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February 2, 2018

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

We have reviewed the report prepared by Family and Youth Services Bureau and opined upon by Swartz, Retson & Co., PC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Family and Youth Services Bureau as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Swartz, Retson & Co., PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads 'Paul D. Joyce'.

Paul D. Joyce, CPA
State Examiner

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**FAMILY AND YOUTH
SERVICES BUREAU**

JUNE 30, 2016 AND 2015

SWARTZ, REITSON & 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 financial statements of Family and Youth Services Bureau (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Merrillville, IN
January 9, 2017

FAMILY AND YOUTH SERVICES BUREAU

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 447,892	\$ 266,028
Accounts Receivable - Net of Allowance of \$0 and \$0	136,817	119,298
Investments	150,000	300,000
Prepaid Expenses	4,675	4,903
Loan Closing Cost - Net of Amortization	4,705	5,081
Land, Buildings and Equipment - Net	<u>602,106</u>	<u>633,029</u>
TOTAL ASSETS	<u>\$1,346,195</u>	<u>\$1,328,339</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Notes Payable	\$ 375,052	\$ 399,484
Accounts Payable	12,752	12,943
Accrued Taxes and Expenses	3,661	3,825
Accrued Salaries and Wages	40,016	25,119
Deferred Revenue	2,990	00
Total Liabilities	<u>434,471</u>	<u>441,371</u>
NET ASSETS		
Unrestricted	611,724	586,968
Temporarily Restricted	<u>300,000</u>	<u>300,000</u>
Total Net Assets	<u>911,724</u>	<u>886,968</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,346,195</u>	<u>\$1,328,339</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants, Contracts, and Client Fees	\$1,580,197	\$300,000	\$ 00	\$1,880,197
Contributions	69,808	00	00	69,808
In-Kind Donations	21,600	00	00	21,600
Interest	546	00	00	546
Fundraising Revenue	<u>13,440</u>	<u>00</u>	<u>00</u>	<u>13,440</u>
Revenues, Gains and Other Support Prior to Net Assets Released from Restrictions	1,685,591	300,000	00	1,985,591
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	<u>300,000</u>	<u>(300,000)</u>	<u>00</u>	<u>00</u>
Total Revenues, Gains and Other Support	<u>1,985,591</u>	<u>00</u>	<u>00</u>	<u>1,985,591</u>
EXPENSES				
Family Services	1,467,903	00	00	1,467,903
Management and General	491,056	00	00	491,056
Fundraising	<u>1,876</u>	<u>00</u>	<u>00</u>	<u>1,876</u>
Total Expenses	<u>1,960,835</u>	<u>00</u>	<u>00</u>	<u>1,960,835</u>
CHANGE IN NET ASSETS	24,756	00	00	24,756
NET ASSETS - Beginning of Year	<u>586,968</u>	<u>300,000</u>	<u>00</u>	<u>886,968</u>
NET ASSETS - End of Year	<u>\$ 611,724</u>	<u>\$300,000</u>	<u>\$ 00</u>	<u>\$ 911,724</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Grants, Contracts, and Client Fees	\$1,516,683	\$300,000	\$ 00	\$1,816,683
Contributions	94,413	00	00	94,413
In-Kind Donations	21,600	00	00	21,600
Interest	366	00	00	366
Fundraising Revenue	<u>8,442</u>	<u>00</u>	<u>00</u>	<u>8,442</u>
Revenues, Gains and Other Support Prior to Net Assets Released from Restrictions	1,641,504	300,000	00	1,941,504
Net Assets Release from Restrictions:				
Satisfaction of Program Restrictions	<u>300,000</u>	<u>(300,000)</u>	<u>00</u>	<u>00</u>
Total Revenues, Gains and Other Support	<u>1,941,504</u>	<u>00</u>	<u>00</u>	<u>1,941,504</u>
EXPENSES				
Family Services	1,338,705	00	00	1,338,705
Management and General	564,297	00	00	564,297
Fundraising	<u>4,813</u>	<u>00</u>	<u>00</u>	<u>4,813</u>
Total Expenses	<u>1,907,815</u>	<u>00</u>	<u>00</u>	<u>1,907,815</u>
CHANGE IN NET ASSETS	33,689	00	00	33,689
NET ASSETS – Beginning of Year	<u>553,279</u>	<u>300,000</u>	<u>00</u>	<u>853,279</u>
NET ASSETS – End of Year	<u>\$ 586,968</u>	<u>\$300,000</u>	<u>\$ 00</u>	<u>\$ 886,968</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, 2016

	Program Services	Support Services			Grand Total
	Family Services	Management and General	Fund Raising	Total	
SALARIES AND RELATED EXPENSES					
Salaries and Wages	\$1,044,274	\$275,554	\$ 00	\$275,554	\$1,319,828
Employee Benefits	115,295	51,234	00	51,234	166,529
Payroll Taxes	<u>78,943</u>	<u>20,798</u>	<u>00</u>	<u>20,798</u>	<u>99,741</u>
Total Salaries and Related Expenses	1,238,512	347,586	00	347,586	1,586,098
EXPENSES					
Agency Events	00	749	00	749	749
Amortization Expense	00	376	00	376	376
Auto Maintenance	3,653	2,282	00	2,282	5,935
Bank Service Charges	942	994	00	994	1,936
Chalk the Walk	00	00	1,876	1,876	1,876
Conference and Training	10,707	3,955	00	3,955	14,662
Donations	00	(520)	00	(520)	(520)
Dues and Subscriptions	4,064	5,848	00	5,848	9,912
Equipment Rental and Repair	15,513	12,629	00	12,629	28,142
Insurance - Auto	2,740	1,163	00	1,163	3,903
Insurance - Business	2,980	5,269	00	5,269	8,249
Insurance - Workers' Comp	4,102	9,058	00	9,058	13,160
Insurance - Other	2,022	11,026	00	11,026	13,048
Interest	00	19,915	00	19,915	19,915
Miscellaneous	21	00	00	00	21
Networking	00	343	00	343	343
Newsletter	00	1,204	00	1,204	1,204
Office Supplies	12,684	12,369	00	12,369	25,053
Postage and Delivery	2,743	2,708	00	2,708	5,451
Printing	2,502	411	00	411	2,913
Professional Fees	6,776	14,537	00	14,537	21,313
Recruitment	4,832	1,425	00	1,425	6,257
Rent	21,600	00	00	00	21,600
Repairs and Maintenance	12,571	9,914	00	9,914	22,485
Supplies	48,971	11,188	00	11,188	60,159
Telephone	10,244	4,549	00	4,549	14,793
Travel	16,769	88	00	88	16,857
Utilities	<u>11,161</u>	<u>6,379</u>	<u>00</u>	<u>6,379</u>	<u>17,540</u>
Total Expenses before Depreciation	1,436,109	485,445	1,876	487,321	1,923,430
Depreciation	<u>31,794</u>	<u>5,611</u>	<u>00</u>	<u>5,611</u>	<u>37,405</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$1,467,903</u>	<u>\$491,056</u>	<u>\$ 1,876</u>	<u>\$492,932</u>	<u>\$1,960,835</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, 2015

	Program Services		Support Services		Grand Total
	Family Services	Management and General	Fund Raising	Total	
SALARIES AND RELATED EXPENSES					
Salaries and Wages	\$ 924,790	\$327,971	\$ 00	\$327,971	\$1,252,761
Employee Benefits	113,997	53,561	00	53,561	167,558
Payroll Taxes	<u>67,975</u>	<u>25,023</u>	<u>00</u>	<u>25,023</u>	<u>92,998</u>
Total Salaries and Related Expenses	1,106,762	406,555	00	406,555	1,513,317
EXPENSES					
Agency Events	00	512	00	512	512
Amortization Expense	00	376	00	376	376
Auto Maintenance	1,398	49	00	49	1,447
Bank Service Charges	714	1,466	00	1,466	2,180
Chalk the Walk	00	00	4,813	4,813	4,813
Donations	00	617	00	617	617
Conference and Training	9,127	4,873	00	4,873	14,000
Dues and Subscriptions	3,412	6,553	00	6,553	9,965
Equipment Rental and Repair	10,923	11,153	00	11,153	22,076
Insurance - Auto	1,778	2,963	00	2,963	4,741
Insurance - Business	2,895	5,879	00	5,879	8,774
Insurance - Workers' Comp	2,900	12,878	00	12,878	15,778
Insurance - Other	2,714	9,204	00	9,204	11,918
Interest	00	21,022	00	21,022	21,022
Networking	00	1,018	00	1,018	1,018
Newsletter	00	924	00	924	924
Office Supplies	13,843	11,507	00	11,507	25,350
Postage and Delivery	2,945	2,701	00	2,701	5,646
Printing	2,885	1,350	00	1,350	4,235
Professional Fees	9,377	19,817	00	19,817	29,194
Recruitment	5,692	1,753	00	1,753	7,445
Rent	21,600	00	00	00	21,600
Repairs and Maintenance	15,749	13,984	00	13,984	29,733
Supplies	52,502	9,462	00	9,462	61,964
Telephone	11,674	4,316	00	4,316	15,990
Travel	16,420	298	00	298	16,718
Utilities	<u>13,082</u>	<u>7,718</u>	<u>00</u>	<u>7,718</u>	<u>20,800</u>
Total Expenses before Depreciation	1,308,392	558,948	4,813	563,761	1,872,153
Depreciation	<u>30,313</u>	<u>5,349</u>	<u>00</u>	<u>5,349</u>	<u>35,662</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$1,338,705</u>	<u>\$564,297</u>	<u>\$ 4,813</u>	<u>\$569,110</u>	<u>\$1,907,815</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 24,756	\$ 33,689
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	37,405	35,662
Amortization	376	376
(Increase) Decrease in:		
Accounts Receivable	(17,519)	18,338
Prepaid Expenses	228	10,575
Increase (Decrease) in:		
Accounts Payable	(191)	(2,137)
Accrued Taxes and Expenses	(164)	232
Accrued Salaries and Wages	14,897	(39,006)
Deferred Revenue	<u>2,990</u>	<u>(3,140)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>62,778</u>	<u>54,589</u>
 CASH FLOWS FROM INVESTMENT ACTIVITIES		
Sale of Investments	150,000	(150,000)
Payments for Purchases of Fixed Assets	<u>(6,482)</u>	<u>(12,699)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>143,518</u>	<u>(162,699)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	<u>(24,432)</u>	<u>(23,324)</u>
 NET INCREASE (DECREASE) IN CASH	 181,864	 (131,434)
 CASH - Beginning of Year	 <u>266,028</u>	 <u>397,462</u>
 CASH - End of Year	 <u>\$447,892</u>	 <u>\$266,028</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 19,915</u>	<u>\$ 21,022</u>

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

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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 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

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.

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, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial Instruments and Credit Risk

At June 30, 2016, the Company has \$190,128 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, 2016, and is not adjusted for the outstanding checks and other in-transit items reflected in the Company's records.

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, 2016 and 2015 was \$37,405 and \$35,662, 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.

Uncertain Income Tax Positions

When applicable, changes in benefits arising from current and prior tax positions taken by the Organization are recognized in the period in which the change occurs. Changes resulting from settlements with taxing authorities are recognized in the period that settlement occurs. Reductions in unrecognized tax benefits as a result of a lapse of the applicable statute of limitations are recognized in the period the statute lapses. Projected penalties and interest recognized on tax positions where it is reasonably possible that the Organization's tax position will not prevail in a review by taxing authorities is recognized as part of current period income tax expense. Management believes that the current and three prior tax periods remain subject to examination by taxing jurisdictions.

Reclassifications

Certain reclassifications have been made to the June 30, 2015 financial statements in order for them to better compare to the June 30, 2016 financial statements.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Grant and Contracts Receivable – Net of Allowance for Uncollectable	\$ <u>136,817</u>	\$ <u>119,298</u>

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 44,222	\$ 44,222
Building and Improvements	1,056,302	1,056,302
Furniture and Fixtures	64,710	58,228
Vehicles	33,763	33,763
Accumulated Depreciation	<u>(596,891)</u>	<u>(559,486)</u>
Total Property and Equipment	\$ <u>602,106</u>	\$ <u>633,029</u>

NOTE 4 - NOTES PAYABLE

The Organization has the following long-term notes payable at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Horizon Bank, monthly installments of \$1,867, including interest at 5.08% above the weekly average yield on U.S. Treasury securities, matures on December 18, 2028, secured by real estate with a carrying value of \$300,578	\$206,090	\$217,538
Horizon Bank, monthly installments of \$331, including interest at 2.99% above the weekly average yield on U.S. Treasury securities, matures on May 25, 2017, secured by vehicle with a carrying value of \$19,142	3,585	7,383
Horizon Bank, monthly installments of \$1,498, including interest at 5.08% above the weekly average yield on U.S. Treasury securities, matures on December 28, 2028, secured by real estate with a carrying value of \$321,426	<u>165,377</u>	<u>174,563</u>
Total	375,052	399,484
Less: Current Portion of Debt	<u>25,599</u>	<u>24,740</u>
Total Long-Term Notes Payable	\$ <u>349,453</u>	\$ <u>374,744</u>

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 - NOTES PAYABLE CONTINUED

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

<u>Year Ending</u>	<u>Amount</u>
June 30, 2017	\$ 25,599
June 30, 2018	\$ 23,159
June 30, 2019	\$ 24,363
June 30, 2020	\$ 25,630
June 30, 2021	\$ 26,963

NOTE 5 - LOAN CLOSING COST

Loan closing costs are amortized over the life of the loan.

	<u>2016</u>	<u>2015</u>
Loan Closing Cost	\$ 5,646	\$ 5,646
Less: Accumulated Amortization	<u>941</u>	<u>565</u>
Net Loan Closing Cost	<u>\$ 4,705</u>	<u>\$ 5,081</u>

NOTE 6 - INTEREST EXPENSE

Interest expense incurred for the years ended June 30, 2016 and 2015 was \$19,915 and \$21,022, 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 12 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, 2016 and 2015 totaled \$34,545 and \$40,294, respectively.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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 Department of Corrections 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, 2016 and 2015, the Organization recorded \$21,600 and \$21,600 of contributed space costs, respectively.

NOTE 9 - CONCENTRATION OF REVENUE

During the years ended June 30, 2016 and 2015, the Organization received 61% and 61% of its revenues from three funding sources, respectively. No determination has been made as to the effect on the financial statements should funding cease.

NOTE 10 - INVESTMENTS

The Organization owns the following certificates of deposit at June 30, 2016:

<u>Issuer</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
Horizon Bank	1/20/16	7/20/16	0.30%	<u>\$150,000</u>

The Fair Value Measurements Standard defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 10 - INVESTMENTS CONTINUED

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

The following tables present by level, within the fair value hierarchy, the Organization's investment assets at fair value, as of June 30, 2016 and 2015. As required, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation techniques and inputs as of June 30, 2016 and 2015 for the Organization's assets measured at fair value:

Certificates of Deposit – Valued at quoted market prices.

<u>Description</u>	<u>June 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$ 00</u>	<u>\$ 00</u>

<u>Description</u>	<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$ 00</u>	<u>\$ 00</u>

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Cash, as reported on the statement of financial position, includes amounts which are restricted for specific purposes by the direction of the donor or grantor:

	<u>2016</u>	<u>2015</u>
Services for the Residents of Porter County, Indiana	<u>\$300,000</u>	<u>\$300,000</u>

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 9, 2017, the date the financial statements were available for issuance.