


# **Developmental Disabilities Institute, Inc. and Affiliate**

## **Combined Financial Statements and Supplemental Material** Year Ended December 31, 2009

The report accompanying these financial statements was issued by BDO USA, LLP, a New York limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Developmental Disabilities  
Institute, Inc. and Affiliate**

**Combined Financial Statements  
and Supplemental Material**  
Year Ended December 31, 2009

# Developmental Disabilities Institute, Inc. and Affiliate

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## Independent Auditors' Report

Board of Directors  
Developmental Disabilities Institute, Inc.  
and Affiliate  
Smithtown, New York

We have audited the accompanying combined statement of financial position of Developmental Disabilities Institute, Inc. and Affiliate as of December 31, 2009, and the related combined statements of activities, functional expenses and cash flows for the year 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 audit. Information for the year ended December 31, 2008 is presented for comparative purposes only and was extracted from the financial statements of Developmental Disabilities Institute, Inc. and Affiliate for that year, on which we expressed an unqualified opinion, dated June 4, 2009.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Developmental Disabilities Institute, Inc. and Affiliate as of December 31, 2009, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 22, 2010

# Developmental Disabilities Institute, Inc. and Affiliate

## Combined Statement of Financial Position (with comparative totals for 2008)

<i>December 31,</i>	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current:</b>		
Cash and cash equivalents (Note 3)	\$ 388,145	\$ 31,485
Cash - restricted (Note 3)	1,630,142	1,677,380
Investments, at fair value	3,887	4,878
Accounts receivable, net (Note 3)	18,684,468	14,756,328
Government and other grants receivable (Note 3)	1,318,498	1,433,383
Contributions and pledges receivable, net (Note 4)	363,478	176,846
Prepaid expenses and other assets	837,092	714,784
<b>Total current assets</b>	<b>23,225,710</b>	<b>18,795,084</b>
<b>Deferred costs, net (Note 3)</b>	<b>796,836</b>	<b>932,821</b>
<b>Assets limited to use (Note 6)</b>	<b>1,450,300</b>	<b>1,374,265</b>
<b>Fixed assets, net (Notes 3, 5, 11 and 12)</b>	<b>19,737,089</b>	<b>20,253,703</b>
	<b>\$45,209,935</b>	<b>\$41,355,873</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,816,123	\$ 1,435,399
Accrued interest payable	346,426	353,311
Accrued payroll and related benefits	3,398,697	3,533,190
Accrued pension payable (Note 7)	803,488	971,877
Deferred revenue	574,202	353,122
Capital lease obligations (Note 10)	295,517	277,593
Mortgages and loans payable (Note 12)	756,168	670,466
Bonds payable (Note 13)	1,030,000	973,000
Due to governmental agencies (Notes 3 and 9)	456,240	812,446
<b>Total current liabilities</b>	<b>9,476,861</b>	<b>9,380,404</b>
<b>Deferred revenue, less current portion</b>	<b>1,050,616</b>	<b>889,803</b>
<b>Capital lease obligations, less current maturities (Note 10)</b>	<b>254,404</b>	<b>239,899</b>
<b>Mortgages and loans payable, less current maturities (Note 12)</b>	<b>2,423,058</b>	<b>2,900,469</b>
<b>Bonds payable, less current maturities (Note 13)</b>	<b>17,544,000</b>	<b>18,574,000</b>
<b>Due to governmental agencies, less current portion (Notes 3 and 9)</b>	<b>2,726,909</b>	<b>2,693,713</b>
<b>Total liabilities</b>	<b>33,475,848</b>	<b>34,678,288</b>
<b>Commitments and contingencies (Notes 3, 4, 8, 10, 11, 12, 13 and 14)</b>		
<b>Net assets:</b>		
Unrestricted net assets	11,017,395	6,635,593
Temporarily restricted net assets (Note 17)	716,692	41,992
<b>Total net assets</b>	<b>11,734,087</b>	<b>6,677,585</b>
	<b>\$45,209,935</b>	<b>\$41,355,873</b>

*See accompanying notes to combined financial statements.*

# Developmental Disabilities Institute, Inc. and Affiliate

## Combined Statement of Activities and Net Assets (with comparative totals for 2008)

Year ended December 31,

	2009			2008
	Unrestricted	Temporarily restricted	Total	Total
<b>Program revenues:</b>				
Fees for services	\$81,371,610	\$ -	<b>\$81,371,610</b>	\$75,759,470
Government and other grants	1,328,987	-	<b>1,328,987</b>	1,739,539
Clinic revenue	7,997,194	-	<b>7,997,194</b>	8,042,554
Other program revenues	1,655,695	-	<b>1,655,695</b>	1,542,536
Other income (Note 6)	441,741	-	<b>441,741</b>	235,708
Net assets released from restrictions (Note 16)	10,331	(10,331)	-	-
<b>Total program revenues</b>	<b>92,805,558</b>	<b>(10,331)</b>	<b>92,795,227</b>	<b>87,319,807</b>
<b>Expenses:</b>				
Program services:				
Education services	29,103,994	-	<b>29,103,994</b>	28,194,471
Article 28 Clinic services	8,231,008	-	<b>8,231,008</b>	7,926,913
Adult day services	16,347,601	-	<b>16,347,601</b>	16,149,834
Children's residential services	6,578,986	-	<b>6,578,986</b>	6,209,577
Adult residential services	22,872,702	-	<b>22,872,702</b>	21,644,938
<b>Total program services</b>	<b>83,134,291</b>	<b>-</b>	<b>83,134,291</b>	<b>80,125,733</b>
Supporting services:				
Management and general	5,359,258	-	<b>5,359,258</b>	5,545,060
Fundraising	265,397	-	<b>265,397</b>	281,779
<b>Total supporting services</b>	<b>5,624,655</b>	<b>-</b>	<b>5,624,655</b>	<b>5,826,839</b>
<b>Total expenses</b>	<b>88,758,946</b>	<b>-</b>	<b>88,758,946</b>	<b>85,952,572</b>
<b>Change in net assets before nonoperating revenues</b>	<b>4,046,612</b>	<b>(10,331)</b>	<b>4,036,281</b>	<b>1,367,235</b>
<b>Nonoperating revenues:</b>				
Capital campaign income	95,140	663,575	<b>758,715</b>	-
Capital campaign expenses	(95,140)	-	<b>(95,140)</b>	-
<b>Net revenues from capital campaign</b>	<b>-</b>	<b>663,575</b>	<b>663,575</b>	<b>-</b>
Special events revenues	337,483	-	<b>337,483</b>	440,851
Direct cost to donors	(130,856)	-	<b>(130,856)</b>	(173,932)
<b>Net revenues from special events</b>	<b>206,627</b>	<b>-</b>	<b>206,627</b>	<b>266,919</b>
Contributions	76,544	21,456	<b>98,000</b>	138,111
Gain on sale of fixed assets	44,283	-	<b>44,283</b>	27,779
Unrealized gains (losses) on investments	(991)	-	<b>(991)</b>	1,555
Interest income	8,727	-	<b>8,727</b>	45,370
<b>Total nonoperating revenues</b>	<b>335,190</b>	<b>685,031</b>	<b>1,020,221</b>	<b>479,734</b>
<b>Change in net assets</b>	<b>4,381,802</b>	<b>674,700</b>	<b>5,056,502</b>	<b>1,846,969</b>
<b>Net assets, beginning of year</b>	<b>6,635,593</b>	<b>41,992</b>	<b>6,677,585</b>	<b>4,830,616</b>
<b>Net assets, end of year</b>	<b>\$11,017,395</b>	<b>\$716,692</b>	<b>\$11,734,087</b>	<b>\$6,677,585</b>

*See accompanying notes to combined financial statements.*

# Developmental Disabilities Institute, Inc. and Affiliate

## Combined Statement of Functional Expenses (with comparative totals for 2008)

Year ended December 31,

	Program services					Supporting services			Total		
	Education services	Article 28 Clinic services	Adult day services	Children's residential services	Adult residential services	Total program services	Management and general	Fundraising	Total supporting services	2009	2008
<b>Salaries and related expenses:</b>											
Salaries	\$19,995,078	\$4,665,003	\$ 9,114,494	\$3,674,749	\$13,888,177	\$51,337,501	\$3,108,714	\$150,827	\$3,259,541	<b>\$54,597,042</b>	\$52,256,919
Payroll taxes and employee benefits	6,220,223	1,096,488	2,849,805	1,131,478	4,317,198	15,615,192	861,711	33,705	895,416	<b>16,510,608</b>	15,202,589
<b>Total salaries and related expenses</b>	<b>26,215,301</b>	<b>5,761,491</b>	<b>11,964,299</b>	<b>4,806,227</b>	<b>18,205,375</b>	<b>66,952,693</b>	<b>3,970,425</b>	<b>184,532</b>	<b>4,154,957</b>	<b>71,107,650</b>	67,459,508
<b>Other expenses:</b>											
Fee-for-services professionals	90,528	309,361	55,442	75,714	197,618	728,663	94,625	2,225	96,850	<b>825,513</b>	938,298
Building occupancy	466,538	196,881	755,474	1,320	561	1,420,774	21,573	564	22,137	<b>1,442,911</b>	1,288,711
Telephone	80,812	48,894	105,080	23,493	89,630	347,909	29,636	2,585	32,221	<b>380,130</b>	395,045
Travel	60,489	12,847	80,095	1,286	31,558	186,275	7,668	3,665	11,333	<b>197,608</b>	211,170
Supplies	363,482	233,361	208,158	197,164	334,834	1,336,999	59,434	161	59,595	<b>1,396,594</b>	1,356,508
Food and household	2,058	230	56,649	353,659	871,979	1,284,575	4,560	-	4,560	<b>1,289,135</b>	1,290,268
Office expense	88,634	51,568	43,435	17,950	24,703	226,290	96,251	17,517	113,768	<b>340,058</b>	425,680
Dues and subscriptions	8,043	5,251	974	465	600	15,333	37,226	2,028	39,254	<b>54,587</b>	48,046
Postage	11,481	6,236	2,637	2,308	647	23,309	57,501	1,701	59,202	<b>82,511</b>	115,323
Meetings and conferences	36,848	9,674	15,107	5,709	9,219	76,557	19,096	36,997	56,093	<b>132,650</b>	208,837
Employee training and recruitment	72,331	18,875	75,145	17,296	37,935	221,582	123,137	11	123,148	<b>344,730</b>	511,250
Legal and accounting	-	29,149	-	-	96	29,245	265,408	-	265,408	<b>294,653</b>	291,291
Utilities	362,344	131,406	193,056	86,785	295,557	1,069,148	67,554	548	68,102	<b>1,137,250</b>	1,276,098
Operating leases	23,379	-	40,690	2,709	3,135	69,913	29,706	-	29,706	<b>99,619</b>	90,017
Repairs and maintenance	203,220	232,428	244,440	67,120	262,404	1,009,612	108,752	209	108,961	<b>1,118,573</b>	1,053,920
Equipment and furniture	49,474	15,358	19,358	14,457	39,764	138,411	12,061	10,885	22,946	<b>161,357</b>	173,439
Interest	337,235	554,372	231,204	134,097	336,731	1,593,639	13,917	124	14,041	<b>1,607,680</b>	1,682,424
Insurance	300,917	176,292	415,646	87,924	443,235	1,424,014	71,248	1,287	72,535	<b>1,496,549</b>	1,518,044
Medicaid assessment taxes	-	-	-	359,024	504,945	863,969	-	-	-	<b>863,969</b>	873,359
Amortization of debt issuance costs	9,282	13,800	4,336	16,698	86,363	130,479	9,777	-	9,777	<b>140,256</b>	112,585
Debt-related expenses	-	-	3,224	-	-	3,224	9,624	-	9,624	<b>12,848</b>	11,523
Transportation service subcontracting fees	-	-	895,684	-	-	895,684	-	-	-	<b>895,684</b>	946,903
Vehicle expense	51,801	1,714	527,621	31,410	310,809	923,355	8,168	58	8,226	<b>931,581</b>	1,338,407
Bad debt expense	-	178,982	-	-	-	178,982	-	-	-	<b>178,982</b>	3,325
<b>Total expenses before depreciation and amortization</b>	<b>28,834,197</b>	<b>7,988,170</b>	<b>15,937,754</b>	<b>6,302,815</b>	<b>22,087,698</b>	<b>81,150,634</b>	<b>5,117,347</b>	<b>265,097</b>	<b>5,382,444</b>	<b>86,533,078</b>	83,619,979
<b>Depreciation and amortization</b>	<b>269,797</b>	<b>242,838</b>	<b>409,847</b>	<b>276,171</b>	<b>785,004</b>	<b>1,983,657</b>	<b>241,911</b>	<b>300</b>	<b>242,211</b>	<b>2,225,868</b>	2,332,593
<b>Total expenses</b>	<b>\$29,103,994</b>	<b>\$8,231,008</b>	<b>\$16,347,601</b>	<b>\$6,578,986</b>	<b>\$22,872,702</b>	<b>\$83,134,291</b>	<b>\$5,359,258</b>	<b>\$265,397</b>	<b>\$5,624,655</b>	<b>\$88,758,946</b>	\$85,952,572

*See accompanying notes to combined financial statements.*

# Developmental Disabilities Institute, Inc. and Affiliate

## Combined Statement of Cash Flows (with comparative totals for 2008)

<i>Year ended December 31,</i>	<b>2009</b>	2008
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,056,502	\$ 1,846,969
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,225,868	2,332,593
Amortization of deferred costs	140,259	135,369
(Gain) loss on sale of fixed assets	(44,283)	(27,779)
Provision for bad debt	178,982	3,325
Unrealized losses (gains) on investments	991	(1,556)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,107,122)	3,381,151
Government and other grants receivable	114,885	(593,087)
Contributions and pledges receivable	(186,632)	(26,721)
Prepaid expenses and other assets	(122,308)	45,458
Increase (decrease) in:		
Accounts payable and accrued expenses	380,724	(44,747)
Accrued interest payable	(6,885)	(14,076)
Accrued payroll and related benefits	(134,493)	(655,523)
Accrued pension payable	(168,389)	81,631
Deferred revenue	381,893	(232,406)
Due to governmental agencies	(323,010)	(85,952)
<b>Net cash provided by operating activities</b>	<b>3,386,982</b>	<b>6,144,649</b>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(1,393,119)	(4,149,238)
Proceeds from sale of fixed assets	44,283	57,884
Additions of debt issuance costs	(4,274)	(64,127)
Cash – restricted	47,238	(188,566)
Assets limited to use	(76,035)	681,624
<b>Net cash used in investing activities</b>	<b>(1,381,907)</b>	<b>(3,662,423)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from lines of credit	14,425,456	26,854,723
Payments on lines of credit	(14,425,456)	(29,842,562)
Proceeds from mortgages and loans payable	311,679	1,886,829
Repayments on capital lease obligations	(283,706)	(271,243)
Principal payments on mortgages and loans payable	(703,388)	(675,659)
Principal payments on bonds payable	(973,000)	(915,000)
<b>Net cash used in financing activities</b>	<b>(1,648,415)</b>	<b>(2,962,912)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>356,660</b>	<b>(480,686)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>31,485</b>	<b>512,171</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 388,145</b>	<b>\$ 31,485</b>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 1,607,680	\$ 1,696,501
Noncash transaction related to capital leases	316,135	-

*See accompanying notes to combined financial statements.*

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

**1. Principles of Combination**

The accompanying combined financial statements include the accounts of Developmental Disabilities Institute, Inc. (the "Institute") and DDI Foundation, Inc. (the "Foundation") (collectively, the "Institute and Affiliate"), which are related by certain common members of the Board of Directors and identical management.

All intercompany balances and transactions have been eliminated in combination.

**2. Nature of the Organizations**

(a) The Institute is a New York State not-for-profit corporation which operates health, education and residential facilities for the therapeutic education, guidance and training of developmentally disabled children, adults and their families. The Institute also operates Diagnostic and Treatment Centers, which are licensed by the New York State Department of Health under Article 28 of the Public Health Law to provide rehabilitative, therapeutic, medical and dental services primarily for developmentally disabled children and adults. The Institute is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and therefore has made no provision for income taxes in the accompanying combined financial statements. In addition, the Institute has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2009.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(b) The Foundation is a New York State not-for-profit corporation that was established May 31, 1988 and began operations October 1, 1990. The Foundation is organized and operated exclusively for charitable, scientific and educational purposes. Consistent with the foregoing, its specific purpose is to promote and support the activities of the Institute. The Foundation maintains certain common board members with the Institute. The Foundation is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Code, and therefore has made no provision for income taxes in the accompanying combined financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2009.

The Foundation was very successful in obtaining legislative grants awarded directly to the Institute. Based on the Foundation’s efforts, the Institute was awarded \$113,149 in grants.

### 3. **Summary of Significant Accounting Policies**

#### (a) *Basis of Presentation*

The combined financial statements of the Institute and Affiliate have been prepared on the accrual basis. In the combined statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

### (b) *Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- (i) **Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by The Institute and Affiliate is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Institute and Affiliate.
- (ii) **Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Institute and Affiliate is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Institute and Affiliate pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- (iii) **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

### (c) *Cash and Cash Equivalents*

The Institute and Affiliate consider all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(d) *Cash-Restricted*

Restricted cash consists of cash held in banks for future contributions to the pension plan and future workers compensation claims.

(e) *Provision for Doubtful Accounts*

The Institute and Affiliate provide an allowance for doubtful accounts for accounts receivable which are specifically identified by management as to their uncertainty in regards to collectibility. As of December 31, 2009, the total allowance for doubtful accounts is \$592,137.

(f) *Fair Value Measurements*

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 820-10 (formerly Statement of Financial Accounting Standards (“SFAS”) No. 157), “Fair Value Measurements”, The standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. ASC 820-10 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Effective January 1, 2008, the Institute and Affiliate have adopted ASC 820-10.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(g) *Uncertainty in Income Taxes*

The Institute and Affiliate adopted the provisions of ASC 740-10 (formerly FIN 48) on January 1, 2008. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The implementation of ASC 740-10 had no impact on the Institute and Affiliate's financial statements. The Institute and Affiliate do not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for unrecognized tax benefits. The Institute and Affiliate have filed for and received income tax exemptions in the jurisdictions where they are required to do so. Additionally, the Institute and Affiliate have filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended December 31, 2009, there was no interest of penalties recorded or included in the statement of activities.

(h) *Fixed Assets*

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements and equipment under capital leases are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

	Years
Buildings	18-40
Building improvements	5-40
Furniture and fixtures	4-20
Equipment and vehicles	3-15

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(i) *Contributions and Grants*

Contributions and grants, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Promises to give are recorded at the present value of estimated future cash flows, based on an appropriate discount rate at the time of the gift. Amortization of the discount in subsequent years is included in contribution revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions for capital projects are reported as nonoperating revenues. Conditional contributions, including conditional promises to give, are not recognized until the conditions are substantially met.

Unconditional promises to give are recorded in the combined financial statements at present value using a discount rate of 2.6% which represents risk-free interest rates applicable to the years in which promises are received.

Contributions receivable consist of \$283,910 for the capital campaign and \$79,568 for pledges receivable at December 31, 2009.

The capital campaign represents funds donated to the Institute and Affiliate for the purpose of renovations of the Little Plains School located in Huntington, New York and expenses related to the capital campaign.

(j) *Deferred Costs*

Deferred costs consist of debt issuance costs and deferred start-up costs. Debt issuance costs are deferred and amortized using the straight-line method over the term of the related debt. Deferred start-up costs are amortized using the straight-line method over a five-year term. As of December 31, 2009, the total accumulated amortization is \$1,219,591 and \$24,380, respectively.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(k) *Third-party Reimbursements and Revenue Recognition*

The Institute receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies; primarily the Office of Mental Retardation and Developmental Disabilities (“OMRDD”), Department of Health and the State Education Department of New York. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary.

Revenue is recognized as earned from third parties and when received or pledged for contributions, special events and fundraising activities.

(l) *Allocation Methodology*

Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management.

(m) *Concentration of Credit Risk*

Financial instruments which potentially subject the Institute and Affiliate to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Institute and Affiliate have cash deposits at financial institutions, which exceed the Federal Depository Insurance Corporation insurance limits.

(n) *Use of Estimates*

The preparation of the combined 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.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(o) *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Institute and Affiliate's financial statements for the year ended December 31, 2008, from which the summarized information was derived in total but not by net asset class.

(p) *Reclassifications*

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

**4. Contributions and Pledges Receivable, Net**

At December 31, 2009, the net present value of contributions and pledges receivable is \$363,478. The net present value of pledges receivable was calculated using a discount rate of 2.7%.

Net present value of pledges receivable at December 31, 2009 is summarized below:

<i>December 31, 2009</i>	
Total contributions receivable	\$363,478
Discount at 2.7%	-
Net present value of contributions receivable	\$363,478
Amount due in:	
One year	\$ 67,020
Two to five years	296,458
	\$363,478

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

5. **Fixed Assets, net** Fixed assets, net including equipment under capital leases, consists of the following:

*December 31, 2009*

Land	\$ 4,247,503
Buildings and building improvements	25,998,404
Furniture, fixtures and office equipment	6,610,106
Vehicles	4,566,647
Machinery and equipment	220,402
IT equipment	1,837,440
Leasehold improvements	2,009,040
	<hr/>
	45,489,542
Less: Accumulated depreciation and amortization	(26,774,790)
Construction-in-progress	1,022,337
	<hr/>
	\$ 19,737,089

The estimated cost to complete the construction-in-progress is \$9,410,542.

6. **Assets Limited to Use** As indicated in Note 3, the Institute and Affiliate adopted ASC 820-10 on January 1, 2008. Accordingly, the effect of adopting the provisions of ASC 820-10 is prospective from the beginning of 2008.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Institute and Affiliate would use in pricing the Institute and Affiliate's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Institute and Affiliate are traded. The Institute and Affiliate estimate the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

Below sets forth a table of assets measured at fair value as of December 31, 2009:

Level 1:	
1993 Civic Facility Revenue Bonds:	
First American Treasury Obligation	\$ 475,238
1998 Civic Facility Revenue Bonds:	
Federal Treasury Obligations Fund	146,259
1999 A-B Civic Facility Revenue Bonds:	
Federal Treasury Obligations Fund	89,799
2000 A-C Civic Facility Revenue Bonds:	
Federal Treasury Obligations Fund	5,000
2004 A-B Civic Facility Revenue Bonds:	
Federal Treasury Obligations Fund	49,362
2004 A-C Civic Facility Revenue Bonds:	
Federal Treasury Obligations Fund	20,937
2005 A-B Civic Facility Revenue Bonds;	
Federal Treasury Obligations Fund	117,253
2006 A-B Civic Facility Revenue Bonds;	
Federal Treasury Obligations Fund	298,201
Facilities Development Corporation (“FDC”) mortgages payable – debt service reserve fund (various investments made by the trustee)	200,560
Cash - funded depreciation	47,691
Total	\$1,450,300

The Institute and Affiliate’s holdings in stocks and publicly-traded mutual funds consist principally of debt and equity securities carried at their aggregate market value that is determined by quoted market prices. Each of the above investments can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

### 7. Pension Plans

#### (a) Active Plan

The Institute is the sponsor of a 403(b) tax deferred annuity plan that covers all Institute and Affiliate employees meeting eligibility requirements. Employee contributions are immediately vested. The Institute also makes a discretionary contribution based upon a percentage of an employee's salary, which will become 100% vested after three or five years depending on date of hire. Pension contributions for the year ended December 31, 2009 were \$803,488 plus administration fees of \$4,543. Accrued pension payable for the year ended December 31, 2009 was \$803,488.

#### (b) Frozen Plan

The Institute and Affiliate had a defined contribution pension plan for all salaried employees who completed one year of service. Contributions were based on a percentage of employees' salaries and vesting occurred after five years. The plan was frozen as of April 6, 2001.

### 8. Workers' Compensation Reserve

To date, the Institute has recorded a liability for workers' compensation claims. The liability was established to offset future assessments of workers' compensation claims for the periods the Institute participated in a group self-insured workers' compensation trust, which was from July 2006 to present. The balance at December 31, 2009 was \$874,986 and is included on the accompanying combined statement of financial position.

### 9. Due to Governmental Agencies

Due to governmental agencies consists of the following:

*December 31, 2009*

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Advances by funding sources to be recouped  
in future years

\$3,183,149

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# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

**10. Capital Lease Obligations**

At December 31, 2009, capital lease obligations consisted of the following:

The Institute financed the cost of certain equipment with notes payable in various monthly installments through 2014. The interest rates on these leases vary from 7.31% to 8.25%.	\$ 549,921
Less: Current maturities	(295,517)
	\$ 254,404

Future minimum principal payments and the present value of net minimum principal payments are as follows:

<i>December 31,</i>	
2010	\$322,188
2011	73,361
2012	73,361
2013	73,361
Thereafter	67,248
Total minimum lease payments	609,519
Less: Interest	(59,598)
Present value of net minimum lease payments	\$549,921

**11. Lines of Credit**

(a) The Institute has a revolving line of credit with a bank of up to \$7,000,000 which expires September 30, 2010. Interest is charged at prime. Interest is charged at the greater of 4% per annum or the adjusted LIBOR rate plus 275 basis points or the prime plus 50 basis points. There were no amounts outstanding at December 31, 2009. This line was secured by outstanding accounts receivable excluding any receivables subject to subordination agreements.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(b) The Institute also has a nonrevolving line of credit with a bank of up to \$1,835,756 for three capital projects which will expire March 5, 2010 to July 30, 2010. Interest is charged at the 30-day LIBOR rate plus 175 basis points, which was 1.98% at December 31, 2009. As of December 31, 2009, the line contained a balance of \$1,219,435 which was converted to loans payable (Note 12). This line is secured by associated properties located in Guldip NY, Ridge NY and Smithtown, NY.

### 12. Mortgages and Loans Payable

Mortgages and loans payable consist of the following:

*December 31, 2009*

Mortgage payable to FDC, due August 2015, payable in semi-annual debt service payments ranging from \$10,931 to \$11,197, including interest at 7.78% per annum; secured by real estate located in Selden, New York.	\$ 86,250
Mortgage payable to FDC, due August 2017, payable in semi-annual debt service payments ranging from \$24,430 to \$24,837, including interest at 7.95% per annum; secured by real estate located in Plainview, New York.	283,125
Mortgage payable to FDC, due August 2018, payable in semi-annual debt service payments ranging from \$22,544 to \$22,880, including interest at 6.76% per annum; secured by real estate located in Greenlawn, New York.	259,225
Mortgage payable to FDC, due February 2010, payable in semi-annual debt service payments ranging from \$12,868 to \$20,017, including interest at 5.48% per annum; secured by real estate located in West Babylon, New York.	3,125
Mortgage payable to FDC, due February 2010, payable in semi-annual debt service payments ranging from \$16,902 to \$21,695, including interest at 5.50% per annum; secured by real estate located in Central Islip, New York.	4,375

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

*December 31, 2009*

Mortgage payable to FDC, due February 2021, payable in semi-annual debt service payments ranging from \$8,066 to \$11,242, including interest at 5.61% per annum; secured by real estate located in Mt. Sinai, New York.	\$ 179,843
Mortgage payable to FDC, due February 2011, payable in semi-annual debt service payments ranging from \$18,513 to \$37,870, including interest at 5.44% per annum; secured by real estate located in Miller Place, New York.	61,750
Mortgage payable to FDC, due February 2011, payable in semi-annual debt service payments ranging from \$24,067 to \$36,877, including interest at 5.44% per annum; secured by real estate located in Mt. Sinai, New York.	65,900
Various loans payable, due from February 2010 to May 2013, payable in current monthly installments ranging from \$188 to \$4,833, including interest from 5% to 10%; secured by related vehicles, land and buildings (Note 11(b))	2,235,635
	3,179,228
Less: Current maturities	(756,168)
	\$2,423,058

Mortgages and loans payable mature as follows:

<i>December 31,</i>	
2010	\$ 756,168
2011	706,828
2012	565,649
2013	366,171
2014	352,005
Thereafter	432,407
	\$3,179,228

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

- 13. Bonds Payable** (a) On March 22, 1993, the Institute obtained financing of \$10,925,000 through Suffolk County Industrial Development Agency's ("SCIDA") issuance of fixed rate 1993 Civic Facility Revenue Bonds due March 1, 2023. At December 31, 2009, \$8,225,000 remains outstanding. The bonds, which require interest payments on March 1 and September 1, bear interest at 8.75%. Bond proceeds received in prior years were used to refinance a \$1,847,500 Meadow Glen building loan and to finance the development of the Institute's Diagnostic and Treatment Centers. On September 13, 2002, \$500,000 in principal amount of the allowed State Bank and Trust Company of Connecticut claim was waived and such waiver was implemented by a \$100,000 reduction in the annual principal repayments due on the first day of March in each of the years 2003-2007.

In accordance with the terms of the bond agreement, the Institute transferred to SCIDA the titles of the Hollywood Drive Campus and Meadow Glen facility, including the land and improvements thereon, and all tangible and intangible assets acquired with the bond proceeds. Moreover, the Institute granted SCIDA a leasehold interest in the facilities that were developed with the bond proceeds. The Institute immediately leased back these facilities and other assets at a rate and term equivalent to the debt service requirements of the bonds. SCIDA is prohibited from selling the facilities and other assets without the express consent of the Institute. Moreover, all the facilities and other assets will be returned to the Institute on March 1, 2023 or at such time that the bond obligations have been fully satisfied. The accompanying combined financial statements reflect the historical costs of all facilities and other assets acquired by SCIDA because the Institute retains substantially all incidents of ownership. Payment of the 1993 Civic Facility Revenue Bonds' principal, interest and trustee's fees is fully guaranteed by the Foundation.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

- (b) The Institute acquired the land and building for the Little Plains School in 1989 with long-term financing of \$4,700,000 from SCIDA's issuance of variable rate seven-day demand Civic Facility Revenue Bonds. On December 22, 1998, the remaining outstanding balance of \$3,100,000 was refinanced through SCIDA's issuance of \$6,775,000 fixed rate 1998 Civic Facility Revenue Bonds due March 1, 2024. The remaining bond proceeds were used in 1998 to refinance two mortgage notes and to purchase an educational facility in 1999. At December 31, 2009, \$5,025,000 remains outstanding. The bonds, which require quarterly interest payments, bear interest at 6.25% (\$185,000) and 7.75% (\$5,025,000).
- (c) On June 16, 1999, the Institute obtained financing of \$2,085,000 through SCIDA's issuance of fixed rate 1999 Civic Facility Revenue Bonds due June 1, 2014. At December 31, 2009, \$815,000 remains outstanding. The bonds, which require quarterly interest payments, bear interest at 6.375%.
- (d) On September 21, 2000, the Institute obtained financing of \$1,465,000 through SCIDA's issuance of fixed rate 2000 Civic Facility Revenue Bonds due September 1, 2015. At December 31, 2009 \$140,000 remains outstanding. The bonds, which require quarterly interest payments, bear interest at 7.50%.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

- (e) On December 1, 2004, the Institute obtained financing of \$265,000 of Civic Facility Revenue bonds through SCIDA for the renovation and equipping of a facility located in Medford, NY. The bonds, which require quarterly interest payments, bear interest at the following rates and are secured by real estate located in Medford, NY. At December 31, 2009, \$195,000 remains outstanding:

<i>Principal</i>	<i>Series</i>
\$255,000	6% Series 2004A-B Tax-Exempt Bond due December 1, 2019

- (f) On January 21, 2005 the Institute obtained financing of \$163,000 of Civic Facility Revenue bonds through the Nassau County Industrial Development Agency (“NCIDA”) for the renovation and equipping of a facility located in Bellmore, NY. The bonds, which require quarterly interest payments, bear interest at the following rates and are secured by real estate located in Bellmore, NY. At December 31, 2009, \$120,000 remains outstanding.

<i>Principal</i>	<i>Series</i>
\$155,000	6% Series 2004A-C Tax-Exempt Bond due December 1, 2019

- (g) On October 1, 2005, the Institute obtained financing of \$1,091,000 of Civic Facility Revenue Bonds through SCIDA for the renovation and equipping of a facility located in East Patchogue, NY. The bonds, which require quarterly interest payments, bear interest at the following rates and are secured by real estate located in East Patchogue, NY. At December 31, 2009, \$863,000 remains outstanding.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

<i>Principal</i>	<i>Series</i>
\$1,055,000	6% Series 2005A-B Tax-Exempt Bond due October 1, 2020
36,000	6.75% Series 2005A-B Taxable Bond due October 1, 2010

- (h) On September 26, 2006, the Institute obtained financing of \$3,857,000 of Civic Facility Revenue Bonds through SCIDA to renovate properties located in Nesconset, NY, Commack, NY, Babylon, NY, Smithtown, NY and Bohemia, NY, and for acquisitions and renovations of properties located in Ridge, NY and Yaphank, NY. The bonds, which require quarterly interest payments, bear interest at the following rates and are secured by related properties. At December 31, 2009, \$3,191,000 remains outstanding.

<i>Principal</i>	<i>Series</i>
\$3,730,000	5.95% Series 2006A-B Tax-Exempt Bond due September 1, 2021
127,000	7.25% Series 2006A-B Taxable Bond due September 1, 2011

The aggregate principal maturities for the years ending December 31 are as follows:

<i>December 31,</i>	
2010	\$ 1,030,000
2011	1,099,000
2012	1,130,000
2013	1,220,000
2014	1,200,000
Thereafter	12,895,000
	\$18,574,000

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

All bonds are secured by the related property.

Interest expense for the year ended December 31, 2009 was \$1,607,680.

- 14. Operating Leases** Pursuant to several lease agreements, the Institute and Affiliate are obligated for minimum annual rentals payable to nonrelated entities, as indicated below. The Institute is obligated for certain operating costs at these sites. The future minimum commitments to all nonrelated parties are as follows:

<i>December 31,</i>	
2010	\$1,236,059
2011	1,226,057
2012	1,276,530
2013	1,211,056
2014	1,141,116
Thereafter	2,293,075
<b>Total minimum lease payments</b>	<b>\$8,383,893</b>

Total rental expense under noncancellable operating leases amounted to \$1,442,911 for the year ended December 31, 2009.

- 15. Commitments and Contingencies** (a) The Institute has received capital grants from OMRDD to partially fund construction costs related to certain residential programs. According to the terms of the grants, the Institute is generally obligated to operate the programs for a period of 20 years from completion of construction. Should the Institute fail to operate any program for the initial 20-year period, OMRDD would be entitled to recover an amount equal to 5% of the grant for each remaining year of the unexpired 20-year term. At December 31, 2009, the maximum potential liability under all capital grants with

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

remaining initial terms amounted to approximately \$-0-. The Institute intends to continue to operate these programs and, therefore, has not recorded any potential termination liabilities. In 2009, the Institute has been operating the programs for the 20-year term and thus has satisfied its obligation to OMRDD under the terms of the capital grant.

- (b) In conjunction with the operation of its Diagnostic and Treatment Centers, the Institute maintains occurrence-basis malpractice insurance policies for certain medical and dental personnel. Management is not aware of any outstanding individual or aggregate malpractice claims that could potentially exceed the existing coverage limitations.
- (c) For the year ended December 31, 2009, revenues from Medicare and Medicaid programs accounted for a significant portion of the Institute's revenues. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. The Institute believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. In the event noncompliance is determined, the Institute would be subject to regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.
- (d) Additionally, the Institute is involved in certain disputes arising from the normal course of its businesses. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material adverse effect on the Institute's financial position.
- (e) The Institute has a standby letter of credit with a bank for an operating lease at one of its day program sites. The current amount outstanding is \$208,000 and expires September 11, 2011. Interest is charged at 2.25%.

# Developmental Disabilities Institute, Inc. and Affiliate

## Notes to Combined Financial Statements

(f) The Institute is subject to periodic audits and inquiries by regulatory agencies. Presently, the Institute is undergoing two audits with various regulatory agencies. At this time, an estimate as to the outcome cannot be made.

**16. Net Assets Released from Restrictions**

During 2009, temporarily restricted net assets that were released from donor restrictions by incurring expenses satisfying the restricted purpose are as follows:

School supplies and book fair	\$ 7,571
Memorial	2,760
	<u>\$10,331</u>

**17. Temporarily Restricted Net Assets**

At December 31, 2009, donor restricted contributions held for specific purposes are as follows:

School supplies and book fair	\$ 19,431
Memorial	33,686
Capital campaign	663,575
	<u>\$716,692</u>

**18. Subsequent Events**

The Institute and Affiliate's management has performed subsequent events procedures through July 22, 2010, which is the date the combined financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

## **Independent Auditors' Report on Supplemental Material**

Our audit of the basic combined financial statements included in the preceding section of this report was made for the purpose of forming an opinion on those statements taken as a whole. The supplemental material in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

BDO USA, LLP

Certified Public Accountants

New York, New York

July 22, 2010

# Developmental Disabilities Institute, Inc. and Affiliate

## Combining Statement of Financial Position (with comparative totals for 2008)

December 31,

	Developmental Disabilities Institute, Inc.	DDI Foundation, Inc.	Eliminations	Combined total	
				2009	2008
<b>Assets</b>					
<b>Current:</b>					
Cash and cash equivalents	\$ 253,917	\$134,228	\$ -	\$ 388,145	\$ 31,485
Cash – restricted	1,630,142	-	-	1,630,142	1,677,380
Investments, at fair value	-	3,887	-	3,887	4,878
Accounts receivable, net	18,607,629	76,839	-	18,684,468	14,756,328
Contributions and pledges receivable	963,498	355,000	-	1,318,498	1,433,383
Government and other grants receivable	-	363,478	-	363,478	176,846
Prepaid expenses and other assets	831,192	5,900	-	837,092	714,784
<b>Total current assets</b>	<b>22,286,378</b>	<b>939,332</b>	<b>-</b>	<b>23,225,710</b>	<b>18,795,084</b>
<b>Due from affiliates</b>	<b>182,413</b>	<b>-</b>	<b>(182,413)</b>	<b>-</b>	<b>-</b>
<b>Deferred costs, net</b>	<b>796,836</b>	<b>-</b>	<b>-</b>	<b>796,836</b>	<b>932,821</b>
<b>Assets limited to use</b>	<b>1,450,300</b>	<b>-</b>	<b>-</b>	<b>1,450,300</b>	<b>1,374,265</b>
<b>Fixed assets, net</b>	<b>19,737,089</b>	<b>-</b>	<b>-</b>	<b>19,737,089</b>	<b>20,253,703</b>
	<b>\$44,453,016</b>	<b>\$939,332</b>	<b>\$(182,413)</b>	<b>\$45,209,935</b>	<b>\$41,355,873</b>

# Developmental Disabilities Institute, Inc. and Affiliate

## Combining Statement of Financial Position (with comparative totals for 2008)

December 31,

	Developmental Disabilities Institute, Inc.	DDI Foundation, Inc.	Eliminations	Combined total	
				2009	2008
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	\$ 1,802,468	\$ 13,655	\$ -	\$ 1,816,123	\$ 1,435,399
Accrued interest payable	346,426	-	-	346,426	353,311
Accrued payroll and related benefits	3,398,697	-	-	3,398,697	3,533,190
Accrued pension payable	803,488	-	-	803,488	971,877
Due to affiliate	-	182,413	(182,413)	-	-
Deferred revenue	574,202	-	-	574,202	353,122
Capital lease obligations	295,517	-	-	295,517	277,593
Mortgages and loans payable	756,168	-	-	756,168	670,466
Bonds payable	1,030,000	-	-	1,030,000	973,000
Due to governmental agencies	456,240	-	-	456,240	812,446
<b>Total current liabilities</b>	<b>9,463,206</b>	<b>196,068</b>	<b>(182,413)</b>	<b>9,476,861</b>	<b>9,380,404</b>
Accrued pension payable, less current portion	-	-	-	-	-
Deferred revenue, less current portion	1,050,616	-	-	1,050,616	889,803
Capital lease obligations, less current maturities	254,404	-	-	254,404	239,899
Mortgages and loans payable, less current maturities	2,423,058	-	-	2,423,058	2,900,469
Bonds payable, less current maturities	17,544,000	-	-	17,544,000	18,574,000
Due to governmental agencies, less current portion	2,726,909	-	-	2,726,909	2,693,713
<b>Total liabilities</b>	<b>33,462,193</b>	<b>196,068</b>	<b>(182,413)</b>	<b>33,475,848</b>	<b>34,678,288</b>
<b>Net assets:</b>					
Unrestricted net assets	10,990,823	26,572	-	11,017,395	6,635,593
Temporarily restricted net assets (Note 15)	-	716,692	-	716,692	41,992
<b>Total net assets</b>	<b>10,990,823</b>	<b>743,264</b>	<b>-</b>	<b>11,734,087</b>	<b>6,677,585</b>
	<b>\$44,453,016</b>	<b>\$939,332</b>	<b>\$(182,413)</b>	<b>\$45,209,935</b>	<b>\$41,355,873</b>

# Developmental Disabilities Institute, Inc. and Affiliate

## Combining Statement of Activities and Net Assets (with comparative totals for 2008)

Year ended December 31,

	Developmental Disabilities Institute, Inc.		DDI Foundation, Inc.		Combined total	
	Unrestricted	Unrestricted	Temporarily restricted	Total	2009	2008
<b>Program revenues:</b>						
Fees for services	\$81,371,610	\$ -	\$ -	\$ -	\$81,371,610	\$75,759,470
Government and other grants	1,328,987	-	-	-	1,328,987	1,739,539
Net patient service revenues	7,997,194	-	-	-	7,997,194	8,042,554
Other program revenues	1,655,695	-	-	-	1,655,695	1,542,536
Other income	441,741	-	-	-	441,741	235,708
Net assets released from restrictions (Note 14)	-	10,331	(10,331)	-	-	-
<b>Total program revenues</b>	<b>92,795,227</b>	<b>10,331</b>	<b>(10,331)</b>	<b>-</b>	<b>92,795,227</b>	<b>87,319,807</b>
<b>Expenses:</b>						
Program services:						
Education services	29,103,994	-	-	-	29,103,994	28,194,471
Article 28 Clinic services	8,231,008	-	-	-	8,231,008	7,926,913
Adult day services	16,347,601	-	-	-	16,347,601	16,149,834
Children's residential services	6,578,986	-	-	-	6,578,986	6,209,577
Adult residential services	22,872,702	-	-	-	22,872,702	21,644,938
<b>Total program services</b>	<b>83,134,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,134,291</b>	<b>80,125,733</b>
Supporting services:						
Management and general	5,359,258	-	-	-	5,359,258	5,545,060
Fundraising	-	265,397	-	265,397	265,397	281,779
<b>Total supporting services</b>	<b>5,359,258</b>	<b>265,397</b>	<b>-</b>	<b>265,397</b>	<b>5,624,655</b>	<b>5,826,839</b>
<b>Total expenses</b>	<b>88,493,549</b>	<b>265,397</b>	<b>-</b>	<b>265,397</b>	<b>88,758,946</b>	<b>85,952,572</b>
<b>Change in net assets before nonoperating revenues</b>	<b>4,301,678</b>	<b>(255,066)</b>	<b>(10,331)</b>	<b>(265,397)</b>	<b>4,036,281</b>	<b>1,367,235</b>
<b>Nonoperating revenues and expenses:</b>						
Capital campaign income	-	95,140	663,575	758,715	758,715	-
Capital campaign expenses	-	(95,140)	-	(95,140)	(95,140)	-
<b>Net revenues from capital campaign</b>	<b>-</b>	<b>-</b>	<b>663,575</b>	<b>663,575</b>	<b>663,575</b>	<b>-</b>
Special events revenues (Note 2(b))	-	337,483	-	337,483	337,483	440,851
Direct cost to donors	-	(130,856)	-	(130,856)	(130,856)	(173,932)
<b>Net revenues from special events</b>	<b>-</b>	<b>206,627</b>	<b>663,575</b>	<b>870,202</b>	<b>206,627</b>	<b>266,919</b>
Contributions	13,372	63,172	21,456	84,628	98,000	138,111
Gain on sale of fixed assets	44,283	-	-	-	44,283	27,779
Unrealized gains (losses) on investments	-	(991)	-	(991)	(991)	1,555
Interest income	8,437	290	-	290	8,727	45,370
<b>Total nonoperating revenues</b>	<b>66,092</b>	<b>269,098</b>	<b>685,031</b>	<b>954,129</b>	<b>1,020,221</b>	<b>479,734</b>
<b>Change in net assets</b>	<b>4,367,770</b>	<b>14,032</b>	<b>674,700</b>	<b>688,732</b>	<b>5,056,502</b>	<b>1,846,969</b>
<b>Net assets, beginning of year</b>	<b>6,623,053</b>	<b>12,540</b>	<b>41,992</b>	<b>54,532</b>	<b>6,677,585</b>	<b>4,830,616</b>
<b>Net assets, end of year</b>	<b>\$10,990,823</b>	<b>\$ 26,572</b>	<b>\$716,692</b>	<b>\$ 743,264</b>	<b>\$11,734,087</b>	<b>\$ 6,677,585</b>