



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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September 1, 2023

Board of Directors
Chances and Services for Youth, Inc.
1101 S. 13th St.
Terre Haute, IN 47802

We have reviewed the audit report of Chances and Services for Youth, Inc., which was opined upon by Comer, Nowling & Associates, PC, Independent Public Accountants, for the period October 1, 2021 to September 30, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Chances and Services for Youth, Inc. as of September 30, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling & Associates, PC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**Chances And Services For
Youth, Inc.**



**Financial Statements
For The Years Ended
September 30, 2022 and 2021
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

CHANCES AND SERVICES FOR YOUTH, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chances And Services for Youth, Inc.
Terre Haute, Indiana

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements Chances And Services for Youth, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chances And Services for Youth, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chances And Services for Youth, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chances And Services for Youth, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chances And Services for Youth, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chances And Services for Youth, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2023 on our consideration of the Chances And Services for Youth, 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 solely 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 effectiveness of the Chances And Services for Youth, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Chances And Services for Youth, Inc.'s internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

June 29, 2023

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|--------------|--------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,385,831 | \$ 1,100,460 |
| Certificates of deposit | 27,311 | 27,034 |
| Investments | 378,667 | 465,048 |
| Grants receivable | 420,566 | 918,120 |
| Other receivables | 9,589 | 34,809 |
| Total current assets | 2,221,964 | 2,545,471 |
| PROPERTY AND EQUIPMENT: | | |
| Property and equipment, net of accumulated depreciation | 256,180 | 242,710 |
| OTHER ASSETS | | |
| Beneficial interest in community foundation | 47,906 | 59,101 |
| Total assets | \$ 2,526,050 | \$ 2,847,282 |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|--------------|--------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 189,882 | \$ 481,426 |
| Accrued payroll and payroll expenses | 118,026 | 105,205 |
| PPP note payable | - | 246,200 |
| Total liabilities | 307,908 | 832,831 |
| NET ASSETS | | |
| Net assets without donor restrictions | 2,218,142 | 2,014,451 |
| Total net assets | 2,218,142 | 2,014,451 |
| Total liabilities and net assets | \$ 2,526,050 | \$ 2,847,282 |

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | 2022 | 2021 |
|---|-----------------------------|-----------------------------|
| | <u>Without Donor</u> | <u>Without Donor</u> |
| | <u>Restrictions</u> | <u>Restrictions</u> |
| SUPPORT | | |
| United Way allocations | \$ 44,696 | \$ 79,064 |
| Contributions | 117,785 | 110,992 |
| Special events and fundraising | 364,518 | 360,155 |
| | <hr/> | <hr/> |
| Total support | 526,999 | 550,211 |
| | <hr/> | <hr/> |
| REVENUE | | |
| Federal grants and contracts | 2,862,064 | 3,470,973 |
| State and local grants | 246,360 | 284,994 |
| Program service fees | 75,625 | 76,568 |
| Investment income | (91,216) | 72,511 |
| In-kind revenue | 377,100 | 361,684 |
| Forgiveness of debt | 246,200 | 246,200 |
| Other income | 16,426 | 9,847 |
| | <hr/> | <hr/> |
| Total revenue | 3,732,559 | 4,522,777 |
| | <hr/> | <hr/> |
| Total support and revenue | 4,259,558 | 5,072,988 |
| | <hr/> | <hr/> |
| FUNCTIONAL EXPENSES: | | |
| Child and Adult Care Food Program | 1,679,993 | 1,980,866 |
| Child Care Resource and Referral | 589,505 | 849,066 |
| Early Education | 36,202 | 46,796 |
| Big Brother Big Sisters of Vigo Co. | 223,121 | 195,217 |
| Tobacco Prevention and Cessation | 181,549 | 177,796 |
| Safe Kids | 8,753 | 1,547 |
| Teen Court | 49,778 | 50,486 |
| Out of School | 170,287 | 124,603 |
| Drug Free Communities | 261,491 | 217,128 |
| Healthy Start | 120,618 | 124,005 |
| | <hr/> | <hr/> |
| Total program services | 3,321,297 | 3,767,510 |
| | <hr/> | <hr/> |
| Management and general | 681,964 | 547,396 |
| Fundraising | 52,606 | 50,419 |
| | <hr/> | <hr/> |
| Total functional expenses | 4,055,867 | 4,365,325 |
| | <hr/> | <hr/> |
| Increase in net assets | 203,691 | 707,663 |
| | <hr/> | <hr/> |
| NET ASSETS, AT BEGINNING OF YEAR | 2,014,451 | 1,306,788 |
| | <hr/> | <hr/> |
| NET ASSETS, AT END OF YEAR | <u>\$ 2,218,142</u> | <u>\$ 2,014,451</u> |

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Child and Adult Care Program | Child Care Resource and Referral | Early Education | Big Brothers Big Sisters of Vigo Co. | Tobacco Prevention and Cessation | Safe Kids | Teen Court | Out of School | Drug Free Communities | Healthy Start | Total Program Services | Management and General | Fundraising | 2022 Totals |
|------------------------------------|------------------------------|----------------------------------|------------------|--------------------------------------|----------------------------------|-----------------|------------------|-------------------|-----------------------|-------------------|------------------------|------------------------|------------------|--------------------|
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Salaries and wages | \$ 95,270 | \$ 351,728 | \$ 17,795 | \$ 118,715 | \$ 109,294 | \$ - | \$ 34,388 | \$ 76,933 | \$ 58,949 | \$ 92,747 | \$ 955,819 | \$ 167,724 | \$ 1,345 | \$1,124,888 |
| Employee benefits | 8,569 | 21,181 | 876 | 8,201 | 6,369 | - | 2,329 | 2,389 | 4,921 | 5,987 | 60,822 | 12,464 | - | 73,286 |
| Payroll taxes | 7,130 | 27,082 | 1,330 | 9,190 | 8,543 | - | 2,660 | 6,035 | 4,489 | 7,134 | 73,593 | 17,555 | 103 | 91,251 |
| Direct program service | 1,548,585 | - | - | 231 | - | - | - | 27,076 | - | - | 1,575,892 | - | - | 1,575,892 |
| Provider resources | - | 129,451 | - | - | 222 | - | - | - | 7,966 | - | 137,639 | 37,351 | - | 174,990 |
| Accounting | 551 | 126 | 251 | 3,765 | 3,571 | - | 876 | 3,665 | 2,189 | 2,341 | 17,335 | 10,283 | - | 27,618 |
| Technology | 10,979 | 3,024 | 291 | 4,828 | 3,549 | 43 | 1,015 | 4,281 | 2,071 | 3,215 | 33,296 | 12,071 | - | 45,367 |
| Telecommunications | 829 | 3,840 | 25 | 1,622 | 1,169 | - | 501 | 709 | 553 | 1,184 | 10,432 | 1,092 | - | 11,524 |
| Postage and supplies | 289 | 1,487 | 3,242 | 800 | 2,325 | - | 289 | 1,709 | 190 | 412 | 10,743 | 4,355 | 3 | 15,101 |
| Occupancy | - | - | 154 | 2,340 | 1,953 | - | 536 | 1,855 | 863 | 1,528 | 9,229 | 9,373 | - | 18,602 |
| Equipment leases and maintenance | 4,261 | 1,878 | 25 | 1,900 | 1,003 | - | 839 | 549 | 321 | 925 | 11,701 | 1,153 | 5 | 12,859 |
| Staff related expenses | 3,514 | 10,869 | 89 | 13,048 | 8,620 | 971 | 3,974 | 3,984 | 22,275 | 943 | 68,287 | 5,503 | 53 | 73,843 |
| Van expense | - | - | - | - | - | - | - | 133 | - | - | 133 | 15,704 | 101 | 15,938 |
| Other program expenses | - | 3,012 | 11,771 | 7,341 | 12,572 | 7,428 | 206 | 33,594 | 30,169 | 641 | 106,734 | 29,821 | 765 | 137,320 |
| Other administrative expenses | 16 | 34,303 | 30 | 1,546 | 16,670 | 311 | 1,038 | 2,910 | 8,061 | 372 | 65,257 | 16,268 | - | 81,525 |
| Depreciation and equipment expense | - | 1,524 | 97 | 3,209 | 2,594 | - | 339 | 2,992 | 1,236 | 847 | 12,838 | 46,256 | - | 59,094 |
| Fundraising expense | - | - | - | 2,778 | - | - | - | - | - | - | 2,778 | 56,839 | 50,231 | 109,848 |
| In-kind expense | - | - | - | 40,279 | - | - | - | - | 115,941 | - | 156,220 | 220,880 | - | 377,100 |
| Insurance | - | - | 226 | 3,328 | 3,095 | - | 788 | 1,473 | 1,297 | 2,342 | 12,549 | 17,272 | - | 29,821 |
| Total operating expenses | \$1,679,993 | \$ 589,505 | \$ 36,202 | \$ 223,121 | \$ 181,549 | \$ 8,753 | \$ 49,778 | \$ 170,287 | \$ 261,491 | \$ 120,618 | \$3,321,297 | \$ 681,964 | \$ 52,606 | \$4,055,867 |

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Child and Adult Care | Child Care Food Program | Child Care Resource and Referral | Early Education | Big Brothers Big Sisters of Vigo Co. | Tobacco Prevention and Cessation | Safe Kids | Teen Court | Out of School | Drug Free Communities | Healthy Start | Total Program Services | Management and General | Fundraising | 2021 Totals |
|------------------------------------|-------------------------|-------------------------------|--|--------------------|--|--|------------------|-------------------|-------------------|--------------------------|--------------------|------------------------------|---------------------------|-------------|--------------------|
| OPERATING EXPENSES | | | | | | | | | | | | | | | |
| Salaries and wages | \$ 91,067 | \$ 383,011 | \$ 28,305 | \$ 102,054 | \$ 113,218 | \$ - | \$ 34,439 | \$ 54,893 | \$ 59,211 | \$ 97,102 | \$ 963,300 | \$ 148,949 | \$ - | \$ - | \$1,112,249 |
| Employee benefits | 8,063 | 25,122 | 1,714 | 8,487 | 7,191 | - | 2,344 | 2,848 | 4,383 | 8,188 | 68,340 | 8,487 | - | - | 76,827 |
| Payroll taxes | 6,818 | 29,287 | 2,162 | 7,949 | 8,825 | - | 2,679 | 4,385 | 4,586 | 7,504 | 74,195 | 11,216 | - | - | 85,411 |
| Direct program service | 1,858,395 | - | - | 598 | - | - | - | 20,615 | - | - | 1,879,608 | - | - | - | 1,879,608 |
| Provider resources | - | 349,983 | - | - | - | - | - | 45 | 10,600 | - | 360,628 | 9,218 | - | - | 369,846 |
| Accounting | 543 | - | 648 | 3,140 | 3,159 | - | 864 | 1,832 | 1,421 | 2,784 | 14,391 | 11,092 | - | - | 25,483 |
| Technology | 9,935 | 3,495 | 1,519 | 4,471 | 4,027 | - | 1,047 | 2,501 | 2,225 | 3,517 | 32,737 | 31,160 | - | - | 63,897 |
| Telecommunications | 768 | 2,689 | 78 | 1,600 | 1,224 | - | 545 | 648 | 576 | 973 | 9,101 | 1,191 | - | - | 10,292 |
| Postage and supplies | 589 | 439 | 2,029 | 344 | 5,077 | - | 162 | 3,677 | 591 | 294 | 13,202 | 6,839 | 15 | - | 20,056 |
| Occupancy | - | - | 375 | 1,967 | 1,940 | - | 560 | 1,247 | 1,649 | 1,741 | 9,479 | 9,871 | - | - | 19,350 |
| Equipment leases and maintenance | 3,730 | 2,570 | 80 | 1,037 | 1,254 | - | 642 | 237 | 448 | 521 | 10,519 | 1,255 | 32 | - | 11,806 |
| Staff related expenses | 400 | 5,210 | 1,027 | 11,628 | 1,194 | - | 5,901 | 1,828 | 1,291 | 152 | 28,631 | 1,624 | - | - | 30,255 |
| Van expense | - | - | - | - | - | - | - | 840 | - | - | 840 | 9,570 | - | - | 10,410 |
| Other program expenses | - | 36,314 | 8,575 | 1,702 | 14,654 | 1,547 | 1 | 9,801 | 7,685 | - | 80,279 | - | - | - | 80,279 |
| Other administrative expenses | - | - | 29 | 4,385 | 14,438 | - | 978 | 9,927 | 16,612 | 223 | 46,592 | 16,673 | 250 | - | 63,515 |
| Depreciation and equipment expense | 558 | 10,946 | 63 | 350 | 880 | - | 97 | 8,789 | 151 | 274 | 22,108 | 42,627 | - | - | 64,735 |
| Fundraising expense | - | - | - | 6,189 | - | - | - | - | - | - | 6,189 | 89 | 50,122 | - | 56,400 |
| In-kind expense | - | - | - | 35,479 | - | - | - | - | 105,325 | - | 140,804 | 220,880 | - | - | 361,684 |
| Insurance | - | - | 192 | 3,837 | 715 | - | 227 | 490 | 374 | 732 | 6,567 | 16,655 | - | - | 23,222 |
| Total operating expenses | \$1,980,866 | \$ 849,066 | \$ 46,796 | \$ 195,217 | \$ 177,796 | \$ 1,547 | \$ 50,486 | \$ 124,603 | \$ 217,128 | \$ 124,005 | \$3,767,510 | \$ 547,396 | \$ 50,419 | \$ - | \$4,365,325 |

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (decrease) in net assets | \$ 203,691 | \$ 707,663 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used in) by operating activities: | | |
| Depreciation | 36,637 | 39,044 |
| Bad debt expense | 17,840 | 4,000 |
| Realized and unrealized (gain) loss on investments | 115,162 | (40,610) |
| Forgiveness of PPP loan | (246,200) | (246,200) |
| Change in beneficial interest | 11,195 | (12,009) |
| Increase (decrease) in cash from changes in: | | |
| Grants receivable | 497,554 | (585,793) |
| Accounts receivable | 7,380 | (33,804) |
| Prepaid expense | - | 7,111 |
| Accounts payable | (291,544) | 307,538 |
| Accrued payroll and payroll expenses | 12,821 | 5,070 |
| | <u>364,536</u> | <u>152,010</u> |
| Net cash provided by (used in) operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of property and equipment | (50,108) | (30,099) |
| Purchase of investments and certificates of deposit | (287,961) | (162,663) |
| Proceeds from sale of investments | 258,904 | 147,893 |
| | <u>(79,165)</u> | <u>(44,869)</u> |
| Net cash provided by (used in) investing activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds on PPP note payable | - | 246,200 |
| | <u>285,371</u> | <u>353,341</u> |
| NET INCREASE (DECREASE) IN CASH | | |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,100,460</u> | <u>747,119</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 1,385,831</u></u> | <u><u>\$ 1,100,460</u></u> |

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

In April 2013, Community Alliance and Services for Young Children, Inc. and CHANCES for Indiana Youth, Inc. merged to form one organization called Chances And Services for Youth, Inc. (CASY).

Community Alliance and Services for Young Children, Inc. (originally 4-C) began in 1971 to promote quality childcare services for pre-school children and their families throughout the Wabash Valley. Services offered to local childcare providers included training workshops and learning activities in early childhood to increase the competence of preschool teachers and providers. In 1978, the organization received funding for the establishment of childcare resources and referral services. In the early 1990s, the agency expanded to include funding through the Child Care Development Fund Voucher Program and Child And Adult Care Food Program.

In the mid-1980s CHANCES for Indiana Youth, Inc. (CHANCES) was established to provide substance abuse prevention, positive youth development and early-intervention services through the collaborative efforts of local youth serving organizations and governmental agencies. CHANCES began as a grassroots effort to combat the growing alcohol and drug problems facing Vigo County youth. In addition, youth programs were added such as Teen Court, Tobacco Prevention Cessation Coalition and Safe Kids. In 2008, CHANCES led a collaborative group of non-profits to be selected to lease and provide programming at the Booker T. Washington Community Center. In 2011, CHANCES became the affiliate for Big Brothers Big Sisters of Vigo County. CASY is currently the Child Care Resource and Referral agency that serves 24 counties across Indiana.

By providing services and investing in the local community, Chances And Services for Youth, Inc. has a unique opportunity to identify and respond to the needs of clients, partnering organizations and the communities served. For the past thirty years, two separate organizations have been at the forefront of community collaboration. With the completion of the merger, CASY now collaborates and networks with local, state, and national non-profit organizations, businesses, and governmental/law enforcement agencies to provide cost effective programs for infants through college age children and their families.

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.

FINANCIAL STATEMENT PRESENTATION

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Chances And Services for Youth, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT PRESENTATION (continued)

A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Chances And Services for Youth, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Chances And Services for Youth, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Chances And Services for Youth, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation, and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

As of September 30, 2022 and 2021, the Organization did not have donor restricted net assets.

CASH AND CASH EQUIVALENTS

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

GRANTS AND OTHER RECEIVABLES

The grants receivable represents amounts receivable for the claims filed under cost reimbursement awards and contracts awaiting payment. Grants receivables are due from government sources and therefore no allowance for uncollectible accounts is considered necessary. Other receivables relate to the amount committed by donors for fundraising activities. No allowance for uncollectible accounts is considered necessary.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

Revenue earned under cost-reimbursement conditional awards from governmental agencies are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Fees for services and contract revenues are recognized as revenue over time as the services are substantially performed. Program fees consist of before and after school care and summer camp fees. Fees received in advance of substantial performance are reported as liabilities.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting received are reported as support without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by the same amount.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for unskilled donated services. The Organization pays for most services that require specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

INVESTMENTS

Investments are recorded at their fair value as determined under the Fair Value Measurement Topic of the FASB Accounting Standards Codification. Gains and losses on investments are classified as increases/decreases in net assets without donor restrictions, unless the use of the assets received is limited by donor-imposed stipulations, or by law. Therefore, when donor restrictions exist, such gains and losses are reported as net assets with donor restrictions.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided using the straight-line method over estimated useful lives of three to ten years. The following is a summary of the lives for each class of asset:

| | |
|-------------------------|-------------|
| Buildings | 40 years |
| Leasehold improvements | 10 years |
| Vehicles | 7 years |
| Computers and equipment | 5 - 7 years |
| Furniture | 7 years |
| Software | 3 years |

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

LONG – LIVED ASSETS

Long-lived assets and certain identifiable intangibles held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

COST ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The general approach of the Organization in allocating costs to particular grants and programs are as follows:

Direct costs are those costs that can be specifically identified with a particular cost objective or function. Whenever an expense can be directly identified with a specific function it will be assigned and charged to that function. Allocating expenses will only be appropriate when direct identification is not possible or practical.

Allowable direct costs that can be identified to more than one grant, program, etc. are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. Initially, there are two major cost pools for early education and youth programs based on hours worked for each of the major program areas.

Allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants using hours worked for all programs to allocate general and administrative costs to indirect programs. The equitable distribution will generally be based on hours worked for each grant, program, or function as they relate to the total direct costs.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements 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.

CONCENTRATION OF CREDIT RISK

The Organization's cash on deposit and certificates of deposits are held with one financial institution having branches in the local area. The accounts are insured by the FDIC for up to \$250,000 for the years ended September 30, 2022 and 2021. The Organization maintained balances in one bank at which the uninsured amount was \$1,177,679 and \$864,173 at September 30, 2022 and 2021.

All of the Organization's programs and activities occur in West Central Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended September 30, 2022 and 2021 approximately 86% and 85% of total revenues were received from state and federal governmental sources, respectively. Expenditures of governmental funds are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Organization has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value for exchange-traded and mutual funds has been established by published trading values for each fund. (Level 1)

The fair value of the endowment fund held by Wabash Valley Community Foundation is based on the Organization's proportionate share of the foundations' pooled investment portfolios. Chances And Services for Youth, Inc. do not have the ability to redeem the funds on a short-term basis. Withdrawals are limited to the terms of the agreement with the foundation. (Level 2)

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest or penalties recognized in the statements of activities. The tax years after September 30, 2019 are still open to audit for both federal and state purposes.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 29, 2023, which is the date the financial statements were available to be issued.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 2 – GRANTS RECEIVABLE

The Organization’s grant receivables as of September 30, 2022 and 2021, consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|---------------------|-------------------|-------------------|
| CACFP | \$ 180,031 | \$ 475,118 |
| Too Good for Drugs | 15,946 | 16,364 |
| Other | - | 4,827 |
| Safe Place | 1,463 | - |
| Teen Court | 5,703 | 11,700 |
| Tobacco | 28,481 | 28,605 |
| DFC | 8,462 | 13,377 |
| Youth Collaboratory | - | 19,068 |
| Healthy Starts | 28,814 | 32,628 |
| CCRR | 151,666 | 316,433 |
| | <u>\$ 420,566</u> | <u>\$ 918,120</u> |

NOTE 3 – INVESTMENTS

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. As of September 30, investments consisted of the following:

| | <u>2022</u> | <u>2021</u> |
|------------------------|-------------------|-------------------|
| Exchange -traded funds | \$ 44,001 | \$ 32,543 |
| Mutual funds | 333,302 | 430,204 |
| Cash | 1,364 | 2,301 |
| | <u>\$ 378,667</u> | <u>\$ 465,048</u> |

Investment return is as follows for the years ended September 30:

| | <u>2022</u> | <u>2021</u> |
|------------------------|--------------------|------------------|
| Dividends | \$ 34,378 | \$ 19,892 |
| Realized gain (loss) | (32,412) | 23,675 |
| Unrealized gain (loss) | (83,393) | 16,935 |
| Fees | (5,598) | (5,652) |
| | <u>\$ (87,025)</u> | <u>\$ 54,850</u> |

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment are as follows at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--------------------------|-------------------|-------------------|
| Leasehold improvements | \$ 197,504 | \$ 191,607 |
| Vehicles | 104,668 | 91,789 |
| Computers and equipment | 228,920 | 212,324 |
| Furniture | 13,196 | 13,196 |
| Software | 11,794 | 11,794 |
| | <u>556,082</u> | <u>520,710</u> |
| Accumulated depreciation | <u>(299,902)</u> | <u>(278,000)</u> |
| | <u>\$ 256,180</u> | <u>\$ 242,710</u> |

Depreciation expense was \$36,637 and \$39,044 for the years ended September 30, 2022 and 2021, respectively.

NOTE 5 – BENEFICIAL INTEREST IN FOUNDATION

The Organization created a fund in 1999 held by the Wabash Valley Community Foundation. The Organization’s cumulative contributions are \$47,571. As of September 30, 2022 and 2021, the earnings/(losses) net of investment expenses, distributions and grants paid were \$(11,195) and \$12,009 respectively. The fair value of the beneficial interest as of September 30, 2022 and 2021 was \$47,906 and \$59,101, respectively.

NOTE 6 – PPP NOTE PAYABLE

The Organization executed a promissory note in the amount of \$246,200 to First Financial Bank through the SBA PPP program dated April 17, 2020. On February 10, 2021, the PPP loan was forgiven and was recognized as revenue.

On February 4, 2021, a second promissory note in the amount of \$246,200 to First Financial Bank through the SBA PPP program was obtained. On November 18, 2021, the Organization received notification from the SBA that the \$246,200 principal balance and accrued interest of \$1,963 was forgiven.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 7 – IN-KIND CONTRIBUTIONS

The Organization entered into a one-year non-cancelable real estate lease with the City of Terre Haute Parks Department to use a multi-purpose community center commonly known as the Booker T. Washington Park Community Center. In exchange for a dollar on commencement of the lease, a monthly utility reimbursement of \$500 and the maintenance of minimum liability insurance coverage as outlined in the agreement. The lease included an option to renew the lease annually, or prior to the expiration of the initial term, a longer lease term can be negotiated if both parties so desire.

The Organization has recorded in-kind contributions for the fair market value rent for the Booker T. Washington Park Community Center building. The resulting in-kind contribution is approximately \$220,800 and \$220,800 for the years ended September 30, 2022 and 2021, respectively, and is reflected as in-kind revenue and in-kind expense in the statement of activities.

The Organization also recorded \$156,300 and \$140,804 of contributed professional services, materials, and space related to the Drug Free Community and the Big Brothers Big Sisters programs, respectively, for the years ended September 30, 2022 and 2021.

NOTE 8 – OPERATING LEASES

The Organization leases office space. The lease expires in March 2022. Monthly payments are \$1,550, which includes utilities. Rental expense for the location, included in the statement of activities for the years ended September 30, 2022 and 2021, was approximately \$18,600 each year.

In addition, the Organization replaced its operating leases for office copiers which now expires July 2024. The monthly lease payment is \$659 per month. Rental expense for these copier leases included in the statements of activities for the years ended September 30, 2022 and 2021 was approximately \$7,913 and \$7,913, respectively.

Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2022 are as follows:

| | | |
|------------|----|-----------|
| 2023 | \$ | 17,213 |
| 2024 | | 6,594 |
| 2025 | | - |
| 2026 | | - |
| 2027 | | - |
| Thereafter | | - |
| | | \$ 23,807 |

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 9 – EMPLOYEE BENEFITS

The Organization has a cafeteria plan and makes contributions of \$115 per pay for each employee eligible to participate in the plan. Contributions to the plan are made for all employees working 37.5 hours or more per week and with at least 90 days of service. Each participant may elect to have the amount of the benefit applied to the 403b employer sponsored retirement plan, pre-tax AIG or AFLAC policies. Employee benefit expense under the cafeteria plan was approximately \$52,717 and \$68,120 for the years ended September 30, 2022 and 2021, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

One on the Organization’s Board members is a childcare provider and receives monthly reimbursements from the Child and Adult Care Food Program. The reimbursements were approximately \$12,251 and \$22,225 for the years ended September 30, 2022 and 2021, respectively.

NOTE 11 – ENDOWMENT FUNDS

In 1999, an endowment fund was established through the Wabash Valley Community Foundation by CHANCES for Indiana Youth naming itself as beneficiary of the fund. The fund is reported at fair value with a balance of \$47,906 and \$59,101 for the years ended September 30, 2022 and 2021. The year-end values are determined by the Foundation based on the market values of the underlying investments. The endowment fund balance consists of funds without donor restrictions transferred to the Foundation and the related changes in the market value. Annually, Chances And Services for Youth, Inc. receives a distribution of a percentage of the average fund balance in the fund.

For the years ended September 30, 2022 and 2021, the Organization had the following changes in endowment net assets:

| | Without Donor Restrictions | |
|-----------------------|----------------------------|-----------|
| | 2022 | 2021 |
| Beginning of year | \$ 59,101 | \$ 47,092 |
| Contributions | - | - |
| Net earnings (losses) | (9,208) | 13,892 |
| Distributions | (1,987) | (1,883) |
| End of year | \$ 47,906 | \$ 59,101 |

The Board of Directors of the Organization had interpreted UPMIFA as requiring the administration of endowment funds pursuant to its gift instruments and Wabash Valley Community Foundation’s policies.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 11 – ENDOWMENT FUNDS (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2022 and 2021 there were no deficiencies in endowment funds.

Return Objectives and Risk Parameters

The Organization has adopted spending and investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor or legally restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board designated assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that ensure the future growth of the assets is sufficient to exceed the rate of inflation and provide for distribution of earnings, net of fees. All investment decisions have been delegated to the Wabash Valley Community for the respective funds.

Investment Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's portfolio offers pooled investments that are diversified among asset classes and investment styles as offered by the Wabash Valley Community Foundation, thus minimizing the risk of large losses over a defined investment horizon.

Spending Policy

The spending rate for distributable earnings will be set by the Wabash Valley Community Foundation each year. The foundation acts prudently and responsibly when deciding on a distribution that will allow for growth in the endowment fund over the course of time. The Chances And Services for Youth, Inc. Board of Directors oversees the funds' assets held by the foundation, taking into account the purposes, terms and distribution requirements expressed by the governing instruments. The Board of Directors will exercise reasonable care, skill, and caution in order to ensure preservation of all funds.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 12 – INFORMATION ON LIQUIDITY

The Organization’s funding sources are grants, donor contributions, fundraising, and program fees. Liquid assets include cash, receivables, and investments. There are no board designations regarding these assets. Chances And Services for Youth, Inc. structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following represents financial assets available for cash needs for general expenditures within one year:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,385,831 | \$ 1,100,460 |
| Certificates of deposit | 27,311 | 27,034 |
| Investments | 378,667 | 465,048 |
| Grants receivable | 420,566 | 918,120 |
| Other receivables | 9,589 | 34,809 |
| Beneficial interest in community foundation | <u>47,906</u> | <u>59,101</u> |
| Total financial assets | <u>2,269,870</u> | <u>2,604,572</u> |
| Less financial assets not available for operations: | | |
| Endowment funds | (47,906) | (59,101) |
| Distribution from endowment | <u>1,677</u> | <u>2,069</u> |
| Total financial assets not available for operations | <u>(46,229)</u> | <u>(57,032)</u> |
| Financial assets available for cash needs for general expenditures within one year | <u>\$ 2,223,641</u> | <u>\$ 2,547,540</u> |

NOTE 13 – RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported change in net assets.

SUPPLEMENTARY INFORMATION

CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| FEDERAL GRANTOR AGENCY Passthrough Agency Program Title | Federal CFDA Number | Grant or Identifying Number | Grant Award (in dollars \$) | Federal Expenditures |
|---|------------------------------------|--|--|---------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed through the Indiana Department of Education: Child and Adult Care Food Program | 10.558 | 184200 | | <u>\$ 1,752,949</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Drug Free Communities | 93.276 | 5H79SP080077-02 | 500,000 | 115,941 |
| Comprehensive Addiction and Recovery Act | 93.799 | 1NHH28CE003341-01-00 | 50,000 | 22,449 |
| Passed through Union Hospital, Inc. State Partnership Grant to Improve Minority Health | 93.296 | HS119CASY01 | 447,847 | <u>120,405</u> |
| Total U.S Department of Health and Human Services | | | | <u>258,795</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Passed through Youth Collaboratory Juvenile Mentoring Program | 16.726 | 2019-JU-FX-0013 | 105,000 | <u>41,151</u> |
| Total Expenditures of Federal Awards | | | | <u><u>\$ 2,052,895</u></u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Chances And Services for Youth, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

Chances And Services for Youth, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

| Passthrough Agency Program Title | Grant or Identifying Number | Grant Award (in dollars \$) | Expenditures |
|--|--|--|---------------------|
| Indiana State Department of Health | | | |
| Tobacco Prevention and Cessation Commission | | | |
| Sullivan County | 35559 | 169,000 | \$ 57,057 |
| Vigo county | 35709 | 481,040 | 115,575 |
| | | | <u>172,632</u> |
| Indiana Department of Children's Services | | | |
| Youth Services Bureau | FY23 | 37,325 | 8,819 |
| Youth Services Bureau | FY22 | 37,325 | 26,458 |
| | | | <u>35,277</u> |
| Total Expenditures of State and Local Awards | | | <u>\$ 207,909</u> |

**CHANCES AND SERVICES FOR YOUTH, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2021.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2021.



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Chances And Services for Youth, Inc.
Terre Haute, Indiana

We have audited, 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, the consolidated financial statements of the Chances And Services for Youth, Inc.(a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon June 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chances And Services for Youth, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chances And Services for Youth, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chances And Services for Youth, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
June 29, 2023



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *UNIFORM GUIDANCE***

To the Board of Directors
Chances And Services for Youth, Inc.
Terre Haute, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chances And Services for Youth, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Chances And Services for Youth, Inc.'s major federal programs for the year ended September 30, 2022. Chances And Services for Youth, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chances And Services for Youth, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

We have audited Chances And Services for Youth, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chances And Services for Youth, Inc.'s major federal programs for the year ended September 30, 2022. Chances And Services for Youth, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Chances And Services for Youth, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Chances And Services for Youth, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Chances And Services for Youth, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chances And Services for Youth, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Chances And Services for Youth, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chances And Services for Youth, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chances And Services for Youth, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Chances And Services for Youth, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
June 29, 2023

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in accordance with 2 CFR section 200.516(a) Yes No

Program tested as major program:

CFDA Number
10.558

Name of Federal Program or Cluster
U.S. Department of Agriculture, Child and Adult Care
Food Program

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low risk auditee? Yes No

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2022.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2022.