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June 30, 2009

Board of Directors
Family and Youth Services Bureau
253 W. Lincolnway
Valparaiso, IN 46383

We have reviewed the audit report prepared by Swartz, Retson & Co., PC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 Family and Youth Services Bureau, as of June 30, 2007, 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.

STATE BOARD OF ACCOUNTS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FAMILY AND YOUTH
SERVICES BUREAU

JUNE 30, 2007

SWARTZ, RETSON & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
235 E. 86TH AVENUE
MERRILLVILLE, INDIANA 46410

FAMILY AND YOUTH SERVICES BUREAU

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family and Youth Services Bureau
253 W. Lincolnway
Valparaiso, IN 46383

We have audited the accompanying statement of financial position of Family and Youth Services Bureau as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 Family and Youth Services Bureau as of June 30, 2007, and the changes in its net assets and its cash flows for the year 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 December 30, 2007, on our consideration of Family and Youth Services Bureau'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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Swartz Retson + Co., P.C.

Merrillville, IN
December 30, 2007



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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
Family and Youth Services Bureau

We have audited the financial statements of Family and Youth Services Bureau as of and for the year ended June 30, 2007 and have issued our report thereon dated December 30, 2007. 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 Family and Youth Services Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family and Youth Services Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Family and Youth Services Bureau's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family and Youth Services Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 management, the Board of Directors, others within the entity, and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Swartz-Peterson & Co., P.C.

Merrillville, IN
December 30, 2007



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Family and Youth Services Bureau

Compliance

We have audited the compliance of Family and Youth Services Bureau with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Family and Youth Services Bureau's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Family and Youth Services Bureau's management. Our responsibility is to express an opinion on Family and Youth Services Bureau's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family and Youth Services Bureau's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Family and Youth Services Bureau's compliance with those requirements.

In our opinion, Family and Youth Services Bureau complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Family and Youth Services Bureau is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Family and Youth Services Bureau's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family and Youth Services Bureau's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, Indiana State Board of Accounts, 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.

Swartz-Retson + Co., P.C.

Merrillville, IN
December 30, 2007

FAMILY AND YOUTH SERVICES BUREAU

STATEMENT OF FINANCIAL POSITION JUNE 30, 2007

ASSETS

Cash and Cash Equivalents	\$ 214,846	
Accounts Receivable	45,456	
Grant and Contracts Receivable	309,829	
Prepaid Expenses	12,590	
Property and Equipment - Net	<u>863,862</u>	
 TOTAL ASSETS		<u>\$1,446,583</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of Credit	\$ 169,508	
Notes Payable - Current Portion	19,980	
Capital Leases - Current Portion	7,546	
Accounts Payable	38,665	
Accrued Taxes and Expenses	12,351	
Accrued Salaries and Wages	101,287	
Deferred Revenue	<u>80,700</u>	
Total Current Liabilities		\$ 430,037
 LONG TERM LIABILITIES		
Notes Payable	572,982	
Capital Leases	<u>26,411</u>	
Total Long Term Liabilities		<u>599,393</u>
 TOTAL LIABILITIES		1,029,430
 NET ASSETS		
Unrestricted		<u>417,153</u>
 TOTAL LIABILITIES AND NET ASSETS		<u>\$1,446,583</u>

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

FAMILY AND YOUTH SERVICES BUREAU

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants, Contracts, and Client Fees	\$2,854,221	\$ 00	\$ 00	\$2,854,221
Contributions	178,916	00	00	178,916
Interest	925	00	00	925
Other Income	21,600	00	00	21,600
Gain (Loss) on Asset Disposal	<u>(1,653)</u>	<u>00</u>	<u>00</u>	<u>(1,653)</u>
Revenues, Gains and Other Support Prior To Net Assets Released from Restrictions	3,054,009	00	00	3,054,009
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Total Revenues, Gains and Other Support	<u>3,054,009</u>	<u>00</u>	<u>00</u>	<u>3,054,009</u>
EXPENSES				
Family Services	2,538,129	00	00	2,538,129
Management and General	325,846	00	00	325,846
Fundraising	<u>63,259</u>	<u>00</u>	<u>00</u>	<u>63,259</u>
Total Expenses	<u>2,927,234</u>	<u>00</u>	<u>00</u>	<u>2,927,234</u>
CHANGE IN NET ASSETS	126,775	00	00	126,775
NET ASSETS – Beginning of Year	<u>290,378</u>	<u>00</u>	<u>00</u>	<u>290,378</u>
NET ASSETS – End of Year	<u>\$ 417,153</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 417,153</u>

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

FAMILY AND YOUTH SERVICES BUREAU

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007**

	Program Services		Support Services		Grand Total
	Family Services	Management and General	Fund Raising	Total	
SALARIES AND RELATED EXPENSES					
Salaries and Wages	\$1,812,878	\$172,640	\$ 48,450	\$221,090	\$2,053,968
Employee Benefits	194,586	12,960	5,654	18,614	213,200
Payroll Taxes	<u>130,340</u>	<u>12,373</u>	<u>3,596</u>	<u>15,969</u>	<u>146,309</u>
Total Salaries and Related Expenses	2,137,804	197,973	57,700	255,673	2,393,477
EXPENSES					
Auto Maintenance	2,035	201	00	201	2,236
Bank Service Charges	00	2,082	00	2,082	2,082
Conference and Training	12,121	847	185	1,032	13,153
Dues and Subscriptions	10,476	6,598	75	6,673	17,149
Equipment Rental and Repair	13,250	10,029	00	10,029	23,279
Fuel	1,144	00	00	00	1,144
Insurance - Auto	3,298	1,241	00	1,241	4,539
Insurance - Business	3,318	4,522	00	4,522	7,840
Insurance - Workers' Comp	1,527	4,769	00	4,769	6,296
Insurance - Other	43,077	14,980	00	14,980	58,057
Interest	43,167	16,500	00	16,500	59,667
Miscellaneous	3,252	26	00	26	3,278
Office Supplies	22,919	7,909	738	8,647	31,566
Postage and Delivery	3,822	1,966	358	2,324	6,146
Printing	2,748	2,984	1,561	4,545	7,293
Professional Fees	18,131	10,925	00	10,925	29,056
Recreation	1,325	00	00	00	1,325
Recruitment	1,629	00	00	00	1,629
Rent	21,600	00	00	00	21,600
Repairs and Maintenance	13,009	5,950	00	5,950	18,959
Supplies	87,073	12,333	2,371	14,704	101,777
Telephone	14,747	4,539	00	4,539	19,286
Travel	26,310	930	271	1,201	27,511
Utilities	<u>8,595</u>	<u>11,174</u>	<u>00</u>	<u>11,174</u>	<u>19,769</u>
Total Expenses Before Depreciation	2,496,377	318,478	63,259	381,737	2,878,114
Depreciation	<u>41,752</u>	<u>7,368</u>	<u>00</u>	<u>7,368</u>	<u>49,120</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$2,538,129</u>	<u>\$325,846</u>	<u>\$ 63,259</u>	<u>\$389,105</u>	<u>\$2,927,234</u>

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

FAMILY AND YOUTH SERVICES BUREAU

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$126,775	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	49,120	
Loss on Asset Disposal	1,653	
(Increase) Decrease in:		
Accounts Receivable	1,375	
Grants and Contracts Receivable	85,072	
Contributions Receivable	9,269	
Prepaid Expenses	7,451	
Increase (Decrease) in:		
Accounts Payable	7,441	
Accrued Taxes and Expenses	(29,648)	
Accrued Salaries and Wages	78,034	
Deferred Revenue	<u>(37,569)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$298,973
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for Purchases of Fixed Assets		(90,885)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of Principal	(22,463)	
Additional Borrowings	<u>21,958</u>	
NET CASH (USED) BY FINANCING ACTIVITIES		<u>(505)</u>
NET INCREASE IN CASH		207,583
CASH AND CASH EQUIVALENTS - Beginning of Year		<u>7,263</u>
CASH AND CASH EQUIVALENTS - End of Year		<u>\$214,846</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest		<u>\$ 59,667</u>

The accompanying notes are in integral part of the financial statements.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of the Family and Youth Services Bureau (the Organization) is to support children and families as they encounter the various tasks, circumstances, and challenges of life so that children have the opportunity to become capable, responsible, and contributing members of the community and families have the means to effectively assist in that process. Moreover, the Organization will encourage the community to nurture and care for all of its children.

Accounting Methods

The financial statements of the Organization are prepared on the accrual basis of accounting.

Program Revenue

The Organization receives program revenue from federal, state, and local agencies. Receipt of these funds is subject to the fulfillment of certain obligations by the Organization as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency.

Financial Statement Presentation

Under SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization 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) based upon the existence or absence of donor-imposed restrictions.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash, as presented on the accompanying balance sheets and statements of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions.

Financial Instruments and Credit Risk

At June 30, 2007, the Organization has \$117,928 in financial institutions in excess of the Federal Deposit Insurance Corporations' (FDIC) insured level of \$100,000. The amount of potential exposure is computed based on the bank's statement balance at June 30, 2007, and is not adjusted for the outstanding checks and other in-transit items reflected in the Organization's records.

Accounts Receivable

The Organization records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. Bad debt expenses calculated using the direct write-off method do not differ materially from those calculated using generally accepted methods. Bad debt expense was \$0 for the year ended June 30, 2007.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property and Equipment

Property, equipment and improvement expenditures in excess of \$1,000 are capitalized and carried at cost. Depreciation expense is computed using straight-line and accelerated methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. The depreciation expense for the year ended June 30, 2007 was \$49,120.

Income Taxes

Family and Youth Services Bureau is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and from state income taxes under Indiana law. The Organization is not a private foundation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2007 are as follows:

Land	\$ 45,280
Building and Improvements	1,069,445
Furniture and Fixtures	112,893
Vehicles	51,230
Accumulated Depreciation	<u>(414,986)</u>
Total Property and Equipment	<u>\$ 863,862</u>

NOTE 3 - LINE OF CREDIT

The Organization has a \$185,670 revolving line of credit with First National Bank, maturing July 1, 2007. Interest is payable monthly at 8%. The balance outstanding at June 30, 2007 was \$169,508. The line is secured by property located at 253 and 257 Lincolnway in Valparaiso, Indiana. On August 31, 2007 the line of credit was financed with an installment loan for \$169,508 from First National Bank. The new loan matures on September 1, 2022. Monthly payments are \$1,571 with interest at 7.5% until September 1, 2012 when it will then be 3.25% above the weekly average yield on U.S. Treasury securities.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 - NOTES PAYABLE

The Organization has the following long-term notes payable at June 30, 2007:

Mortgage payable to First National Bank in monthly installments of \$1,210, including interest at 6.75% until April 1, 2008 and then 3.25% above the weekly average yield of U.S. Treasury securities, matures on April 1, 2023, secured by the mortgaged property	\$141,030
Mortgage payable to First National Bank in monthly installments of \$1,129, including interest at 3.25% above the weekly average yield on U.S. Treasury securities, matures on March 1, 2022, secured by the mortgaged property	122,673
Mortgage payable to First National Bank in monthly installments of \$2,615, including interest at 6.50% until May 1, 2010 and then 3.25% above the weekly average yield on U.S. Treasury securities, matures on May 1, 2025, secured by the mortgaged property	<u>329,259</u>
Total	592,962
Less: Current Portion of Debt	<u>19,980</u>
Total Long-Term Notes Payable	<u>\$572,982</u>

A summary of maturities of debt for the next five years are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2008	\$ 19,980
June 30, 2009	\$ 21,417
June 30, 2010	\$ 22,958
June 30, 2011	\$ 24,611
June 30, 2012	\$ 26,385

NOTE 5 - CAPITAL LEASES

The Organization leases two copiers under capital leases. The economic substance of the leases is that the Organization is financing the acquisition of the assets through the leases. Accordingly, the Organization has capitalized assets in the amount of \$40,869, less accumulated depreciation of \$8,158.

Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2008	\$ 7,546
June 30, 2009	\$ 8,068
June 30, 2010	\$ 8,626
June 30, 2011	\$ 5,878
June 30, 2012	\$ 3,839

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2007

NOTE 6 - INTEREST EXPENSE

Interest expense incurred for the year ended June 30, 2007 was \$59,667.

NOTE 7 - CLIENT SERVICE FEES

Services are billed based upon a sliding fee scale which provides discounts to clients based upon their ability to pay. The following represents client fee revenue for the year ended June 30, 2007:

Gross Billing	\$113,612
Discounts	<u>(64,415)</u>
Total Client Service Fees	<u>\$ 49,197</u>

NOTE 8 - RETIREMENT PLAN

The Organization has a 403(b) plan with Capital Bank and Trust whereby eligible employees make elective deferrals, and the Organization funds 4% of their salary. Employees who are 21 years of age, and meet the minimum service requirement are eligible to participate. Full-time employees must be employed a minimum of 24 consecutive months, and part-time employees must be employed a minimum of 36 consecutive months to be eligible to participate. The retirement plan expense for the year ended June 30, 2007 totaled \$32,942.

NOTE 9 - CONTRIBUTED (IN-KIND) FACILITIES

Contributed facilities are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. The Organization receives contributed facility use at a local center for the operation of its residential program. The Organization records in-kind contributions and space cost expense based on prior fees paid for the same facility. During the year ended June 30, 2007, the Organization recorded \$21,600 of contributed space costs.

SUPPLEMENTARY SCHEDULES

FAMILY AND YOUTH SERVICES BUREAU

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant ID	Program or Award Amount	Program Expenditures	Accounts Receivable June 30 2007	Reference
U.S. Department of Health and Human Services Department of Child Services Healthy Families Indiana 9/1/06 - 8/31/07	93.558	64-05-600865	\$520,737	\$504,233	\$ 40,043	Note 2
U.S. Department of Health and Human Services Department of Child Services Community Based Child Welfare Services Title IVB Nurturing Program/Counseling and Evaluations 7/1/06 - 6/30/07	93.645 & 93.556	97-07-0865	\$ 46,000	<u>42,271</u>	\$ 1,230	Note 3
Total U.S. Department of Health and Human Services				<u>546,504</u>		
U.S. Department of Justice Indiana Criminal Justice Institute Saturday Diversion Project 10/5/05 - 9/30/06	16.523	04-JB-010	\$ 20,000	3,282	\$ 00	Note 4
U.S. Department of Justice Indiana Criminal Justice Institute Victims of Crime Act (VOCA) 7/1/06 - 6/03/07	16.575	06VA114	\$ 33,737	<u>33,737</u>	\$ 7,784	Note 5
Total U.S. Department of Justice				<u>37,019</u>		
U.S. Department of Agriculture Indiana Department of Education National School Lunch Program 7/1/06 - 6/30/07	10.555	C2-8-64-K228	Reimbursement of Claims	<u>7,383</u>	\$ 738	Note 6
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$590,906</u>		

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2007

NOTE 1 - BASIS OF PRESENTATION

- a. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Family and Youth Services Bureau and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*.
- b. Circular A-133 requires an annual audit of organizations expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required.

NOTE 2 - HEALTHY FAMILIES INDIANA

The Family and Youth Services Bureau receives reimbursements of claims from the U.S. Department of Health and Human Services as a sub-grantee of the Indiana Department of Child Services. Healthy Families Indiana is a voluntary home visitation program. The program's objective is to promote healthy families and healthy children through a variety of services including child development, access to health care, and parent education.

NOTE 3 - TITLE IVB CHILD WELFARE

The Family and Youth Services Bureau receives reimbursements of claims from the U.S. Department of Health and Human Services as a sub-grantee of the Indiana Department of Child Services. The program's objective is to provide community-based child welfare services designed to promote safe and stable families, support family strength and stability, enhance parental functioning, and protect children.

NOTE 4 - JUVENILE ACCOUNTABILITY BLOCK GRANT

The Family and Youth Services Bureau receives reimbursements of claims from the U.S. Department of Justice as a sub-grantee of the Indiana Criminal Justice Institute. The program's objective is to promote greater accountability in the juvenile justice system and reduce juvenile offending.

NOTE 5 - VICTIMS OF CRIME ACT

The Family and Youth Services Bureau receives reimbursements of claims from the U.S. Department of Justice as a sub-grantee of the Indiana Criminal Justice Institute. The program's objective is to provide assistance services to victims of crimes.

NOTE 6 - NATIONAL SCHOOL LUNCH

The Family and Youth Services Bureau receives reimbursements of claims from the U.S. Department of Agriculture as a sub-grantee of the Indiana Department of Education. The program's objective is to provide nutritious food to lower income members at reduced or no charge.

FAMILY AND YOUTH SERVICES BUREAU

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2007

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Family and Youth Services Bureau.
2. No reportable conditions were disclosed during the audit of the financial statements of The Family and Youth Services Bureau.
3. No instances of non-compliance material to the financial statements of Family and Youth Services Bureau were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for Healthy Families Indiana expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program is the U.S. Department of Health and Human Services, Healthy Families Indiana, CFDA #93.558.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Family and Youth Services Bureau did qualify as a low-risk auditee.

EXIT CONFERENCE

An exit conference was held with representatives of the Family and Youth Services Bureau on January 23, 2008 at the office of Family and Youth Services Bureau in Valparaiso, Indiana.

FAMILY AND YOUTH SERVICES BUREAU

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EXECUTIVE DIRECTOR

LISA JORDAN

DIRECTOR OF ADMINISTRATION

JULIE SHIDELER

ACCOUNTANT

ERIC GARRARD

SECRETARY/TREASURER

AUDIT ORGANIZATION REPRESENTATIVE

RICHARD YOUNG

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STAFF AUDITOR