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October 18, 2011

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, 2008 to June 30, 2009. 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, 2009, 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, 2009 AND 2008

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 statements of financial position of Family and Youth Services Bureau as of June 30, 2009 and 2008, 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, 2009 and 2008, 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, 2009, 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.

Merrillville, IN  
December 30, 2009



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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, 2009 and 2008 and have issued our report thereon dated December 30, 2009. 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, 2009.

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, Betson + Co., P.C.*

Merrillville, IN  
December 30, 2009



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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, 2009 and 2008. 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, 2009 and 2008.

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, Peterson & Co., P.C.*

Merrillville, IN  
December 30, 2009

**FAMILY AND YOUTH SERVICES BUREAU**

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2009 AND 2008

A S S E T S

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 297,638	\$ 169,982
Accounts Receivable	158,566	200,937
Prepaid Expenses	9,060	29,698
Land, Buildings and Equipment -- Net	823,098	841,002
Equipment Deposits	<u>00</u>	<u>10,000</u>
<b>TOTAL ASSETS</b>	<u>\$1,288,362</u>	<u>\$1,251,619</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Notes Payable -- Current Portion	\$ 30,203	\$ 28,125
Capital Leases -- Current Portion	8,619	8,061
Accounts Payable	40,856	22,536
Accrued Taxes and Expenses	14,962	11,140
Accrued Salaries and Wages	72,809	67,536
Deferred Revenue	<u>55,907</u>	<u>59,407</u>
Total Current Liabilities	<u>223,356</u>	<u>196,805</u>
<b>LONG TERM LIABILITIES</b>		
Notes Payable	679,601	709,920
Capital Leases	<u>9,736</u>	<u>18,356</u>
Total Long Term Liabilities	<u>689,337</u>	<u>728,276</u>
<b>TOTAL LIABILITIES</b>	912,693	925,081
<b>NET ASSETS</b>		
Unrestricted	<u>375,669</u>	<u>326,538</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$1,288,362</u>	<u>\$1,251,619</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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Grants, Contracts, and Client Fees	\$2,037,115	\$ 00	\$ 00	\$2,037,115
Contributions	97,580	00	00	97,580
Interest	2,142	00	00	2,142
Other Income	21,600	00	00	21,600
Gain (Loss) on Asset Disposal	<u>(1,167)</u>	<u>00</u>	<u>00</u>	<u>(1,167)</u>
Revenues, Gains and Other Support Prior To Net Assets Released from Restrictions	2,157,270	00	00	2,157,270
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>2,157,270</u>	<u>00</u>	<u>00</u>	<u>2,157,270</u>
<b>EXPENSES</b>				
Family Services	1,522,604	00	00	1,522,604
Management and General	576,074	00	00	576,074
Fundraising	<u>9,461</u>	<u>00</u>	<u>00</u>	<u>9,461</u>
Total Expenses	<u>2,108,139</u>	<u>00</u>	<u>00</u>	<u>2,108,139</u>
<b>CHANGE IN NET ASSETS</b>	49,131	00	00	49,131
<b>NET ASSETS - Beginning of Year</b>	<u>326,538</u>	<u>00</u>	<u>00</u>	<u>326,538</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 375,669</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 375,669</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, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
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	<u>10,700</u>	<u>00</u>	<u>00</u>	<u>10,700</u>
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	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Total Revenues, Gains and Other Support	<u>2,177,463</u>	<u>00</u>	<u>00</u>	<u>2,177,463</u>
<b>EXPENSES</b>				
Family Services	1,710,872	00	00	1,710,872
Management and General	546,917	00	00	546,917
Fundraising	<u>10,289</u>	<u>00</u>	<u>00</u>	<u>10,289</u>
Total Expenses	<u>2,268,078</u>	<u>00</u>	<u>00</u>	<u>2,268,078</u>
<b>CHANGE IN NET ASSETS</b>	(90,615)	00	00	(90,615)
<b>NET ASSETS – Beginning of Year</b>	<u>417,153</u>	<u>00</u>	<u>00</u>	<u>417,153</u>
<b>NET ASSETS – End of Year</b>	<u>\$ 326,538</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 326,538</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, 2009**

	Program Services		Support Services		Grand Total
	Family Services	Management and General	Fund Raising	Total	
<b>SALARIES AND RELATED EXPENSES</b>					
Salaries and Wages	\$1,060,542	\$305,104	\$ 8,074	\$313,178	\$1,375,720
Employee Benefits	128,418	58,560	00	58,560	186,978
Payroll Taxes	79,324	25,387	00	25,387	104,711
Total Salaries and Related Expenses	1,268,284	389,051	8,074	397,125	1,665,409
<b>EXPENSES</b>					
Auto Maintenance	2,466	435	00	435	2,901
Bad Debt	00	11,000	00	11,000	11,000
Bank Service Charges	00	1,837	00	1,837	1,837
Conferences and Training	7,186	436	00	436	7,622
Dues and Subscriptions	1,357	8,951	00	8,951	10,308
Equipment Rental and Repair	13,385	9,090	00	9,090	22,475
Insurance - Auto	894	2,497	00	2,497	3,391
Insurance - Business	1,886	7,284	00	7,284	9,170
Insurance - Workers' Comp	893	2,996	00	2,996	3,889
Insurance - Other	3,222	12,830	00	12,830	16,052
Interest	936	51,483	00	51,483	52,419
Miscellaneous	567	1,680	00	1,680	2,247
Office Supplies	15,513	5,752	1,387	7,139	22,652
Postage and Delivery	4,275	1,753	00	1,753	6,028
Printing	1,119	747	00	747	1,866
Professional Fees	6,189	24,028	00	24,028	30,217
Recruitment	2,730	00	00	00	2,730
Rent	21,600	00	00	00	21,600
Repairs and Maintenance	10,540	8,827	00	8,827	19,367
Supplies	55,045	8,895	00	8,895	63,940
Telephone	15,277	5,432	00	5,432	20,709
Travel	28,212	1,537	00	1,537	29,749
Utilities	11,804	10,846	00	10,846	22,650
Total Expenses before Depreciation	1,473,380	567,387	9,461	576,848	2,050,228
Depreciation	49,224	8,687	00	8,687	57,911
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$1,522,604</u>	<u>\$576,074</u>	<u>\$ 9,461</u>	<u>\$585,535</u>	<u>\$2,108,139</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, 2008**

	Program Services		Support Services		Grand Total
	Family Services	Management and General	Fund Raising	Total	
<b>SALARIES AND RELATED EXPENSES</b>					
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
<b>EXPENSES</b>					
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
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$1,710,872</u>	<u>\$546,917</u>	<u>\$ 10,289</u>	<u>\$557,206</u>	<u>\$2,268,078</u>

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 49,131	\$ (90,615)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	57,911	49,205
Bad Debt	00	11,000
(Gain) Loss on Asset Disposal	1,167	00
(Increase) Decrease in:		
Accounts Receivable	42,371	143,348
Prepaid Expenses	20,638	(17,108)
Increase (Decrease) in:		
Accounts Payable	18,322	(16,128)
Accrued Taxes and Expenses	3,822	(1,211)
Accrued Salaries and Wages	5,273	(33,751)
Deferred Revenue	<u>(3,500)</u>	<u>(21,294)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>195,135</u>	<u>23,446</u>
 CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for Purchases of Fixed Assets	(41,174)	(26,345)
(Increase)Decrease in Equipment Deposit	<u>10,000</u>	<u>(10,000)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(31,174)</u>	<u>(36,345)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Line of Credit	00	(169,508)
Reduction of Principal – Notes Payable	(36,306)	(24,425)
Additional Borrowings – Notes Payable	00	169,508
Reduction of Capital Lease Obligations	<u>00</u>	<u>(7,540)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(36,306)</u>	<u>(31,965)</u>
 NET INCREASE (DECREASE) IN CASH	127,655	(44,864)
 CASH AND CASH EQUIVALENTS – Beginning of Year	169,983	214,846
 CASH AND CASH EQUIVALENTS – End of Year	<u>\$297,638</u>	<u>\$169,982</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 52,419</u>	<u>\$ 55,419</u>

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

# FAMILY AND YOUTH SERVICES BUREAU

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

### 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

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, 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. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes.

#### 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, 2009, the Organization has \$50,514 in financial institutions in excess of the Federal Deposit Insurance Corporations' (FDIC) insured level of \$250,000. The amount of potential exposure is computed based on the bank's statement balance at June 30, 2009, 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.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

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, 2009 and 2008 was \$57,911 and \$49,205, 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 *Accounting Standards 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 the applicable pronouncements when a definitive implementation date is established.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Accounts Receivable	\$ 37,381	\$ 43,212
Grant and Contracts Receivable	143,185	168,725
Allowance for Doubtful Accounts	<u>(22,000)</u>	<u>(11,000)</u>
Total Accounts Receivable - Net	<u>\$158,566</u>	<u>\$200,937</u>

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 45,280	\$ 45,280
Building and Improvements	1,041,881	1,082,635
Furniture and Fixtures	113,244	113,244
Vehicles	32,291	51,230
Accumulated Depreciation	<u>(409,598)</u>	<u>(451,387)</u>
Total Property and Equipment	<u>\$ 823,098</u>	<u>\$ 841,002</u>

**FAMILY AND YOUTH SERVICES BUREAU**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 4 - NOTES PAYABLE

The Organization has the following long-term notes payable at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
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	\$158,021	\$164,784
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	130,317	135,869
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	112,750	118,038
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	<u>308,716</u>	<u>319,354</u>
Total	709,804	738,045
Less: Current Portion of Debt	<u>30,203</u>	<u>28,125</u>
Total Long-Term Notes Payable	<u>\$679,601</u>	<u>\$709,920</u>

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

<u>Year Ending</u>	<u>Amount</u>
June 30, 2010	\$ 30,203
June 30, 2011	\$ 32,419
June 30, 2012	\$ 34,800
June 30, 2013	\$ 37,357
June 30, 2014 and thereafter	\$ 575,025

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 \$24,506.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 5 - CAPITAL LEASES CONTINUED

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

<u>Year Ending</u>	<u>Amount</u>
June 30, 2010	\$ 9,648
June 30, 2011	6,393
June 30, 2012	<u>3,960</u>
Total Minimum Lease Payments	20,001
Less: Amount Representing Interest	<u>1,646</u>
Total Obligations Under Capital Leases	18,355
Less: Current Installments of Obligations under Capital Leases	<u>8,619</u>
Long Term Obligation Under Capital Leases	<u>\$ 9,736</u>

NOTE 6 - INTEREST EXPENSE

Interest expense incurred for the years ended June 30, 2009 and 2008 was \$52,419 and \$55,419, respectively.

NOTE 7 - 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, 2009 and 2008 totaled \$56,859 and \$41,531, respectively.

NOTE 8 - 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, 2009 and 2008, the Organization recorded \$21,600 and \$9,000 of contributed space costs, respectively.

NOTE 9 - CONCENTRATION OF REVENUE

During the years ended June 30, 2009 and 2008, the Organization received 61% and 57%, respectively, of its revenues from three funding sources. No determination has been made as to the effect on the financial statements should funding cease.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 30, 2009.

**SUPPLEMENTARY SCHEDULES**

**FAMILY AND YOUTH SERVICES BUREAU**

**SCHEDULE OF GOVERNMENTAL FUNDING  
FOR THE YEAR ENDING JUNE 30, 2009**

Government Grantor/Pass-Through Grantor/ <u>Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Grant <u>ID</u>	Program or Award <u>Amount</u>	Revenue <u>Recognized</u>
<b>FEDERAL AWARDS</b>				
U.S. Department of Health and Human Services Department of Child Services Healthy Families Indiana 9/1/08 – 8/31/09	93.558	64-09-600865	\$520,780	\$ 537,378
U.S. Department of Health and Human Services Department of Child Services Community Based Child Welfare Services Title IVB Nurturing Program/Counseling and Evaluations 7/1/08 – 12/31/09	93.645 & 93.556	97-09-0865	n/a	77,522
U.S. Department of Health and Human Services Department of Child Services Community Partners for Child Safety 1/1/08 – 12/31/09	93.590	97-09-27-1560	\$ 12,000	8,796
U.S. Department of Justice Indiana Criminal Justice Institute Victims of Crime Act (VOCA) 7/1/08 – 6/30/09	16.575	O8VA120	\$ 31,206	<u>31,206</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>654,902</u>
<b>STATE AWARDS</b>				
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	\$ 5,000	5,000
Indiana Division of Family and Children Court Appointed Special Advocate Program	n/a	n/a	n/a	69,359
Indiana Department of Corrections Juvenile Community Corrections Program Basic Training/Chronic Repeat Offender	n/a	n/a	\$219,452	219,452
Porter County Child Welfare Services TOT Shop	n/a	n/a	\$ 15,000	5,000
Clinical Services	n/a	n/a	\$ 50,463	25,232
Juvenile Justice Services – Intensive Supervision	n/a	n/a	\$ 44,812	22,406
Dunebrook Region 2 Grant – TOT Shop	n/a	n/a	\$ 19,965	19,965
Region 2 Grant – Clinical Services	n/a	n/a	\$ 9,370	9,370
Assessment Community Partners	n/a	n/a	\$ 48,000	35,725
Indiana Supreme Court Division of State Court Administration CAPTA – Child Abuse Prevention and Treatment Act	n/a	n/a	\$ 10,000	<u>10,000</u>
<b>TOTAL STATE AWARDS</b>				<u>1,036,320</u>
<b>TOTAL GOVERNMENT FUNDS</b>				<u>\$1,691,222</u>

FAMILY AND YOUTH SERVICES BUREAU

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2009

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 9/1/08 - 8/31/09	93.558	A93-9-64-09-600865	\$520,789	\$537,378	\$ 45,144	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/ 7/1/08 - 12/31/09	93.645 & 93.556	97-09-0865	n/a	77,522	\$ 6,929	Note 3
U.S. Department of Health and Human Services Department of Child Services Community Partners for Child Safety 1/1/08 - 12/31/09	93.590	97-09-27-1560	\$ 12,000	<u>8,796</u> 623,696	\$ 2,197	Note 4
Total U.S. Department of Health and Human Services						
U.S. Department of Justice Indiana Criminal Justice Institute Victims of Crime Act (VOCA) 7/1/08 - 6/30/09	16.575	08VA120	\$ 31,206	<u>31,206</u>	\$ 8,272	Note 5
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$654,902</u>		

## FAMILY AND YOUTH SERVICES BUREAU

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2009 AND 2008

#### 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 - COMMUNITY PARTNERS FOR CHILD SAFETY

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 and sub-recipient of LaPorte County Child Abuse Prevention Council, Inc. The Program's objective is to develop prevention services that seek to strengthen family functioning and keep children safe from abuse and neglect.

#### 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.

# FAMILY AND YOUTH SERVICES BUREAU

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEARS ENDED JUNE 30, 2009 AND 2008

### 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 February 2, 2010 at the office of Family and Youth Services Bureau in Valparaiso, Indiana.

### FAMILY AND YOUTH SERVICES BUREAU

DENNIS MORGAN	EXECUTIVE DIRECTOR
LISA JORDAN	DIRECTOR OF ADMINISTRATION
JULIE SHIDELER	ACCOUNTANT
LAWRENCE HEMDAL	TREASURER

### AUDIT ORGANIZATION REPRESENTATIVE

RICHARD YOUNG	PRINCIPAL
JOHN REDMOND	SENIOR AUDITOR