



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B35133

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

November 18, 2009

Board of Directors
Youth Services Bureau of
Huntington County, Inc.
1344 Maple Drive
Huntington, IN 46750

We have reviewed the audit report prepared by David Culp & Co., LLP, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Youth Services Bureau of Huntington County, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the finding in the report. The management letter contains one comment.

STATE BOARD OF ACCOUNTS

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

AUDIT REPORT

DECEMBER 31, 2008 AND 2007

CONTENTS

	Page No.
Independent auditor's report	1
Comparative statement of financial position	2
Statement of activities for the year ended December 31, 2008	3
Statement of activities for the year ended December 31, 2007 (Restated)	4
Statement of functional expenses for the year ended December 31, 2008	5
Statement of functional expenses for the year ended December 31, 2007	6
Comparative statement of cash flows	7
Notes to comparative financial statements	8
Statement of program expenses	12
Schedule of expenditures of federal, state and local awards	13

To the Board of Directors
Youth Services Bureau of Huntington County, Inc.
Huntington, Indiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of Youth Services Bureau of Huntington County, Inc. (the Organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Services Bureau of Huntington County, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the statement of program expenses and schedule of expenditures of federal, state and local awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
February 6, 2009

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

COMPARATIVE STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>Restated 2007</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Note 1	\$ 48,790	\$ 30,252
Cash and cash equivalents - Non-permanent - Note 7	18,646	5,139
Accounts receivable - Note 1	39,796	35,141
Prepaid expenses	<u>1,560</u>	<u>-</u>
Total current assets	<u>108,792</u>	<u>70,532</u>
<u>Fixed Assets - Note 1:</u>		
Land and buildings	190,000	190,000
Building improvements	17,776	14,998
Office furniture and equipment	11,276	10,146
Land improvements	<u>19,250</u>	<u>-</u>
	238,302	215,144
<u>Less:</u> Accumulated depreciation	<u>23,868</u>	<u>18,213</u>
Total fixed assets	<u>214,434</u>	<u>196,931</u>
Total assets	<u>\$323,226</u> =====	<u>\$267,463</u> =====

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 1,806	\$ 150
Accrued and withheld payroll taxes	3,257	11,293
Funds held for others - Note 7	<u>18,646</u>	<u>5,139</u>
Total current liabilities	<u>23,709</u>	<u>16,582</u>
<u>Net Assets:</u>		
Unrestricted	291,046	245,331
Temporarily restricted - Note 3	<u>8,471</u>	<u>5,550</u>
Total net assets	<u>299,517</u>	<u>250,881</u>
Total liabilities and net assets	<u>\$323,226</u> =====	<u>\$267,463</u> =====

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

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue, gains and other support -</u>			
Contributions - Note 1	\$ 47,686	\$ -	\$ 47,686
United Way	49,500	-	49,500
Grants	127,787	3,073	130,860
Fees	164,720	-	164,720
Special events -			
Proceeds	4,411	-	4,411
Less: Direct benefits to donors	(1,383)	-	(1,383)
Interest	<u>203</u>	<u>-</u>	<u>203</u>
Total revenues, gains and other support before net assets released from program restrictions	392,924	3,073	395,997
Net assets released from program restrictions	<u>152</u>	<u>(152)</u>	<u>-</u>
Total revenues, gains and other support	<u>393,076</u>	<u>2,921</u>	<u>395,997</u>
<u>Expenses -</u>			
Program	281,516	-	281,516
Management and general	61,312	-	61,312
Fundraising	<u>4,533</u>	<u>-</u>	<u>4,533</u>
Total expenses	<u>347,361</u>	<u>-</u>	<u>347,361</u>
Change in net assets	45,715	2,921	48,636
<u>Net assets, beginning of year</u>	<u>245,331</u>	<u>5,550</u>	<u>250,881</u>
<u>Net assets, end of year</u>	\$ 291,046 =====	\$ 8,471 =====	\$299,517 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007 (RESTATED)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue, gains and other support -</u>			
Contributions - Note 1	\$ 58,281	\$ -	\$ 58,281
In-kind contributions - Note 1	-	-	-
United Way	35,614	-	35,614
Grants	129,854	2,924	132,778
Fees	133,904	-	133,904
Special events -			
Proceeds	7,096	-	7,096
Less: Direct benefits to donors	(1,161)	-	(1,161)
Interest	<u>125</u>	<u>-</u>	<u>125</u>
Total revenues, gains and other support before net assets released from program restrictions	363,713	2,924	366,637
Net assets released from program restrictions	<u>25,969</u>	<u>(25,969)</u>	<u>-</u>
Total revenues, gains and other support	<u>389,682</u>	<u>(23,045)</u>	<u>366,637</u>
<u>Expenses -</u>			
Program	261,257	-	261,257
Management and general	60,898	-	60,898
Fundraising	<u>6,473</u>	<u>-</u>	<u>6,473</u>
Total expenses	<u>328,628</u>	<u>-</u>	<u>328,628</u>
Change in net assets	61,054	(23,045)	38,009
<u>Net assets, beginning of year</u>	<u>184,277</u>	<u>28,595</u>	<u>212,872</u>
<u>Net assets, end of year</u>	\$ 245,331 =====	\$ 5,550 =====	\$250,881 =====

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

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2008

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$211,859	\$ 43,023	\$ 2,812	\$257,694
Employee benefits	9,321	19	-	9,340
Payroll taxes	<u>19,559</u>	<u>183</u>	<u>-</u>	<u>19,742</u>
Total salaries and related expenses	240,739	43,225	2,812	286,776
Occupancy	8,920	991	-	9,911
Contracted services	540	-	-	540
Supplies	4,797	1,981	224	7,002
Telephone	5,528	265	159	5,952
Legal and professional	-	5,683	-	5,683
Printing	3,807	-	205	4,012
Professional liability insurance	1,987	1,494	-	3,481
Dues	600	2,211	-	2,811
Training and conferences	1,964	479	-	2,443
Building repair	1,116	610	-	1,726
Miscellaneous	20	(500)	-	(480)
Postage	702	161	431	1,294
Travel	4,788	1,386	-	6,174
Interest expenses	-	(167)	-	(167)
Advertising - Note 1	271	110	702	1,083
Small equipment	41	1,596	-	1,637
Volunteer recognition	-	1,330	-	1,330
Depreciation - Note 1	<u>5,696</u>	<u>457</u>	<u>-</u>	<u>6,153</u>
Total expenses	\$281,516	\$ 61,312	\$ 4,533	\$347,361
	=====	=====	=====	=====

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

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2007

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$186,580	\$ 44,248	\$ 3,777	\$234,605
Employee benefits	6,859	484	-	7,343
Payroll taxes	<u>14,291</u>	<u>3,389</u>	<u>289</u>	<u>17,969</u>
Total salaries and related expenses	207,730	48,121	4,066	259,917
Occupancy	8,623	1,025	-	9,648
Contracted services	9,575	-	-	9,575
Supplies	6,783	1,195	643	8,621
Property taxes	1,917	228	-	2,145
Telephone	4,901	290	141	5,332
Legal and professional	-	4,374	-	4,374
Printing	3,947	-	359	4,306
Professional liability insurance	2,016	1,494	-	3,510
Dues	625	2,170	-	2,795
Fundraising	-	-	195	195
Training and conferences	2,201	(767)	15	1,449
Building repair	2,173	846	-	3,019
Miscellaneous	2,156	(1,402)	-	754
Postage	794	626	336	1,756
Travel	1,559	611	-	2,170
Interest expenses	-	349	-	349
Advertising - Note 1	135	-	718	853
Small equipment	965	392	-	1,357
Volunteer recognition	600	895	-	1,495
Depreciation - Note 1	<u>4,557</u>	<u>451</u>	<u>-</u>	<u>5,008</u>
Total expenses	\$261,257	\$ 60,898	\$ 6,473	\$328,628
	=====	=====	=====	=====

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

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

COMPARATIVE STATEMENT OF CASH FLOWS

DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>Restated 2007</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 48,636	\$ 38,009
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	6,153	5,008
(Increase) decrease in -		
Accounts receivable	(4,655)	(19,400)
Prepaid expenses	(1,560)	-
Increase (Decrease) in -		
Accounts payable	1,656	(242)
Accrued and withheld payroll taxes	(8,036)	11,268
Accrued property taxes	-	(5,780)
Assets held for agency	<u>13,507</u>	<u>5,139</u>
Net cash provided by operating activities	<u>55,701</u>	<u>34,002</u>
 <u>Cash flows from investing activities:</u>		
Purchase of fixed assets	(23,656)	(12,640)
Net (decrease) in line of credit	<u>-</u>	<u>(15,000)</u>
Net cash (used in) investing activities	<u>(23,656)</u>	<u>(27,640)</u>
 <u>Net increase in cash and cash equivalents</u>	32,045	6,362
 <u>Cash and cash equivalents at beginning of year</u>	<u>35,391</u>	<u>29,029</u>
 <u>Cash and cash equivalents at end of year</u>	\$ 67,436 =====	\$ 35,391 =====
 <u>Supplemental disclosures of cash flow information:</u>		
Cash paid during the year for -		
Interest	\$ - =====	\$ 349 =====

The accompanying notes are integral part of these financial statements.

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies -

Organization - Youth Services Bureau of Huntington County, Inc. (Organization) is an Indiana non-profit corporation organized on March 25, 1987. Its purpose is to provide community education and outreach, delinquency prevention, advocacy for youth and youth issues and information and referral on youth and family issues.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

In the accompanying Statement of Financial Position, net assets that have similar characteristics are presented based on donor restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time.

Contributions - All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, this support is reported as unrestricted revenue. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies
(Continued) -

Cash and cash equivalents - For the purpose of reporting cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Fixed assets - Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. Items with a cost or value of \$500 or more and a useful life of one year or more are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

Depreciation - Depreciation charged against income was \$6,153 and \$5,008 for the years ended December 31, 2008 and 2007, respectively.

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

Federal income taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

In-kind contributions - In-kind contributions of services, equipment and supplies are recognized as revenue and expenses or capital assets and are recorded at market value on the date received. Limited amounts have been reported in the financial statements for donated services because they do not meet the accounting guidelines for reporting.

- David Culp & Co. LLP, Certified Public Accountants -

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 1: Organization and summary of significant accounting policies (Continued) -

Accounts receivable - Accounts receivable are due from government and other significant funding sources. Based on historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Advertising - Advertising costs are charged to operations when incurred. Total advertising costs expensed during the years ended December 31, 2008 and 2007 was \$1,083 and \$853, respectively.

Note 2: Line of credit - The Organization has entered into an agreement with Lake City Bank for a line of credit in the maximum amount of \$20,000. The agreement is secured by substantially all of the Organization's assets. The interest rate is 1.75% over Lake City's base rate which is 5.0% and 9.0% at December 31, 2008 and 2007, respectively. The balance drawn on the line of credit at December 31, 2008 and 2007 is none.

Note 3: Temporarily restricted net assets - Temporarily restricted net assets are restricted for the following:

	<u>2008</u>	<u>Restated 2007</u>
Child abuse prevention	\$ -	\$ 98
Teen court	3,000	3,000
Unemployment reserve	5,415	2,362
MAD Camp equity	<u>56</u>	<u>90</u>
Total	\$ 8,471	\$ 5,550
	=====	=====

Note 4: Operating lease - The Organization leases equipment under a five year operating lease that requires monthly payments of \$282 and expires October 2011. Rent expense for the years ended December 31, 2008 and 2007 for the operating lease was \$3,385 and \$3,361, respectively.

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

Note 4: Operating lease (Continued) -

Minimum future lease payments as of December 31, 2008 were as follows:

Year ending December 31:	
2009	\$3,384
2010	3,384
2011	<u>2,820</u>
Total	\$9,588 =====

Note 5: Credit risk and concentrations - The Organization receives substantial support from federal, state and local governments. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

Note 6: Community Foundation funds - The Huntington County Community Foundation holds funds donated on behalf of Youth Services Bureau of Huntington County, Inc. totaling \$35,364 and \$53,466 at December 31, 2008 and 2007, respectively. This balance has not been recorded as an asset of the Organization because the Community Foundation has maintained variance power over these funds. A portion of the earnings from these funds is made available to the Organization each year. At December 31, 2008 and 2007, none and \$2,139 was available for distribution in the following year, respectively.

Note 7: Correction of error - In 2007, the Organization received money from an agency to be held in the Organization's checking account. The funds were set up as a temporarily restricted net asset and should have been set up as a pass-through liability. Therefore, the 2007 Statement of Activities has been restated to remove all revenues as temporarily restricted funds and included as other current liabilities. The effect of the error is a decrease of \$5,139 in net assets.

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

STATEMENT OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

	Comm- unity Edu- cation	Tobacco Edu- cation	Safe Place Host Home	Home Based Services	Visi- tation	Mentor- ing Parents	Empow- ering Parents	Students Out Of School	Teen Court	Other	Total	
											2008	2007
Salaries	\$ 3,468	\$1,493	\$17,517	\$117,067	\$3,289	\$5,759	\$ 7,401	\$31,786	\$ 7,352	\$16,727	\$211,859	\$186,580
Employee benefits	229	207	816	3,429	384	492	595	1,042	379	1,748	9,321	6,859
Payroll taxes	265	114	1,340	8,956	252	441	566	2,432	563	4,630	19,559	14,291
Total salaries and related expenses	3,962	1,814	19,673	129,452	3,925	6,692	8,562	35,260	8,294	23,105	240,739	207,730
Occupancy	248	188	811	1,877	589	726	751	1,751	545	1,434	8,920	8,623
Contracted services	-	-	-	460	-	-	80	-	-	-	540	9,575
Supplies	676	21	254	400	54	664	209	1,374	153	992	4,797	6,783
Property taxes	-	-	-	-	-	-	-	-	-	-	-	1,917
Telephone	265	53	1,468	1,454	106	424	424	265	265	804	5,528	4,901
Printing	291	41	287	1,270	41	205	615	205	205	647	3,807	3,947
Professional liability insurance	99	40	278	596	159	99	159	159	99	299	1,987	2,016
Building repair	-	-	-	-	-	-	-	-	-	1,116	1,116	2,173
Training and conferences	420	-	40	-	-	13	-	30	183	1,278	1,964	2,201
Miscellaneous	-	-	-	19	-	-	-	-	-	1	20	2,156
Travel	-	-	188	4,425	-	-	-	-	-	175	4,788	1,559
Postage	160	6	32	25	3	13	16	3	48	396	702	794
Dues	-	-	600	-	-	-	-	-	-	-	600	625
Small equipment	-	-	-	-	-	-	-	-	-	41	41	965
Volunteer recognition	-	-	-	-	-	-	-	-	-	-	-	600
Advertising	-	-	95	106	-	-	-	-	70	-	271	135
Depreciation	94	43	465	3,063	93	158	203	834	196	547	5,696	4,557
Total expenses	\$ 6,215	\$2,206	\$24,191	\$143,147	\$4,970	\$8,994	\$11,019	\$39,881	\$10,058	\$30,835	\$281,516	\$261,257
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

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

YOUTH SERVICES BUREAU OF HUNTINGTON COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Or Pass-Through Number</u>	<u>Expendi- tures</u>
<u>Federal:</u>			
U.S. Department of Health and Human Services -			
Runaway and Homeless Youth	96.623	Indiana Juvenile Justice Task Force	\$ 10,582
Child Welfare Services - State Grants	93.645	Indiana Depart- ment of Child Services	<u>71,386</u>
Total federal assistance			<u>81,968</u>
<u>State of Indiana:</u>			
Indiana Youth Service Association			43,950
Indiana Department of Child Services -			
Child Welfare Services - State Grants			19,351
Safe Place Grant			<u>47,767</u>
Total state assistance			<u>111,068</u>
<u>Local:</u>			
Huntington County			42,988
City of Huntington			<u>26,000</u>
Total local assistance			<u>68,988</u>
Total federal, state and local awards			\$262,024 =====

February 6, 2009

To the Board of Directors
Youth Services Bureau of Huntington County, Inc.

We have audited the financial statements of Youth Services Bureau of Huntington County, Inc. for the year ended December 31, 2008, and have issued our report thereon dated February 6, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit, we considered the internal control of Youth Services Bureau of Huntington County, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the Executive Director in our meeting about planning matters on December 18, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Youth Services Bureau of Huntington County, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The correcting entries are attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 6, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In our audit, we noted one item that needs to be brought to the attention of the Board of Directors. The Organization received funds from a local agency that were deposited in the Organization's checking account. Since the agency does not have a checking account, the Organization is handling their cash transactions. A contract designating the Organization's responsibilities was not prepared. Therefore, we recommend the preparation of a contract documenting the Organization's responsibilities and controls of receipts and disbursements.

To the Board of Directors
Youth Services Bureau of Huntington County, Inc.
Page 4
February 6, 2009

This information is intended solely for the use of the Board of Directors and management of Youth Services Bureau of Huntington County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP
Certified Public Accountants

Enclosure

To the Board of Directors
Youth Services Bureau of Huntington County, Inc.

In planning and performing our audit of the financial statements of Youth Services Bureau of Huntington County, Inc. (the Organization) as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Youth Services Bureau of Huntington County, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

1. Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Organization does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
February 6, 2009