 2,415,728</u>	 <u>\$ 24,444</u>	 <u>\$ 2,440,172</u>

**DAYBREAK YOUTH SERVICES  
STATEMENT OF ACTIVITIES**

	Year Ended June 30, 2009		
	Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>			
Contracts from government agencies	\$ 3,218,458	\$ -	\$ 3,218,458
Fees and insurance	1,103,715	-	1,103,715
Private grant income	7,996	12,815	20,811
Contributions and in-kind donations	391,148	34,500	425,648
Investment income	9,383	-	9,383
Miscellaneous	61,963	-	61,963
Net assets released from restrictions	37,410	(37,410)	-
<b>Total revenues</b>	<b>4,830,073</b>	<b>9,905</b>	<b>4,839,978</b>
<b>Expenses:</b>			
Outpatient program	557,786	-	557,786
Inpatient program	3,661,495	-	3,661,495
Administrative	370,749	-	370,749
Fund-raising	360,461	-	360,461
<b>Total expenses</b>	<b>4,950,491</b>	<b>-</b>	<b>4,950,491</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(120,418)</b>	<b>9,905</b>	<b>(110,513)</b>
NET ASSETS, beginning of year	2,370,420	23,162	2,393,582
NET ASSETS, end of year	\$ 2,250,002	\$ 33,067	\$ 2,283,069

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF CASH FLOWS**

	Year Ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 157,103	\$ (110,513)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	38,517	35,470
Provision for allowance for doubtful accounts	26,618	26,241
Unrealized (gain) loss on investments	(6,586)	14,598
Change in assets and liabilities:		
Accounts receivable	147,544	(10,273)
Contributions receivable	(397)	(741)
Asset under charitable gift annuity agreement	(13,574)	(6,796)
Accounts payable and accrued expenses	79,013	(6,345)
Liability under charitable gift annuity agreement	7,571	6,908
Net cash provided (used) by operating activities	<u>435,809</u>	<u>(51,451)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	-	(9,227)
Proceeds from sale of investments	5,020	2,500
Purchase of property and equipment	(45,192)	(14,352)
Net cash used by investing activities	<u>(40,172)</u>	<u>(21,079)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	(1,568)	(1,480)
Payments related to charitable gift annuity obligations	(806)	(806)
Net cash used by financing activities	<u>(2,374)</u>	<u>(2,286)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	393,263	(74,816)
Cash and cash equivalents, beginning of year	<u>550,052</u>	<u>624,868</u>
Cash and cash equivalents, end of year	<u>\$ 943,315</u>	<u>\$ 550,052</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 1,146</u>	<u>\$ 1,020</u>

**DAYBREAK YOUTH SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 - Organization and Summary of Significant Accounting Policies**

***Organization:***

Daybreak Youth Services (the Organization) is a nonprofit corporation organized under the laws of the state of Washington. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Its primary activity is to provide outpatient and inpatient treatment programs for adolescents with alcohol and other chemical dependencies in Spokane and Vancouver, Washington, and the surrounding areas.

***Basis of accounting:***

The Organization's accounting records are maintained using the accrual method of accounting.

***Estimates:***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, estimated useful life of fixed assets, the incurred but not reported claims related to the self-insured plan, the estimated liability for its charitable gift annuity, and allocation of expenses by function.

***Investments:***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based upon quoted market prices.

***Property and equipment:***

Property and equipment are carried at cost. The Organization capitalizes expenditures for items over \$1,000 with a life of one year or greater. Maintenance and repairs are expensed as incurred.

Depreciation is computed on the straight-line method over the useful lives of the assets as follows:

Building	20 years
Building improvements	5 years
Furniture and equipment	3 - 10 years
Leasehold improvements	2 - 10 years
Automotive	5 years

***Self-insurance liability:***

Effective January 1, 2006, the Organization started a self-insurance program for medical, vision, and pharmacy coverage for its employees. The Organization limited losses through the use of a \$25,000 per individual and \$207,459 agency aggregate stop-loss policy from re-insurers. For the year ended June 30, 2009, the Organization paid \$566,718 under the program. At June 30, 2009, the Organization accrued \$72,363 in expenses for claims incurred but not reported. On January 1, 2010, the Organization terminated its self insurance coverage. Claims from December 31, 2009, and prior were still processed and paid, under a six month run-out agreement with the third-party administrator. As claims were paid, the existing liability was reduced.

## **DAYBREAK YOUTH SERVICES**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

##### ***Health reimbursement account (HRA) liability:***

Effective January 1, 2010, the Organization implemented HRA as its health benefit to qualified employees. The HRA benefit program is administered by a contract with a third-party administrator. Each month the employees' individual HRA accounts are credited with the monthly benefit amount. The HRA account can be used to reimburse the employee for out-of-pocket medical expenses, including health insurance premiums. Any unused balances in the HRA accounts are allowed to be rolled over, and can accrue to a maximum of \$10,000.

##### ***Liability under charitable gift annuity agreement:***

The Organization is the beneficiary of a charitable gift annuity trust. The Organization recognizes contributions related to the annuity in the period in which the gift annuity is established. The assets are recorded at fair value when received. An obligation to the beneficiary is recorded at the present value of the estimated future payments to be distributed. Income earned on assets, recognized gains and losses, and distributions paid to beneficiaries are reflected in the statement of activities. Adjustments to the annuity obligation to reflect amortization of the discount, revaluation of the present value to the estimated future payments to the beneficiary, and changes in actuarial assumptions are recognized in the statement of activities. The discount rate used to determine the present value was 6.60% during the years ending June 30, 2010 and 2009. Actuarial assumptions to determine the present value of future payments are based on estimated life expectancy tables provided by the Internal Revenue Service (IRS). Charitable gift annuity obligations represent the present value of the aggregate liability to annuitants and beneficiaries based upon their estimated life expectancies.

##### ***Accounts and contributions receivable:***

The Organization extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risk by actively pursuing past due accounts. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the accounts that will not be collected. The valuation allowance includes any receivable balances that are determined to be uncollectible, along with a general reserve. The allowance for doubtful accounts was \$37,717 and \$21,267 at June 30, 2010 and 2009, respectively. The balance of accounts receivable delinquent more than 90 days was approximately \$44,095 and \$75,795 at June 30, 2010 and 2009, respectively.

Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is made. Unconditional promises are recognized at the estimated present value of the future cash flows using discount rates that approximate risk free interest rates, net of allowances for uncollectibility. Based upon current information, an allowance for uncollectible accounts was \$403 at June 30, 2009. There was no allowance for uncollectible accounts at June 30, 2010. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted revenue, unless a restriction is released in the same time period in which the contribution is received, in which case the Organization reports the revenue as unrestricted.

##### ***Contributed services:***

Contributed services, such as advertising, to the extent they are reasonably determinable, are recorded as contributions at their fair market value at the date of contribution. The fair market value is based on amounts charged for comparable services.

**DAYBREAK YOUTH SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

***In-kind contributions:***

The Organization received in-kind contributions in the form of below market rent on one of the buildings. The difference between estimated market value and actual amount paid is recorded as in-kind revenue and rent expense. In-kind contributions received were \$156,000 for both the years ending June 30, 2010 and 2009.

***Contributions:***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

***State and federal support:***

Over 64% and 67% of the Organization's operations are funded by state and federal funds through contracts with the Washington State Department of Social and Health Services, the state of Idaho, and Spokane County for the years ending June 30, 2010 and 2009, respectively. The state and county contracts pay a portion of the costs on certain low-income clients, with the remainder paid from private sources and fees for services. The amount of funding received each year from governmental grants and contracts is also dependent on competition within the state for a limited amount of government funding.

***Valuation of long-lived assets:***

The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2010 and 2009, no assets had been written down.

***Unrestricted net assets:***

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations or restricted conditions whose restrictions are met in the accounting period.

***Temporarily restricted net assets:***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Upon the fulfillment of the purposes for which the net assets were restricted, expiration of a donor-imposed restriction, or withdrawal of a restriction by a donor, temporarily restricted net assets are reclassified to unrestricted net assets.

***Cash and cash equivalents:***

The Organization deposits all cash and cash equivalents with financial institutions. During the years ended June 30, 2009 and 2010, the Organization opened accounts with other financial institutions specifically to not exceed the federal insurance limits. The Organization considers highly liquid debt instruments with an original maturity of three months or less at time of acquisition to be cash equivalents.

## **DAYBREAK YOUTH SERVICES NOTES TO FINANCIAL STATEMENTS**

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### **Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

#### ***Income taxes:***

The Organization had no unrecognized tax liabilities that would require an adjustment to the January 1, 2009, beginning balance of net assets and had no unrecognized tax liabilities at June 30, 2010 or 2009. The Organization files an exempt organization return in the U.S. federal jurisdiction and with the Washington charities division. The Organization is no longer subject to income tax examinations by taxing authorities for years before 2006 for its federal and state filings.

#### ***Subsequent events:***

Subsequent events are events or transactions that occur after the date of the statement of financial position but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the date of the statement of financial position and before the financial statements are issued.

The Organization has evaluated subsequent events through December 13, 2010, which is the date the financial statements are issued.

### **Note 2 - Commitments and Contingencies**

The Spokane Valley office, providing administrative and outpatient services, is leased under a five-year lease. The monthly rental rate begins at \$2,000 and increases each year by 5.0%, to a rate of \$2,431 in the fifth year. The lease expires in July 2011.

The Organization also leases a 40-bed inpatient facility in Spokane. The original term of the lease was ten years. The lease was extended in 2005 for an additional 15 years and will expire in July 2022. The current monthly rental rate is \$13,000 per month. The rental rate increases every 30 months in increments of \$1,000.

The Organization leases space for a development office in Vancouver. The original lease expired in December 2007 and was extended for three years. The extension to the lease expires in December 2010. The current rental rate is \$1,344 per month.

The Organization also leases an inpatient facility for the Vancouver office on a month-to-month basis. The current rental rate is \$6,015 per month.

**DAYBREAK YOUTH SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 2 - Commitments and Contingencies (Continued)**

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010.

Years ending June 30,	
2011	\$ 193,120
2012	158,431
2013	167,000
2014	168,000
2015	173,000
Thereafter	<u>1,365,000</u>
TOTAL MINIMUM PAYMENTS REQUIRED	<u>\$ 2,224,551</u>

Rental expense for these lease agreements was \$429,088 and \$417,839 for the years ended June 30, 2010 and 2009, respectively.

***Medical malpractice liability:***

Medical malpractice liability insurance is provided by occurrence basis policies obtained from commercial carriers. Management believes insurance coverage is sufficient to cover any potential loss.

***Litigation:***

The Organization is involved in assertions and claims arising in the normal course of business. It is management's opinion that professional liability insurance coverage is adequate or other defenses are available, which will result in the resolution of these matters without a material adverse effect on the Organization's financial position or results from operations. Accordingly, no reserve for loss has been recorded at June 30, 2010 and 2009.

**Note 3 - Concentrations**

The Organization maintains cash on deposit at several financial institutions. The amount on deposit can fluctuate and at times it could potentially exceed the insured limit by the Federal Deposit Insurance Corporation. To reduce this potential credit risk, the Organization opened accounts with other financial institutions during the year ended June 30, 2010, so that deposits would not exceed the federal insurance limits.

Approximately 42% and 43% of gross accounts receivable at June 30, 2010 and 2009, respectively, and 74% and 79% of total revenues for both years at June 30, 2010 and 2009, respectively, were derived from government contracts, the continuance of which is dependent upon governmental policy.

## DAYBREAK YOUTH SERVICES NOTES TO FINANCIAL STATEMENTS

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### Note 4 - Investment Income

The Organization's total return on investments for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 5,576	\$ 14,754
Net unrealized and realized gains (losses) on investments held at market	<u>6,586</u>	<u>(14,598)</u>
	<u>\$ 12,162</u>	<u>\$ 156</u>

### Note 5 - Line of Credit

The Organization has available a \$500,000 line of credit with Washington Trust Bank that expires December 1, 2010. The line of credit is secured by the Organization's receivables and real estate. The interest rates applied to any outstanding principal balance is the Washington Trust Bank index plus 0.5% (4.0% at June 30, 2010). There was no outstanding balance on the line of credit for the years ended June 30, 2010 or 2009.

### Note 6 - Note Payable

The Organization has an unsecured note payable due in ten annual principal and interest payments of \$2,500, maturing July 12, 2016, with an interest rate of 6%. Maturities on this note payable are as follows:

Years Ending June 30,	
2011	\$ 1,633
2012	1,762
2013	1,868
2014	1,980
2015	2,099
2016	2,225
2017	<u>2,389</u>
	<u>\$ 13,956</u>

### Note 7 - Retirement Plan

The Organization sponsors a 401(k) profit sharing plan whereby eligible employees may elect to contribute a percentage of their annual compensation subject to IRS limits. The Organization has the option to make a discretionary contribution. A discretionary contribution of \$57,902 and \$10,370 was made for the years ended June 30, 2010 and 2009, respectively.

**DAYBREAK YOUTH SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 8 - Development Costs**

The Organization has land purchased at a cost of \$500,000 in Vancouver, Washington, for the purpose of constructing a new facility. The Organization has capitalized new facility development costs of \$359,470 at June 30, 2010 and 2009. Construction of this facility is pending the fund-raising campaign to provide financing for this development. Management intends to build the building and has evaluated the development costs for impairment and does not consider them to be impaired.

**Note 9 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of June 30:

	June 30,	
	<u>2010</u>	<u>2009</u>
Charitable gift annuity	\$ 13,760	\$ 6,953
Firstenburg Foundation – Vancouver alumni project	6,074	9,766
Inland NW Community Foundation	3,089	15,000
Vancouver building fund	<u>1,521</u>	<u>1,348</u>
	<u>\$ 24,444</u>	<u>\$ 33,067</u>

Temporarily restricted net assets released from restrictions were as follows:

	June 30,	
	<u>2010</u>	<u>2009</u>
Charitable gift annuity	\$ 8,175	\$ 16,377
Firstenburg Foundation	3,692	234
IS & Emily Fetterman Foundation	-	2,000
Rotary Club	-	2,500
UPS Life Skills Grant	-	6,076
Vancouver building fund	-	223
Women Helping Women Life Skills	-	10,000
Inland NW Community Foundation #2	<u>11,911</u>	<u>-</u>
	<u>\$ 23,778</u>	<u>\$ 37,410</u>

**Note 10 - Fair Value of Financial Instruments**

The Organization follows Accounting Standard Codification (ASC) 820, *Fair Value Measurements & Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

## DAYBREAK YOUTH SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10 - Fair Value of Financial Instruments (Continued)

ASC 820 defines fair value 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. ASC 820 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 standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods and assumptions were used to estimate the value of each class of financial instrument:

***Cash and cash equivalents:***

Due to the highly liquid nature, carrying value approximates fair value.

***Marketable securities and mutual funds:***

The fair value for marketable securities is determined by quoted market prices.

	Investment Assets at Fair Value as of June 30, 2010			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 24,979	\$ -	\$ -	\$ 24,979
Marketable securities	42,465	-	-	42,465
	<u>\$ 67,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,444</u>

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**

	Year Ended	
	Program	
	Outpatient	Inpatient
<b>REVENUES AND GAINS:</b>		
Contracts from government agencies	\$ 264,625	\$ 2,822,318
Fees and insurance	160,271	858,004
Private grant income	-	-
Contributions and in-kind donations	-	156,000
Interest income	-	175
Miscellaneous	403	62,928
	<u>425,299</u>	<u>3,899,425</u>
<b>EXPENSES AND LOSSES:</b>		
Salaries	256,113	1,869,849
Personnel benefits	72,192	637,438
Office and operating supplies	9,337	183,276
Professional services	43,526	66,959
Communications	8,452	43,476
Travel	1,035	1,717
Advertising	1,128	5,544
Rents/lease, facilities	13,836	384,205
Rents/lease, equipment	2,622	11,565
Insurance	8,590	32,069
Utilities	13,124	64,910
Repairs and maintenance	5,227	38,048
Small tools/equipment	485	5,740
Intergovernment	750	11,315
B & O taxes and other taxes	3,445	47,534
Development expense	8,267	4,824
Bad debt expense	18,000	7,633
Interest	11	219
Depreciation	14,794	21,888
Miscellaneous	4,557	62,038
	<u>485,491</u>	<u>3,500,247</u>
	<u>\$ (60,192)</u>	<u>\$ 399,178</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**

June 30, 2010				
Support Services				
Total	Adminis- trative	Fund-Raising	Total	Total
\$ 3,086,943	\$ -	\$ -	\$ -	\$ 3,086,943
1,018,275	-	-	-	1,018,275
-	-	34,220	34,220	34,220
156,000	-	474,810	474,810	630,810
175	2,860	2,541	5,401	5,576
63,331	7,762	-	7,762	71,093
<u>4,324,724</u>	<u>10,622</u>	<u>511,571</u>	<u>522,193</u>	<u>4,846,917</u>
2,125,962	191,856	180,916	372,772	2,498,734
709,630	51,526	47,217	98,743	808,373
192,613	7,074	9,602	16,676	209,289
110,485	39,381	7,785	47,166	157,651
51,928	7,304	11,354	18,658	70,586
2,752	17,270	778	18,048	20,800
6,672	435	4,804	5,239	11,911
398,041	21,877	9,170	31,047	429,088
14,187	5,093	1,404	6,497	20,684
40,659	2,019	214	2,233	42,892
78,034	1,749	1,861	3,610	81,644
43,275	3,119	141	3,260	46,535
6,225	44	119	163	6,388
12,065	65	-	65	12,130
50,979	71	13	84	51,063
13,091	428	54,451	54,879	67,970
25,633	-	985	985	26,618
230	1,143	11	1,154	1,384
36,682	1,054	781	1,835	38,517
66,595	5,739	15,223	20,962	87,557
<u>3,985,738</u>	<u>357,247</u>	<u>346,829</u>	<u>704,076</u>	<u>4,689,814</u>
<u>\$ 338,986</u>	<u>\$ (346,625)</u>	<u>\$ 164,742</u>	<u>\$ (181,883)</u>	<u>\$ 157,103</u>

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**

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	Year Ended	
	Program	
	Outpatient	Inpatient
<b>REVENUES AND GAINS:</b>		
Contracts from government agencies	\$ 285,275	\$ 2,933,183
Fees and insurance	147,386	956,329
Private grant income	-	-
Contributions and in-kind donations	16,442	156,000
Interest income	-	763
Miscellaneous	4,863	56,736
	<hr/>	<hr/>
Total revenues and gains	453,966	4,103,011
	<hr/>	<hr/>
<b>EXPENSES AND LOSSES:</b>		
Salaries	276,583	1,930,242
Personnel benefits	88,166	682,876
Office and operating supplies	12,992	189,017
Professional services	48,604	90,024
Communications	9,229	47,101
Travel	927	4,155
Advertising	1,282	6,943
Rents/lease, facilities	9,431	378,228
Rents/lease, equipment	2,279	8,897
Insurance	12,086	43,604
Utilities	13,882	65,769
Repairs and maintenance	9,818	49,833
Small tools/equipment	770	6,682
Intergovernment	819	11,364
B & O taxes and other taxes	2,764	44,938
Development expense	29,227	15,272
Bad debt expense	21,236	3,722
Interest	9	100
Loss on investment	-	-
Depreciation	10,894	21,947
Miscellaneous	6,788	60,781
	<hr/>	<hr/>
Total expenses and losses	557,786	3,661,495
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	\$ (103,820)	\$ 441,516
	<hr/>	<hr/>

**DAYBREAK YOUTH SERVICES**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**

June 30, 2009				
Total	Support Services		Total	Total
	Administrative	Fund-Raising		
\$ 3,218,458	\$ -	\$ -	\$ -	\$ 3,218,458
1,103,715	-	-	-	1,103,715
-	-	20,811	20,811	20,811
172,442	-	253,206	253,206	425,648
763	3,272	5,348	8,620	9,383
61,599	310	54	364	61,963
<u>4,556,977</u>	<u>3,582</u>	<u>279,419</u>	<u>283,001</u>	<u>4,839,978</u>
2,206,825	188,735	164,675	353,410	2,560,235
771,042	71,186	46,213	117,399	888,441
202,009	6,511	10,840	17,351	219,360
138,628	25,207	31,903	57,110	195,738
56,330	8,937	16,132	25,069	81,399
5,082	19,010	1,428	20,438	25,520
8,225	130	25	155	8,380
387,659	21,745	8,436	30,181	417,840
11,176	5,401	1,865	7,266	18,442
55,690	5,191	65	5,256	60,946
79,651	1,901	1,484	3,385	83,036
59,651	5,227	419	5,646	65,297
7,452	462	140	602	8,054
12,183	65	-	65	12,248
47,702	73	33	106	47,808
44,499	-	45,930	45,930	90,429
24,958	-	1,283	1,283	26,241
109	649	1,020	1,669	1,778
-	9,227	-	9,227	9,227
32,841	1,315	1,314	2,629	35,470
67,569	(223)	27,256	27,033	94,602
<u>4,219,281</u>	<u>370,749</u>	<u>360,461</u>	<u>731,210</u>	<u>4,950,491</u>
<u>\$ 337,696</u>	<u>\$ (367,167)</u>	<u>\$ (81,042)</u>	<u>\$ (448,209)</u>	<u>\$ (110,513)</u>