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February 10, 2010

Board of Directors
Montgomery County
Youth Service Bureau, Inc.
209 E. Pike St.
Crawfordsville, IN 47933

We have reviewed the audit report prepared by Larry E. Nunn & Associates, LLC, 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 Montgomery County Youth Service Bureau, 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 findings in the report. Page 15 contains two current audit findings.

STATE BOARD OF ACCOUNTS

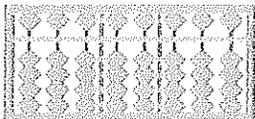
**MONTGOMERY COUNTY
YOUTH SERVICE BUREAU, INC.**

FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

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From Vision to Solution

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Youth Service Bureau, Inc.
Crawfordsville, Indiana

We have audited the accompanying statement of financial position of Montgomery County Youth Service Bureau, Inc. (a nonprofit Association) 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 Association'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 the 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 Montgomery County Youth Service Bureau, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2009, on our consideration of Montgomery County Youth Service Bureau, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plainfield, Indiana
August 18, 2009

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
STATEMENTS OF FINANCIAL POSITION
December 31

	2008			2007			
	Unrestricted	Temporarily		Unrestricted	Permanently		Totals
		Restricted	Restricted		Restricted	Restricted	
ASSETS							
Cash and cash equivalents	\$ 76,754	\$ 31,960	\$ -	\$ 108,714	\$ 110,360	\$ -	\$ 110,360
Certificates of deposit, at cost	21,559	-	-	21,559	20,820	-	20,820
Beneficial interest in Montgomery County Community Foundation							
Endowment Fund	(11,079)	-	40,000	28,921	-	30,000	30,000
Grants receivable	75,755	-	-	75,755	42,938	-	42,938
Prepaid Expenses	5,617	-	-	5,617	4,435	-	4,435
Leasehold improvements and equipment	76,067	-	-	76,067	71,928	-	71,928
Accumulated Depreciation	(37,642)	-	-	(37,642)	(34,651)	-	(34,651)
Total assets	\$ 207,031	\$ 31,960	\$ 40,000	\$ 278,991	\$ 215,830	\$ 30,000	\$ 245,830
LIABILITIES							
Accounts payable	\$ 10,361	\$ -	\$ -	\$ 10,361	\$ 8,879	\$ -	\$ 8,879
Total liabilities	10,361	-	-	10,361	8,879	-	8,879
NET ASSETS							
Unrestricted	196,670	-	-	196,670	206,951	-	206,951
Temporarily restricted	-	31,960	-	31,960	-	-	-
Permanently restricted	-	-	40,000	40,000	-	30,000	30,000
Total net assets	196,670	31,960	40,000	268,630	206,951	30,000	236,951
Total liabilities and net assets	\$ 207,031	\$ 31,960	\$ 40,000	\$ 278,991	\$ 215,830	\$ 30,000	\$ 245,830

See accompanying notes to financial statements and independent auditor's report.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31

	2008			2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Permanently Restricted	Totals
REVENUES							
Federal grant income	\$ 39,202	\$ -	\$ -	\$ 39,202	\$ 67,501	\$ -	\$ 67,501
State and local grant income	441,917	4,501	-	446,418	391,652	-	391,652
Grant income	61,059	30,748	-	91,807	55,550	-	55,550
Contributions	67,819	2,500	-	70,319	63,221	-	63,221
In-Kind Donations	19,737	-	-	19,737	27,179	-	27,179
Miscellaneous	1,873	-	-	1,873	4,382	-	4,382
Investment income (loss)	(8,699)	-	-	(8,699)	4,897	-	4,897
Release of Assets from restrictions	5,789	(5,789)	-	-	-	-	-
Total revenues	628,697	31,960	-	660,657	614,382	-	614,382
EXPENSES							
Program services	589,807	-	-	589,807	554,553	-	554,553
Supporting services							
General and administrative	30,190	-	-	30,190	20,614	-	20,614
Fundraising	8,981	-	-	8,981	9,113	-	9,113
Total supporting services	39,171	-	-	39,171	29,727	-	29,727
Total expenses	628,978	-	-	628,978	584,280	-	584,280
Change in net assets	(281)	31,960	-	31,679	30,102	-	30,102
Transfer of funds to Montgomery County Community Foundation Endowment Fund	(10,000)	-	10,000	-	(30,000)	30,000	-
NET ASSETS - beginning of the year	206,951	-	30,000	236,951	206,849	-	206,849
NET ASSETS - end of year	\$ 196,670	\$ 31,960	\$ 40,000	\$ 268,630	\$ 206,951	\$ 30,000	\$ 236,951

See accompanying notes to financial statements and independent auditor's report.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
STATEMENTS OF CASH FLOW
For the Years Ended December 31

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 31,679	\$ 30,102
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,534	3,223
MCCF - net investment loss	11,079	-
Loss on disposal of assets	169	3,994
Interest earned on certificates of deposit and reinvested	(739)	(3,094)
(Increase) decrease in:		
Grants receivable	(32,817)	5,639
Prepaid expenses	(1,185)	(988)
(Decrease) increase in:		
Accounts payable	1,482	(1,980)
	<u>14,202</u>	<u>36,896</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of fixed assets	(5,848)	(12,761)
	<u>(5,848)</u>	<u>(12,761)</u>
Net Cash Used by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of certificate of deposit	-	33,997
Transfer of funds to Montgomery County Community Foundation Endowment Fund	(10,000)	(30,000)
	<u>(10,000)</u>	<u>3,997</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(1,646)	28,132
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>110,360</u>	<u>82,229</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 108,714</u>	<u>\$ 110,360</u>

See accompanying notes to financial statements and independent auditor's report.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2008

	Program Services										Supporting Services			Totals (Memo Only)
	Health & Family	CASA	Community Services	Safe Schools	REIN/cur	Teen Court	Monitoring Monis	YAR	Car Seat Safety	Totals	General and Administrative	Fundraising	Totals	
Personnel Costs														
Salaries	\$ 238,488	\$ 63,475	\$ 12,937	\$ 43,467	\$ 10,236	\$ 23,350	\$ 4,854	\$ 14,686	\$ 1,809	\$ 413,302	\$ 14,132	\$ 7,964	\$ 22,096	\$ 433,398
Fringe benefits	18,448	4,245	240	3,116	533	1,629	390	1,016	89	29,706	987	532	1,519	31,225
Total personnel costs	256,936	67,720	13,177	46,583	10,769	24,979	5,244	15,702	1,898	443,008	15,119	8,496	23,615	466,623
Conferences and training	3,723	450	11	313	23	154	171	77	142	5,064	612	-	612	5,676
Depreciation	1,827	551	312	533	138	304	171	218	92	4,146	381	7	388	4,534
Dues, fees and subscriptions	300	100	-	-	-	-	-	-	-	400	2,936	-	2,936	3,336
Insurance	2,411	991	603	1,055	363	688	303	517	266	7,197	1,492	26	1,518	8,715
Occupancy	14,295	2,265	1,657	2,530	973	1,752	779	1,363	779	26,393	3,892	-	3,892	30,285
Office supplies and expense	7,604	1,149	839	2,071	1,019	1,347	555	921	74	15,579	2,413	19	2,432	18,011
Marketing	114	4,981	-	4,013	-	-	-	-	-	9,108	425	-	425	9,533
Minor equipment	552	320	232	378	145	261	116	203	116	2,323	581	-	581	2,904
Miscellaneous	-	-	-	-	-	-	-	-	-	-	190	-	190	190
Professional fees	2,475	693	149	520	149	248	74	198	50	4,556	297	99	396	4,952
Program expenses	11,141	9,377	509	7,986	8,334	1,193	1,137	2,476	3,154	45,307	559	189	748	46,055
Telephone	6,365	429	312	507	195	351	156	273	156	8,744	780	-	780	9,524
Travel	12,747	1,731	25	309	-	457	73	481	14	15,837	513	145	658	16,495
YAR grants	-	-	-	-	-	-	-	2,145	-	2,145	-	-	-	2,145
Total functional expenses	\$ 320,490	\$ 90,757	\$ 17,826	\$ 66,798	\$ 22,108	\$ 31,734	\$ 8,779	\$ 24,574	\$ 6,741	\$ 589,807	\$ 30,190	\$ 8,981	\$ 39,171	\$ 628,978

See accompanying notes to financial statements and independent auditor's report.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Program Services										Supporting Services			Totals (Memo Only)	
	Health & Family	CASA	Community Service	JUMP	REINdeer	Teen Court	Car Seat Safety	YAR	Totals	General and Administrative	Fundraising	Totals			
Personnel Costs															
Salaries	\$ 226,771	\$ 50,087	\$ 3,517	\$ 59,566	\$ 7,975	\$ 19,359	\$ 2,032	\$ 7,872	\$ 376,979	\$ 14,287	\$ 6,249	\$ 20,536	\$ 397,515		
Fringe benefits	18,898	1,972	366	4,573	724	1,956	101	769	29,359	851	299	1,150	30,509		
Total personnel costs	245,669	52,059	3,883	63,959	8,699	21,315	2,133	8,641	406,338	15,138	6,548	21,686	428,024		
Conferences and training	2,848	991	-	-	-	-	-	-	3,839	294	-	294	4,133		
Depreciation	1,625	239	187	456	10	249	10	208	2,984	239	-	239	3,223		
Dues, fees and subscriptions	1,345	320	55	495	14	138	14	133	2,514	688	-	688	3,202		
Insurance	1,742	329	264	474	36	144	9	70	3,068	86	7	93	3,161		
Occupancy	18,599	2,362	1,722	4,664	111	2,285	111	1,842	31,696	851	1,699	2,550	34,246		
Office supplies and expense	6,017	566	140	1,870	946	646	42	434	10,661	1,512	656	2,168	12,829		
Marketing	525	323	17	12,795	4	42	4	25	13,735	-	-	-	13,735		
Minor equipment	1,246	204	160	390	9	213	9	177	2,408	204	-	204	2,612		
Miscellaneous	1,001	501	392	958	22	522	22	435	3,853	496	-	496	4,349		
Professional fees	2,835	405	90	810	-	225	-	135	4,500	-	-	-	4,500		
Program expenses	11,036	5,476	216	11,359	9,452	1,578	2,995	3,108	45,220	27	-	27	45,247		
Telephone	5,847	407	319	778	18	425	18	354	8,166	204	203	407	8,573		
Travel	10,885	954	116	424	47	240	7	545	13,218	875	-	875	14,093		
Y.A.R. grants	-	-	-	-	-	-	-	2,353	2,353	-	-	-	2,353		
Total functional expenses	\$ 311,220	\$ 65,136	\$ 7,561	\$ 99,412	\$ 19,368	\$ 28,022	\$ 5,374	\$ 18,460	\$ 554,553	\$ 20,614	\$ 9,113	\$ 29,727	\$ 584,280		

See accompanying notes to financial statements and independent auditor's report.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES

Nature of Operations – The Montgomery County Youth Service Bureau, Inc. (YSB) was established in 1971 by the League of Women Voters and a group of citizens concerned about juvenile delinquency. Since then, YSB has continued to fulfill its mission to help young people become productive citizens through youth advocacy, community education, delinquency prevention, direct services and referrals.

Program Services – Grant revenues are recorded as earned and the grant expenses are recognized when incurred for a grant-related obligation. The following program services are included in the accompanying financial statements:

Healthy Families – YSB believes parenting is one of the toughest, yet most important jobs anyone will ever have. Healthy Families is designed to help parents of new-born children living at or near poverty to establish goals based on their strengths and needs, learn problem solving skills, improve the family's support network, and encourage positive parent/child interaction to promote healthy childhood growth and development.

Court Appointed Special Advocates (CASA) – CASA provides a voice for the most vulnerable in our community; children who have suffered from abuse, neglect or abandonment. YSB recruits and trains adult volunteers to be effective advocates for the best interest of a specific child in need of services as that child works his or her way through the court and foster care systems. CASAs help children by investigating and reporting to the court the child's and family's circumstances; by recommending services and solutions conducive to the best interests of the child; and by giving the child a voice in what is otherwise a very adult process. It is the CASA's goal to see a child placed in the safest, most permanent home available and to protect that child from further abuse and neglect.

Community Service Programs

Mentoring Moms – The program matches young mothers with women in our community who volunteer to share their life experiences and their friendship. By meeting together two to three times a month and by encouraging participation in monthly family support meetings, the Mentoring Mom volunteer helps the young mother accomplish her goals and move toward self-sufficiency and good parenting.

Service Learning & Community Service Coordination – Under an agreement with the Montgomery County Circuit Court, YSB coordinates community service for all juvenile offenders; those who have been deferred to Teen Court as well as those whose cases have been processed through Juvenile Probation. YSB also offers a Service Learning component to engage the juvenile offenders in a way that gives them a sense of ownership and accomplishment in the project they undertake.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)

Juvenile Mentoring Program (JUMP) – Although not nationally affiliated, the program is modeled after the successful Big Brothers Big Sisters program found in larger communities. JUMP provides one-to-one relationships in which trust can be built. Mentors show children someone cares about them and encourage them to care about themselves in an effort to help them realize their fullest potential. Most of the children in the program live in families with incomes at or near the poverty level and about 30% of them have at least one parent incarcerated in state or federal prison. Parents of children in the program regularly report that their child is happier, better behaved, doing better in school, and has become involved with extra-curricular activities since getting a mentor. Children who are mentored are also less likely to start using drugs, to begin drinking, or to drop out of school.

Reach Everyone In Need Dear (REINdear) – REINdear provides clothing, books, school supplies and a few special holiday gifts to local children whose families may not otherwise be able to purchase gifts. YSB partners with schools and other service agencies from around the county to provide referrals of children in need. Then, through the generous support of the employees and members for dozens of business, churches, civic groups, and social clubs who purchase the gifts, YSB and its partners are able to deliver presents in time for the holidays.

Teen Court – If a teen is a first time non-violent offender or if the Probation Department believes a teen can benefit from the experience, the County can refer a case to Teen Court. With the support of an YSB Coordinator and adult volunteer “judges”, teens run Teen Court by serving not only as defendants but also as jurors, prosecutors, defense attorneys, clerks and bailiffs. Through Teen Court, all involved have the opportunity to serve the community and themselves through the practice of citizenship, responsibility, integrity, accountability, and empathy. Teen Court also allows a bit more flexibility than the juvenile system and offers a young person the chance to completely clear their juvenile record.

Car Seat Safety & Inspection Program – The program educates parents and grandparents on the selection and installation of car seats, as well as provides free car seats to families living at or near the poverty level.

Youth as Resources (YAR) – YAR unites youth and adults to identify community needs and address those needs through youth philanthropy and youth sponsored community service projects. In addition to direct involvement, YAR also promotes philanthropy among all youth by providing mini-grants in support of youth sponsored service projects.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies

Estimates - The presentation of financial statements are in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - The YSB follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Associations," and SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Under SFAS No. 117, the YSB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. YSB did not have any temporarily restricted net assets as of December 31, 2007.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the YSB considers investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Allowance For Doubtful Accounts – The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. At December 31, 2008 and 2007, management estimated that no allowance was needed.

Contributions – In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Gifts and contributions are recorded at fair value. YSB did not have any contributions that were temporarily or permanently restricted as of December 31, 2008 and 2007.

Federal Income Tax – The YSB is exempt from Income Tax under Internal Revenue Code Section 501 (c) (3). However a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)

Furniture and Equipment – Purchases of furniture and equipment in excess of \$500 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received and depreciated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 10 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

Compensated Absences – Employees of the YSB are entitled to paid vacation days which are earned at various rates depending on the years of service. As of December 31, 2008 and 2007, accrued vacation time was \$8,625 and \$7,919, respectively, and is included in accounts payable in the statement of financial position.

Statement of Cash Flows – The indirect method is used to report cash flows from operating activities.

Functional Expenses – Expenses are charged to program, administrative, or fundraising based on a combination of specific identification, allocation by management and as allowed by specific grant agreements.

Note 2 – CASH IN EXCESS OF FDIC LIMIT

The YSB maintains bank accounts which periodically exceed the FDIC guarantee limit during the year. At December 31, 2008 and 2007, the YSB had bank accounts, including certificates of deposit, which were in excess of the FDIC limit by approximately \$-0- and \$16,823, respectively.

Note 3 – GRANTS RECEIVABLE

As of December 31, the grants receivable consisted of the following:

	2008	2007
Indiana Department of Child Services:		
Healthy Families	\$ 61,064	\$ 29,014
YSB Grant	6,667	3,333
Montgomery County Schools	-	2,807
REINdear Funds	4,000	3,000
Indiana Youth Institute	3,326	3,831
Other	<u>698</u>	<u>953</u>
Totals	<u>\$ 75,755</u>	<u>\$ 42,938</u>

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 4 – MONTGOMERY COUNTY COMMUNITY FOUNDATION ENDOWMENT FUND

On October 23, 2007, the YSB transferred funds in the amount of \$30,000 to the Montgomery County Community Foundation Endowment Fund (MCCF). They established the Youth Service Bureau Fund (Fund) for the purpose to provide support to the YSB to carry out its role and mission as described by its governing documents. Annually, the YSB can receive a portion of the fair market value of the Fund as of the end of the previous calendar year in accordance with the spending policies adopted by the Board of Directors of MCCF. For the years ending December 31, 2008 and 2007, there were not any distributions made to the YSB. The Fund is permanently restricted.

On June 24, 2008, the YSB transferred funds in the amount of \$10,000 to the Montgomery County Community Foundation Endowment Fund (MCCF). They established the Youth Service Bureau's Youth as Resources Fund (YAR Fund) for the purpose to provide support to YAR, a program of YSB. Annually, the YSB can receive a portion of the fair market value of the Fund as of the end of the previous calendar year in accordance with the spending policies adopted by the Board of Directors of MCCF. For the year ending December 31, 2008, there were not any distributions made to the YSB. The Fund is permanently restricted.

As of December 31, the fair market values of the Funds were as follows:

	2008	2007
Fund	\$ 21,227	\$ 30,000
YAR Fund	<u>7,694</u>	<u>-</u>
Total	<u>\$ 28,921</u>	<u>\$ 30,000</u>

As of December 31, the Funds were presented in the statements of financials position as follows:

	2008	2007
Unrestricted	\$ (11,079)	\$ -
Premanently restricted	<u>40,000</u>	<u>30,000</u>
	<u>\$ 28,921</u>	<u>\$ 30,000</u>

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 are available for the following programs:

	2008	2007
Mentoring Moms	\$ 15,411	\$ -
New HVAC unit	9,548	-
CASA	4,501	-
JUMP	<u>2,500</u>	<u>-</u>
	<u>\$ 31,960</u>	<u>\$ -</u>

Net assets were released from grant and donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2008	2007
Mentoring Moms	<u>\$ 5,789</u>	<u>\$ -</u>

Note 6 – IN-KIND DONATIONS AND VOLUNTEER SERVICES

The values of donated materials and services that have been reflected in the statement of activities as revenue with a corresponding offset to expense for the years ended December 31, 2008 and 2007 were as follows:

	2008	2007
Rent - land lease	\$ 9,993	\$ 9,993
Printing, publicity and education	1,059	8,750
Office supplies	1,875	1,597
Program costs	1,327	1,008
Random House books	480	3,422
REINdear gifts	<u>5,003</u>	<u>2,409</u>
Total	<u>\$ 19,737</u>	<u>\$ 27,179</u>

In addition to revenues and expenses reflected in the accompanying financial statements, YSB has significant in-kind services rendered by volunteers to assist them in their programs. These services include program, fundraising and various other services. These amounts are not reflected in the statement of activities as they do not qualify for recognition under SFAS No. 116.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 7 – NET INVESTMENT INCOME (LOSS)

For the years ending December 31, net investment income (loss) consisted of the following:

	2008	2007
MCCF		
Interest and dividends	\$ 888	\$ -
Realized gains (losses)	(323)	-
Unrelaized gains (losses)	(11,198)	-
Management and investment fees	(446)	-
Interest income	<u>2,380</u>	<u>4,897</u>
	<u>\$ (8,699)</u>	<u>\$ 4,897</u>

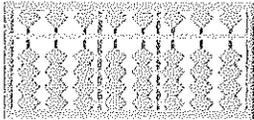
Note 8 – OFFICE FACILITIES AND OPERATING LEASE

The use of YSB’s main office facilities have been provided by a gift from a local church. The fair market value of the use of the facilities has been estimated by management at \$9,993 per year. This gift and the related cost have been included in gift-in-kind and occupancy costs on the statement of activities for the years ended December 31, 2008 and 2007.

The YSB leases additional office space. The operating lease covers one year periods without any formal renewals or extensions. The lease was renewed on September 1, 2008 and expires on August 31, 2009. Lease payments for the years ending December 31, 2008 and 2007 were \$7,700 and \$8,500, respectively.

Note 9 - EXISTENCE OF CONCENTRATION IN SUPPORT RECEIVED

The YSB received approximately 63% and 64% of its support from State of Indiana and Federal programs during 2008 and 2007, respectively. These funding sources represent 89% and 82% of the December 31, 2008 and 2007 grants receivable, respectively. In the event that this support were to be eliminated, it is likely that the YSB would need to reduce its current operations. With the exception of Mentoring of Children of Prisoners, which concluded in September 2007, the YSB does not expect in any way that the support from these sources will be lost in the near term.



From Vision to Solution

**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
Montgomery County Youth Service Bureau, Inc.
Crawfordsville, Indiana

We have audited the financial statements of Montgomery County Youth Service Bureau, Inc. (a nonprofit Association) as of and for the year ended December 31, 2008 and have issued our report thereon dated August 18, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County Youth Service Bureau, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financials statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County Youth Service Bureau, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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.

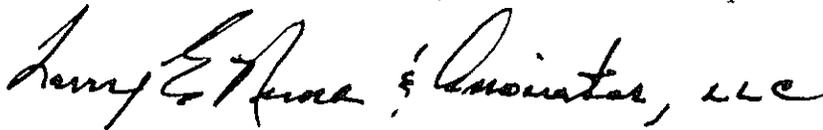
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, listed below, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material, yet important enough to merit attention by those charged with governance.

- Inadequate segregation of duties consistent with appropriate control objectives.
- Montgomery County Youth Service Bureau, Inc. does not have individuals who possess the qualifications and training necessary in order to apply generally accepted accounting principles in recording the entity's financial transactions and preparing its financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County Youth Service Bureau, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Plainfield, Indiana
August 18, 2009