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April 11, 2018

Board of Directors  
Chances and Services For Youth, Inc.  
1101 S. 13<sup>th</sup> St.  
Terre Haute, IN 47802

We have reviewed the report prepared by Chances and Services For Youth, Inc. and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period October 1, 2014 to September 30, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Chances and Services For Youth, Inc. as of September 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, 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.

  
Paul D. Joyce, CPA  
State Examiner

**Chances and Services For  
Youth, Inc**



**Financial Statements  
For The Years Ended  
September 30, 2015 and 2014  
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

*Certified Public Accountants*

**CHANCES AND SERVICES FOR YOUTH, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Chances and Services for Youth, Inc.  
Terre Haute, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Chances and Services for Youth, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2014, 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 and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Chances and Services for Youth, Inc. as of September 30, 2015 and 2014, 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.

## ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements of Chances and Services for Youth, Inc. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, on our consideration of Chances and Services for Youth, Inc.'s internal control over financial reporting and 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* in considering Chances and Services for Youth, Inc.'s internal control over financial reporting and compliance.

***Comer, Nowling And Associates, P.C.***

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

February 15, 2016

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2015 AND 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 387,723	\$ 390,567
Certificates of deposit	26,880	26,757
Grants receivable	354,571	374,166
Other receivables	260	8,620
Total current assets	769,434	800,110
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment, net of accumulated depreciation	147,137	148,185
Total assets	\$ 916,571	\$ 948,295

**LIABILITIES AND UNRESTRICTED NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 162,716	\$ 240,802
Accrued payroll and payroll expenses	36,626	43,168
Total liabilities	199,342	283,970
<b>UNRESTRICTED NET ASSETS</b>	717,229	664,325
Total liabilities and unrestricted net assets	\$ 916,571	\$ 948,295

See accompanying notes to financial statements.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>SUPPORT</b>		
United Way allocations	\$ 134,159	\$ 141,926
Contributions	92,599	80,121
Special events and fundraising	222,099	195,964
Total support	<u>448,857</u>	<u>418,011</u>
<b>REVENUE</b>		
Federal grants	2,565,710	2,754,001
State and local grants	89,416	71,508
Memberships	1,080	1,461
Program service fees	107,435	147,283
Interest income	315	182
Inkind revenue	150,600	150,600
Loss on sale of property and equipment	-	(857)
Other income	29,762	39,898
Total revenue	<u>2,944,318</u>	<u>3,164,076</u>
Total support and revenue	<u>3,393,175</u>	<u>3,582,087</u>
<b>FUNCTIONAL EXPENSES:</b>		
Child and Adult Care Food Program	1,811,612	1,788,114
Child Care Development Fund	210,122	272,757
Child Care Resource and Referral	283,519	292,919
Early Education	17,672	30,121
Big Brother Big Sisters of Vigo Co.	157,276	155,537
Tobacco Prevention and Cessation	104,382	88,306
Students Against Destructive Decisions	-	290,218
Safe Kids	51,125	21,232
Teen Court	43,716	49,787
Communities that Care	42,339	113,373
Strengthening Families	-	8,802
Out of School	120,820	113,101
Total program services	2,842,583	3,224,267
Management and general	451,882	300,762
Fundraising	45,806	33,657
Total functional expenses	<u>3,340,271</u>	<u>3,558,686</u>
Increase in net assets	52,904	23,401
<b>UNRESTRICTED NET ASSETS, AT BEGINNING OF YEAR</b>	<u>664,325</u>	<u>640,924</u>
<b>UNRESTRICTED NET ASSETS, AT END OF YEAR</b>	<u>\$ 717,229</u>	<u>\$ 664,325</u>

See accompanying notes to financial statements.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Child and Adult Care Food Program	Child Care Development Fund	Child Care Resource and Referral	Early Education	Big Brothers Big Sisters of Vigo Co.	Tobacco Prevention and Cessation
<b>OPERATING EXPENSES</b>						
Salaries and wages	\$ 99,236	\$ 137,627	\$ 173,114	\$ 4,851	\$ 90,780	\$ 46,657
Employee benefits	9,819	15,940	19,928	143	9,740	3,790
Payroll taxes	7,710	11,535	14,122	385	7,862	3,877
Direct program service	1,653,227	-	-	-	751	-
Educational materials	-	-	477	207	-	-
Provider resources	383	(24)	778	8,648	600	-
Accounting	342	380	-	105	7,897	3,077
Technology	7,759	1,017	2,011	66	2,234	738
Telecommunications	912	1,816	2,176	3	1,126	382
Postage and supplies	4,980	7,702	1,406	667	1,669	2,663
Occupancy	365	2,270	-	31	1,512	558
Equipment leases and maintenance	4,599	5,306	8,724	11	3,142	509
Staff related expenses	5,899	5,639	23,685	838	10,097	1,864
Van expense	-	-	-	-	-	-
Other program expenses	-	-	-	-	-	-
Other administrative expenses	143	344	163	220	3,506	29,436
Depreciation and equipment expense	-	352	(176)	629	444	144
Fundraising expense	-	-	-	-	3,622	-
Inkind expense	16,238	20,218	37,111	808	8,042	9,079
Insurance	-	-	-	60	4,252	1,608
Total operating expenses	<u>\$ 1,811,612</u>	<u>\$ 210,122</u>	<u>\$ 283,519</u>	<u>\$ 17,672</u>	<u>\$ 157,276</u>	<u>\$ 104,382</u>

See accompanying notes to financial statements.

	Safe Kids	Teen Court	Communities that Care	Strengthening Families	Out of School	Program Services	Management and General	Fundraising	2015 Totals
\$	11,585	\$ 23,897	\$ 19,901	\$ -	\$ 58,817	\$ 666,465	\$ 210,870	\$ -	\$ 877,335
	227	476	254	-	2,439	62,756	12,902	-	75,658
	926	1,914	1,517	-	4,847	54,695	16,584	-	71,279
	-	-	-	-	16,440	1,670,418	-	-	1,670,418
	-	-	-	-	-	684	-	-	684
	22,593	-	54	-	245	33,277	181	-	33,458
	947	2,000	468	-	6,872	22,088	30,820	-	52,908
	269	488	153	-	1,699	16,434	8,689	-	25,123
	149	540	15	-	228	7,347	848	-	8,195
	434	606	2,272	-	1,018	23,417	10,084	-	33,501
	215	374	124	-	1,245	6,694	19,620	-	26,314
	303	969	75	-	2,375	26,013	3,803	-	29,816
	95	5,546	1,396	-	4,074	59,133	3,071	-	62,204
	81	14	-	-	715	810	11,562	-	12,372
	-	-	-	-	-	-	-	-	-
	12,561	2,980	6,545	-	10,258	66,156	15,647	340	82,143
	52	80	1,883	-	783	4,191	42,498	-	46,689
	-	-	-	-	-	3,622	2,072	45,466	51,160
	180	2,843	7,376	-	4,512	106,407	44,192	-	150,599
	508	989	306	-	4,253	11,976	18,439	-	30,415
<u>\$</u>	<u>51,125</u>	<u>\$ 43,716</u>	<u>\$ 42,339</u>	<u>\$ -</u>	<u>\$ 120,820</u>	<u>\$ 2,842,583</u>	<u>\$ 451,882</u>	<u>\$ 45,806</u>	<u>\$ 3,340,271</u>

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Child and Adult Care Food Program	Child Care Development Fund	Child Care Resource and Referral	Early Education	Big Brothers Big Sisters of Vigo Co.	Tobacco Prevention and Cessation	Students Against Destructive Decisions
<b>OPERATING EXPENSES</b>							
Salaries and wages	\$ 101,457	\$ 151,375	\$ 171,628	\$ 11,711	\$ 95,617	\$ 46,741	\$ 92,620
Employee benefits	7,292	11,776	15,416	25	1,666	769	917
Payroll taxes	7,795	12,195	13,684	919	7,813	3,796	7,300
Direct program service	1,602,340	-	-	-	334	-	-
Educational materials	57	-	96	45	-	-	-
Provider resources	2,479	1,727	440	9,434	825	290	7,558
Accounting	12,960	16,145	9,173	21	9,066	3,719	5,873
Technology	8,101	4,168	3,328	22	1,851	563	2,254
Telecommunications	1,886	2,703	3,347	48	1,581	468	2,231
Postage and supplies	8,138	16,021	3,577	1,494	3,839	1,903	10,112
Occupancy	3,000	6,980	3,123	-	871	326	530
Equipment leases and maintenance	6,433	10,916	11,557	415	3,291	643	3,840
Staff related expenses	5,023	9,188	17,175	2,457	10,113	1,209	13,928
Van expense	53	-	-	-	-	-	5,496
Other program expenses	-	445	-	-	5,511	12,809	125,645
Other administrative expenses	38	416	7	1,749	982	4,811	100
Depreciation and equipment expense	1,433	1,773	338	973	917	181	602
Fundraising expense	-	-	-	-	400	-	-
Inkind expense	16,238	20,218	37,111	808	8,042	9,079	9,523
Insurance	3,391	6,711	2,919	-	2,818	999	1,689
Total operating expenses	<u>\$ 1,788,114</u>	<u>\$ 272,757</u>	<u>\$ 292,919</u>	<u>\$ 30,121</u>	<u>\$ 155,537</u>	<u>\$ 88,306</u>	<u>\$ 290,218</u>

See accompanying notes to financial statements.

	Safe Kids	Teen Court	Communities that Care	Strengthening Families	Out of School	Program Services	Management and General	Fundraising	2014 Totals
\$	3,159	\$ 30,439	\$ 54,162	\$ 6,150	\$ 51,950	\$ 817,009	\$ 165,668	\$ -	\$ 982,677
	37	409	563	70	764	39,704	4,696	-	44,400
	262	2,457	4,313	520	4,341	65,395	16,583	-	81,978
	-	-	-	-	19,898	1,622,572	-	-	1,622,572
	-	-	910	114	-	1,222	-	-	1,222
	1,478	35	11,887	-	10	36,163	-	-	36,163
	370	2,725	3,475	660	6,387	70,574	5,451	-	76,025
	56	449	823	108	1,076	22,799	1,505	-	24,304
	18	454	1,374	287	360	14,757	448	-	15,205
	1,960	1,269	2,009	177	1,512	52,011	4,506	272	56,789
	32	257	312	60	612	16,103	10,660	-	26,763
	127	650	317	61	2,039	40,289	676	-	40,965
	351	5,383	9,290	15	1,795	75,927	2,851	1	78,779
	3,276	-	-	-	1,365	10,190	10,121	-	20,311
	9,699	1,429	12,246	-	13,035	180,819	-	-	180,819
	2	13	2,809	4	941	11,872	16,049	6	27,927
	86	160	643	32	511	7,649	20,065	-	27,714
	-	-	-	-	-	400	1,284	33,378	35,062
	180	2,843	7,376	389	4,512	116,319	34,280	-	150,599
	139	815	864	155	1,993	22,493	5,919	-	28,412
<u>\$</u>	<u>21,232</u>	<u>\$ 49,787</u>	<u>\$ 113,373</u>	<u>\$ 8,802</u>	<u>\$ 113,101</u>	<u>\$ 3,224,267</u>	<u>\$ 300,762</u>	<u>\$ 33,657</u>	<u>\$ 3,558,686</u>

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**CHANCES AND SERVICES FOR YOUTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 52,904	\$ 23,401
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used in) by operating activities:		
Depreciation	22,047	16,618
(Gain) loss on sale of property and equipment	-	857
Increase (decrease) in cash from changes in:		
Grants receivable	19,595	20,355
Accounts receivable	8,360	(3,653)
Accounts payable	(78,086)	61,019
Accrued payroll and payroll expenses	<u>(6,542)</u>	<u>(2,546)</u>
Net cash provided by (used in) operating activities	<u>18,278</u>	<u>116,051</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(20,999)	(30,000)
Proceeds on sale of property and equipment	-	4,800
Interest on certificates of deposit	<u>(123)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(21,122)</u>	<u>(25,200)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,844)	90,851
<b>CASH, BEGINNING OF YEAR</b>	<u>390,567</u>	<u>299,716</u>
<b>CASH, END OF YEAR</b>	<u>\$ 387,723</u>	<u>\$ 390,567</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 321</u>

See accompanying notes to financial statements.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

In April 2013, Community Alliance and Services for Young Children, Inc. and CHANCES for Indiana Youth, Inc. merged to form one organization called Chances And Services for Youth, Inc. (CASY).

Community Alliance and Services for Young Children, Inc. (originally 4-C) began in 1971 to promote quality child care services for pre-school children and their families throughout the Wabash Valley. Services offered to local child care providers included training workshops and learning activities in early childhood to increase the competence of preschool teachers and providers. In 1978, the organization received funding for the establishment of child care resource and referral service. In the early 1990s, the agency expanded to include funding through the Child Care Development Fund Voucher program and Child And Adult Care Food Program.

In the mid-1980s CHANCES for Indiana Youth, Inc. (CHANCES) was established to provide substance abuse prevention, positive youth development and early-intervention services through the collaborative efforts of local youth serving organizations and governmental agencies. CHANCES began as a grassroots effort to combat the growing alcohol and drug problems facing Vigo County youth. In addition, youth programs were added such as Teen Court, Strengthening Families, and Tobacco Prevention Cessation Coalition and Safe Kids. In 2008, CHANCES led a collaborative group of non-profits to be selected to lease and provide programming at the Booker T. Washington Community Center. In 2011, CHANCES became the affiliate for Big Brothers Big Sisters of Vigo County.

By providing services and investing in the local community, Chances And Services for Youth, Inc. has a unique opportunity to identify and respond to the needs of clients, partnering organizations and the communities served. For the past thirty years, two separate organizations have been at the forefront of community collaboration. With the completion of the merger, CASY now collaborates and networks with local, state, and national non-profit organizations, businesses, and governmental/law enforcement agencies to provide cost effective programs for infants through college age children and their families.

**BASIS OF ACCOUNTING**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**REVENUE RECOGNITION**

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as funds are received.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**REVENUE RECOGNITION (continued)**

Revenue earned under cost-reimbursement awards from governmental agencies are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting period are reported as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services that require specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

**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.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL STATEMENT PRESENTATION (continued)**

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

*Unrestricted net assets* represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

*Temporarily restricted net assets* represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors is also included in temporarily restricted net assets.

*Permanently restricted net assets* represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

As of September 30, 2015 and 2014, the Organization did not have temporarily restricted or permanently restricted net assets.

**CONCENTRATION OF CREDIT RISK**

The Organization's cash on deposit and certificates of deposits are held with one financial institution having branches in the local area. The accounts are insured by the FDIC for up to \$250,000 for the years ended September 30, 2015 and 2014. The Organization maintained balances in one bank at which the uninsured amount was \$194,792 and \$179,551 at September 30, 2015 and 2014.

**CASH AND CASH EQUIVALENTS**

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**GRANTS RECEIVABLE**

The grants receivable represent amounts receivable for the claims filed and awaiting payment. Grants receivables are due from government sources and therefore no allowance for uncollectible accounts is considered necessary.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROPERTY AND EQUIPMENT**

Subsequent to September 30, 2014, the Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Prior to October 1, 2014, the Organization's capitalization threshold was \$500. Depreciation is provided using the straight-line method over estimated useful lives of three to ten years. The following is a summary of the lives for each class of asset:

Buildings	40 years
Leasehold improvements	10 years
Vehicles	7 years
Computers and equipment	5 - 7 years
Furniture	7 years
Software	3 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

**LONG-LIVED ASSETS**

Long-lived assets and certain identifiable intangibles held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**GOVERNMENT GRANTS**

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as funds are received. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected a refundable advances on the statements of financial position.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**EXPENSE ALLOCATION**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**INCOME TAX STATUS**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities. The tax years after September 30, 2012 are still open to audit for both federal and state purposes.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 15, 2016, which is the date the financial statements were available to be issued.

**NOTE 2 – GRANTS RECEIVABLE**

The Organization's grant receivables as of September 30, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
CACFP	\$ 158,404	\$ 159,446
CCDF	38,940	51,000
CTC	15,358	5,320
Safe Kids	500	8,257
SADD	-	29,240
Teen Court	12,015	5,784
Tobacco - Parke	-	3,404
Tobacco - Vigo	14,220	10,673
R&R	<u>115,134</u>	<u>101,042</u>
Total	<u>\$ 354,571</u>	<u>\$ 374,166</u>

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 3 – PROPERTY AND EQUIPMENT**

The Organization’s property and equipment are as follows at September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,000	\$ 1,000
Building	217,595	217,595
Leasehold improvements	24,164	24,164
Vehicles	61,189	46,199
Computers and equipment	103,648	97,649
Furniture	13,196	13,196
Software	11,794	11,794
	<u>432,586</u>	<u>411,597</u>
Accumulated depreciation	<u>(285,449)</u>	<u>(263,412)</u>
	<u>\$ 147,137</u>	<u>\$ 148,185</u>

Depreciation expense was \$22,047 and \$16,618 for the years ended September 30, 2015 and 2014.

**NOTE 4 - IN-KIND CONTRIBUTIONS**

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by the same amount.

Beginning on April 8, 2008, Indiana Communities for Drug-Free Youth, Inc. (CHANCES) entered into a one year non-cancelable real estate lease with the Terre Haute City Parks and Recreation Board to use a multi-purpose community center commonly known as the Booker T. Washington Park Community Center. In exchange for a dollar on commencement of the lease, a monthly utility reimbursement of \$500 and the maintenance of minimum liability insurance coverage as outlined in the agreement, CHANCES had a facility to provide programming consistent with its mission provided that said programming is not denied to any member of the general community on the basis of race, religion, sex, age, national origin or hardship, special needs or living situation. The lease included an option to renew the lease annually, or prior to the expiration of the initial term, a longer lease term can be negotiated if both parties so desire.

The Organization has recorded in-kind contributions for the fair market value rent for the Booker T. Washington Park Community Center building. The resulting in-kind contribution is approximately \$150,600 and \$150,600 for the years ended September 30, 2015 and 2014, respectively, and is reflected as in-kind revenue and in-kind expense in the statement of activities.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 5 – OPERATING LEASES**

The Organization leases office space. The lease expires in March 2018. Monthly payments are \$1,550, which includes utilities. Rental expense for the location, included in the statement of activities for the years ended September 30, 2015 and 2014, was approximately \$18,600 and \$18,600 each years ended September 30, 2015 and 2014, respectively.

The Organization also paid rent for Owen and Monroe County office space which was approximately \$1,500 for the years ended September 30, 2015 and 2014.

In addition, the Organization has an operating lease for two office copiers which expires September 2020. The monthly lease payment is \$2,185 per month. Rental expense for this lease included in the statements of activities for the years ended September 30, 2015 and 2014 was approximately \$26,500 each year.

The Organization also leases a mailing machine under an operating lease arrangement which expires in March 2017. The monthly lease amount is \$96. Rental expense for this lease included in the statements of activities for the years ended September 30, 2015 and 2014 was approximately \$1,150 and \$1,150, respectively.

Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2015 are as follows:

2016	\$ 45,974
2017	45,398
2018	35,522
2019	26,222
2020	26,222
Thereafter	-
	<u>\$ 179,338</u>

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015 AND 2014**

**NOTE 6 – EMPLOYEE BENEFITS**

The Organization has a cafeteria plan and makes contributions of \$115 per month for each employee eligible to participate in the plan. Eligible employees may, however, elect to receive a taxable cash benefit in lieu of a contribution to the plan. Contributions to the plan are made for all employees working 37.5 hours or more per week and with at least 90 days of service. Each participant may elect to have the amount of the benefit applied to a group medical insurance plan, group dental plan, or 403b employer sponsored pension plan. Employee benefit expense under the cafeteria plan was approximately \$25,764 and \$29,978 for the years ended September 30, 2015 and 2014, respectively.

**NOTE 7 – CONCENTRATIONS**

Excluding interest income and other income, approximately 80% and 81% of the Organization's support and revenue for the years ended September 30, 2015 and 2014, was provided by federal grants.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

One on the Organization's Board members is a child care provider and receives monthly reimbursements from the Child and Adult Care Food Program. The reimbursements were approximately \$21,500 and \$16,000 for the years ended September 30, 2015 and 2014, respectively.

**SINGLE AUDIT SECTION**

**CHANCES AND SERVICES FOR YOUTH, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>FEDERAL GRANTOR AGENCY</b>	<b>Federal</b>	<b>Grant or</b>	
<b>    Passthrough Agency</b>	<b>CFDA</b>	<b>Identifying</b>	<b>Federal</b>
<b>    Program Title</b>	<b>Number</b>	<b>Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the Indiana Department of Education:			
Child and Adult Care Food Program	10.558	1840200	<u>\$ 1,858,779</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the Indiana Department of			
Family and Social Services (FSSA):			
CCDF Intake Program	93.596	F1-2-84-12-34-0612	268,321
Passed through the Indiana Association of Child			
Care Resource and Referral (IACCRR):			
Resource and Referral Program	93.596	F1-4-84-14-87-0612	<u>405,627</u>
TOTAL CFDA 93.596			<u>673,948</u>
Passed through Indiana State University			
Block Grants for Prevention and Treatment			
of Substance Abuse	93.959		<u>32,983</u>
Total Schedule of Expenditures of Federal Awards			<u><u>\$ 2,565,710</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**CHANCES AND SERVICES FOR YOUTH, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Chances and Services for Youth, Inc. and is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-122, Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**CHANCES AND SERVICES FOR YOUTH, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2015**

**Section II – Financial Statement Findings**

There were no financial statement findings for the year ended September 30, 2014.

**Section III – Federal Award Findings and Questioned Costs**

**FA-2014-001 – Cash Management**

**CFDA# 10.558 – Child and Adult Care Food Program (CACFP) – U.S. Department of Agriculture**

*Condition:* The Organization receives payment of CACFP monies for meals served by services providers and subsequently disburses the funds to the service providers. Of a 100% sample of service provider disbursements for the year ended September 30, 2014, it was noted that four CACFP receipts (representing revisions in monthly claims) were not disbursed within five working days of receipt.

*Criteria:* A sponsoring organization must disburse advance and meal reimbursement payments to centers and day care homes under its sponsorship within five working days of receiving them from its State agency (7 CFR sections 226.16(g) and (h)).

*Cause:* The CACFP receipts were for revisions and were not identified on the bank statement when received and were not disbursed until after the warrant was received from the State.

*Effect:* Disbursements of home service providers were not made within the 5 business day timeframe as required.

*Recommendation:* We recommend the Organization develop a process to identify receipts for claim revisions to ensure provider payments are made timely.

*Management's Corrective Action:* The Organizations' Chief Financial Officer plans to set up deposit alerts to communicate that funds have been received in the bank account so that all CACFP funds will be timely identified and disbursed within the required time frame.

*Auditor's Update:* No receipt being held longer than five working days were noted during the audit of the year ended September 30, 2015.

**INDEPENDENT AUDITOR'S 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  
Chances and Services for Youth, Inc.

We have audited, in accordance with the 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, the financial statements of Chances and Services for Youth, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon February 15, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Chances and Services for Youth, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chances and Services for Youth, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chances and Services for Youth, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

February 15, 2016



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Chances and Services for Youth, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Chances and Services for Youth, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chances and Services for Youth, Inc.'s major federal programs for the year ended September 30, 2015. Chances and Services for Youth, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Chances and Services for Youth, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chances and Services for Youth, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chances and Services for Youth, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Chances and Services for Youth, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

### **Report on Internal Control over Compliance**

Management of Chances and Services for Youth, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chances and Services for Youth, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chances and Services for Youth, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.  
Indianapolis, Indiana  
February 15, 2016



**CHANCES AND SERVICES FOR YOUTH, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2015**

**Section II – Financial Statement Findings**

There were no financial statement findings for the year ended September 30, 2015.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings for the year ended September 30, 2015.