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STATE OF INDIANA

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Family and Youth Services Bureau, as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FAMILY AND YOUTH SERVICES BUREAU

JUNE 30, 2008 AND 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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Swartz Retson

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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 statements of financial position of Family and Youth Services Bureau as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family and Youth Services Bureau as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 30, 2008, 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 audits were 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, 2008

Swartz Retson

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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 years ended June 30, 2008 and 2007 and have issued our report thereon dated December 30, 2008. 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.

Internal Control Over Financial Reporting
In planning and performing our audits, 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*.

We noted certain other matters that we reported to management of Family and Youth Services Bureau in a separate letter dated December 30, 2008.

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, Retson & Co., P.C.

Merrillville, IN
December 30, 2008

Swartz Retson

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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 years ended June 30, 2008 and 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion. Our audits do 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 years ended June 30, 2008 and 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 audits, 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, 2008

FAMILY AND YOUTH SERVICES BUREAU

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

A S S E T S

	2008	2007
ASSETS		
Cash and Cash Equivalents	$ 169,982	$ 214,846
Accounts Receivable	200,937	355,285
Prepaid Expenses	29,698	12,590
Land, Buildings and Equipment – Net	841,002	863,862
Equipment Deposits	10,000	00
TOTAL ASSETS	$1,251,619	$1,446,583

LIABILITIES AND NET ASSETS

	2008	2007
CURRENT LIABILITIES		
Line of Credit	$ 00	$ 169,508
Notes Payable – Current Portion	28,125	19,980
Capital Leases – Current Portion	8,061	7,546
Accounts Payable	22,536	38,665
Accrued Taxes and Expenses	11,140	12,351
Accrued Salaries and Wages	67,536	101,287
Deferred Revenue	59,407	80,700
Total Current Liabilities	196,805	430,037
LONG TERM LIABILITIES		
Notes Payable	709,920	572,982
Capital Leases	18,356	26,411
Total Long Term Liabilities	728,276	599,393
TOTAL LIABILITIES	925,081	1,029,430
NET ASSETS		
Unrestricted	326,538	417,153
TOTAL LIABILITIES AND NET ASSETS	$1,251,619	$1,446,583

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, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Grants, Contracts, and Client Fees	$2,011,845	$ 00	$ 00	$2,011,845
Contributions	154,200	00	00	154,200
Interest	718	00	00	718
Other Income	10,700	00	00	10,700
Revenues, Gains and Other Support Prior To Net Assets Released from Restrictions	2,177,463	00	00	2,177,463
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	00	00	00	00
Total Revenues, Gains and Other Support	2,177,463	00	00	2,177,463
EXPENSES				
Family Services	1,710,872	00	00	1,710,872
Management and General	546,917	00	00	546,917
Fundraising	10,289	00	00	10,289
Total Expenses	2,268,078	00	00	2,268,078
CHANGE IN NET ASSETS	(90,615)	00	00	(90,615)
NET ASSETS – Beginning of Year	417,153	00	00	417,153
NET ASSETS – End of Year	$ 326,538	$ 00	$ 00	$ 326,538

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Grants, Contracts, and Client Fees	$2,890,221	$ 00	$ 00	$2,890,221
Contributions	128,916	00	00	128,916
Interest	925	00	00	925
Other Income	21,600	00	00	21,600
Gain (Loss) on Asset Disposal	(1,653)	00	00	(1,653)
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	00	00	00	00
Total Revenues, Gains and Other Support	3,054,009	00	00	3,054,009
EXPENSES				
Family Services	2,538,129	00	00	2,538,129
Management and General	325,846	00	00	325,846
Fundraising	63,259	00	00	63,259
Total Expenses	2,927,234	00	00	2,927,234
CHANGE IN NET ASSETS	126,775	00	00	126,775
NET ASSETS – Beginning of Year	290,378	00	00	290,378
NET ASSETS – End of Year	$ 417,153	$ 00	$ 00	$ 417,153

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, 2008

	Program Services	Support Services			
	Family Services	Management and General	Fund Raising	Total	Grand Total
SALARIES AND RELATED EXPENSES					
Salaries and Wages	$1,217,102	$262,373	$ 9,018	$271,391	$1,488,493
Employee Benefits	148,852	33,017	00	33,017	181,869
Payroll Taxes	88,251	20,879	00	20,879	109,130
Total Salaries and Related Expenses	1,454,205	316,269	9,018	325,287	1,779,492
EXPENSES					
Auto Maintenance	1,689	436	00	436	2,125
Bad Debt	00	11,000	00	11,000	11,000
Bank Service Charges	30	1,740	00	1,740	1,770
Conference and Training	20,443	1,854	00	1,854	22,297
Dues and Subscriptions	6,108	9,180	00	9,180	15,288
Equipment Rental and Repair	12,390	11,462	928	12,390	24,780
Fuel	128	00	00	00	128
Insurance – Auto	2,173	2,263	00	2,263	4,436
Insurance – Business	2,399	5,713	00	5,713	8,112
Insurance – Workers' Comp	1,610	4,225	00	4,225	5,835
Insurance – Other	12,741	20,533	00	20,533	33,274
Interest	2,108	53,311	00	53,311	55,419
Miscellaneous	1,869	1,375	98	1,473	3,342
Office Supplies	15,869	8,502	18	8,520	24,389
Postage and Delivery	3,428	3,899	42	3,941	7,369
Printing	1,144	3,232	00	3,232	4,376
Professional Fees	9,134	13,066	00	13,066	22,200
Recreation	273	4,706	00	4,706	4,979
Recruitment	1,462	00	00	00	1,462
Rent	9,000	00	00	00	9,000
Repairs and Maintenance	12,506	16,067	00	16,067	28,573
Supplies	51,598	18,142	185	18,327	69,925
Telephone	13,940	17,945	00	17,945	31,885
Travel	25,424	1,411	00	1,411	26,835
Utilities	7,377	13,205	00	13,205	20,582
Total Expenses Before Depreciation	1,669,048	539,536	10,289	549,825	2,218,873
Depreciation	41,824	7,381	00	7,381	49,205
TOTAL FUNCTIONAL EXPENSES	$1,710,872	$546,917	$ 10,289	$557,206	$2,268,078

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			
	Family Services	Management and General	Fund Raising	Total	Grand Total
SALARIES AND RELATED EXPENSES					
Salaries and Wages	$1,812,878	$172,640	$ 48,450	$221,090	$2,033,968
Employee Benefits	194,586	12,960	5,654	18,614	213,200
Payroll Taxes	130,340	12,373	3,596	15,969	146,309
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	8,595	11,174	00	11,174	19,769
Total Expenses Before Depreciation	2,496,377	318,478	63,259	381,737	2,878,114
Depreciation	41,752	7,368	00	7,368	49,120
TOTAL FUNCTIONAL EXPENSES	$2,538,129	$325,846	$ 63,259	$389,105	$2,927,234

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

FAMILY AND YOUTH SERVICES BUREAU

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (90,615)	$126,775
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	49,205	49,120
Bad Debt	11,000	00
(Gain) Loss on Asset Disposal	00	1,653
(Increase) Decrease in:		
Accounts Receivable	143,348	86,447
Contributions Receivable	00	9,269
Prepaid Expenses	(17,108)	7,451
Increase (Decrease) in:		
Accounts Payable	(16,128)	7,441
Accrued Taxes and Expenses	(1,211)	(29,648)
Accrued Salaries and Wages	(33,751)	78,034
Deferred Revenue	(21,294)	(37,569)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,446	298,973
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for Purchases of Fixed Assets	(26,345)	(90,885)
Increase in Equipment Deposit	(10,000)	00
NET CASH (USED) BY INVESTING ACTIVITIES	(36,345)	(90,885)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Line of Credit	(169,508)	00
Reduction of Principal – Notes Payable	(24,425)	(18,462)
Additional Borrowings – Notes Payable	169,508	00
Reduction of Capital Lease Obligations	(7,540)	(4,001)
Increase in Capital Lease Obligations	00	21,958
NET CASH (USED) BY FINANCING ACTIVITIES	(31,965)	(505)
NET INCREASE (DECREASE) IN CASH	(44,864)	207,583
CASH AND CASH EQUIVALENTS – Beginning of Year	214,846	7,263
CASH AND CASH EQUIVALENTS – End of Year	$169,982	$214,846
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	$ 55,419	$ 59,667

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

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, 2008, the Organization has $111,210 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, 2008, and is not adjusted for the outstanding checks and other in-transit items reflected in the Organization's records.

Accounts Receivable
The Company maintains an allowance for doubtful accounts carried at an amount which bad accounts are reasonably expected not to exceed. Receivables are considered past due when payment is not received within the period allowed under terms of the sales. Periodically, the Company's management reviews past due receivables and allows for all accounts deemed uncollectible after all reasonable collection efforts have been exhausted.

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 years ended June 30, 2008 and 2007 was $49,205 and $49,120, respectively.

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.

Uncertainty in Income Taxes

The Organization has elected to defer implementation of *Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes"* as is allowed under the current standards. Management will evaluate the options available to them and assess the effects of implementation of Interpretation No. 48 when a definitive implementation date is established.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008 and 2007 consist of the following:

	2008	2007
Accounts Receivable	$ 43,212	$ 45,456
Grant and Contracts Receivable	168,725	309,829
Allowance for Doubtful Accounts	(11,000)	00
Total Accounts Receivable – Net	$200,937	$355,285

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2008 and 2007 are as follows:

	2008	2007
Land	$ 45,280	$ 45,280
Building and Improvements	1,082,635	1,069,445
Furniture and Fixtures	113,244	112,893
Vehicles	51,230	51,230
Accumulated Depreciation	(451,387)	(414,986)
Total Property and Equipment	$ 841,002	$ 863,862

NOTE 4 - LINE OF CREDIT

The Organization had a $185,670 revolving line of credit with First Source Bank that matured July 1, 2007. The balance outstanding at June 30, 2007 was $169,508. The line was secured by property located at 253 and 257 Lincolnway in Valparaiso, Indiana. On August 31, 2007 the line of credit was refinanced with an installment loan for $169,508 from First Source 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.

NOTE 5 - NOTES PAYABLE

The Organization has the following long-term notes payable at June 30, 2008 and 2007:

	2008	2007
Note payable to First Source Bank in monthly installments of $1,571, including interest at 7.5% until September 2012 and then 3.25% above the weekly average yield of U.S. Treasury securities, matures September 2022, secured by business assets	$164,784	$ 00
Mortgage payable to First Source 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	135,869	141,030
Mortgage payable to First Source 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	118,038	122,673
Mortgage payable to First Source 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	319,354	329,259
Total	738,045	592,962
Less: Current Portion of Debt	28,125	19,980
Total Long-Term Notes Payable	$709,920	$572,982

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

Year Ending	Amount
June 30, 2009	$ 28,125
June 30, 2010	$ 30,188
June 30, 2011	$ 32,403
June 30, 2012	$ 34,782
June 30, 2013 and thereafter	$ 612,548

NOTE 6 - 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 $13,404.

Minimum annual lease payments for the term of the leases are as follows:

Year Ending	Amount
June 30, 2009	$ 9,648
June 30, 2010	9,648
June 30, 2011	6,393
June 30, 2012	3,960
Total Minimum Lease Payments	29,649
Less: Amount Representing Interest	3,232
Total Obligations Under Capital Leases	26,417
Less: Current Installments of Obligations under Capital Leases	8,061
Long Term Obligation Under Capital Leases	$ 18,356

NOTE 7 - INTEREST EXPENSE

Interest expense incurred for the years ended June 30, 2008 and 2007 was $55,419 and $59,667, respectively.

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 years ended June 30, 2008 and 2007 totaled $39,584 and $20,543, respectively.

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 years ended June 30, 2008 and 2007, the Organization recorded $9,000 and $21,600 of contributed space costs, respectively.

SUPPLEMENTARY SCHEDULES

FAMILY AND YOUTH SERVICES BUREAU

SCHEDULE OF GOVERNMENTAL FUNDING
FOR THE YEAR ENDING JUNE 30, 2008

Government Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant ID	Program or Award Amount	Revenue Recognized
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Department of Child Services				
Healthy Families Indiana				
9/1/07 - 8/31/08	93.558	64-05-600865	$520,789	$ 510,775
U.S. Department of Health and Human Services				
Department of Child Services				
Community Based Child Welfare Services				
Title IVB Nurturing Program/Counseling and Evaluations	93.645 &			
7/1/07 - 12/31/08	93.556	97-07-0865	$ 28,000	26,325
U.S. Department of Justice				
Indiana Criminal Justice Institute				
Victims of Crime Act (VOCA)				
7/1/07 - 6/30/08	16.575	07VA103	$ 33,737	33,737
U.S. Department of Agriculture				
Indiana Department of Education				
National School Lunch Program			Reimbursement	
7/1/07 - 6/30/08	10.555	C2-8-64-K228	of Claims	1,905
TOTAL FEDERAL AWARDS				572,742
STATE AWARDS				
Porter County Council				
Porter County Commissioner's Budget	n/a	n/a	$500,000	500,000
Indiana Division of Family and Children				
Youth Services Bureau fund	n/a	n/a	$ 40,000	40,000
Porter County Circuit Court				
Court Appointed Special Advocate Program	n/a	n/a	$ 74,811	74,811
Porter County Division of Family and Children				
Court Appointed Special Advocate Program	n/a	n/a	$ 10,000	10,000
Indiana Division of Family and Children				
Court Appointed Special Advocate Program	n/a	n/a	n/a	25,522
Indiana Department of Corrections				
Juvenile Community Corrections Program:				
Basic Training/Chronic Repeat Offender	n/a	n/a	$219,452	219,452
Porter County Division of Family and Children				
Title 4E Waiver	n/a	n/a	n/a	4,390
Porter County Child Welfare Services				
TOT Shop	n/a	n/a	$ 15,000	10,000
Clinical Services – Assessments	n/a	n/a	$ 50,463	25,231
Juvenile Justice Services – Intensive Supervision	n/a	n/a	$ 44,812	22,406
TOTAL STATE AWARDS				931,812
TOTAL GOVERNMENTAL FUNDS				$1,504,554

FAMILY AND YOUTH SERVICES BUREAU

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant ID	Program or Award Amount	Program Expenditures	Accounts Receivable June 30 2008	Reference
U.S. Department of Health and Human Services Department of Child Services Healthy Families Indiana 9/1/07 – 8/31/08	93.558	64-05-600865	$520,789	$510,775	$ 45,256	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 7/1/07 – 12/31/08	93.645 & 93.556	97-07-0865	$ 28,000	26,325	$ 13,552	Note 3
Total U.S. Department of Health and Human Services				537,100		
U.S. Department of Justice Indiana Criminal Justice Institute Victims of Crime Act (VOCA) 7/1/07 – 6/30/08	16.575	07VA103	$ 33,737	33,737	$ 9,471	Note 4
U.S. Department of Agriculture Indiana Department of Education National School Lunch Program 7/1/07 – 6/30/08	10.555	C2-8-64-K228	Reimbursement of Claims	1,905	$ 00	Note 5
TOTAL EXPENDITURES OF FEDERAL AWARDS				$572,742		

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008 AND 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 wards 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 - 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 5 - 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
YEARS ENDED JUNE 30, 2008 AND 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 30, 2009 at the office of Family and Youth Services Bureau in Valparaiso, Indiana.

FAMILY AND YOUTH SERVICES BUREAU

LISA JORDAN	DIRECTOR OF ADMINISTRATION
JULIE SHIDELER	ACCOUNTANT
LAWRENCE HEMDAL	TREASURER

AUDIT ORGANIZATION REPRESENTATIVE

RICHARD YOUNG	PRINCIPAL
JOHN REDMOND	STAFF AUDITOR