DAYMARK

42 YEARS WORKING ON BEHALF OF YOUTH AND THEIR FAMILIES

Daymark, Incorporated
ANNUAL REPORT
2015-2016

A United Way Agency

DAYMARK, INCORPORATED

DAYMARK, INC. is a nonprofit, tax exempt, multidimensional agency, which provides free, voluntary, licensed services to troubled youth and their families. Community based and community oriented, it was incorporated in December 1974 through efforts spearheaded by the First Presbyterian Church of Charleston, the Junior League of Charleston and the Kanawha County Commission.

DAYMARK, INC. is a dynamic agency, which has undergone extensive reorganization and growth in recent years. It currently administers three programs: *Patchwork*, a crisis intervention center for youth; *Turning Point*, a professional residential foster care program; and *New Connections*, a non-residential program aimed at enhancing independent living skills for "high risk" older adolescents.

Special thanks to Ernst & Young for

providing the binding and printing of
this annual report

Patchwork 340-3670
Turning Point 340-3633
New Connections 340-3690

DAYMARK

1598C Washington Street East Charleston West Virginia 25311 304/340-3675

Chairman's Report for 2015-2016

The end of the fiscal year 2015-2016 finds Daymark in a strong and viable position. Much of the year from both the staff and Board point of view was spent evaluating the impact that possible new financial guidelines imposed by DHHR would have on Daymark. After carefully appraising the situation, the staff worked diligently to streamline operations to even greater efficiency in anticipation of cuts to our funding. One such major event was to move the Patchwork program to the Homewood facility and to bring Turning Point to the Lee Street house. The move has proved to be beneficial to both programs. In light of future funding, we believe that we are adequately prepared for our outstanding service to continue in the same excellent manner.

This year we sponsored two very successful events: the gala and the tennis tournament. The gala "A Night in Emerald City" was well attended with Berry Hills Country Club decorated following the theme of Oz. Kudos are given to Lauren Estep and her Committee for a memorable evening. The annual tennis tournament, which Daymark has sponsored for approximately 30 years, brought a large number of players to the Charleston Tennis Club. This year's players and guests were served supper on the patio of the Club's newly-constructed clubhouse. Tee shirts with the Daymark name and logo were provided for participants to further promote our visibility. Also, our annual Friends campaign raised additional money.

The Daymark Board of Directors is a fully-engaged group of 22 members with diverse talents. For example, this year individual Board members are cooking and serving a meal at Patchwork once a month. This activity brings our Board members in closer contact with our youth. Board meetings have been reduced to every other month with the Executive Committee meeting monthly and providing a report to the Board. This revised schedule is being evaluated to determine if it will be a permanent one. Our Board created an Ardath Francke Daymark Service Award which will be presented at the Annual Meeting to a deserving individual who has contributed greatly to Daymark as well as to the community at large. This award will serve to memorialize the outstanding role Ardath Francke provided in organizing Daymark.

Major repairs were made to the façade of the New Connections building on Washington Street. Bricks were secured at the top of the building and the side was painted. New flooring in the Learning Laboratory has made a very visible improvement to the building. Additionally, the facility at Lee Street has been painted and new flooring has been installed at Homewood. These repairs were necessary to keep our sites in good order.

Financially Daymark is doing well and has cash reserves, and in 2015-16 there was no draw-down on our line of credit. For the year, we have served 292 clients. We are appreciative to our many sponsors and friends who have helped to make our events successful. We are grateful to Vicki Pleasant and her staff for so capably managing the organization. And we appreciate all the work of our Board of Directors. As a Board we look forward to a strong 2016-17 year. One of our focuses in the coming year will be initiating a strategic planning process to ensure Daymark's success for years to come.

Pat Moyers
Board Chairman

DAYMARK, INCORPORATED
2015-2016
OFFICERS

Pat Moyers	**Chairman**
Keith Pauley	**Vice Chairman**
Allison Ballard	**Treasurer**
Lauren Estep	**Secretary**

Board of Directors

Beth Amandus	Eric Kinder
Paula Bland	Pauline Lester
Bob Brunner	Deborah Morris
Adam Carr	Meghan Moses
Sandra Evans	Nikki Moses
Roberta Fowlkes	Jamie O'Connor
Sarah Francke	Patrick O'Malley
Mark Holmes	Ellen Slotnick
Felice Joseph	Sue Webster

Youth Representatives

Hannah Iskra
Jennifer Slotnick

Committee Chairpersons

Advocacy	Keith Pauley
Development	Nikki Moses
Executive	Pat Moyers
Facilities	Pauline Lester
Finance	Allison Ballard
Finance Audit	Jessie Lindsey
Governance	Roberta Fowlkes
Personnel Committee	Eric Kinder
Strategic Planning Oversight	Pauline Lester
Youth Coordinating	Hannah Iskra

DAYMARK PROFESSIONAL STAFF

ADMINISTRATION

Executive Director	Vicki Pleasant
Director of Finance	Pat Legg
Administrative Assistant	Cheryl Patrick
Director of Training	Beth Scohy
Director of Programs	Dana Cutlip

PATCHWORK

Emergency Relief/Staff Assistant	Charles Brown
Counselor	Rebecca Graham
Status Offender Specialist	Elizabeth Taylor
Status Offender Specialist	William Gary

TURNING POINT

Case Manager	Linda Boyer
Youth Worker	Diane Taylor
Youth Worker	Vic Adkins
Youth Worker	Debra Case
Youth Worker	Tina Newman
Youth Worker	Huey Woodson
Youth Worker	vacant

NEW CONNECTIONS

Staff Assistant	Traci Fraley
Educator	Alexa Ceballos
Transitional Living Case Manager	Jeff Dickess

NEW CONNECTIONS
PROGRAM DESCRIPTION

New Connections is a social service program that provides an array of services for 16 to 21 year old youth. The separate but related objectives are enhanced academic attainment and viable independent living. The program serves older adolescents, who because of childhood trauma, abuse or neglect, or continuous individual and/or family stressors have become prime candidates for school failure, illegal or delinquent behaviors, homelessness, problem pregnancies and drug use.

New Connections targets the individual needs of these youth and strives to develop a program of counseling and support services to meet their needs. In addition to the education and transitional living component, the program provides life skills (money management, comparison shopping, securing/retaining housing etc.) training in job skills, educational groups and support groups. Youth are offered meals, transportation and minor emergency financial assistance. The program's goal is to help young people acquire some measure of stability so they will be able to focus their efforts toward more meaningful, positive and responsible independence.

HIGHLIGHTS OF FY 2015-2016

- The program served 72 youth in one or more areas. The clients include custody youth, runaway and homeless youth, and parenting youth.
- Ten (10) youth and two infants were served in the Transitional Living Program with three completing the program.
- Forty students participated in the New Connection Education Lab.
- Four youth obtained their TASC during the year.
- The New Connections Independent Living program met all COA standards for Youth Independent Living, maintaining Daymark's accreditation status.
- New Connections youth accompanied other Daymark youth on an educational and fun-filled trip to Washington, DC.

PLANS FOR FY 2016-2017

- New Connections will continue to provide services to youth in crisis and will maintain a working relationship with the State Department of Health and Human Resources (DHHR), Juvenile Probation, the school system and other service providers in the community to ensure a seamless delivery of services for at-risk youth.
- New Connections will continue to make improvements to the New Connections facility.

PATCHWORK
PROGRAM DESCRIPTION

Patchwork is a staff secure facility providing crisis support services to youth who are truant, runaway, homeless, or victims of child abuse/neglect. Referrals come from West Virginia Department of Health and Human Resources, Juvenile Probation, schools, and other agencies. Patchwork provides emergency services and pharmacological services, mental health assessments/service plans, nursing services, drug testing, and educational/vocational exploration for youth 12 and up. Staff offers eyes on supervision 24 hours a day, seven days a week.

Patchwork still provides the same services that it has since 1976 with the homeless/runaway population. Patchwork is open 24 hours a day, seven days a week, three hundred sixty five days a year. Patchwork continues to provide residential and non-residential services to the homeless/runaway population including; counseling, information and referral services, food, clothing, advocacy, support groups, community education and follow up services.

Patchwork also shelters and offers all aforementioned services to youth who are in the custody of the state of West Virginia. In addition, custody youth receive daily supportive counseling or therapy that meets the goals described in their service plans. Custody youth stay safe at Patchwork while awaiting placement in other long term programs. Program goals are to: protect and meet the immediate needs of youth, reunite youth with their families (when appropriate) and strengthen family relationships, assist in establishing stable living conditions for youth, provide an alternative to institutionalization and increase youth self-esteem.

HIGHLIGHTS OF 2015-2016

- During the fiscal year, Patchwork provided services to 196 youth/families.
- Staff provided telephone counseling/referral or emergency services to 156 youth/families who called or came to Patchwork but did not spend the night.
- Twenty-eight (28) youth stayed one or more nights at Patchwork.
- Those 28 youth spent 1,527 nights at Patchwork.
- Of those 28 youth who spent a night at Patchwork, 25 went to a safe place following their Patchwork stay.
- Patchwork met all COA standards for Shelter Services, maintaining Daymark's accreditation status.
- Patchwork youth accompanied other Daymark youth on an educational and fun-filled trip to Washington, DC.
- Patchwork moved into the former Turning Point II facility on Homewood Road.

PLANS FOR 2016-2017

- Continue to provide services for youth and families in crisis.
- Continue to work toward reuniting and strengthening families if possible, while attempting to resolve crisis scenarios in which youth are involved.
- Continue to work collaboratively with the State Department of Health and Human Resources, the school system and other community based agencies to acquire safe, appropriate housing for homeless youth.

TURNING POINT
PROGRAM DESCRIPTION

Turning Point accepts male and female youth, ages 15 – 21 in the custody of the West Virginia Department of Health and Human Resources. The Turning Point home and offices are located in Charleston's historic East End on Lee Street housing all eleven residents in the former Patchwork building.

The Turning Point program is designed to assist youth in meeting their educational and vocational goals while gaining self-reliance and independent living skills. Each facility has a set of full-time house parents/youth workers who live in the home and provide guidance, support, transportation, and other assistance. All residents are enrolled in high school, TASC (formerly the GED), college or vocational programs. Youth work towards independence, moving through a four phase system where they earn increased freedom with increased responsibility. Youth who graduate from the Turning Point program go on to college, military service, independent living, or return to a family unit.

HIGHLIGHTS OF FY 2015-2016

- Turning Point served 24 youth during the fiscal year.
- Those 24 youth stayed 3,767 days, making Turning Point at 94% capacity for the year.
- Twelve Turning Point youth graduated high school or obtained their TASC.
- Two Turning Point youth went on to college or trade school.
- Each Turning Point youth completed at least 40 hours of community service at Manna Meal, Habitat for Humanity, Kanawha County Humane Society, and the Union Mission.
- Turning Point met all COA standards for Group Living Services, maintaining Daymark's accreditation status.
- Turning Point youth accompanied other Daymark youth on an educational and fun-filled trip to Washington, DC.
- The Homewood Road Turning Point residents moved into the Patchwork building, consolidating the Turning Point program under one roof.

PLANS FOR FY 2016-2017

- Continue marketing efforts to include all DHHR referrals throughout the State of West Virginia to continue to keep the Daymark programs at capacity.
- Continue to explore ways we can assist youth in making the successful transition from the State's child welfare system to viable independence.

DAYMARK, INC.
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

DAYMARK, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2016

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ROWAN & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

Board of Directors
Daymark, Inc.
Charleston, WV

We have audited the accompanying financial statements of Daymark, Inc. (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daymark, Inc. as of June 30, 2016, 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 of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2016, on our consideration of Daymark, Inc.'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 Daymark, Inc.'s internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Expenditures of State Awards on page 15 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 audit 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole subject to the State of West Virginia's determination of allocation of wages.

Report on Summarized Comparative Information

We have previously audited Daymark, Inc.'s June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DHHR - Finance

Dunbar, WV
September 7, 2016

NOV 21 2016

Date Received

DAYMARK, INC
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2016
With Comparative Totals for 2015

	2016	2015
Assets:		
Current Assets:		
Cash - Operating	$ 412,482	$ 270,244
Cash - Health Claims Account	114,125	122,065
Total Cash	526,607	392,309
Pledges Receivable	33,282	33,282
Accounts Receivable Net of Allowance for Uncollectable Accounts of $2,200 and $8,700	192,269	144,654
Prepaid Assets	23,225	24,906
Total Current Assets:	775,383	595,151
Noncurrent Assets:		
Land, Building, Furniture, and Equipment Net of Accumulated Depreciation	518,493	512,918
Total Assets	$ 1,293,876	$ 1,108,069
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	$ 24,447	$ 13,641
Governmental Advances and Refunds Payable	5,003	95,087
Accrued Employee Wages & Benefits	90,601	74,325
Health Claims Liability	114,274	116,654
Note Payable	-	9,108
Total Current Liabilities	234,325	308,815
Net assets:		
Unrestricted	1,015,320	754,509
Temporarily Restricted	44,231	44,745
Total Net Assets	1,059,551	799,254
Total Liabilities and Net Assets	$ 1,293,876	$ 1,108,069

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

DAYMARK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
With Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenues and Other Support:				
Contributions	$ 87,209	$ -	$ 87,209	$ 86,602
Contributions In-kind	9,535	-	9,535	9,535
United Way	-	65,949	65,949	66,288
Special Events	160,574	-	160,574	213,881
Less Direct Costs	(20,152)	-	(20,152)	(17,903)
Health & Human Services	223,541	-	223,541	175,297
Medicaid	497,910	-	497,910	447,438
DHHR	1,001,375	-	1,001,375	951,004
City of Charleston- C.D.B.G.	18,500	-	18,500	18,500
City of Charleston- Emergency	26,536	-	26,536	22,622
Charleston Urban Renewal Authority	15,028	-	15,028	-
Gain from Insurance Proceeds	-	-	-	7,739
Other	4,088	-	4,088	4,714
Net Assets Released from Restriction	66,463	(66,463)	-	-
Total Increases in Net Assets	2,090,607	(514)	2,090,093	1,985,717
Expenses:				
New Connections	412,833	-	412,833	421,942
Patchwork	497,003	-	497,003	504,350
Turning Point	714,039	-	714,039	799,576
Total Program Costs	1,623,875	-	1,623,875	1,725,868
Administration	177,698	-	177,698	137,967
Fundraising	28,223	-	28,223	26,333
Total Decreases in Net Assets	1,829,796	-	1,829,796	1,890,168
Change in Net Assets	260,811	(514)	260,297	95,549
Net Assets - Beginning of the Year	754,509	44,745	799,254	703,705
Net Assets - End of the Year	$ 1,015,320	$ 44,231	$ 1,059,551	$ 799,254

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

DAYMARK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
With Comparative Totals for 2015

Description	Program Services								Description
	New Connections	Patchwork	Turning Point	Total Program Services	Administrative	Fundraising	2016 Expenses	2015 Expenses	
Wages	$ 207,150	$ 274,750	$ 393,431	$ 875,331	$ 87,733	$ 10,842	$ 973,906	$ 1,046,772	Wages
Benefits Expense	61,740	70,520	98,437	230,697	31,735	2,151	264,583	291,895	Benefits Expense
Payroll Taxes Expense	23,745	25,228	35,889	84,862	11,475	829	97,166	102,211	Payroll Taxes Expense
Rent & Utilities	27,417	10,636	30,605	68,658	5,156	-	73,814	57,800	Rent & Utilities
Client Assistance	10,027	17,295	39,820	67,142	-	-	67,142	45,244	Client Assistance
Repairs & Maintenance	23,207	17,983	17,872	59,062	6,800	-	65,862	44,226	Repairs & Maintenance
Insurance	19,744	14,175	15,940	49,859	5,350	-	55,209	55,623	Insurance
Food	7,394	13,298	30,421	51,113	-	-	51,113	48,131	Food
Depreciation	16,333	21,024	11,014	48,371	527	-	48,898	42,403	Depreciation
Medicaid Expense	-	12,573	11,394	23,967	-	-	23,967	21,861	Medicaid Expense
Professional Fees	623	2,052	2,092	4,767	15,293	-	20,060	20,465	Professional Fees
Office Supplies	2,428	3,690	5,902	12,020	3,171	-	15,191	13,103	Office Supplies
Fundraising	-	-	-	-	-	14,401	14,401	12,288	Fundraising
Dues & Subscriptions	4,298	4,087	4,601	12,986	165	-	13,151	7,776	Dues & Subscriptions
Household Expense	50	2,880	7,538	10,468	-	-	10,468	9,479	Household Expense
Phone	2,100	600	2,375	5,075	5,002	-	10,077	10,932	Phone
Conference & Meetings	1,293	2,378	2,264	5,935	2,007	-	7,942	37,895	Conference & Meetings
Community Education	4,306	668	668	5,642	9	-	5,651	7,571	Community Education
Employee Recruiting	185	1,760	1,813	3,758	-	-	3,758	1,907	Employee Recruiting
Miscellaneous	365	898	945	2,208	1,176	-	3,384	4,680	Miscellaneous
Postage	-	176	123	299	1,421	-	1,720	2,638	Postage
Staff Travel	150	154	294	598	646	-	1,244	2,774	Staff Travel
Resource Material	278	178	174	630	-	-	630	1,263	Resource Material
Interest	-	-	427	427	32	-	459	1,231	Interest
TOTAL	$ 412,833	$ 497,003	$ 714,039	$ 1,623,875	$ 177,698	$ 28,223	$ 1,829,796	$ 1,890,168	TOTAL

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

DAYMARK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016
With Comparative Totals for 2015

	2016	2015
Cash Flows Provided by Operating Activities:		
Change in Net Assets	$ 260,297	$ 95,549
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	48,898	42,403
Non-Cash Reduction in Notes Payable	(9,108)	(8,370)
(Increase) Decrease in Accounts and Pledges Receivable	(47,615)	59,586
Decrease (Increase) in Other Assets	1,681	(7,341)
Increase (Decrease) in Accounts Payable	10,806	(12,541)
(Decrease) Increase in Governmental Advances & Refunds	(90,084)	38,954
Increase in Accrued Employee Benefits	16,276	5,649
(Decrease) Increase in Health Liability	(2,380)	20,645
Net Cash Flows Provided by Operating Activities	188,771	234,534
Cash Flows to Investing Activities:		
Purchases of Equipment and Improvements	(54,473)	(33,090)
Cash Used by Investing Activities	(54,473)	(33,090)
Cash Flows to Financing Activities:		
Payments on Line of Credit	-	(8,159)
Cash Used by Financing Activities	-	(8,159)
Net Increase in Cash and Cash Equivalents	134,298	193,285
Cash and Cash Equivalents at the Beginning of the Year	392,309	199,024
Cash and Cash Equivalents at the End of the Year	$ 526,607	$ 392,309
Other Information:		
Non-cash gifts in-kind	$ 9,535	$ 9,535
Interest Expense - paid in cash	$ 32	$ 67

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

Turning Point-A professional foster care program for youth in state custody between the ages 15 and 20. Turning Point can house eleven youth. The programs are staffed with House Parents, Youth Workers and relief staff. The program is designed to assist youth in meeting educational and vocational needs as well as learning to rely on themselves and live independently.

Patchwork-Patchwork serves as a shelter and crisis intervention center for youth in high risk situations ages 11 through 17 by providing free, confidential, voluntary, and licensed services 24 hours a day, 7 days a week. Patchwork is licensed to aid five youth. Services are performed through individual, group, family contact, telephone and walk-in counseling and information and referral. The goals of Patchwork include meeting the needs of youth in a crisis, reunite them with their families while strengthening the family relationship, and assisting in establishing stable living conditions for youth other than institutions while increasing self-esteem.

New Connections-A social service program that helps youth between the ages of 16 and 21 obtain their GED and assists them in learning how to live independently. They also work with homeless youth in providing a temporary place to live, life skills training, job search and job skill training, support groups, meals, transportation, and minor emergency financial assistance. Daymark's Street Outreach program provides services to youth living on the streets, at risk of living on the streets, and in unstable situations by reaching out to them. The Street Outreach program seeks to increase young people's safety, well-being, and self-sufficiency, and to help them build permanent connections with caring adults with the goal of getting them off the streets.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Daymark, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Daymark, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, any temporary restriction met in the same period that it was received is recognized as unrestricted in the period of receipt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: continued

Contributions:

Contributions, including pledges to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give which include all government awards are recognized as income when the conditions on which they depend are substantially met. Unconditional promises to give that are due in the next year are recorded at their estimated net realizable value.

Property and Equipment:

Property and equipment is recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Daymark, Inc. follows the practice of capitalizing all expenditures for equipment in excess of $1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Cash

Daymark, Inc. considers cash on hand, money market funds, and bank deposits that are available on demand to be cash. During the year ended June 30, 2016, cash did not exceed Federal Deposit Insurance Corporation or Securities Protection Investor Corporation insurance.

Contributed Facilities:

Contributed facilities represent the estimated fair rental value of space used in Daymark's programs. The City of Charleston has donated the interest and principal payments due on a mortgage of a Turning Point home. Such donations totaled $9,535 for the year ended June 30, 2016 and $9,535 for the year ended June 30, 2015.

Functional Allocation of Expenses:

The costs of providing Daymark, Inc's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee time records, square feet of area used, etc.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: continued

Income Taxes:

Daymark, Inc. is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. In addition, Daymark, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. Daymark has no excise or unrelated business income taxes in 2015 or 2016.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. PLEDGES and ACCOUNTS RECEIVABLE

Pledges Receivable - All pledges receivable are due from United Way of Central WV Incorporated and are believed to be fully collectible; consequently, no allowance for uncollectible amounts is appropriate.

Accounts Receivable - All accounts receivable are due from various agencies of the City, State, Federal government, or others and, there is an allowance for uncollectible accounts of $2,200 at June 30, 2016 and $8,700 at June 30, 2015. Accounts are charged off against the allowance account when they are determined to be uncollectible. Accounts over 90 days at June 30, 2016 and June 30, 2015 were $665 and $20,817 respectively.

NOTE 3. RETIREMENT PLAN

Effective January 1, 1987 Daymark, Inc. established a noncontributory, defined contribution pension plan covering all employees who are at least 21 years old and have more than one year of service. Effective January 1, 2008 Daymark, Inc. amended the plan to be a 401(k) profit sharing plan in which participants can contribute to the pension plan. Under the provisions of the Plan, Daymark, Inc. may, but is not required to contribute to the pension plan. Pension expense for the years ended June 30, 2016 and June 30, 2015 was $50,566 and $54,371 respectively.

NOTE 4. PROPERTY AND EQUIPMENT

At June 30, 2016 and June 30, 2015, the major classes of property and equipment are summarized as follows:

	2016	2015
Land	$ 96,248	$ 96,248
Building and improvements	805,340	776,555
Furniture and equipment	213,138	187,449
	1,114,726	1,060,252
Less accumulated depreciation	(596,233)	(547,334)
	$ 518,493	$ 512,918

NOTE 5. LINE OF CREDIT

Daymark, Inc. has a $200,000 line of credit available payable on demand that is secured by a deed of trust on the Patchwork house and land. As of June 30, 2016, and 2015 the balance due on the line of credit was $-0-, with an interest rate of 3.25% for both years.

NOTE 6. LONG TERM DEBT

During the year ended June 30, 1996, Daymark, Inc. financed construction of its Turning Point facility with a loan from the City of Charleston which totaled $91,557. This loan, which has an imputed interest rate of 8.5 percent, is to be repaid over twenty years beginning July 1, 1996. While the City holds a deed of trust on this property, it has agreed to forgive each monthly payment as long as Daymark, Inc. continues to operate its Turning Point program within very general guidelines. This loan has been forgiven in full as of June 30, 2016.

NOTE 7. GOVERNMENTAL ADVANCES AND REFUNDS PAYABLE

Daymark, Inc. has received certain overpayments from West Virginia Department of Health and Human Resources and advances on federal grants. Daymark, Inc. has responded to these overpayments by contacting the West Virginia Department of Health and Human Resources and letting them know of the overpayments. Daymark, Inc. explains the reason for the overpayment and requests that their records be corrected so the money can be returned. These following amounts are in Governmental Advances and Refunds Payable.

	2016	2015
Overpayments	$ 5,003	$ 95,087
	$ 5,003	$ 95,087

NOTE 7. GOVERNMENTAL ADVANCES AND REFUNDS PAYABLE - continued

Governmental advances and refunds payable outstanding:

	2016	2015
Less than one year	$ 5,003	$ 40,780
More than five years	-0-	54,307
	$ 5,003	$ 95,087

NOTE 8. DEFINED CONTRIBUTION MEDICAL REIMBURSEMENT PLAN

As of August 1, 2002, Daymark, Inc. established a plan, which is maintained for the exclusive benefit of employees and is intended to constitute a medical reimbursement plan under Section 105(h) of the Internal Revenue Code. Daymark, Inc. has decided to contribute for each employee an amount of $3,000 per year and the employee must present qualified medical expenses for reimbursement. The Organization contributes on a monthly basis to a plan administrator to cover the expenses that will be incurred. At June 30, 2016, the Organization has accumulated $114,125 in a health claims cash account and they have accumulated $114,274 in liabilities for medical reimbursements. The continuing balance of a participant's account is based upon the amount that they have vested, which is determined based on percentages in which the 1st year would be 20% and after 5 years they would be fully vested at 100%. Any unvested forfeited amounts can be used to offset future payments to the plan.

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Daymark, Inc. discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, Daymark, Inc. discloses both the change and the reasons of the change.

Daymark, Inc. estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements. The estimated fair value amounts have been determined by Daymark, Inc. using appropriate valuation methodologies.

The organization's financial instruments consist primarily of cash, pledges receivables, accounts receivable and accrued liabilities.

The Financial Accounting Standards Board ("FASB") issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS: continued

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 priced for identical or similar assets or liabilities in inactive markets;
- Inputs that are derived principally from or corroborated by observable market data.

If the asset or liabilities has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2016.

Pledges Receivable
Pledges receivable consist current pledges valued at the face amount of the gift and are classified as Level 2 of the valuation hierarchy.

Receivables
Receivables are valued at their estimated net collectible amount and are classified as Level 2 of the valuation hierarchy.

Accruals
Accruals are valued at present value and are classified as Level 2 of the valuation hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS: continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Fair Value
Pledges Receivable	$ -0-	$ 33,282	$ -0-	$ 33,282
Receivables	-0-	192,269	-0-	192,269
Accruals	-0-	234,325	-0-	234,325

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Fair Value
Pledges Receivable	$ -0-	$ 33,282	$ -0-	$ 33,282
Receivables	-0-	144,654	-0-	144,654
Accruals	-0-	308,815	-0-	308,815

NOTE 10. CONTINGENCIES

Third-party payers may assert claims arising from services provided to clients in the past and from retroactive adjustments. As no third-party payers have assessed adjustments, the management of Daymark, Inc. is unable to estimate the ultimate cost, if any, of the settlement of such potential claims, and accordingly, no additional accruals have been made for them.

NOTE 11. COMPARATIVE 2015 AMOUNTS

The amounts shown for the period ended June 30, 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and represent summarized totals only. Accordingly, the 2015 amounts are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

NOTE 12. TEMPORARILY RESTRICTED FUNDS

At June 30, 2016 and June 30, 2015 funds with restrictions are as follows:

	6-30-2016	6-30-2015
United Way of Central WV (time restriction)	$ 32,768	$ 33,282
Tutoring - ECA Foundation	11,463	11,463
	$ 44,231	$ 44,745

NOTE 13. CONCENTRATION OF REVENUE SOURCES AND RECEIVABLES

During the year, Daymark, Inc. received significant portions of its total revenue from the following sources and receivables:

	2016	2015
Department of Health and Human Resources	48%	48%
Other governmental agencies	38%	34%
	86%	82%

NOTE 14. SUBSEQUENT EVENTS

Management evaluated subsequent events through September 7, 2016, the date the financial statements were available to be issued.

DAYMARK, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2016

State Grantor	Grant Number	Award Amount	Receipts 7/1/2015-6/30/2016	Expenditures 7/1/2015-6/30/2016
<u>West Virginia Department of Health and Human Services</u>				
Crisis Counseling and Independent Living Services for Youth. (7/1/2015-6/30/2016)	G160325	$ 126,081	$ 126,081	$ 126,081

See Schedule of Findings and Questioned Costs on page 18

(report done on accrual basis)

See Accountant's Audit Report

ROWAN & ASSOCIATES

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*

Board of Directors
Daymark, Inc.
Charleston, WV

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 financial statements of Daymark, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 7, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Daymark, Inc.'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 Daymark'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 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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2016-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Daymark, Inc.'s financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2016-1.

Daymark Inc.'s Response to Findings

Daymark, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Daymark, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Suttle & Stalnaker

Dunbar, WV
September 7, 2016

DHHR - Finance

NOV 21 2016

Date Received

DAYMARK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

2016-1

Grantor:	West Virginia Department of Health and Human Services
Grant:	Crisis Counseling and Independent Living Services for Youth
Reporting Period:	7/1/2015 to 6/30/2016
Grant Number:	G160325

Criteria- OMB Uniform Grants Guidance Subpart E paragraph 200.45 requires that costs must be allocated to an award in accordance with the relative benefits received.

Condition-

During our audit we found that the award did not receive benefits proportionate to the costs charged to the award based on an employee's timesheets for the year ended June 30, 2016.

Cause-

There was insufficient review of the employee's time spent working for either of two different funding sources throughout the year. Additional timely review would have detected the discrepancy early enough that the employee's duties could have been changed to increase the benefits provided to the funding source being shorted, or an appropriate budget modification could have been submitted.

Effect-

Costs claimed for reimbursement by the above referenced grant are not supported by appropriate documentation as required.

Questioned Cost-

Amount: $12,780-

This amount was calculated by multiplying the percentage of total hours worked during the year benefiting the above award, by the employee's total cost. The product of this calculation was compared to the amount charged to the award resulting in evidence of a $12,780 overcharge.

Recommendation-

We recommend that in those cases where an employee's wages are to be charged to more than one award, that the employees time spent working for each program be periodically summarized. Based on those facts, either the employee's duties can be changed to comply with the terms of the grant, or a budget modification could be requested.

Management Response:

The Director of Finance will implement a procedure to analyze monthly, budgeted versus actual time sheets on the allocation of the grant to ensure proper support.