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May 29, 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, 2016 to June 30, 2017. 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, 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, CPA  
State Examiner

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**FAMILY AND YOUTH  
SERVICES BUREAU**

JUNE 30, 2017 AND 2016

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

FAMILY AND YOUTH SERVICES BUREAU

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Family and Youth Services Bureau (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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, 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.

Merrillville, IN  
December 13, 2017

**FAMILY AND YOUTH SERVICES BUREAU**

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 587,371	\$ 447,892
Accounts Receivable – Net of Allowance of \$0 and \$0	180,986	136,817
Investments	00	150,000
Prepaid Expenses	13,884	4,675
Land, Buildings and Equipment – Net	<u>590,993</u>	<u>602,106</u>
 TOTAL ASSETS	 <u>\$1,373,234</u>	 <u>\$1,341,490</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Notes Payable	\$ 345,124	\$ 370,347
Accounts Payable	17,124	12,752
Accrued Taxes and Expenses	818	3,661
Accrued Salaries and Wages	46,827	40,016
Deferred Revenue	<u>29,661</u>	<u>2,990</u>
Total Liabilities	<u>439,554</u>	<u>429,766</u>
 NET ASSETS		
Unrestricted	633,680	611,724
Temporarily Restricted	<u>300,000</u>	<u>300,000</u>
Total Net Assets	<u>933,680</u>	<u>911,724</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$1,373,234</u>	 <u>\$1,341,490</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Grants, Contracts, and Client Fees	\$1,595,555	\$300,000	\$ 00	\$1,895,555
Contributions	68,556	00	00	68,556
In-Kind Donations	21,600	00	00	21,600
Interest	425	00	00	425
Fundraising Revenue	12,623	00	00	12,623
Gain on Asset Disposal	<u>1,500</u>	<u>00</u>	<u>00</u>	<u>1,500</u>
Revenues, Gains and Other Support Prior to Net Assets Released from Restrictions	1,700,259	300,000	00	2,009,259
Net Assets Release from Restrictions:				
Satisfaction of Program Restrictions	<u>300,000</u>	<u>(300,000)</u>	<u>00</u>	<u>00</u>
<b>Total Revenues, Gains and Other Support</b>	<u><b>2,000,259</b></u>	<u><b>00</b></u>	<u><b>00</b></u>	<u><b>2,000,259</b></u>
<b>EXPENSES</b>				
Family Services	1,442,761	00	00	1,442,761
Management and General	531,293	00	00	531,293
Fundraising	<u>4,249</u>	<u>00</u>	<u>00</u>	<u>4,249</u>
<b>Total Expenses</b>	<u><b>1,978,303</b></u>	<u><b>00</b></u>	<u><b>00</b></u>	<u><b>1,978,303</b></u>
<b>CHANGE IN NET ASSETS</b>	21,956	00	00	21,956
<b>NET ASSETS - Beginning of Year</b>	<u><b>611,724</b></u>	<u><b>300,000</b></u>	<u><b>00</b></u>	<u><b>911,724</b></u>
<b>NET ASSETS - End of Year</b>	<u><b>\$ 633,680</b></u>	<u><b>\$300,000</b></u>	<u><b>\$ 00</b></u>	<u><b>\$ 933,680</b></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>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
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>
<b>EXPENSES</b>				
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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Program Services</u>	<u>Support Services</u>			<u>Grand Total</u>
	<u>Family Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	
<b>SALARIES AND RELATED EXPENSES</b>					
Salaries and Wages	\$1,040,116	\$293,594	\$ 00	\$293,594	\$1,333,710
Employee Benefits	111,474	61,950	00	61,950	173,424
Payroll Taxes	<u>81,037</u>	<u>23,221</u>	<u>00</u>	<u>23,221</u>	<u>104,258</u>
Total Salaries and Related Expenses	1,232,627	378,765	00	378,765	1,611,392
<b>EXPENSES</b>					
Agency Events	00	808	00	808	808
Auto Maintenance	972	41	00	41	1,013
Bank Service Charges	735	1,458	00	1,458	2,193
Chalk the Walk	00	00	4,249	4,249	4,249
Conference and Training	13,071	2,572	00	2,572	15,643
Dues and Subscriptions	2,126	6,387	00	6,387	8,513
Equipment Rental and Repair	10,720	12,932	00	12,932	23,652
Insurance - Auto	2,520	1,395	00	1,395	3,915
Insurance - Business	3,027	5,591	00	5,591	8,618
Insurance - Workers' Comp	483	12,129	00	12,129	12,612
Insurance - Other	1,250	15,656	00	15,656	16,906
Interest	00	18,779	00	18,779	18,779
Networking	00	360	00	360	360
Newsletter	00	512	00	512	512
Office Supplies	10,491	9,584	00	9,584	20,075
Postage and Delivery	2,507	2,262	00	2,262	4,769
Printing	1,268	949	99	949	2,217
Professional Fees	16,617	20,470	00	20,470	37,087
Recruitment	4,532	581	00	581	5,113
Rent	21,600	00	00	00	21,600
Repairs and Maintenance	11,338	8,213	00	8,213	19,551
Supplies	34,528	13,970	00	13,970	48,498
Telephone	8,645	3,874	00	3,874	12,519
Travel	18,222	319	00	319	18,541
Utilities	<u>13,630</u>	<u>8,065</u>	<u>00</u>	<u>8,065</u>	<u>21,695</u>
Total Expenses before Depreciation	1,410,909	525,672	4,249	529,921	1,940,830
Depreciation	<u>31,852</u>	<u>5,621</u>	<u>00</u>	<u>5,621</u>	<u>37,473</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$1,442,761</u>	<u>\$531,293</u>	<u>\$ 4,249</u>	<u>\$535,542</u>	<u>\$1,978,303</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**

	<u>Program Services</u>	<u>Support Services</u>			<u>Grand Total</u>
	<u>Family Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	
<b>SALARIES AND RELATED EXPENSES</b>					
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
<b>EXPENSES</b>					
Agency Events	00	749	00	749	749
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	20,291	00	20,291	20,291
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>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<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**

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 21,956	\$ 24,756
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	37,473	37,405
(Gain) on Asset Disposal	(1,500)	00
(Increase) Decrease in:		
Accounts Receivable	(44,169)	(17,519)
Prepaid Expenses	(9,209)	228
Increase (Decrease) in:		
Accounts Payable	4,373	(191)
Accrued Taxes and Expenses	(2,843)	(164)
Accrued Salaries and Wages	6,811	14,897
Deferred Revenue	<u>26,671</u>	<u>2,990</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>39,563</u>	<u>62,402</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Sale of Investments	150,000	150,000
Payments for Purchases of Fixed Assets	(26,360)	(6,482)
Proceeds from the Sale of Fixed Assets	<u>1,500</u>	<u>00</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>125,140</u>	<u>143,518</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	<u>(25,224)</u>	<u>(24,056)</u>
NET INCREASE IN CASH	139,479	181,864
CASH – Beginning of Year	<u>447,892</u>	<u>266,028</u>
CASH – End of Year	<u>\$587,371</u>	<u>\$447,892</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 18,403</u>	<u>\$ 19,915</u>

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

# FAMILY AND YOUTH SERVICES BUREAU

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

### 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, 2017 AND 2016

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Financial Instruments and Credit Risk

At June 30, 2017, the Company has \$205,707 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, 2017, 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, 2017 and 2016 was \$37,473 and \$37,405, 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, 2016 financial statements in order for them to better compare to the June 30, 2017 financial statements.

**FAMILY AND YOUTH SERVICES BUREAU**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPAL

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that all costs incurred to issue debt be presented as a direct deduction from the carrying value of debt. Current standards require these costs to be shown as a deferred charge (i.e., an asset). There is no change as to the presentation or method of amortizing these costs to the statement of operations and changes in net assets. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015, with early adoption permitted. On July 1, 2016, the Organization, as is allowed by the guidance, early adopted ASU 2015-03.

The adoption required retrospective application to all periods presented in the accompanying consolidated financial statements. The costs incurred to issue debt and the accumulated amortization for the year ended June 30, 2016 have been reclassified on the Organization's financials from noncurrent other assets to noncurrent long-term debt and notes payable.

The following financial statement line items at June 30, 2016 were affected by the change in accounting principle:

<u>Assets</u>	<u>Adjusted</u>	<u>Originally Reported June 30, 2016</u>	<u>Effect of Change</u>
Other Assets	\$ 00	\$ 4,705	\$ (4,705)
Total Assets	\$ 1,341,490	\$ 1,346,195	\$ (4,705)
 <u>Liabilities and Net Assets</u>			
Noncurrent Liabilities:			
Notes Payable	\$ 370,347	\$ 375,052	\$ (4,705)
Total Liabilities	\$ 429,766	\$ 434,471	\$ (4,705)
Total Liabilities and Net Assets	\$ 1,341,490	\$ 1,346,195	\$ (4,705)

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Grant and Contracts Receivable - Net of Allowance for Uncollectable	<u>\$180,986</u>	<u>\$136,817</u>

**FAMILY AND YOUTH SERVICES BUREAU**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 44,222	\$ 44,222
Building and Improvements	1,080,661	1,056,302
Furniture and Fixtures	66,710	64,710
Vehicles	33,763	33,763
Accumulated Depreciation	<u>(634,363)</u>	<u>(596,891)</u>
Total Property and Equipment	<u>\$ 590,993</u>	<u>\$ 602,106</u>

NOTE 5 - COMMITMENTS

The Organization has long-term lease commitments for office equipment. Rent expense for these leases was \$15,508 and \$13,799 for the years ended June 30, 2017 and 2016, respectively.

Future minimum payments over the remaining terms of the leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 15,942
June 30, 2019	\$ 15,942
June 30, 2020	\$ 13,550
June 30, 2021	\$ 5,713

NOTE 6 - NOTES PAYABLE

The Organization has the following long-term notes payable at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</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	\$191,702	\$203,728
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	00	3,585

**FAMILY AND YOUTH SERVICES BUREAU**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE 6 - NOTES PAYABLE CONTINUED

	<u>2017</u>	<u>2016</u>
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>153,422</u>	\$ <u>163,034</u>
Total	345,124	370,347
Less: Current Portion of Debt	<u>23,159</u>	<u>25,599</u>
Total Long-Term Notes Payable	<u>\$321,965</u>	<u>\$344,748</u>

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

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 23,159
June 30, 2019	\$ 24,363
June 30, 2020	\$ 25,630
June 30, 2021	\$ 26,963
June 30, 2022	\$ 28,365

NOTE 7 - INTEREST EXPENSE

Interest expense incurred for the years ended June 30, 2017 and 2016 was \$18,779 and \$20,291, respectively.

NOTE 8 - 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, 2017 and 2016 totaled \$39,232 and \$34,545, respectively.

NOTE 9 - 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, 2017 and 2016, the Organization recorded \$21,600 and \$21,600 of contributed space costs, respectively.

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 10 - CONCENTRATION OF REVENUE

During the years ended June 30, 2017 and 2016, 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 11 - INVESTMENTS

The Organization owns no certificates of deposit at June 30, 2017.

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.

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. There are no investments held at June 30, 2017. 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, 2017 and 2016 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>

FAMILY AND YOUTH SERVICES BUREAU

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE 12 - 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>2017</u>	<u>2016</u>
Services for the Residents of Porter County, Indiana	<u>\$300,000</u>	<u>\$300,000</u>

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 13, 2017, the date the financial statements were available for issuance.