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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 23, 2020

Board of Directors  
Indiana Youth Services Association, Inc.  
445 N. Pennsylvania St.  
Suite 945  
Indianapolis, IN 46204

We have reviewed the audit report of Indiana Youth Services Association, Inc. which was opined upon by Humphrey CPA Group, LLC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Youth Services Association, Inc. as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Humphrey CPA Group, LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

***INDIANA YOUTH SERVICES ASSOCIATION, INC.***

***Financial Statements***

***Years Ended December 31, 2018 and 2017***

# **INDIANA YOUTH SERVICES ASSOCIATION, INC.**

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Humphrey CPA Group, L.L.C.

[www.HumphreyCPAGroup.com](http://www.HumphreyCPAGroup.com)

445 N. Pennsylvania Street, Suite 941  
Indianapolis, IN 46204

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Indiana Youth Services Association, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of **Indiana Youth Services Association, Inc.** (IYSA), An Indiana Not-for-Profit Corporation, which comprise the statements of financial position as of December 31, 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 in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the Indiana Youth Services Association, Inc. as of December 31, 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.

**Report on Summarized Comparative Information**

We have previously audited IYSA's financial statements for the year ended December 31, 2017 and we expressed an unmodified opinion on the financial statements dated August 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent in all material respects, with the audited financial statements from which it has been derived.

**Other Matters****Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal award shown on page 18 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 basic 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 audits 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 U.S. generally accepted auditing standards. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

**Reports Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2019 on our consideration of IYSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Agency's internal control over financial reporting and compliance.

*Humphrey CPA Group, L.L.C.*

Indianapolis, Indiana

September 27, 2019

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash-unrestricted	\$ 263,090	\$ 80,713
Cash held for the benefit of others	0	124,658
Accounts receivable	604,443	475,351
Prepaid expenses	2,712	2,916
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-non restricted portion	14,199	20,234
<b>TOTAL CURRENT ASSETS</b>	<b>884,444</b>	<b>703,872</b>
NON-CURRENT ASSETS		
Furniture and equipment, net of depreciation	1,377	2,355
Investments	1,095,915	135,315
Rent deposits	3,398	3,218
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-restricted portion	50,000	50,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,150,690</b>	<b>190,888</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,035,134</b>	<b>\$ 894,760</b>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 352,876	\$ 252,509
Short term loan	100,000	0
Line of credit	52,860	145,349
Accrued payroll liabilities	15,783	14,110
Other accrued expenses	23,833	34,944
Amounts held on behalf of others	0	124,658
Deferred revenue	1,254,025	23,766
<b>TOTAL LIABILITIES</b>	<b>1,799,377</b>	<b>595,336</b>
<b><u>NET ASSETS</u></b>		
Net assets without donor restrictions	185,757	249,424
Net assets with donor restrictions	50,000	50,000
<b>TOTAL NET ASSETS</b>	<b>235,757</b>	<b>299,424</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,035,134</b>	<b>\$ 894,760</b>

See accompanying notes and independent auditor's report.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018 (with comparative totals for 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>(Memo) 2017 Total</u>
<b>SUPPORT AND REVENUE</b>				
Contract income	\$ 1,414,404	\$ 0	\$ 1,414,404	\$ 1,533,387
VOCA Grant	1,178,323	0	1,178,323	802,968
Grants received	103,688	0	103,688	0
Dues	87,875	0	87,875	93,500
Service income	160,904	0	160,904	62,285
Contributions	140,164	0	140,164	26,282
Special events, net	166,226	0	166,226	117,618
Net investment income	(10,789)	0	(10,789)	30,825
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,240,795</u>	<u>0</u>	<u>3,240,795</u>	<u>2,666,865</u>
<b>EXPENSES</b>				
Program services	3,051,614	0	3,051,614	2,419,025
General and administrative	178,056	0	178,056	196,298
Fundraising	74,792	0	74,792	73,972
<b>TOTAL EXPENSES</b>	<u>3,304,462</u>	<u>0</u>	<u>3,304,462</u>	<u>2,689,295</u>
<b>CHANGE IN NET ASSETS</b>	(63,667)	0	(63,667)	(22,430)
<b>NET ASSETS, BEGINNING</b>	<u>249,424</u>	<u>50,000</u>	<u>299,424</u>	<u>321,854</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 185,757</u>	<u>\$ 50,000</u>	<u>\$ 235,757</u>	<u>\$ 299,424</u>

See accompanying notes and independent auditor's report.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018 (with comparative totals for 2017)

	<u>2018</u>				<u>2017</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>	<u>Total (Memo) Expenses</u>
Salaries	\$ 280,496	\$ 83,916	\$ 60,271	\$ 424,683	\$ 395,009
Payroll taxes	21,294	7,384	4,822	33,500	31,172
Employee benefits	34,031	19,236	9,016	62,283	53,319
VOCA program expense	1,178,323	0	0	1,178,323	802,968
VOCA program match expense	22,570	0	0	22,570	16,130
Program expense	1,416,927	0	0	1,416,927	1,254,398
Travel	12,002	10,677	325	23,004	17,484
Professional services	36,004	10,559	0	46,563	37,932
Meetings	9,424	16,491	0	25,915	27,938
Occupancy	11,350	8,754	254	20,358	19,152
Dues and subscriptions	12,394	4,261	0	16,655	16,036
Office supplies	3,143	3,517	0	6,660	6,853
Telephone and internet	4,173	2,320	104	6,597	6,339
Insurance	3,943	2,868	0	6,811	6,348
Equipment rental	719	1,239	0	1,958	1,734
Depreciation	0	2,949	0	2,949	2,713
Peer review	1,133	71	0	1,204	1,179
Technology purchases	81	150	0	231	404
Postage	553	(69)	0	484	463
Interest expense	3,054	3,733	0	6,787	4,474
Total expenses	<u>\$ 3,051,614</u>	<u>\$ 178,056</u>	<u>\$ 74,792</u>	<u>\$ 3,304,462</u>	<u>\$ 2,702,045</u>

See accompanying notes and independent auditor's report.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from government grants	\$ 1,205,841	\$ 802,968
Cash received from contract income	1,257,793	1,633,359
Cash received from other grants and donations	1,474,111	50,047
Cash received from service income	248,779	155,785
Net cash from special events	166,226	117,618
Investment income	12,429	9,917
Cash paid to vendors and employees	(3,203,770)	(2,759,633)
Cash paid for interest expense	(6,787)	(4,474)
	<b>1,154,622</b>	<b>5,587</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,971)	0
Received from the endowment fund	3,512	6,542
Purchase of investments	(1,011,296)	0
Proceeds from the sale of securities	30,000	0
	<b>(979,755)</b>	<b>6,542</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds (payments) on line of credit	(92,490)	112,347
Net short term borrowing	100,000	(97,000)
	<b>7,510</b>	<b>15,347</b>
<b>NET INCREASE IN CASH</b>	<b>182,377</b>	<b>27,476</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>80,713</b>	<b>53,237</b>
<b>CASH, END OF YEAR</b>	<b>\$ 263,090</b>	<b>\$ 80,713</b>

See accompanying notes and independent auditor's report.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(1) Nature of operations**

Indiana Youth Services Association, Inc. (IYSA) was incorporated on March 27, 1973, as an Indiana Not-for-Profit Organization. IYSA provides support and mutual assistance to members, maintain and disperse centralized information on the needs of youth and families, promote community awareness of the needs of youth and families within the State of Indiana, advocate issues pertaining to youth and families; encourage alternatives to the juvenile justice systems, act as a resource for youth and links with other youth service programs, and advocate the rights of youth. Funding of these programs come through membership dues, and government and private grants.

### **(2) Summary of significant accounting policies**

The significant accounting policies followed by IYSA are summarized below.

#### **Method of accounting**

IYSA the accrual method of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). Revenue is recorded in the period earned. Expenses are reported in the period incurred. US GAAP requires IYSA to report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of IYSA's management and the board of directors.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of IYSA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### **Measure of operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to IAN's ongoing operations and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(2) Summary of significant accounting policies(continued)**

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor (cash or non-cash) are reported as an increase in net assets without restrictions, if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **Program services**

The following program services are included in the financial statements:

##### **Project Safe Place**

This program is funded by the Indiana Department of Child Services (DCS). This is a cost reimbursement program. IYSA provides the administrative function for this program for the Youth Service Bureaus. The Youth Service Bureaus currently provide services under this program.

##### **Youth Service Bureau Fund**

The purpose of this contract is to provide administrative oversight of the Youth Service Bureau Fund on behalf of the DCS. IYSA provides peer reviews, provisional contract follow-up, quarterly report processing, monthly claims approval, and quarterly trainings.

##### **Making Good Decisions**

The Making Good Decisions program educates teens and young adults on the dangers of underage drinking and destructive behaviors.

##### **Mission Management Services**

Mission Management Services provides consulting and bookkeeping services to organization based on hourly and contract rates.

##### **Victims of Crime Acts (VOCA)/Indiana Trafficking Victims Assistance Program**

The Indiana Trafficking Victims Assistance Program works to identify and provide comprehensive services to victims (24 and under) of trafficking or sexual exploitation. Within each of the twelve regions, victim services networks will be identified or established to appropriately respond to trafficked victims and/or make appropriate referrals to services, benefits and programs for which they are eligible. ITVAP will partner with existing IPATH task forces, the Indiana State Police, the 30 youth services bureaus and 18 current Safe Place programs across the state to strengthen services already available and work to establish a network of services where none currently exists.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(2) Summary of significant accounting policies(continued)**

#### **Use of estimates**

The presentation 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 the reported amounts and disclosures. Actual results could differ from those estimates.

#### **Functional allocation of expenses**

The direct costs of providing various programs of IYSA have been allocated on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between programming, general and administrative and fundraising in the statement of activities. The allocations have been determined by management on an equitable basis.

#### **Tax Status**

IYSA has been determined to be exempt from state and federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. IYSA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

There were no payments for penalties and interest related to taxes during the years ended December 31, 2018 and 2017.

#### **Statement of Cash Flows**

For purposes of the Statement of Cash Flows, IYSA considers all liquid investments with a maturity of three months or less from the date of original purchase to be cash equivalents, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

#### **Concentration of credit risk**

IYSA's members are located in the state of Indiana. Throughout the year ended December 31, 2018 and 2017, the bank accounts stayed below the FDIC guarantee. As of December 31, 2018, the balance in one financial institution was slightly over the FDIC guarantee.

#### **Government Awards/Contracts**

IYSA receives contract revenue from the state of Indiana, Department of Child Services under the YSB Services and the Project Safe Place Services. Revenue from the state of Indiana represented 43% and 57% of total revenue for the year ended December 31, 2018 and 2017, respectively.

IYSA received 36% and 30% of the total revenue under the Victims of Crime Acts (VOCA) grant for the years ended December 31, 2018 and 2017, respectively.

#### **Equipment**

Equipment is recorded at cost at the date of purchase. Depreciation is calculated using the straight-line method over estimated useful lives of five to ten years. IYSA's policy is to capitalize amounts over \$1,000 with useful lives of more than one year. Repairs and maintenance items that do not increase the useful lives of the assets are charged to change in net assets as incurred.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(2) Summary of significant accounting policies(continued)**

#### **Investments**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

#### **Fair value measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Generally accepted accounting principles in the United States of America establishes a fair value hierarchy that prioritizes investments based on those assumptions

Financial Accounting Standards Board (FASB) Accounting, Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(2) Summary of significant accounting policies(continued)**

#### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**New Accounting Pronouncement** – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. IYSA has adopted the presentation of these statements accordingly and prior year’s presentation reflects the changes required under ASU 2016-14.

### **(3) Investments/Endowment fund**

During 2003, IYSA was the recipient of a donor designated endowment fund in the amount of \$50,000. The purpose of the endowment, designated as the Indiana Youth Services Association, Inc. Endowment Fund (the Fund), is to assist IYSA in carrying out its role and mission. The Fund is being administered and governed by the Central Indiana Community Foundation, Inc. (CICF). Annually, IYSA can receive a portion of the fair market value of the Fund as of the end of the previous calendar year in according with the spending policies adopted by the Board of Directors of CICF. The amount available for distribution to IYSA in 2018 and 2017 is 5.0% of the fair market value less any carryover spendable amount as of the end of the year is available for distribution to IYSA. The Fund is presented in the Statement of Financial Position at December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions	\$ 14,199	\$ 20,234
Net assets with donor restrictions of time or purpose	0	0
Net assets with donor restrictions in perpetuity	<u>50,000</u>	<u>50,000</u>
	<u>\$ 64,199</u>	<u>\$ 70,234</u>

Donations to these funds are permanently endowed. Annually, the Foundation will allow a portion of the earnings to be returned IYSA in the form of a grant. If these earnings are not taken by IYSA, they are reinvested in the endowment funds and become permanently restricted. Amounts available to be returned to IYSA during 2018 included \$3,512 representing amounts earned prior to 2018.

The reconciliation of activity of the endowment fund is listed below.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### (3) Investments/Endowment fund(continued)

IYSA maintains investments at Raymond James Securities, through First Financial Bank Investments. These investments are recorded at fair market value. The investments consist of the following as of December 31, 2018:

	2018			
	Shares Held	Fair Value	Cost	Realized Gain
<u>Mutual Funds Held</u>				
American Funds AMCAP Fund Class F1/F2	280.643	\$ 7,880	\$ 9,338	\$ (1,458)
Artisan International Fund (class N/L)	195.724	5,298	4,934	365
DWS RREEF Real Estate Securities Fund Class A	0.000	0	0	(0)
Fundamental Investors Fund Class F1/F2	346.952	18,135	16,335	1,800
Janus Henderson (fka Perkins) Mid Cap Value Fund Class A	1,415.553	17,864	23,501	(5,637)
MFS Research Fund Class A	0.000	0	0	(0)
New Perspective Fund Class F1/F2	454.405	17,049	15,961	1,088
Prudential Jennison Mid Cap Growth Fund Class Z	347.338	8,756	11,370	(2,613)
T. Rowe Price Small Cap Value Fund Advisor Class	205.906	8,205	8,381	(176)
Wells Fargo Advantage Endeavor Select Fund Admin Class	1,275.485	9,477	8,003	1,474
Wells Fargo Advantage International Value Fund Admin Class	153.271	1,994	1,954	40
Total mutual funds held at Raymond James		\$ 94,660	\$ 99,777	\$ (5,117)
<u>Fixed Income Securities</u>				
Axxos Bank, San Diego CA Certificate of Deposit, 2.3% interest, Maturing 1/28/2019	250,000	250,013	250,000	13
Cambridge Savings Bank, Certificate of Deposit, 2.15%, Maturing 1/28/2019	250,000	249,985	250,000	(15)
Northfield Bank, Staten Island, NY, Certificate of Deposit, 2.05%, Maturing 1/31/2019	250,000	249,960	250,000	(40)
Safra National Bank of New York, NY, Certificate of Deposit, 2.25%, Maturing 1/28/2019	250,000	250,003	250,000	3
Total fixed income securities held at Raymond James		999,960	1,000,000	(40)
Uninvested cash		1,295	1,295	(0)
Total investments held at Raymond James		\$ 1,095,915	\$ 1,101,071	\$ (5,157)

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### (3) Investments/Endowment fund(continued)

The fair values of all investments held by IYSA measured on a recurring basis as of December 31, 2018 and 2017 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2018</u>				
Beneficial interest in IYSA Endowment Fund	\$ 64,199	\$ 0	\$ 0	\$ 64,199
Securities held at Raymond James				
Mutual funds	94,660	94,660	0	0
Fixed income securities	999,960	999,960	0	0
Uninvested cash	<u>1,295</u>	<u>0</u>	<u>1,295</u>	<u>0</u>
Securities held at Raymond James	<u>1,095,915</u>	<u>1,094,620</u>	<u>1,295</u>	<u>0</u>
Total	<u>\$ 1,160,114</u>	<u>\$ 1,094,620</u>	<u>\$ 1,295</u>	<u>\$ 64,199</u>
<u>2017</u>				
Beneficial interest in IYSA Endowment Fund	\$ 70,234	\$ 0	\$ 0	\$ 70,234
Securities held at Raymond James				
Mutual funds	133,816	133,816	0	0
Fixed income securities	0	0	0	0
Uninvested cash	<u>1,499</u>	<u>0</u>	<u>1,499</u>	<u>0</u>
Securities held at Raymond James	<u>135,315</u>	<u>133,816</u>	<u>1,499</u>	<u>0</u>
Total	<u>\$ 205,549</u>	<u>\$ 133,816</u>	<u>\$ 1,499</u>	<u>\$ 70,234</u>

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

**(3) Investments/Endowment fund(continued)**

Investment income from all investments consists of the following as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 12,429	\$ 9,917
Net realized and unrealized gain on investments	<u>(23,218)</u>	<u>20,908</u>
Net investment income	<u>\$ (10,789)</u>	<u>\$ 30,825</u>

The reconciliation of the level 3 assets for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Balance beginning of year	\$ 70,234	\$ 68,332
Earnings on Investments	(1,837)	9,149
Distributions	(3,512)	(6,540)
Investment management fees	<u>(687)</u>	<u>(707)</u>
	<u>\$ 64,198</u>	<u>\$ 70,234</u>

**(4) Equipment**

Equipment consists of the following as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 19,200	\$ 17,229
less accumulated depreciation	<u>17,823</u>	<u>14,874</u>
Furniture and equipment, net	<u>\$ 1,377</u>	<u>\$ 2,355</u>

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$2,949 and \$2,713, respectively.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(5) Availability and liquidity**

The following represents IYSA's financial assets as of December 31, 2018 and 2017:

Financial assets at year end:	2018	2017
Cash and cash equivalents	\$ 263,090	\$ 80,713
Accounts receivable	604,443	475,351
Investments	1,095,915	135,315
Total financial assets	<u>1,963,448</u>	<u>691,378</u>
Less amounts received for future periods:		
Deferred revenue	1,254,025	23,766
	<u>1,254,025</u>	<u>23,766</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>709,423</u>	\$ <u>667,612</u>

As discussed in note 6, IYSA has received grants to help fund various programs throughout 2019. In addition, as discussed in note 10, IYSA has a line of credit of \$150,000 and short term borrowing in the amount of \$100,000 available to help fund any shortages in the financial assets.

### **(6) Grants**

IYSA was the recipient of a grant through the Indiana Criminal Justice Institute under the Victims of Crime Act (VOCA) program, CFDA number 16.575. The grant is for \$2,458,441 and ran for the period October 1, 2016 through September 30, 2018. Amounts billed under this grant totaled \$1,178,323 and \$802,698 for the years ended December 31, 2018 and 2017, respectively. Included in accounts receivable as of December 31, 2018 and 2017 is \$207,103 and \$179,585 for services rendered under the grant. The grant was renewed through September 30, 2020 in the amount of \$2,734,227. Amounts still available to claim under the current VOCA grant totaled \$2,527,124 as of December 31, 2018.

For the year ended December 31, 2018 and 2017, IYSA billed the state of Indiana \$1,380,950 and \$1,432,959 for services related to the Youth Service Bureau contract, as described in Note 9 below. Included in accounts receivable is \$266,616 and \$297,613 for services provided prior to December 31, 2018 and 2017, respectively. Amounts paid out to participating agencies totaled \$1,209,243 and \$1,238,859 for the years ended December 31, 2018 and 2017. Included in accounts payable due to these agencies, as of December 31, 2018 and 2017 is \$211,251 and \$262,407. This contract was renewed through June 30, 2020.

IYSA is the recipient of a \$1,254,025 grant from Lilly Endowment to fund the Youth Professionals Journey Fellowship Program and expires in December 2020. This will cover future program expenditures and has been set up as deferred income as of December 31, 2018. As expenditures are identified for this program, a corresponding amount of these funds will be released to revenue which will be recognized in the period of the expenditure.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(7) Operating Leases**

IYSA leases its office space and equipment under operating leases. Lease payments for the years ending December 31, 2018 and 2017 were \$31,734 and \$34,416. The office lease expired in July 2017 and has been renewed through March 2021 at a cost of \$2,570 per month. The net future minimum lease payments for the next 5 years are as follows:

Year ended December 31, 2019	\$	30,840
2020		30,840
2021		7,710
2022		0
2023		0
		<hr/>
Total	\$	<u>69,390</u>

### **(8) Retirement Plan**

IYSA provides for payment into an IRC 401 (k) plan for all of its employees, who meet the minimum age and service requirements, with a contribution of 5% of each eligible employee's compensation. In 2016, the 401 (k) plan was terminated and a SIMPLE IRA match was established. Total expenses for the years ended December 31, 2018 and 2017 were \$44,939 and \$39,856, respectively. As of December 31, 2018 and 2017, \$3,733 and \$3,482, respectively, have been set up as employer retirement contributions payable.

### **(9) Commitments**

IYSA entered into a contract with the Indiana Department of Child Services to provide YSB Administration Services and PSP Administration Services (Project Safe Place) to all participating agencies in the State of Indiana. The contract for the period July 2017 through June 2018 in the amount of \$1,415,699. The contract for the period ended June 30, 2019 totaled \$1,415,699 and has been renewed for the same funding levels for the year ended June 30, 2020. Amounts recognized in 2018 and 2017 under this contract totaled \$1,380,950 and \$1,432,959, respectively. Amounts still available under this contract as of December 31, 2018 total \$557,465 available to the YSBs and \$67,500 for administering the contract.

### **(10) Line of Credit/Short term borrowing**

IYSA entered into a short-term loan in October 2018, with maturity in February 2019, in the amount of \$100,000. This loan was renewed through August 2019 and extended through March 2020. Interest is currently 6.5%. The balance as of December 31, 2018 was \$100,000.

In March 2017, IYSA restructured the line of credit and the short term note into a line of credit in the amount of \$150,000, maturing in February 2018. This line was renewed through February 2019. Interest on the new line of credit was 3.75%. \$50,000 of this line of credit is secured by the assets of IYSA, and \$100,000 of the new line is secured based on the grant agreement with the Indiana Criminal Justice Institute. The balance of this line of credit is \$52,860 and \$145,349 as of December 31, 2018 and 2017.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

### **(11) Assets held on behalf of another**

In 2015, IYSA became the fiscal agent for Magnify Learning, an independent organization that had been formed and as of the financial statement date was awaiting approval of its tax exempt status with the IRS. The approval was submitted to the IRS in December 2017 and final determination was received in May 2018. Magnify Learning formally incorporated with the State of Indiana in December 2017.

For the year ended December 31, 2017, the net operations from Magnify Learning have not been included in the statement of activities or in the statement of functional expenses. Revenue reported by Magnify Learning for the year ended December 31, 2017 totaled \$372,447. Expenses reported by Magnify Learning was \$300,939 and included accounts payable of \$14,315 as of December 31, 2017. Cash held on behalf of Magnify Learning was \$124,568 as of December 31, 2017 and an offsetting payable has been recorded on IYSA's financial statements. All funds held to Magnify Learning were released in January 2018.

### **(12) Subsequent events**

Subsequent events have been evaluated as of the date of the report letter, the date the financial statements were available for release.

# INDIANA YOUTH SERVICES ASSOCIATION, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2018

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>SUBRECIPIENTS</u>
<u>Major Program</u>			
U.S. Department of Justice			
Pass through from Indiana Criminal Justice			
Institute			
Victims of Crime Acts (VOCA)	16.575	\$ <u>1,178,323</u>	\$ <u>0</u>
Total funding for all major programs		\$ <u>1,178,323</u>	\$ <u>0</u>

**Note 1-Basis Presentation**

This schedule of expenditures of federal awards includes the federal grant activity of IYSA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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-De Minimis**

IYSA has elected to not use the ten (10) percent de Minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance for Federal Awards.



**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**

Board of Directors  
Indiana Youth Services Association, Inc.  
Indianapolis, IN

We have audited, in accordance with 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 financial statements of Indiana Youth Services Association, Inc., (IYSA), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and cash flows for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon September 27, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered IYSA'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 IYSA's internal control. Accordingly, we do not express an opinion on the effectiveness of IYSA'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 entity'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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 IYSA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 on compliance and the results of that testing, and not to provide an opinion on the effectiveness of IYSA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IYSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Indianapolis, Indiana  
September 27, 2019



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

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Indiana Youth Services Association, Inc,  
Indianapolis, IN

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

We have audited Indiana Youth Services Association, Inc.'s (IYSA) compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of IYSA's major federal programs for the year ended December 31, 2018. IYSA'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 IYSA'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 US. Code of Federal Regulations 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 IYSA'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 IYSA's compliance.

**Opinion on Major Federal Program**

In our opinion, the Agency 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 December 31, 2018.

**Report on Internal Control Over Compliance**

Management of IYSA is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the IYSA'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 and to test and report on internal control over compliance in accordance with the 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 the Agency'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.

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

*Humphrey CPA Group, L.P.C.*

Indianapolis, Indiana  
September 27, 2019

**INDIANA YOUTH SERVICES ASSOCIATION, INC.**  
**FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

No material weaknesses were identified  
No significant deficiencies were identified.

No instances of noncompliance material to the financial statements were noted.

Federal Awards

Internal control over major programs:

No material weaknesses were identified  
No significant deficiencies were identified.

Type of auditor's report issued on compliance for  
Major programs:

UNMODIFIED

No audit findings were disclosed that are required to be reported in accordance with Section 2 CFS 200.516(a).

Identification of major programs:

CFDA Number 16.575 Victim of Crime Act (VOCA)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

The auditee does not qualify as a low-risk auditee.

Section II - Financial Statement Findings

No findings were identified.

Section III - Federal Award Findings and Questioned Costs

No findings were identified.