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October 25, 2021

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 & Associates, PC, Independent Public Accountants, for the period October 1, 2019 to September 30, 2020. 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, 2020 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 & Associates, PC 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

Chances And Services For Youth, Inc.

Financial Statements
For The Years Ended
September 30, 2020 and 2019
(With Single Audit Section)

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

CHANCES AND SERVICES FOR YOUTH, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Chances And Services for Youth, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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, 2020 and 2019, 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 February 26, 2021, on our consideration of Chances And Services for Youth, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chances And Services for Youth, Inc.'s internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
February 26, 2021

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	$ 747,119	$ 409,023
Certificates of deposit	27,034	27,034
Investments	409,668	243,650
Grants receivable	332,327	624,373
Other receivables	5,005	26,470
Prepaid expenses	7,111	-
Total current assets	1,528,264	1,330,550
PROPERTY AND EQUIPMENT:		
Property and equipment, net of accumulated depreciation	251,655	163,296
OTHER ASSETS		
Beneficial interest in community foundation	47,092	48,499
Total assets	$ 1,827,011	$ 1,542,345

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$ 173,888	$ 200,601
Accrued payroll and payroll expenses	100,135	106,754
PPP note payable	246,200	-
Total liabilities	520,223	307,355
NET ASSETS		
Net assets without donor restrictions	1,306,788	1,211,521
Net assets with donor restrictions	-	23,469
Total net assets	1,306,788	1,234,990
Total liabilities and net assets	$ 1,827,011	$ 1,542,345

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
SUPPORT			
United Way allocations	$ 70,403	$ -	$ 70,403
Contributions	131,073	-	131,073
Special events and fundraising	147,547	-	147,547
Total support	349,023	-	349,023
REVENUE			
Federal grants and contracts	2,546,638	-	2,546,638
State and local grants	258,939	-	258,939
Program service fees	60,893	-	60,893
Investment income	20,992	-	20,992
Inkind revenue	305,816	-	305,816
Gain on sale of property and equipment	400	-	400
Other income	8,247	-	8,247
Total revenue	3,201,925	-	3,201,925
Total support and revenue before release of restrictions	3,550,948	-	3,550,948
Release of restrictions	23,469	(23,469)	-
Total support and revenue	3,574,417	(23,469)	3,550,948
FUNCTIONAL EXPENSES:			
Child and Adult Care Food Program	1,530,620	-	1,530,620
Child Care Development Fund	6,399	-	6,399
Child Care Resource and Referral	469,960	-	469,960
Early Education	35,980	-	35,980
Big Brother Big Sisters of Vigo Co.	231,532	-	231,532
Tobacco Prevention and Cessation	175,644	-	175,644
Safe Kids	4,964	-	4,964
Teen Court	55,981	-	55,981
Out of School	113,015	-	113,015
Drug Free Communities	206,099	-	206,099
Healthy Start	119,837	-	119,837
Total program services	2,950,031	-	2,950,031
Management and general	482,994	-	482,994
Fundraising	46,125	-	46,125
Total functional expenses	3,479,150	-	3,479,150
Increase in net assets	95,267	(23,469)	71,798
NET ASSETS, AT BEGINNING OF YEAR	1,211,521	23,469	1,234,990
NET ASSETS, AT END OF YEAR	$ 1,306,788	$ -	$ 1,306,788

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
SUPPORT			
United Way allocations	$ 77,455	$ -	$ 77,455
Contributions	106,745	-	106,745
Special events and fundraising	233,959	-	233,959
Total support	418,159	-	418,159
REVENUE			
Federal grants and contracts	2,982,254	1,009	2,983,263
State and local grants	288,590	-	288,590
Memberships	300	-	300
Program service fees	35,180	-	35,180
Investment income	7,959	-	7,959
Inkind revenue	423,686	-	423,686
Other income	29,555	-	29,555
Total revenue	3,767,524	1,009	3,768,533
Total support and revenue before release of restrictions	4,185,683	1,009	4,186,692
Release of restrictions	68,685	(68,685)	-
Total support and revenue	4,254,368	(67,676)	4,186,692
FUNCTIONAL EXPENSES:			
Child and Adult Care Food Program	1,763,442	-	1,763,442
Child Care Development Fund	142,445	-	142,445
Child Care Resource and Referral	531,425	-	531,425
Early Education	138,173	-	138,173
Big Brother Big Sisters of Vigo Co.	244,010	-	244,010
Tobacco Prevention and Cessation	123,819	-	123,819
Safe Kids	36,079	-	36,079
Teen Court	58,547	-	58,547
Out of School	110,667	-	110,667
Drug Free Communities	262,799	-	262,799
Healthy Start	19,661	-	19,661
Total program services	3,431,067	-	3,431,067
Management and general	634,073	-	634,073
Fundraising	45,279	-	45,279
Total functional expenses	4,110,419	-	4,110,419
Increase in net assets	143,949	(67,676)	76,273
NET ASSETS, AT BEGINNING OF YEAR	1,067,572	91,145	1,158,717
NET ASSETS, AT END OF YEAR	$ 1,211,521	$ 23,469	$ 1,234,990

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	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	Safe Kids	Teen Court	Out of School	Drug Free Communities	Healthy Start	Total Program Services	Management and General	Fundraising	2020 Totals
OPERATING EXPENSES															
Salaries and wages	$ 89,933	$ 5,829	$ 353,554	$ 18,291	$ 136,087	$ 94,927	$ -	$ 38,626	$ 62,650	$ 63,937	$ 93,674	$ 957,508	$ 145,879	$ -	$1,103,387
Employee benefits	7,719	23	19,965	801	11,417	5,727	10	2,615	4,147	4,461	6,037	62,922	7,733	-	70,655
Payroll taxes	6,699	446	27,485	1,371	10,693	7,440	-	3,007	4,957	4,962	7,310	74,370	10,851	-	85,221
Direct program service	1,408,488	-	-	-	-	-	-	-	13,877	-	-	1,422,365	-	-	1,422,365
Provider resources	149	-	70	70	-	860	360	-	-	1,290	-	2,799	27,587	-	30,386
Accounting	528	-	-	66	5,033	3,314	-	1,104	2,137	1,662	2,937	16,781	10,385	-	27,166
Technology	10,260	30	14,107	268	4,876	2,600	-	1,180	2,353	1,649	2,784	40,107	17,352	-	57,459
Telecommunications	920	32	4,001	32	2,367	1,518	-	862	1,118	822	1,512	13,184	2,363	-	15,547
Postage and supplies	441	11	794	13,937	763	4,681	-	243	552	1,150	362	22,934	1,806	140	24,880
Occupancy	15	15	3	204	2,745	1,617	-	634	1,422	954	1,652	9,261	9,369	-	18,630
Equipment leases and maintenance	3,791	13	1,454	49	1,742	939	-	780	417	438	559	10,182	3,627	283	14,092
Staff related expenses	1,661	-	10,507	871	8,860	2,336	-	793	1,607	7,602	222	34,459	3,750	-	38,209
Van expense	-	-	-	-	-	-	-	-	-	-	-	-	7,372	-	7,372
Other program expenses	-	-	-	-	-	13,120	2,532	599	15,155	16,060	255	47,721	-	-	47,721
Other administrative expenses	16	-	37,811	-	4,123	34,460	2,062	4,656	752	1,973	208	86,061	13,128	-	99,189
Depreciation and equipment expense	-	-	191	20	851	605	-	214	540	842	564	3,827	28,260	-	32,087
Fundraising expense	-	-	-	-	2,825	-	-	-	-	-	-	2,825	5,196	45,702	53,723
Inkind expense	-	-	-	-	32,825	-	-	-	-	97,291	-	130,116	175,700	-	305,816
Insurance	-	-	18	-	6,325	1,500	-	668	1,331	1,006	1,761	12,609	12,636	-	25,245
Total operating expenses	$1,530,620	$ 6,399	$ 469,960	$ 35,980	$ 231,532	$ 175,644	$ 4,964	$ 55,981	$ 113,015	$ 206,099	$ 119,837	$2,950,031	$ 482,994	$ 46,125	$3,479,150

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	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	Safe Kids	Teen Court	Out of School	Drug Free Communities	Healthy Start	Total Program Services	Management and General	Fundraising	2019 Totals
OPERATING EXPENSES															
Salaries and wages	$ 103,926	$ 101,738	$ 438,361	$ 104,947	$ 135,971	$ 82,280	$ 14,635	$ 37,409	$ 52,067	$ 52,707	$ 17,544	$1,141,585	$ 230,942	$ -	$1,372,527
Employee benefits	9,806	11,723	29,324	6,920	8,736	6,493	1,511	3,061	1,218	4,036	761	83,589	23,616	-	107,205
Payroll taxes	7,818	8,654	33,972	7,944	10,888	6,434	1,481	3,266	4,179	4,106	1,356	90,098	15,720	-	105,818
Direct program service	1,621,389	-	-	-	1,484	-	-	-	25,437	-	-	1,648,310	63	-	1,648,373
Provider resources	197	-	-	1,096	-	-	-	272	613	22,590	-	24,768	26,737	-	51,505
Accounting	600	2	-	1,163	4,580	2,168	294	1,011	2,032	1,262	-	13,112	16,086	-	29,198
Technology	8,720	1,661	3,532	1,361	6,566	2,455	427	1,230	2,444	15,812	-	44,208	17,876	-	62,084
Telecommunications	912	1,415	2,728	71	892	743	705	366	438	228	-	8,498	924	-	9,422
Postage and supplies	1,618	7,239	744	2,326	983	2,473	35	409	419	294	-	16,540	7,845	-	24,385
Occupancy	205	1,080	-	629	2,501	1,205	228	559	1,127	1,179	-	8,713	11,672	-	20,385
Equipment leases and maintenance	3,779	4,043	4,456	530	4,239	1,368	264	1,108	1,065	645	-	21,497	11,984	-	33,481
Staff related expenses	4,464	4,178	16,916	9,765	15,871	2,420	629	2,774	884	7,218	-	65,119	4,765	-	69,884
Van expense	-	-	-	-	-	-	-	-	3,060	-	-	3,060	8,425	-	11,485
Other program expenses	-	-	-	214	3,542	6,730	10,125	766	12,661	3,594	-	37,632	33,830	-	71,462
Other administrative expenses	8	408	443	217	7,612	6,105	25	5,168	1,039	6,479	-	27,504	4,609	-	32,113
Depreciation and equipment expense	-	70	949	68	259	636	44	66	106	74	-	2,272	20,776	-	23,048
Fundraising expense	-	-	-	-	4,676	-	5,000	-	-	-	-	9,676	53	45,279	55,008
Inkind expense	-	-	-	-	30,735	-	-	-	-	141,327	-	172,062	175,700	-	347,762
Insurance	-	234	-	922	4,475	2,309	676	1,082	1,878	1,248	-	12,824	22,450	-	35,274
Total operating expenses	$1,763,442	$ 142,445	$ 531,425	$ 138,173	$ 244,010	$ 123,819	$ 36,079	$ 58,547	$ 110,667	$ 262,799	$ 19,661	$3,431,067	$ 634,073	$ 45,279	$4,110,419

See accompanying notes to financial statements.

CHANCES AND SERVICES FOR YOUTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 71,798	$ 76,273
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used in) by operating activities:		
Depreciation	26,057	18,316
Realized and unrealized (gain) loss on investments	(13,031)	5,172
Gain on disposal of property and equipment	(400)	-
Change in beneficial interest	1,407	2,412
In-kind contributions of equipment	-	(100,000)
Increase (decrease) in cash from changes in:		
Grants receivable	292,046	40,418
Accounts receivable	21,465	5,433
Prepaid expense	(7,111)	10,507
Accounts payable	(26,713)	9,166
Accrued payroll and payroll expenses	(6,619)	12,826
Net cash provided by (used in) operating activities	358,899	80,523
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(114,416)	-
Proceeds on disposal of property and equipment	400	-
Purchase of investments and certificates of deposit	(273,803)	(64,811)
Proceeds from sale of investments	120,816	49,596
Net cash provided by (used in) investing activities	(267,003)	(15,215)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on PPP note payable	246,200	-
NET INCREASE (DECREASE) IN CASH	338,096	65,308
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	409,023	343,715
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 747,119	$ 409,023

See accompanying notes to financial statements.

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 childcare services for pre-school children and their families throughout the Wabash Valley. Services offered to local childcare 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 childcare 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

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.

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

FINANCIAL STATEMENT PRESENTATION (continued)

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, 2020 and 2019, 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.

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 at a point in time 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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 received 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 unskilled 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.

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.

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, 2020 and 2019. The Organization maintained balances in one bank at which the uninsured amount was $630,467 and $152,310 at September 30, 2020 and 2019.

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, 2020 and 2019 approximately 86% and 87% 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.

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, 2017 are still open to audit for both federal and state purposes.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 26, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

The Organization's grant receivables as of September 30, 2020 and 2019, consisted of the following:

	2020	2019
CACFP	$ 159,285	$ 165,210
CCDF	-	75,898
Too Good for Drugs	17,088	65,322
Other	-	12,553
Safe Kids	5	5,949
ELI	-	27,781
Teen Court	7,095	18,133
Tobacco	20,680	49,779
DFC	1,358	16,894
PreK	-	14,542
Gym rennovations	25,000	-
Healthy Starts	41,149	19,661
CCRR	60,667	152,651
	$ 332,327	$ 624,373

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, 2020, investments consisted of the following:

	2020	2019
Exchange -traded funds	$ 36,599	$ 46,494
Mutual funds	370,872	195,091
Cash	2,197	2,065
	$ 409,668	$ 243,650

NOTE 3 – INVESTMENTS (continued)

Investment return is as follows for the year ended September 30, 2020:

	2020	2019
Dividends	$ 11,139	$ 17,598
Realized gain (loss)	7,245	(5,499)
Unrealized gain (loss)	5,786	327
Fees	(2,104)	(2,197)
	$ 22,066	$ 10,229

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at September 30, 2020 and 2019:

	2020	2019
Leasehold improvements	$ 161,507	$ 67,217
Vehicles	91,789	84,289
Computers and equipment	212,324	202,199
Furniture	13,196	13,196
Software	11,794	11,794
	490,610	378,695
Accumulated depreciation	(238,955)	(215,399)
	$ 251,655	$ 163,296

Depreciation expense was $26,057 and $18,316 for the years ended September 30, 2020 and 2019, respectively.

NOTE 5 – BENFEFICIAL 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, 2020 and 2019, the earnings/(losses) net of investment expenses, distributions and grants paid were $(1,407) and $(2,411) respectively. The fair value of the beneficial interest as of September 30, 2020 and 2019 was $47,092 and $48,499, respectively.

NOTE 6 – PPP NOTE PAYABLE

The Organization issued a promissory note in the amount of $246,200 to First Financial Bank through the SBA PPP program dated April 17, 2020. Maturity date April 17, 2022. Under the terms of the note, a portion of the loan used for specified purposes may be forgiven prior to commencement of payments.

On February 10, 2021, the Organization received notification from the SBA that the $246,200 principal balance and accrued interest of $2,045 was forgiven.

NOTE 7 – 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 $175,700 for the years ended September 30, 2020 and 2019, respectively, and is reflected as in-kind revenue and in-kind expense in the statement of activities.

The Organization also recorded $130,116 and $172,601 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, 2020. For the year ended September 30, 2019, $75,925 of in-kind professional services were recorded for the design of the Splash Pad.

NOTE 8 – 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, 2020 and 2019, was approximately $18,600 each year.

In addition, the Organization replaced its operating leases for office copiers which now expires July 2024. The monthly lease payment is $659 per month. Rental expense for these copier leases included in the statements of activities for the years ended September 30, 2020 and 2019 was approximately $10,098 and $26,200, respectively.

NOTE 8 – OPERATING LEASES (continued)

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, 2020 and 2019 was approximately $1,242 for each year respectively.

Future minimum lease payments on leases having non-cancelable terms beyond September 30, 2020 are as follows:

2021	$ 18,144
2022	7,913
2023	7,913
2024	6,593
2025	6,593
Thereafter	-
	$ 47,156

NOTE 9 – 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 $58,357 and $70,109 for the years ended September 30, 2020 and 2019, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

One on the Organization's Board members is a childcare provider and receives monthly reimbursements from the Child and Adult Care Food Program. The reimbursements were approximately $20,752 and $29,791 for the years ended September 30, 2020 and 2019, respectively.

NOTE 11 – 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 $47,092 and $48,499 for the years ended September 30, 2020 and 2019. 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, 2020 and 2019, the Organization had the following changes in endowment net assets:

	Without Donor Restrictions	
	2020	2019
Beginning of year	$ 48,499	$ 50,911
Contributions	-	-
Net earnings (losses)	477	(530)
Distributions	(1,884)	(1,882)
End of year	$ 47,092	$ 48,499

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.

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, 2020 and 2019 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.

NOTE 11 – ENDOWMENT FUNDS (continued)

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.

NOTE 12 – 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:

	2020	2019
Cash and cash equivalents	$ 747,119	$ 409,023
Certificates of deposit	27,034	27,034
Investments	409,668	243,650
Grants receivable	332,327	624,373
Other receivables	5,005	26,470
Beneficial interest in community foundation	47,092	48,499
Total financial assets	1,568,245	1,379,049
Less financial assets not available for operations:		
Endowment funds	(47,092)	(48,499)
Distribution from endowment	1,648	1,697
Donor restricted financial assets	-	(22,460)
Total financial assets not available for operations	(45,444)	(69,262)
Financial assets available for cash needs for general expenditures within one year	$ 1,522,801	$ 1,309,787

SUPPLEMENTARY INFORMATION

CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars $)	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Indiana Department of Education:				
Child and Adult Care Food Program	10.558	1840200	1,587,907	$ 1,587,907
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Drug Free Communities	93.276	5H79SP080077-02	125,000	97,271
		6H79SP080077-03M001	52,941	
Passed through the Indiana Family and Social Services Administration:				
Child Care and Development Block Grant	93.575	G160UNCCDF	1,248,000	4,654
Passed through Union Hospital, Inc.				
State Partnership Grant to Improve Minority Health	93.296	HSI19CASY01	163,753	118,806
Total U.S Department of Health and Human Services				220,731
Total Expenditures of Federal Awards				$ 1,808,638

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, 2020

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, 2020

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	7-1-19 to 6-30-21	62,000	$ 32,400
Vigo county	7-1-19 to 6-30-21	220,000	113,767
			146,167
Indiana Department of Children's Services			
Youth Services Bureau	R 6.18.19	38,353	38,000
Total Expenditures of State and Local Awards			$ 184,167

CHANCES AND SERVICES FOR YOUTH, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2020

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2019.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2019.

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, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon February 26, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chances And Services for Youth, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
February 26, 2021

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, 2020. 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, 2020.

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
February 26, 2021

CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ☐ No ☒
- Significant deficiencies identified? Yes ☐ No ☒

Noncompliance material to financial statements noted? Yes ☐ No ☒

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ☐ No ☒
- Significant deficiencies identified? Yes ☐ No ☒

Type of auditor's report issued: Unmodified

Any audit findings disclosed required to be reported in accordance with 2 CFR section 200.516(a) Yes ☐ No ☒

Program tested as major program:

CFDA Number	Name of Federal Program or Cluster
10.558	U.S. Department of Agriculture, Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs $750,000

Auditee qualified as low risk auditee? Yes ☒ No ☐

CHANCES AND SERVICES FOR YOUTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Section II – Financial Statement Findings

There were no financial statement findings for the year ended September 30, 2020.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended September 30, 2020.