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May 24, 2018

Board of Directors
The Starke County Youth Club, Inc.
901 S. Main Street
Starke, IN 46534

We have reviewed the report prepared by The Starke County Youth Club, Inc. and opined upon by Swartz, Retson & Co., PC, Independent Public Accountants, for the period June 1, 2016 to May 31, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Starke County Youth Club, Inc. as of May 31, 2017 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**THE STARKE COUNTY
YOUTH CLUB, INC.**

MAY 31, 2017 AND 2016

SWARTZ, RETSON & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
235 E. 86TH AVENUE
MERRILLVILLE, IN 46410

THE STARKE COUNTY YOUTH CLUB, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Starke County Youth Club, Inc.
901 S. Main Street
Knox, IN 46534

We have audited the accompanying financial statements of The Starke County Youth Club, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2017 and 2016, and the related statements of activities 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 audits 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 The Starke County Youth Club, Inc. as of May 31, 2017 and 2016, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of governmental funding is presented for purposes of additional analysis 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.

Merrillville, IN
July 16, 2017

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 40,692	\$ 84,738
Investments	2,158	00
Grants Receivable – Net of Allowance of \$0 and \$0	119,581	65,640
Pledges Receivable – Net of Allowance of \$5,851 and \$5,222	7,983	6,508
Prepaid Expenses	3,793	3,812
Property and Equipment – Net	<u>600</u>	<u>780</u>
TOTAL ASSETS	<u>\$174,807</u>	<u>\$161,478</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 7,458	\$ 11,350
Accrued Expenses and Taxes	<u>2,098</u>	<u>4,941</u>
Total Liabilities	<u>9,556</u>	<u>16,291</u>
NET ASSETS		
Unrestricted	154,397	138,638
Temporarily Restricted	8,704	6,549
Permanently Restricted	<u>2,150</u>	<u>00</u>
Total Net Assets	<u>165,251</u>	<u>145,187</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$174,807</u>	<u>\$161,478</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Government Grant Revenue	\$451,270	\$ 00	\$ 00	\$451,270
Other Grant Revenue	00	12,697	00	12,697
Donations	62,169	00	2,150	64,319
Membership Income	6,419	00	00	6,419
Fundraising Income	22,263	00	00	22,263
Investment Income	24	00	00	24
In-Kind Donations	8,000	00	00	8,000
Miscellaneous Income	<u>174</u>	<u>00</u>	<u>00</u>	<u>174</u>
Total Revenues, Gains, and Other Support				
Prior to Net Assets Released from Restrictions	550,319	12,697	2,150	565,166
Net Assets Released from Restrictions	<u>10,542</u>	<u>(10,542)</u>	<u>00</u>	<u>00</u>
Total Revenues, Gains, and Other Support	<u>560,861</u>	<u>2,155</u>	<u>2,150</u>	<u>565,166</u>
EXPENSES AND LOSSES				
Program Services	486,183	00	00	486,183
Management and General	43,164	00	00	43,164
Fundraising	<u>15,755</u>	<u>00</u>	<u>00</u>	<u>15,755</u>
Total Expenses and Losses	<u>545,102</u>	<u>00</u>	<u>00</u>	<u>545,102</u>
CHANGE IN NET ASSETS	15,759	2,155	2,150	20,064
NET ASSETS - Beginning of Year	<u>138,638</u>	<u>6,549</u>	<u>00</u>	<u>145,187</u>
NET ASSETS - End of Year	<u>\$154,397</u>	<u>\$ 8,704</u>	<u>\$ 2,150</u>	<u>\$165,251</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Government Grant Revenue	\$437,101	\$ 00	\$437,101
Other Grant Revenue	7,500	8,750	16,250
Donations	57,060	00	57,060
Membership Income	13,230	00	13,230
Fundraising Income	20,737	00	20,737
In-Kind Donations	8,000	00	8,000
Miscellaneous Income	<u>1,198</u>	<u>00</u>	<u>1,198</u>
Total Revenues, Gains, and Other Support Prior to Net Assets Released from Restrictions	544,826	8,750	553,576
Net Assets Released from Restrictions	<u>2,201</u>	<u>(2,201)</u>	<u>00</u>
Total Revenues, Gains, and Other Support	<u>547,027</u>	<u>6,549</u>	<u>553,576</u>
EXPENSES AND LOSSES			
Program Services	520,423	00	520,423
Management and General	42,360	00	42,360
Fundraising	<u>15,690</u>	<u>00</u>	<u>15,690</u>
Total Expenses	<u>578,473</u>	<u>00</u>	<u>578,473</u>
CHANGE IN NET ASSETS	(31,446)	6,549	(24,897)
 NET ASSETS - Beginning of Year	 <u>170,084</u>	 <u>00</u>	 <u>170,084</u>
 NET ASSETS - End of Year	 <u>\$138,638</u>	 <u>\$ 6,549</u>	 <u>\$145,187</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2017

	<u>Program Expenses</u>	<u>Mgmt & General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
SALARIES AND RELATED EXPENSES				
Payroll Expense	\$305,753	\$ 23,804	\$ 00	\$329,557
Payroll Taxes	23,390	1,821	00	25,211
Health Benefits	<u>23,326</u>	<u>00</u>	<u>00</u>	<u>23,326</u>
Total Salaries and Related Expenses	352,469	25,625	00	378,094
Depreciation	180	00	00	180
Transportation	16,328	00	00	16,328
Insurance	5,452	1,420	00	6,872
Professional Services	4,025	9,530	00	13,555
Office Supplies	1,377	1,041	32	2,450
Postage	788	262	263	1,313
Professional Development	25,546	00	500	26,046
Technology	64	1,858	00	1,922
Small Equipment	7,212	00	00	7,212
Printing and Advertising	478	496	848	1,822
Travel	7,234	450	364	8,048
EZ Reports	4,800	00	00	4,800
Program Supplies	30,858	00	00	30,858
Evaluation	20,050	00	00	20,050
Fundraising Expense	00	00	13,538	13,538
Cell Phone	1,450	150	00	1,600
Rent	6,000	2,000	00	8,000
Fees	1,243	332	210	1,785
Bad Debts	<u>629</u>	<u>00</u>	<u>00</u>	<u>629</u>
TOTAL EXPENSES	<u>\$486,183</u>	<u>\$ 43,164</u>	<u>\$ 15,755</u>	<u>\$545,102</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2016

	<u>Program Expenses</u>	<u>Mgmt & General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
SALARIES AND RELATED EXPENSES				
Payroll Expense	\$346,752	\$ 23,500	\$ 00	\$370,252
Payroll Taxes	26,158	1,798	00	27,956
Health Benefits	<u>29,988</u>	<u>00</u>	<u>00</u>	<u>29,988</u>
Total Salaries and Related Expenses	402,898	25,298	00	428,196
Depreciation	180	00	00	180
Transportation	20,952	00	00	20,952
Insurance	5,298	1,420	00	6,718
Professional Services	2,379	9,500	1,470	13,349
Office Supplies	1,004	1,812	131	2,947
Postage	714	238	238	1,190
Professional Development	4,826	00	00	4,826
Technology	91	771	40	902
Small Equipment	446	00	00	446
Printing and Advertising	969	674	1,009	2,652
Travel	5,783	00	28	5,811
EZ Reports	4,800	00	00	4,800
Program Supplies	28,933	00	00	28,933
Evaluation	20,000	00	00	20,000
Fundraising Expense	00	00	12,641	12,641
Cell Phone	1,900	150	00	2,050
Rent	6,225	2,000	00	8,225
Fees	4,440	497	133	5,070
Bad Debts	<u>8,585</u>	<u>00</u>	<u>00</u>	<u>8,585</u>
TOTAL EXPENSES	<u>\$520,423</u>	<u>\$ 42,360</u>	<u>\$ 15,690</u>	<u>\$578,473</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 20,064	\$ (24,897)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities		
Depreciation	180	180
(Increase) Decrease in:		
Grants Receivable	(53,941)	95,760
Pledges Receivable	(1,475)	8,585
Prepaid Expenses	19	(112)
Increase (Decrease) in:		
Accounts Payable	(3,892)	(48,864)
Accrued Payroll	00	(17,391)
Accrued Expenses and Taxes	<u>(2,843)</u>	<u>4,941</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(41,888)	18,202
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	<u>(2,158)</u>	<u>00</u>
 NET INCREASE (DECREASE) IN CASH	(44,046)	18,202
 CASH - Beginning of Year	<u>84,738</u>	<u>66,536</u>
 CASH - End of Year	<u>\$ 40,692</u>	<u>\$ 84,738</u>

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

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS MAY 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Starke County Youth Club, Inc. ("the Organization") supports children and families by providing a safe, enriching environment and with positive role models. The Organization's programs include after-school and summer programs and a recreational basketball program. The programs operate at schools throughout Starke County, Indiana. The after-school program operates in North Judson-San Pierre Elementary in North Judson (serving both elementary and middle school students), Oregon-Davis Elementary and Oregon-Davis Jr./Sr. High School in Hamlet, and Knox Middle School and Knox Community Elementary in Knox.

The Organization is primarily funded by 21st Century Community Learning Center grants which are provided by the United States Department of Education. The Indiana Department of Education is the pass-through agency for these funds.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is used for both income tax and financial reporting purposes.

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.

Advertising

Advertising costs are included in the account titled "Printing and Advertising" in the Statement of Functional Expenses. These costs are expensed as incurred. Printing and Advertising expense was \$1,822 and \$2,652 for the years ended May 31, 2017 and 2016, respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS MAY 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property and Equipment

Property and equipment are carried at cost. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. The fair market values of donated assets are also capitalized. 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 was \$180 and \$180 for the years ended May 31, 2017 and 2016, respectively.

Cash

Cash, as presented on the accompanying statement of financial position and statement of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions.

Investments

Investments are carried at fair value. Investment income and expenses are reflected in the statement of activities.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with donors having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Grants Receivable

The Organization 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 Organization's management reviews past due receivables and allows for all accounts deemed uncollectible after all reasonable collection efforts have been exhausted.

Income Taxes

The Organization qualified under the provisions of the Internal Revenue Code 501(c)(3) as a not-for-profit organization and, therefore is exempt from federal and state income taxes. The Organization is not classified as a private foundation.

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Uncertain Tax Positions

The Organization adheres to the provisions of standards relating to uncertain 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.

Financial Instruments and Credit Risk

The Organization is a not-for-profit corporation operating primarily in Starke County, Indiana. As such, the Organization's pledges and grants receivable are from donors and grantors within the same geographic region. The terms of the pledges and grants give rise to unsecured receivables, as is common industry practice. Unsecured pledges and grants receivable total \$133,415 and \$77,370 for the years ended May 31, 2017 and 2016, respectively.

NOTE 2 - INVESTMENTS

The Organization created a charitable endowment and transferred funds to the Northern Indiana Community Foundation ("the Community Foundation"). It specified itself as the beneficiary. In accordance with current accounting standards, these funds are recorded as an asset to the Organization. Annual earnings allocable to the Organization's funds held by the Community Foundation, net of fees and expenses, may be distributed to the Organization.

The Community Foundation purchases various types of investments. The investment amounts at May 31, 2017 and 2016 were \$2,158 and \$0, respectively. The activity for the years ended May 31, 2017 and 2016 is as follows:

	Fiscal <u>2017</u>	Fiscal <u>2016</u>
Beginning Balance	\$ 00	\$ 00
Transfer to Community Foundation	2,150	00
Investment Income	24	00
Amounts Appropriated for Expenditure	<u>(16)</u>	<u>00</u>
Ending Balance	<u>\$ 2,158</u>	<u>\$ 00</u>

Investment income is comprised of the following:

	2017 <u>Unrestricted</u>	2016 <u>Unrestricted</u>
Investment Income	<u>\$ 24</u>	<u>\$ 00</u>

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016

NOTE 2 - INVESTMENTS CONTINUED

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 Company'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.

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 May 31, 2017 and 2016, respectively. As required, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>May 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund Held by Community Foundation	\$ <u>2,158</u>	\$ <u>00</u>	\$ <u>2,158</u>	\$ <u>00</u>

<u>Description</u>	<u>May 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund Held by Community Foundation	\$ <u>00</u>	\$ <u>00</u>	\$ <u>00</u>	\$ <u>00</u>

The following is a description of the valuation techniques and inputs as of May 31, 2017 and 2016, respectively, for the Organization's assets measured at fair value:

Endowment Fund - Valued at market prices as provided by the Northern Indiana Community Foundation.

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS MAY 31, 2017 AND 2016

NOTE 3 - INVESTMENTS - DONOR DESIGNATED ENDOWMENT

The Organization has a donor designated endowment fund established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Organization has no set return objectives. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization currently has no spending policy.

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016

NOTE 3 - INVESTMENTS - DONOR DESIGNATED ENDOWMENT CONTINUED

Endowment net asset composition by type of fund as of May 31, 2017 and 2016 is as follows:

<u>2017</u>	<u>Unrestricted</u>	Permanently <u>Restricted</u>	Total Net Endowment <u>Funds</u>
Donor-Designated Endowment Fund	\$ <u>8</u>	\$ <u>2,150</u>	\$ <u>2,158</u>

<u>2016</u>	<u>Unrestricted</u>	Permanently <u>Restricted</u>	Total Net Endowment <u>Funds</u>
Donor-Designated Endowment Fund	\$ <u>00</u>	\$ <u>00</u>	\$ <u>00</u>

Changes in endowment net assets as of May 31, 2017 and 2016 are as follows:

<u>2017</u>	<u>Unrestricted</u>	Permanently <u>Unrestricted</u>	Total Net Endowment <u>Funds</u>
Endowment Net Assets - Beginning of Year	\$ 00	\$ 00	\$ 00
Transfer to Community Foundation	00	2,150	2,150
Investment Income	24	00	24
Amounts Appropriated for Expenditure	<u>(16)</u>	<u>00</u>	<u>(16)</u>
Endowment Net Assets - End of Year	\$ <u>8</u>	\$ <u>2,150</u>	\$ <u>2,158</u>

<u>2016</u>	<u>Unrestricted</u>	Permanently <u>Unrestricted</u>	Total Net Endowment <u>Funds</u>
Endowment Net Assets - Beginning of Year	\$ 00	\$ 00	\$ 00
Transfer to Community Foundation	00	00	00
Investment Income	00	00	00
Amounts Appropriated for Expenditure	<u>00</u>	<u>00</u>	<u>00</u>
Endowment Net Assets - End of Year	\$ <u>00</u>	\$ <u>00</u>	\$ <u>00</u>

NOTE 4 - PLEDGES RECEIVABLE

The Organization has pledges receivable from donors. Collection is expected to be as follows:

	Fiscal <u>2017</u>	Fiscal <u>2016</u>
Total Pledges Receivable - Due Within One Year	\$ 13,834	\$ 11,730
Less: Allowance for Doubtful Accounts	<u>5,851</u>	<u>5,222</u>
Total Pledges Receivable - Net	\$ <u>7,983</u>	\$ <u>6,508</u>

THE STARKE COUNTY YOUTH CLUB, INC.

NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment on the accompanying statement of financial position includes the following:

	Fiscal <u>2017</u>	Fiscal <u>2016</u>
Office Equipment	\$ 1,800	\$ 1,800
Less: Accumulated Depreciation	<u>1,200</u>	<u>1,020</u>
Total Property and Equipment	<u>\$ 600</u>	<u>\$ 780</u>

NOTE 6 - CONCENTRATION OF REVENUE

For the years ending May 31, 2017 and 2016, the Organization received 80% and 79% of its revenue from the Indiana Department of Education. No determination has been made as to the effect on the financial statements should this source cease funding The Starke County Youth Club, Inc.

NOTE 7 - CONTRIBUTED FACILITY USAGE

The Organization uses space located in four schools to operate its programs. The Organization has a memorandum of understanding with the schools regarding the use of the facilities and pays no rent. The Organization records an in-kind contribution and rent expense based on the estimated fair market value of the space being used. During the years ended May 31, 2017 and 2016, the Organization recorded \$8,000 and \$8,000 as contributed facility usage.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

The Organization receives donor restricted grants for various purposes. In the years ended May 31, 2017 and 2016, temporarily restricted assets increased by \$12,697 and \$8,750, respectively, from grant income. During fiscal 2017 and 2016, \$10,542 and \$2,201, respectively, was released by expenditures made by the Organization. At May 31, 2017 and 2016, the Organization had \$8,704 and \$6,549, respectively, of temporarily restricted net assets.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 16, 2017, the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

THE STARKE COUNTY YOUTH CLUB, INC.

SCHEDULE OF GOVERNMENTAL FUNDING
FOR THE YEAR ENDED MAY 31, 2016

<u>Governmental Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>
FEDERAL AWARDS				
United States Department of Education				
Pass-Through Program from:				
Indiana Department of Education				
21 st Century Community Learning Center				
6/1/16 to 5/31/17	84.287	A58-7-17DL-0011	\$280,557	\$259,111
6/1/16 to 5/31/17	84.287	A58-7-17DL-0065	\$211,208	<u>192,159</u>
TOTAL FEDERAL AWARDS				<u>\$451,270</u>

EXIT CONFERENCE

An exit conference was held with representatives of The Starke County Youth Club, Inc. on August 15, 2017 at the office of The Starke County Youth Club, Inc. in Knox, Indiana.

THE STARKE COUNTY YOUTH CLUB, INC.

IRENE SZAKONYI

EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

AUDIT ORGANIZATION REPRESENTATIVES

GREG WARD

PRINCIPAL