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July 10, 2020

Board of Directors
Chances and Services for Youth, Inc.
1101 S. 13th St.
Terre Haute, IN 47802

We have reviewed the audit report of Chances and Services for Youth, Inc. which was opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period October 1, 2017 to September 30, 2018. 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, 2018 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 the audit report in accordance with the 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

**Chances And Services For
Youth, Inc.**



**Financial Statements
For The Years Ended
September 30, 2018 and 2017
(With Single Audit Section)**

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Certified Public Accountants

CHANCES AND SERVICES FOR YOUTH, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	10
Notes to Financial Statements.....	11
 SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Expenditures of State and Local Awards.....	25
Summary Schedule of Prior Audit Findings	26
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 <i>Government Auditing Standards</i>	27
Independent Auditor’s Report on Compliance for Each Major Program and On Internal Control over Compliance required by <i>Uniform Guidance</i>	29
Schedule of Findings and Questioned Costs.....	31



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 statements of financial position as of September 30, 2018 and 2017, 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, 2018 and 2017, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The accompanying schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts 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 April 19, 2019, 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

April 19, 2019

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 343,715	\$ 551,295
Certificates of deposit	27,034	26,983
Investments	233,607	224,736
Grants receivable	664,791	599,127
Other receivables	31,903	35,303
Prepaid expenses	10,507	-
	1,311,557	1,437,444
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation	81,612	90,544
	81,612	90,544
OTHER ASSETS		
Beneficial interest in community foundation	50,911	49,312
	50,911	49,312
Total assets	\$ 1,444,080	\$ 1,577,300

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 191,435	\$ 210,519
Accrued payroll and payroll expenses	93,928	64,861
Deferred revenue	-	77,001
	285,363	352,381
NET ASSETS		
Net assets without donor restrictions	1,067,572	1,061,664
Net assets with donor restrictions	91,145	163,255
	1,158,717	1,224,919
Total liabilities and net assets	\$ 1,444,080	\$ 1,577,300

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u> <u>Total</u>
SUPPORT			
United Way allocations	\$ 120,102	\$ -	\$ 120,102
Contributions	93,218	-	93,218
Special events and fundraising	189,317	-	189,317
Total support	<u>402,637</u>	<u>-</u>	<u>402,637</u>
REVENUE			
Federal grants and contracts	3,079,788	565	3,080,353
State and local grants	211,843	-	211,843
Memberships	390	-	390
Program service fees	92,591	-	92,591
Investment income	13,668	-	13,668
Inkind revenue	317,122	-	317,122
Other income	27,642	-	27,642
Total revenue	<u>3,743,044</u>	<u>565</u>	<u>3,743,609</u>
Total support and revenue before release of restrictions	4,145,681	565	4,146,246
Release of restrictions	72,675	(72,675)	-
Total support and revenue	<u>4,218,356</u>	<u>(72,110)</u>	<u>4,146,246</u>
FUNCTIONAL EXPENSES:			
Child and Adult Care Food Program	1,840,862	-	1,840,862
Child Care Development Fund	367,112	-	367,112
Child Care Resource and Referral	644,057	-	644,057
Early Education	135,080	-	135,080
Big Brother Big Sisters of Vigo Co.	179,547	-	179,547
Tobacco Prevention and Cessation	124,859	-	124,859
Safe Kids	97,649	-	97,649
Teen Court	67,139	-	67,139
Out of School	101,450	-	101,450
Total program services	<u>3,557,755</u>	<u>-</u>	<u>3,557,755</u>
Management and general	615,303	-	615,303
Fundraising	39,390	-	39,390
Total functional expenses	<u>4,212,448</u>	<u>-</u>	<u>4,212,448</u>
Increase in net assets	5,908	(72,110)	(66,202)
NET ASSETS, AT BEGINNING OF YEAR	<u>1,061,664</u>	<u>163,255</u>	<u>1,224,919</u>
NET ASSETS, AT END OF YEAR	<u>\$ 1,067,572</u>	<u>\$ 91,145</u>	<u>\$ 1,158,717</u>

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2017</u> <u>Total</u>
SUPPORT			
United Way allocations	\$ 123,326	\$ -	\$ 123,326
Contributions	108,362	-	108,362
Special events and fundraising	251,533	-	251,533
	<hr/>	<hr/>	<hr/>
Total support	483,221	-	483,221
REVENUE			
Federal grants and contracts	2,988,616	8,698	2,997,314
State and local grants	104,122	-	104,122
Memberships	1,065	-	1,065
Program service fees	89,683	-	89,683
Investment income	22,996	-	22,996
Inkind revenue	156,600	-	156,600
Gain on sale of property and equipment	53,516	-	53,516
Other income	38,977	-	38,977
	<hr/>	<hr/>	<hr/>
Total revenue	3,455,575	8,698	3,464,273
Total support and revenue before release of restrictions	3,938,796	8,698	3,947,494
Release of restrictions	66,903	(66,903)	-
	<hr/>	<hr/>	<hr/>
Total support and revenue	4,005,699	(58,205)	3,947,494
FUNCTIONAL EXPENSES:			
Child and Adult Care Food Program	2,002,025	-	2,002,025
Child Care Development Fund	175,115	-	175,115
Child Care Resource and Referral	443,928	-	443,928
Early Education	81,746	-	81,746
Big Brother Big Sisters of Vigo Co.	124,803	-	124,803
Tobacco Prevention and Cessation	86,775	-	86,775
Safe Kids	89,101	-	89,101
Teen Court	61,947	-	61,947
Out of School	122,863	-	122,863
	<hr/>	<hr/>	<hr/>
Total program services	3,188,303	-	3,188,303
Management and general	597,507	-	597,507
Fundraising	40,097	-	40,097
	<hr/>	<hr/>	<hr/>
Total functional expenses	3,825,907	-	3,825,907
Increase in net assets	179,792	(58,205)	121,587
NET ASSETS, AT BEGINNING OF YEAR	881,872	221,460	1,103,332
	<hr/>	<hr/>	<hr/>
NET ASSETS, AT END OF YEAR	<u>\$ 1,061,664</u>	<u>\$ 163,255</u>	<u>\$ 1,224,919</u>

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	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
OPERATING EXPENSES						
Salaries and wages	\$ 110,970	\$ 165,887	\$ 524,981	\$ 94,150	\$ 97,750	\$ 84,159
Employee benefits	10,086	16,892	34,019	4,376	6,244	5,504
Payroll taxes	8,339	12,816	39,936	7,341	7,909	6,632
Direct program service	1,691,338	-	-	-	1,200	-
Educational materials	380	-	-	-	-	-
Provider resources	207	400	465	5,838	-	-
Accounting	574	1,319	-	1,209	3,896	2,139
Technology	7,637	2,092	2,660	1,826	2,909	1,405
Telecommunications	896	1,530	2,589	44	740	682
Postage and supplies	1,049	7,654	880	1,342	1,162	5,165
Occupancy	172	2,029	(49)	628	1,887	1,121
Equipment leases and maintenance	5,459	3,909	10,914	393	2,908	910
Staff related expenses	3,755	18,706	28,655	15,293	10,654	2,521
Van expense	-	-	-	-	-	-
Other administrative expenses	-	23,865	213	469	2,940	11,902
Depreciation and equipment expense	-	1,246	(1,206)	1,344	473	986
Fundraising expense	-	-	-	-	2,062	-
Inkind expense	-	108,114	-	-	33,309	-
Insurance	-	653	-	827	3,504	1,733
Total operating expenses	<u>\$ 1,840,862</u>	<u>\$ 367,112</u>	<u>\$ 644,057</u>	<u>\$ 135,080</u>	<u>\$ 179,547</u>	<u>\$ 124,859</u>

See accompanying notes to financial statements.

Safe Kids	Teen Court	Out of School	Program Services	Management and General	Fundraising	2018 Totals
\$ 36,971	\$ 44,599	\$ 47,041	\$ 1,206,508	\$ 252,642	\$ -	\$ 1,459,150
3,787	3,364	1,551	85,823	16,221	-	102,044
2,836	3,441	3,849	93,099	19,352	-	112,451
-	-	25,298	1,717,836	-	-	1,717,836
-	-	-	380	-	-	380
26,667	400	-	33,977	60	-	34,037
1,120	1,320	1,921	13,498	19,841	-	33,339
661	751	1,141	21,082	10,177	-	31,259
736	438	377	8,032	718	-	8,750
192	502	499	18,445	7,088	-	25,533
550	775	1,027	8,140	11,856	-	19,996
583	847	671	26,594	5,123	-	31,717
163	7,738	2,494	89,979	2,325	198	92,502
-	-	536	536	13,667	-	14,203
18,435	1,872	12,137	71,833	41,084	-	112,917
146	168	1,480	4,637	23,677	-	28,314
3,975	-	-	6,037	1,813	39,192	47,042
-	-	-	141,423	175,700	-	317,123
827	924	1,428	9,896	13,959	-	23,855
<u>\$ 97,649</u>	<u>\$ 67,139</u>	<u>\$ 101,450</u>	<u>\$ 3,557,755</u>	<u>\$ 615,303</u>	<u>\$ 39,390</u>	<u>\$ 4,212,448</u>

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	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
OPERATING EXPENSES						
Salaries and wages	\$ 111,102	\$ 98,711	\$ 338,297	\$ 45,693	\$ 81,503	\$ 61,626
Employee benefits	9,794	10,255	21,605	2,162	5,124	3,628
Payroll taxes	7,912	7,191	25,667	3,473	6,514	5,069
Direct program service	1,848,544	-	-	-	-	-
Educational materials	-	-	-	-	-	-
Provider resources	513	325	133	8,229	-	-
Accounting	569	-	1,450	1,369	3,701	1,656
Technology	9,066	1,027	2,396	514	2,986	1,025
Telecommunications	928	1,546	2,834	36	770	432
Postage and supplies	1,476	7,913	1,706	3,548	1,749	1,542
Occupancy	338	1,838	-	456	1,911	933
Equipment leases and maintenance	6,284	4,443	8,124	199	2,288	582
Staff related expenses	5,261	3,951	23,982	7,226	10,225	1,531
Van expense	-	-	-	-	-	-
Other program expenses	-	-	-	4,660	1,096	1,442
Other administrative expenses	140	20,072	1,400	97	436	5,186
Depreciation and equipment expense	98	11,843	16,334	3,418	716	671
Fundraising expense	-	-	-	-	2,658	-
Inkind expense	-	6,000	-	-	-	-
Insurance	-	-	-	666	3,126	1,452
Total operating expenses	<u>\$ 2,002,025</u>	<u>\$ 175,115</u>	<u>\$ 443,928</u>	<u>\$ 81,746</u>	<u>\$ 124,803</u>	<u>\$ 86,775</u>

See accompanying notes to financial statements.

Safe Kids	Teen Court	Out of School	Program Services	Management and General	Fundraising	2017 Totals
\$ 29,384	\$ 42,208	\$ 60,721	\$ 869,245	\$ 273,966	\$ -	\$ 1,143,211
892	3,385	4,588	61,433	16,024	-	77,457
2,295	3,292	4,919	66,332	21,097	-	87,429
-	-	17,306	1,865,850	5,200	-	1,871,050
-	-	-	-	-	-	-
26,062	-	129	35,391	237	-	35,628
1,073	1,777	3,294	14,889	18,355	-	33,244
563	882	1,777	20,236	9,599	-	29,835
336	529	438	7,849	741	-	8,590
307	1,025	991	20,257	10,472	13	30,742
529	800	1,618	8,423	13,659	-	22,082
764	1,659	914	25,257	4,909	-	30,166
1,414	3,230	735	57,555	1,920	-	59,475
-	-	-	-	7,819	-	7,819
17,749	1,673	21,161	47,781	4,275	-	52,056
39	32	436	27,838	27,880	-	55,718
80	120	1,239	34,519	15,973	-	50,492
6,785	-	-	9,443	85	40,084	49,612
-	-	-	6,000	150,600	-	156,600
829	1,335	2,597	10,005	14,696	-	24,701
<u>\$ 89,101</u>	<u>\$ 61,947</u>	<u>\$ 122,863</u>	<u>\$ 3,188,303</u>	<u>\$ 597,507</u>	<u>\$ 40,097</u>	<u>\$ 3,825,907</u>

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CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (66,202)	\$ 121,587
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used in) by operating activities:		
Depreciation	17,307	13,807
Realized and unrealized (gain) loss on investments	(3,884)	(14,881)
Gain on disposal of property and equipment	-	(53,516)
Change in beneficial interest	(1,599)	(3,596)
Increase (decrease) in cash from changes in:		
Grants receivable	(65,664)	(83,344)
Accounts receivable	3,400	(18,939)
Prepaid expense	(10,507)	-
Accounts payable	(19,084)	39,212
Accrued payroll and payroll expenses	29,067	37,060
Deferred revenue	(77,001)	38,741
	<u>(194,167)</u>	<u>76,131</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(8,375)	(57,777)
Proceeds on disposal of property and equipment	-	133,984
Purchase of investments and certificates of deposit	(62,334)	(45,504)
Proceeds from sale of investments	57,296	41,589
	<u>(13,413)</u>	<u>72,292</u>
NET INCREASE (DECREASE) IN CASH	(207,580)	148,423
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	551,295	402,872
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 343,715	\$ 551,295

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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, 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.

FINANCIAL STATEMENT PRESENTATION

The Organization opted to implement ASU 2016-14 early which updated the FASB Accounting Standards Codification Topic “not-for-Profit Entities” (topic 958), which addresses the presentation of financial statements of not-for-profit entities. The prior year financial statement presentation has been modified to conform with the implementation of this standard.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

FINANCIAL STATEMENT PRESENTATION (continued)

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Chances And Services for Youth, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of Chances And Services for Youth, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by Chances And Services for Youth, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Chances And Services for Youth, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

As of September 30, 2018 and 2017, the Organization did not have net assets restricted in perpetuity.

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 AND OTHER RECEIVABLES

The grants receivable represents amounts receivable for the claims filed under cost reimbursement awards and contracts awaiting payment. Grants receivables are due from government sources and therefore no allowance for uncollectible accounts is considered necessary. Other receivables relate to amount committed by donors for fundraising activities. No allowance for uncollectible accounts is considered necessary.

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, 2018 AND 2017

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 and contract revenues 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 net assets without restrictions 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 support without donor restrictions.

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.

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.

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.

INVESTMENTS

Investments are recorded at their fair value as determined under the Fair Value Measurement Topic of the FASB Accounting Standards Codification. Gains and losses on investments are classified as increases/decreases in net assets without donor restrictions, unless the use of the assets received is limited by donor-imposed stipulations, or by law. Therefore, when donor restrictions exist, such gains and losses are reported as net assets with donor restrictions.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

PROPERTY AND EQUIPMENT

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. 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.

COST 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. The general approach of the Organization in allocating costs to particular grants and programs are as follows:

Direct costs are those costs that can be specifically identified with a particular cost objective or function. Whenever an expense can be directly identified with a specific function it will be assigned and charged to that function. Allocating expenses will be only appropriate when direct identification is not possible or practical.

Allowable direct costs that can be identified to more than one grants, program, etc. are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. Initially, there are two major cost pools for early education and youth programs based on hours worked for each of the major program areas.

Allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants using hours worked for all programs to allocate general and administrative costs to indirect programs. The equitable distribution will generally be based on hours worked for each grant, program, or function as they relate to the total direct costs.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

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.

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, 2018 and 2017. The Organization maintained balances in one bank at which the uninsured amount was \$125,571 and \$351,354 at September 30, 2018 and 2017.

All of the Organization's programs and activities occur in West Central Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended September 30, 2018 and 2017 approximately 81% and 82% of total revenues were received from state and federal governmental sources, respectively. Expenditures of governmental funds are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification topic "*Fair Value Measurement*" 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 Organization has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1: Quoted prices 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.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

The fair value for exchange-traded and mutual funds have been established by published trading values for each fund. (Level 1)

The fair value of the endowment fund held by Wabash Valley Community Foundation is based on the Organization's proportionate share of the foundations' pooled investment portfolios. Chances And Services for Youth, Inc. do not have the ability to redeem the funds on a short-term basis. Withdrawals are limited to the terms of the agreement with the foundation. (Level 2)

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).

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, 2015 are still open to audit for both federal and state purposes.

RECLASSIFICATION

Certain prior year financial information has been reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 19, 2019, which is the date the financial statements were available to be issued.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 2 – GRANTS RECEIVABLE

The Organization’s grant receivables as of September 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
CACFP	\$ 192,065	\$ 173,232
CCDF	43,940	48,263
Splash Pad	14,500	7,000
Lemonade Days	1,620	2,000
Safe Kids	3,948	2,820
ELI	100,666	139,000
Teen Court	22,698	10,372
Tobacco	29,951	37,200
DFC	50,555	-
PreK	17,351	-
R&R	<u>187,497</u>	<u>179,240</u>
	<u>\$ 664,791</u>	<u>\$ 599,127</u>

NOTE 3 – INVESTMENTS

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. As of September 30, 2018, investments consisted of the following:

	<u>2018</u>	<u>2017</u>
Exchange -traded funds	\$ 9,304	\$ 8,632
Mutual funds	223,071	214,053
Cash	<u>1,232</u>	<u>2,051</u>
	<u>\$ 233,607</u>	<u>\$ 224,736</u>

Investment return is as follows for the year ended September 30, 2018:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 7,899	\$ 6,217
Realized gain (loss)	1,332	1,133
Unrealized gain (loss)	2,552	13,748
Fees	<u>(2,912)</u>	<u>(2,666)</u>
	<u>\$ 8,871</u>	<u>\$ 18,432</u>

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization’s property and equipment are as follows at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 67,217	\$ 58,841
Vehicles	84,289	84,289
Computers and equipment	102,199	102,199
Furniture	13,196	13,196
Software	11,794	11,794
	<u>278,695</u>	<u>270,319</u>
Accumulated depreciation	<u>(197,083)</u>	<u>(179,775)</u>
	<u>\$ 81,612</u>	<u>\$ 90,544</u>

Depreciation expense was \$17,307 and \$13,807 for the years ended September 30, 2018 and 2017, respectively.

NOTE 5 – BENEFICIAL INTEREST IN FOUNDATION

The Organization created a fund in 1999 held by the Wabash Valley Community Foundation. The Organization’s cumulative contributions are \$47,571. As of September 30, 2018 and 2017, the earnings/losses net of investment expenses, distributions and grants paid were \$1,599 and \$3,596 respectively. The fair value of the beneficial interest as of September 30, 2018 and 2017 was \$50,911 and \$49,312, respectively.

NOTE 6 – IN-KIND CONTRIBUTIONS

The Organization entered into a one-year non-cancelable real estate lease with the City of Terre Haute Parks Department 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, 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 \$175,700 and \$150,600 for the years ended September 30, 2018 and 2017, 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, 2018 AND 2017

NOTE 6 – IN-KIND CONTRIBUTIONS (continued)

The Organization also recorded \$108,113 and \$33,309 of contributed professional services, materials, and space related to the Drug Free Community and the Big Brothers Big Sisters programs, respectively, for the year ended September 30, 2018. For the year ended September 30, 2017 \$6,000 of in-kind professional services were recorded for the design of the Splash Pad.

NOTE 7 – OPERATING LEASES

The Organization leases office space. The lease expires in March 2021. 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, 2018 and 2017, was approximately \$18,600 each year.

In addition, the Organization has operating leases for office copiers which expires September 2020. The combined 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, 2018 and 2017 was approximately \$26,200 each year.

The Organization also leases a mailing machine under an operating lease arrangement which expires in June 2021. The monthly lease amount is \$104. Rental expense for this lease included in the statements of activities for the years ended September 30, 2018 and 2017 was approximately \$1,242 and \$621 for each year respectively.

Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2018 are as follows:

2019	\$	46,065
2020		46,065
2021		10,232
2022		-
2023		-
Thereafter		-
		-
		\$ 102,362

NOTE 8 – EMPLOYEE BENEFITS

The Organization has a cafeteria plan and makes contributions of \$115 per pay for each employee eligible to participate in 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 the 403b employer sponsored retirement plan, pre-tax AIG or AFLAC policies. Employee benefit expense under the cafeteria plan was approximately \$52,161 and \$46,835 for the years ended September 30, 2018 and 2017, respectively.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 9 – 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 \$28,749 and \$25,599 for the years ended September 30, 2018 and 2017, respectively.

NOTE 10 – ENDOWMENT FUNDS

In 1999, an endowment fund was established through the Wabash Valley Community Foundation by CHANCES for Indiana Youth naming itself as beneficiary of the fund. The fund is reported at fair value with a balance of \$50,911 and \$49,312 for the years ended September 30, 2018 and 2017. The year-end values are determined by the Foundation based on market values of the underlying investments. The endowment fund balance consists of funds without donor restrictions transferred to the Foundation and the related changes in the market value. Annually, Chances And Services for Youth, Inc. receives a distribution of a percentage of the average fund balance in the fund.

For the years ended September 30, 2018 and 2017, the Organization had the following changes in endowment net assets:

	Without Donor Restrictions	
	2018	2017
Beginning of year	\$ 49,312	\$ 45,716
Contributions	-	-
Net earnings	3,425	5,368
Distributions	(1,826)	(1,772)
End of year	\$ 50,911	\$ 49,312

The Board of Directors of the Organization had interpreted UPMIFA as requiring the administration of endowment funds pursuant to its gift instruments and Wabash Valley Community Foundation’s policies.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 10 – ENDOWMENT FUNDS (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2018 and 2017 there were no deficiencies in endowment funds.

Return Objectives and Risk Parameters

The Organization has adopted spending and investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor or legally-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board designated assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that ensure the future growth of the assets is sufficient to exceed the rate of inflation and provide for distribution of earnings, net of fees. All investment decisions have been delegated to the Wabash Valley Community for the respective funds.

Investment Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's portfolio offers pooled investments that are diversified among asset classes and investment styles as offered by the Wabash Valley Community Foundation, thus minimizing the risk of large losses over a defined investment horizon.

Spending Policy

The spending rate for distributable earnings will be set by the Wabash Valley Community Foundation each year. The foundation acts prudently and responsibly when deciding on a distribution that will allow for growth in the endowment fund over the course of time. The Chances And Services for Youth, Inc. Board of Directors oversees the funds' assets held by the foundation, taking into account the purposes, terms and distribution requirements expressed by the governing instruments. The Board of Directors will exercise reasonable care, skill and caution in order to ensure preservation of all funds.

CHANCES AND SERVICES FOR YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE 11 – INFORMATION ON LIQUIDITY

The Organization’s funding sources are grants, donor contributions, fundraising, and program fees. Liquid assets include cash, receivables and investments. There are no board designations regarding these assets. Chances And Services for Youth, Inc. structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following represents financial assets available for cash needs for general expenditures within one year:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 343,715	\$ 551,295
Certificates of deposit	27,034	26,983
Investments	233,607	224,736
Grants receivable	664,791	599,127
Other receivables	31,903	35,303
Beneficial interest in community foundation	<u>50,911</u>	<u>49,312</u>
Total financial assets	<u>1,351,961</u>	<u>1,486,756</u>
Less financial assets not available for operations:		
Endowment funds	(50,911)	(49,312)
Distribution from endowment	1,782	1,826
Temporarily restricted financial assets to not to be spent within the next year	<u>-</u>	<u>(90,580)</u>
Total financial assets not available for operations	<u>(49,129)</u>	<u>(138,066)</u>
Financial assets available for cash needs for general expenditures within one year	<u>\$ 1,302,832</u>	<u>\$ 1,348,690</u>

SUPPLEMENTARY INFORMATION

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FEDERAL GRANTOR AGENCY	Federal	Grant or	Grant	Federal
Passthrough Agency	CFDA	Identifying	Award	Expenditures
Program Title	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1840200	1,913,665	<u>\$ 1,913,665</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Drug Free Communities	93.276	5H79SP080077-02	125,000	80,249
Passed through the Indiana Family and Social Services Administration:				
Child Care and Development Block Grant	93.575	G160UNCCDF	1,248,000	756,900
Passed through the Indiana Family and Social Services Administration:				
Substance Abuse Prevention and Treatment Block Grant	93.959	3B08TI010019	5,000	<u>484</u>
Total U.S Department of Health and Human Services				<u>837,633</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,751,298</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, 2018

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

Chances And Services for Youth, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018**

Passthrough Agency Program Title	Grant or Identifying Number	Grant Award (in dollars \$)	Expenditures
Indiana State Department of Health			
Tobacco Prevention and Cessation Commission			
Sullivan County	7-1-17 to 9-30-19	55,000	\$ 23,221
Vigo county	7-1-17 to 9-30-19	200,000	<u>98,410</u>
			<u>121,631</u>
Indiana Family and Social services Administration			
Division of Mental Health and Addiction	22849	33,207	7,500
Evidence- Based School Social Services Program			
Office of Early Childhood and out of School Learning			
On My Way Pre-K	G160UNCCDF	135,920	<u>57,118</u>
			<u>64,618</u>
Indiana Criminal Justice Institute			
Child Restraint Distribution Grant	D3-18-11998	14,800	<u>14,800</u>
Total Expenditures of State and Local Awards			<u>\$ 201,049</u>

**CHANCES AND SERVICES FOR YOUTH, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2017.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2017.



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**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, 2018, 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 April 19, 2019.

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
April 19, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *UNIFORM GUIDANCE***

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 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, 2018. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the *Uniform Guidance* 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, 2018.

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 *Uniform Guidance*, 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 *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
April 19, 2019

**CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2018.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2018.