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February 1, 2010

Board of Directors  
Hamilton Centers Youth  
Services Bureau, Inc.  
294 S. 9<sup>th</sup> St.  
Noblesville, IN 46060

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

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

STATE BOARD OF ACCOUNTS

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Financial Statements**  
**December 31, 2008 and 2007**  
**(See Independent Auditor's Report)**

**Hamilton Centers Youth Service Bureau, Inc.  
Noblesville, Indiana  
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# TEIPEN, SELANDERS, POYNTER & AYRES, P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hamilton Centers Youth Service Bureau, Inc.  
Noblesville, Indiana

We have audited the accompanying Statements of Financial Position of Hamilton Centers Youth Service Bureau, Inc., a not for profit organization, as of December 31, 2008 and 2007, and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Hamilton Centers Youth Service Bureau, Inc. as of December 31, 2008 and 2007, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Teipen, Selanders, Poynter & Ayres, P.C.  
Certified Public Accountants

May 28, 2009

Hamilton Centers Youth Service Bureau, Inc.  
Noblesville, Indiana  
**Statements of Financial Position**  
**As of December 31, 2008 and 2007**  
(See Independent Auditor's Report)

	<b>Assets</b>	
	2008	2007
<b>Current Assets</b>		
Cash and Cash Equivalents - Note 1	\$ 8,190	\$ 14,024
Accounts Receivable - Note 1	<u>89,317</u>	<u>17,656</u>
<b>Total Current Assets</b>	<u>97,507</u>	<u>31,680</u>
<b>Property and Equipment, Net - Notes 1, 3, 4 and 5</b>	<u>205,370</u>	<u>204,490</u>
<b>Other Asset</b>		
Beneficial Interest in Assets Held by the Legacy Fund - Note 2	<u>63,835</u>	<u>62,916</u>
<b>Total Other Asset</b>	<u>63,835</u>	<u>62,916</u>
<b>Total Assets</b>	<u>\$ 366,713</u>	<u>\$ 299,086</u>

<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 5,531	\$ 5,757
Accrued Payroll and Related Liabilities	14,804	13,406
Accrued Vacation Pay	8,822	5,858
Note Payable - Line of Credit - Note 5	67,952	69,708
Current Portion of Long-Term Debt - Note 4	<u>9,839</u>	<u>9,222</u>
<b>Total Current Liabilities</b>	106,948	103,951
<b>Long-Term Debt - Note 4</b>	<u>111,670</u>	<u>120,481</u>
<b>Total Liabilities</b>	<u>218,618</u>	<u>224,432</u>
<b>Net Assets - Notes 1 and 2</b>		
Unrestricted	84,260	11,738
Permanently Restricted	<u>63,835</u>	<u>62,916</u>
<b>Total Net Assets</b>	<u>148,095</u>	<u>74,654</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 366,713</u>	<u>\$ 299,086</u>

Hamilton Centers Youth Service Bureau, Inc.  
Noblesville, Indiana  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2008  
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support - Note 1</b>				
Grants				
Pregnant and Parenting Teens	\$ 157,740	\$ -	\$ -	\$ 157,740
United Way	2,123	-	-	2,123
Anger Management	1,000	-	-	1,000
Administration	67,500	-	-	67,500
FAST	10,100	-	-	10,100
Safe Place	21,195	-	-	21,195
Host Homes	60,423	-	-	60,423
Other Grants	50	-	-	50
	<hr/>	<hr/>	<hr/>	<hr/>
Total Grants	320,131	-	-	320,131
United Way	50,032	-	-	50,032
Special Events				
Safe Place Fun Day	10,811	-	-	10,811
Martini Party	33,048	-	-	33,048
Annual Meeting	800	-	-	800
Fee for Service	71,303	-	-	71,303
Contract Service	74,998	-	-	74,998
Donations	66,118	-	-	66,118
Contributed Services	15,578	-	-	15,578
Increase in Beneficial Interest in the Legacy Fund	-	-	919	919
Other Revenue:				
Other Income	1,493	-	-	1,493
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Revenue and Support</b>	<b>644,312</b>	<b>-</b>	<b>919</b>	<b>645,231</b>
<b>Expenses</b>				
Program	372,455	-	-	372,455
Management and General	133,212	-	-	133,212
Fundraising	66,122	-	-	66,122
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<b>571,790</b>	<b>-</b>	<b>-</b>	<b>571,790</b>
<b>Change in Net Assets</b>	<b>72,522</b>	<b>-</b>	<b>919</b>	<b>73,441</b>
<b>Net Assets - Beginning of Year</b>	<b>11,738</b>	<b>-</b>	<b>62,916</b>	<b>74,654</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets - End of Year</b>	<b>\$ 84,260</b>	<b>\$ -</b>	<b>\$ 63,835</b>	<b>\$ 148,095</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2007**  
(See Independent Auditor's Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support - Note 1</b>				
<b>Grants</b>				
Pregnant and Parenting Teens	\$ 5,000	\$ -	\$ -	\$ 5,000
United Way	3,000	-	-	3,000
Safe Place	12,597	-	-	12,597
Board Development	1,500	-	-	1,500
Administration	47,500	-	-	47,500
FAST	6,806	-	-	6,806
Support	1,000	-	-	1,000
Family Access	8,234	-	-	8,234
Host Homes	57,088	-	-	57,088
Residential	20,323	-	-	20,323
	<u>163,048</u>	<u>-</u>	<u>-</u>	<u>163,048</u>
<b>Total Grants</b>	<b>163,048</b>	<b>-</b>	<b>-</b>	<b>163,048</b>
United Way	24,790	-	-	24,790
<b>Special Events</b>				
Safe Place Fun Day	4,143	-	-	4,143
Martini Party - Net of Expense	21,925	-	-	21,925
Annual Meeting - Net of Expense	86	-	-	86
Fee for Service	22,914	-	-	22,914
Contract Service	63,454	-	-	63,454
Donations	59,725	-	-	59,725
Contributed Services	1,883	-	-	1,883
Income on Beneficial Interest in the Legacy Fund	3,066	-	-	3,066
<b>Other Revenue:</b>				
Gain on Sale of Property and Equipment	1,000	-	-	1,000
Other Income	3,144	-	-	3,144
	<u>369,178</u>	<u>-</u>	<u>-</u>	<u>369,178</u>
<b>Total Revenue and Support</b>	<b>369,178</b>	<b>-</b>	<b>-</b>	<b>369,178</b>
<b>Expenses</b>				
Program	228,321	-	-	228,321
Management and General	187,071	-	-	187,071
Fundraising	47,185	-	-	47,185
	<u>462,577</u>	<u>-</u>	<u>-</u>	<u>462,577</u>
<b>Total Expenses</b>	<b>462,577</b>	<b>-</b>	<b>-</b>	<b>462,577</b>
<b>Change in Net Assets</b>	<b>(93,399)</b>	<b>-</b>	<b>-</b>	<b>(93,399)</b>
<b>Net Assets - Beginning of Period - Note 8</b>	<u>105,137</u>	<u>-</u>	<u>62,916</u>	<u>168,053</u>
<b>Net Assets - End of Period</b>	<u>\$ 11,738</u>	<u>\$ -</u>	<u>\$ 62,916</u>	<u>\$ 74,654</u>

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2008**  
(See Independent Auditor's Report)

	Program Services										Fund-Raising	Management and General	Total
	Promising Futures	Host Homes	Clinical Services	F.A.C.	Safe Place	FAST	Other	Total	Fund-Raising	Management and General			
Salaries	\$ 102,595	\$ 11,517	\$ 53,903	\$ 33,674	\$ -	\$ 13,715	\$ 12,794	\$ 228,198	\$ 62,755	\$ 43,921	\$ 334,875		
Payroll Taxes	6,461	1,197	3,593	2,611	-	1,896	984	16,742	4,456	2,826	24,023		
Employee Benefits	11,247	-	10,065	3,139	-	3,969	-	28,420	6,519	84	35,023		
Professional Fees	4,320	-	2,160	-	-	1,440	1,440	9,360	11,040	250	20,650		
Supplies	7,091	-	-	407	70	1,732	2,565	11,864	3,244	46	15,154		
Telephone	-	1,282	1,344	1,344	1,155	408	-	5,533	1,317	1,144	7,994		
Postage	625	-	-	411	370	411	129	1,945	448	1,263	3,656		
Advertising	673	95	-	99	100	-	-	967	1,533	1,561	4,061		
Occupancy	11,869	1,173	1,173	4,416	1,606	1,173	-	21,410	1,308	1,173	23,891		
Repairs and Maintenance	3,379	-	407	918	-	407	-	5,110	1,544	36	6,690		
Dues/Fees/Subscriptions	1,257	500	-	-	600	-	-	2,357	4,230	295	6,882		
Vehicle Costs	1,448	-	-	-	-	-	-	1,448	-	-	1,448		
Travel/Training	1,984	1,367	-	8	446	420	-	4,225	389	435	5,050		
Recreation	-	-	-	-	-	-	-	-	114	-	114		
Insurance	6,066	708	3,033	2,021	-	708	708	13,244	6,975	-	20,219		
Interest	-	-	-	6,014	-	-	-	6,014	6,050	-	12,064		
Technology	627	1,128	1,192	684	-	1,149	-	4,779	1,343	1,111	7,233		
Miscellaneous	396	-	-	-	-	331	-	727	3,819	-	4,546		
Special Events	-	-	-	-	-	-	-	-	-	1,949	1,949		
Safe Place	-	-	-	-	-	-	-	-	-	9,496	9,496		
Martini Party	-	-	-	-	-	-	-	-	-	530	530		
Annual Meeting	-	-	-	-	-	-	-	-	-	-	-		
Depreciation	10,111	-	-	-	-	-	-	10,111	16,130	-	26,241		
<b>Totals 2008</b>	<b>\$ 170,149</b>	<b>\$ 18,966</b>	<b>\$ 76,870</b>	<b>\$ 55,745</b>	<b>\$ 4,346</b>	<b>\$ 27,759</b>	<b>\$ 18,620</b>	<b>\$ 372,455</b>	<b>\$ 133,212</b>	<b>\$ 66,122</b>	<b>\$ 571,790</b>		

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2007**  
(See Independent Auditor's Report)

	Program Services											Total
	Residential Services	Host Homes	Clinical Services	L.E.A.D.	Other	F.A.C.	Safe Place	FAST	Total	Management and General	Fund-Raising	
Salaries	\$ 9,095	\$ 26,366	\$ 50,062	\$ -	\$ 1,143	\$ 34,569	\$ 4,747	\$ 21,897	\$ 147,879	\$ 62,313	\$ 37,503	\$ 247,695
Payroll Taxes	1,862	3,212	4,358	-	-	3,022	-	3,083	15,537	2,608	3,192	21,337
Employee Benefits	444	350	8,939	3,425	-	2,967	-	5,382	21,507	5,700	63	27,270
Professional Fees	-	-	-	-	84	-	-	-	84	20,400	-	20,484
Supplies	534	98	50	473	23	9	958	3,788	5,933	4,244	355	10,532
Telephone	39	80	1,015	-	-	794	862	627	3,417	1,217	568	5,202
Postage	-	-	-	-	-	55	55	74	184	1,263	468	1,915
Advertising	-	771	35	-	-	-	-	-	806	2,312	3,359	6,477
Occupancy	3,117	128	837	-	-	2,302	2,315	2,167	10,866	2,405	734	14,005
Repairs and Maintenance	8,305	-	251	-	-	412	303	251	9,522	3,254	-	12,776
Dues/Fees/Subscriptions	98	250	-	-	-	-	600	-	948	5,385	-	6,333
Vehicle Costs	1,664	-	-	-	-	-	-	-	1,664	-	-	1,664
Travel/Training	-	3,783	267	-	-	-	491	1,241	5,782	2,102	173	8,057
Insurance	-	-	-	-	-	-	-	-	-	23,189	-	23,189
Interest	-	-	-	-	-	-	-	-	-	13,707	-	13,707
Operating Costs	-	-	-	-	-	-	-	-	-	9,172	-	9,172
Technology	-	1,109	1,109	-	-	1,017	-	957	4,192	2,598	770	7,560
Miscellaneous	-	-	-	-	-	-	-	-	-	2,664	-	2,664
Depreciation	-	-	-	-	-	-	-	-	-	22,538	-	22,538
<b>Totals 2007</b>	<b>\$ 25,158</b>	<b>\$ 36,147</b>	<b>\$ 66,923</b>	<b>\$ 3,898</b>	<b>\$ 1,250</b>	<b>\$ 45,147</b>	<b>\$ 10,331</b>	<b>\$ 39,467</b>	<b>\$ 228,321</b>	<b>\$ 187,071</b>	<b>\$ 47,185</b>	<b>\$ 462,577</b>

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2008 and 2007**  
(See Independent Auditor's Report)

	2008	2007
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 73,441	\$ (93,399)
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities</b>		
Depreciation Expense	26,241	22,538
Contributed Services Capitalized	(11,928)	-
Gain on Sale of Property and Equipment	-	(1,000)
Increase in Beneficial Asset	(920)	-
(Increase) Decrease in Accounts Receivable	(71,661)	43,386
(Increase) Decrease in Prepaid Expense	-	782
Increase (Decrease) In Accounts Payable	(226)	(22,118)
Increase (Decrease) In Accrued Payroll and Related Liabilities	1,398	(10,358)
Increase (Decrease) In Accrued Vacation Pay	2,964	(1,603)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>19,309</u>	<u>(61,772)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of Endowment Investments	-	(2,322)
Proceeds Received from Sale of Property and Equipment	-	1,000
Purchase of Property and Equipment	(15,194)	(14,000)
<b>Net Cash Used in Investing Activities</b>	<u>(15,194)</u>	<u>(15,322)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Line of Credit	8,500	82,000
Principal Payments on Line of Credit	(10,256)	(27,292)
Principal Payments on Long-Term Debt	(8,193)	(7,799)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(9,949)</u>	<u>46,909</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(5,834)	(30,185)
<b>Cash and Cash Equivalents - Beginning of Period</b>	<u>14,025</u>	<u>44,210</u>
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 8,191</u>	<u>\$ 14,025</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest Expense	<u>\$ 12,064</u>	<u>\$ 13,707</u>

Hamilton Centers Youth Service Bureau, Inc.  
 Noblesville, Indiana  
 Notes to Financial Statements  
 December 31, 2008 and 2007  
 (See Independent Auditor's Report)

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** - Hamilton Centers Youth Service Bureau, Inc. (the Agency), was organized to provide and operate juvenile custodial facilities utilizing the group home concept. The Agency also provides the Safe Place program, Promising Futures Program, independent living programs, and a variety of clinical services.

**BASIS OF PRESENTATION** - The Agency records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (SFAS) No. 117, Financial Statements of Not for Profit Organizations. Under SFAS No. 117, the Agency 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.

**Unrestricted Net Assets:** Unrestricted net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its by-laws.

**Temporarily Restricted Net Assets:** Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization.

**Permanently Restricted Net Assets:** Permanently restricted net assets include resources subject to donor imposed stipulations that are maintained permanently by the Organization.

**CASH AND CASH EQUIVALENTS AND CREDIT RISK** - For the purposes of the Statements of Cash Flows, the Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. During the year, the Agency may maintain cash balances in excess of the \$250,000 limit insured by the FDIC.

**PROPERTY AND EQUIPMENT** - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective asset as follows:

Buildings and Improvements	20 - 37.5 Years	
Automobiles and Vans	5 Years	
Furniture and Equipment	5 -10 Years	
	2008	2007
Depreciation Expense	\$ <u>26,241</u>	\$ <u>22,538</u>

**FUNCTIONAL ALLOCATION OF EXPENSES** - The costs of providing the Agency's various programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued)

Hamilton Centers Youth Service Bureau, Inc.  
 Noblesville, Indiana  
 Notes to Financial Statements  
 December 31, 2008 and 2007  
 (See Independent Auditor's Report)

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SUPPORT AND REVENUE** - The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

**GOVERNMENTAL GRANTS AND CONTRACT FEES** - Support funded by grants is recognized as the Agency performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. The Agency also received support under various fee-for-service and per diem contracts from various state and county agencies for providing services to individuals.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS** - The Agency uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. As of December 31, 2008 and 2007, the allowance for uncollectible receivables is zero.

**CONTRIBUTED SERVICES** - During the years ended December 31, 2008 and 2007, the Agency has recorded the value of contributed services meeting the requirements for recognition in the financial statements totaling \$15,578 and \$1,883, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Agency, but these services do not meet the criteria for recognition as contributed services. Contributed service revenue recognized is as follows:

	2008	2007
Residential	\$ 15,578	\$ 1,405
Administrative	<u>          -</u>	<u>      478</u>
Total Contributed Services	<u>\$ 15,578</u>	<u>\$ 1,883</u>

**USE OF ESTIMATES** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INCOME TAXES** - The Agency is a not for profit, charitable organization other than a private foundation as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
 (See Independent Auditor's Report)

**NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY THE LEGACY FUND**

The Agency and donors have made multiple transfers to the Legacy Fund, an endowment fund under a designated endowment agreement. Under this agreement, the Agency is specified as the beneficiary of the net earnings (net of expense) of the fund. However, the Foundation has retained variance authority of those funds. The beneficial interest reported as an asset represents the present value of the estimated future cash flows to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the fund is reported as an increase or decrease in permanently restricted net assets.

The beneficial interest in assets held by the Endowment is summarized as follows:

	2008	2007
Beneficial Interest in the Legacy Fund	\$ <u>63,835</u>	\$ <u>62,916</u>

**NOTE 3 - PROPERTY AND EQUIPMENT**

The Agency's property and equipment consisted of the following:

	2008	2007
Land	\$ 14,500	\$ 14,500
Buildings and Improvements	531,188	511,549
Automobiles and Vans	15,395	33,118
Furniture and Equipment	<u>208,171</u>	<u>205,084</u>
	769,254	764,251
Less: Accumulated Depreciation	<u>(563,884)</u>	<u>(559,761)</u>
Total Property and Equipment - Net	\$ <u>205,370</u>	\$ <u>204,490</u>

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
(See Independent Auditor's Report)

**NOTE 4 - NOTES PAYABLE – TERM**

At December 31, 2008 and 2007, the Agency is obligated to Community Bank, Noblesville, Indiana on the following term notes payable:

	2008	2007
Debt requirements include interest at a fixed rate of 6.5% through September, 2008 for a monthly payment of \$601. At September, 2008, the interest rate will become a variable rate at 2.5% above the prime rate (3.25% as of December 31, 2008) through September, 2023. The note is secured by a mortgage on the Agency's three properties in Noblesville, Indiana.	\$ 30,750	\$ 34,917
Debt requirements include interest at a variable rate of 1.5% above the prime rate (3.25 as of December 31, 2008) through June, 2024. The note is secured by a mortgage on the Agency's three properties in Noblesville, Indiana.	<u>90,759</u>	<u>94,786</u>
	<u>121,509</u>	<u>129,703</u>
Less: Current Portion	<u>9,839</u>	<u>9,222</u>
Total Long-Term Debt	<u>\$ 111,670</u>	<u>\$ 120,481</u>

Future maturities are as follows

Years Ending December 31,		2009	\$ 9,839	
		2010	10,498	
		2011	11,202	
		2012	11,952	
		2013	12,269	
	2014 and Thereafter		<u>65,749</u>	
			<u>\$ 121,509</u>	

**NOTE 5 - NOTE PAYABLE – LINE OF CREDIT**

At December 31, 2008 and 2007, the Agency had drawn \$67,952 and \$69,708, respectively of a \$70,000 line of credit available through Community Bank, Noblesville, Indiana. The note requires monthly interest payments at prime (3.25% as of December 31, 2008) plus 1.0% and matures November 20, 2009. The note is secured by a mortgage on the Agency's three locations in Noblesville, Indiana.

**Hamilton Centers Youth Service Bureau, Inc.**  
**Noblesville, Indiana**  
**Notes to Financial Statements**  
**December 31, 2008 and 2007**  
(See Independent Auditor's Report)

**NOTE 6 - PENSION PLAN**

The Agency sponsors a 403(b) pension plan covering substantially all employees. Plan participants can elect, within IRS guidelines, to contribute pre-tax earnings to the Plan. The Agency does not contribute to the Plan.

**NOTE 7 - OPERATING LEASES**

The Agency is obligated on two operating leases for office equipment. One lease requires monthly payments of \$466 and matures in August, 2011 while the other lease requires quarterly payments of \$179 maturing in June, 2010. Total lease expense for the year ended December 31, 2008 and 2007 was \$4,240 and \$6,645, respectively.

Future minimum lease payments are as follows:

For the years ending December 31, 2009	\$	6,310
2010		5,952
2011		<u>3,729</u>
Total	\$	<u><u>15,991</u></u>

**NOTE 8 - PRIOR PERIOD RECLASSIFICATION OF BEGINNING BALANCES OF NET ASSETS**

The beginning balance of unrestricted net assets, temporarily restricted net assets and permanently restricted net assets as of January 1, 2007 have been reclassified to reflect the net present value of the Legacy Fund Endowment as a permanently restricted net asset. Reclassification of the beginning net assets balances are as follows:

	Prior Audit Total Net Assets as of 12-31-2006	Net Assets Increases	Net Assets (Decreases)	Net Assets Reclassified as of 01-01-2007
<b>Net Assets</b>				
<b>Unrestricted</b>				
Board Designated	\$ 10,250	\$ -	\$ (10,250)	\$ -
Undesignated	11,738	-	-	11,738
	<u>21,988</u>	<u>-</u>	<u>(10,250)</u>	<u>11,738</u>
Temporarily Restricted	32,128	-	(32,128)	-
Permanently Restricted	20,538	42,378	-	62,916
	<u>20,538</u>	<u>42,378</u>	<u>-</u>	<u>62,916</u>
Total Net Assets	\$ <u><u>74,654</u></u>	\$ <u><u>42,378</u></u>	\$ <u><u>(42,378)</u></u>	\$ <u><u>74,654</u></u>