



STATE OF INDIANA
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February 1, 2023

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, 2020 to December 31, 2020. 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, 2020, 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 Indiana State Board of Accounts.

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

Handwritten signature of Tammy White in cursive.

Tammy White, CPA
Deputy State Examiner

INDIANA YOUTH SERVICES ASSOCIATION, INC.

Financial Statements

Years Ended December 31, 2020 and 2019

INDIANA YOUTH SERVICES ASSOCIATION, INC.

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Humphrey CPA Group, L.L.C.

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Indianapolis, IN 46237

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, 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 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, 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.

Report on Summarized Comparative Information

We have previously audited IYSA's financial statements for the year ended December 31, 2019 and we expressed an unmodified opinion on the financial statements dated August 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 20 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 October 7, 2021 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
October 7, 2021

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash-unrestricted	\$ 495,731	\$ 113,217
Certificates of deposit	900,000	0
Accounts receivable	168,603	409,967
Grants receivable	241,200	375,411
Prepaid expenses	27,360	35,661
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-non restricted portion	21,624	19,074
TOTAL CURRENT ASSETS	1,854,518	953,330
NON-CURRENT ASSETS		
Furniture and equipment, net of depreciation	1,855	2,499
Investments	146,556	691,713
Rent deposits	3,138	3,358
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-restricted portion	50,000	50,000
TOTAL NON-CURRENT ASSETS	201,549	747,570
TOTAL ASSETS	\$ 2,056,067	\$ 1,700,900
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 155,790	\$ 450,517
Short term loan	50,000	100,000
Line of credit	0	60,000
Accrued payroll liabilities	20,300	18,612
Other accrued expenses	64,582	41,929
Deferred revenue	1,410,180	749,515
TOTAL LIABILITIES	1,700,852	1,420,573
<u>NET ASSETS</u>		
Net assets without donor restrictions	305,215	230,327
Net assets with donor restrictions	50,000	50,000
TOTAL NET ASSETS	355,215	280,327
TOTAL LIABILITIES AND NET ASSETS	\$ 2,056,067	\$ 1,700,900

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2020 (with comparative totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>(Memo) 2019 Total</u>
SUPPORT AND REVENUE				
Contract income	\$ 1,958,107	\$ 0	\$ 1,958,107	\$ 1,957,565
VOCA Grant	986,554	0	986,554	1,242,875
OVC Grant	70,650	0	70,650	25,000
Grants received	144,965	0	144,965	145,567
Dues	105,500	0	105,500	103,500
Service income	146,004	0	146,004	220,749
Payroll Protection Program loan forgiven	223,700	0	223,700	0
Contributions	72,182	0	72,182	109,317
Special events, net	107,726	0	107,726	143,474
Net investment income	36,248	0	36,248	54,382
TOTAL SUPPORT AND REVENUE	3,851,636	0	3,851,636	4,002,429
EXPENSES				
Program services	3,361,782	0	3,361,782	3,678,468
General and administrative	338,808	0	338,808	206,498
Fundraising	76,158	0	76,158	72,893
TOTAL EXPENSES	3,776,748	0	3,776,748	3,957,859
CHANGE IN NET ASSETS	74,888	0	74,888	44,570
NET ASSETS, BEGINNING	230,327	50,000	280,327	235,757
NET ASSETS, ENDING	\$ 305,215	\$ 50,000	\$ 355,215	\$ 280,327

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020				2019
	Program Services	Management and General	Fundraising Expenses	Total Expenses	Total (Memo) Expenses
Salaries	\$ 588,517	\$ 210,824	\$ 60,681	\$ 860,022	\$ 707,823
Payroll taxes	47,247	5,060	4,854	57,161	54,998
Employee benefits	57,557	18,468	9,940	85,965	87,180
VOCA program expense	985,326	0	0	985,326	1,234,538
VOCA program match expense	51,952	0	0	51,952	32,978
Program expense	1,438,303	0	0	1,438,303	1,505,403
Travel	8,579	2,716	325	11,620	109,334
Professional services	113,678	9,001	0	122,679	73,420
Meetings	25,692	27,654	0	53,346	27,692
Occupancy	15,714	5,548	254	21,516	21,516
Dues and subscriptions	9,212	45,022	0	54,234	46,119
Office supplies	5,276	3,575	0	8,851	9,175
Bad debts	0	0	0	0	16,125
Telephone and internet	4,168	1,998	104	6,270	6,697
Insurance	5,200	2,966	0	8,166	7,196
Equipment rental	692	711	0	1,403	2,322
Depreciation	0	1,444	0	1,444	771
Peer review	285	0	0	285	1,015
Technology purchases	474	712	0	1,186	4,613
Postage	1,179	378	0	1,557	611
Interest expense	2,731	2,731	0	5,462	8,333
Total expenses	\$ 3,361,782	\$ 338,808	\$ 76,158	\$ 3,776,748	\$ 3,957,859

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from government grants	\$ 1,191,415	\$ 1,099,568
Cash received from contract income	2,860,136	1,440,428
Cash received from other grants and donations	217,147	254,883
Cash received from service income	247,254	324,249
Cash received from Payroll Protection Program loan	223,700	0
Net cash from special events	107,726	143,474
Investment income	16,219	24,196
Cash paid to vendors and employees	(4,027,456)	(3,863,095)
Cash paid for interest expense	(5,462)	(8,333)
	830,679	(584,630)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(802)	(1,895)
Received from the endowment fund	3,454	3,210
Purchase of certificate of deposits	(900,000)	0
Purchase of investments	18,474	(21,998)
Proceeds from the sale of investments	540,709	448,300
	(338,165)	427,617
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payments) on line of credit	(60,000)	7,140
Net short term borrowing	(50,000)	0
	(110,000)	7,140
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	382,514	(149,873)
CASH, BEGINNING OF YEAR	113,217	263,090
CASH, END OF YEAR	\$ 495,731	\$ 113,217

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(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.

Financial statement presentation

IYSA has adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This includes reporting of the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the information provided about expenses and investment return.

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, whereby 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 report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to IYSA'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, 2020 and 2019

(2) Summary of significant accounting policies(continued)

Revenue Recognition

IYSA has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of IYSA's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way that IYSA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In addition, In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU, which IYSA has adopted in the year ended December 31, 2020, supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principles of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Analysis of various provisions of these new standards resulted in no changes in the way that IYSA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

IYSA recognizes contributions when cash, securities or other assets are received; if the donor has given an unconditional promise to give; or if a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. As on December 31, 2020, IYSA has not received any contributions with conditional promises.

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

A portion of IYSA's revenue is derived from cost-reimbursable contracts from state contracts and grant, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when IYSA has incurred expenditures in compliance with specific contract or grant positions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Note 5 lists the amounts received in advance and not used in operations as of December 31, 2020 and 2019.

IYSA recognizes revenue for membership dues, which are nonrefundable. The member dues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. IYSA recognizes the exchange portion of the membership dues over the membership period (calendar year), and the contribution portion immediately. As of December 31, 2020 and 2019, there were no member dues included in deferred dues revenue.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(2) Summary of significant accounting policies(continued)

Revenue recognition (continued)

IYSA recognizes revenue from various fundraising activities at the time that the event occurs. The revenue from special events is recognized at the fair value of the direct benefits to donors, and contribution income for the excess received when the event takes place.

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, 2020 and 2019

(2) Summary of significant accounting policies(continued)

Program services (continued)

The Journey

The Journey network has over 1,000 Youth Workers consisting of students, new professionals and executives. The Journey is a collection of programs committed to equipping people to lead with their hearts by: 1) Grounding people in who they are – the essence of their heart, their vocation and avocation; 2) Connecting people to each other – tapping into the power of community; and 3) Inspiring people’s beliefs about what they can accomplish on behalf of young people. The Journey has helped encourage more professionals to join and stay in the youth development field. This program is being funded by Lilly Endowment as described in Note 6 below.

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, 2020 and 2019.

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, 2020 amounts held in financial institutions exceed the FDIC guarantee at various time. As of December 31, 2020, approximately \$1,128,000 in one institution. As of December 31, 2019, all bank accounts stayed below the FDIC guarantee.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(2) Summary of significant accounting policies(continued)

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 51% and 35% of total revenue for the year ended December 31, 2020 and 2019, respectively.

IYSA received 26% and 31% of the total revenue under the VOCA grant for the years ended December 31, 2020 and 2019, respectively.

Accounts and grants receivable

Accounts receivable and grants receivable consist of amounts due from customers for past services or amounts pledged for a future period. Management reviews all receivables on a regular basis to determine collectability. Amounts deemed uncollectible are written off using the direct method, and as such, an allowance has not been set up. Management does not believe using the allowance method would result in a significant difference over the use of the direct write-off method.

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.

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).

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(2) Summary of significant accounting policies (continued)

Fair value measurements (continued)

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

(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 2020 and 2019 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 as of December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions	\$ 21,624	\$ 19,074
Net assets with donor restrictions in perpetuity	<u>50,000</u>	<u>50,000</u>
	<u>\$ 71,624</u>	<u>\$ 69,074</u>

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(3) Investments/Endowment fund(continued)

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 2021 included \$3,581 representing amounts earned prior to 2020.

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

IYSA maintains investments at Raymond James Securities, through First Financial Bank Investments. These investments are recorded at fair market value. The fixed income securities were liquidated in the year ended December 31, 2020. The investments consist of the following as of December 31, 2020 and 2019:

	2020			
Mutual Funds Held	Shares Held	Fair Value	Cost	Realized Gain
American Funds AMCAP Fund Class F1/F2	307.867	\$ 12,139	\$ 10,291	\$ 1,848
Artisan International Fund (class N/L)	214.005	7,383	5,527	1,856
Fundamental Investors Fund Class F1/F2	374.140	25,857	18,695	7,162
Janus Henderson (fka Perkins) Mid Cap Value Fund Class A	1,467.665	22,984	24,324	(1,340)
New Perspective Fund Class F1/F2	476.642	28,713	17,991	10,722
Prudential Jennison Mid Cap Growth Fund Class Z	647.474	17,184	18,950	(1,766)
T. Rowe Price Small Cap Value Fund Advisor Class	220.040	11,616	9,065	2,551
Wells Fargo Advantage Endeavor Select Fund Admin Class	1,479.669	18,111	10,144	7,967
Wells Fargo Advantage International Value Fund Admin Class	165.487	2,295	2,129	166
Total mutual funds held at Raymond James				
		\$ 146,282	\$ 117,116	\$ 29,166
Uninvested cash				
		274	274	0
Total investements held at Raymond James				
		\$ 146,556	\$ 117,390	\$ 29,166

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(3) Investments/Endowment fund(continued)

	2019			
	Shares Held	Fair Value	Cost	Realized Gain
<u>Mutual Funds Held</u>				
American Funds AMCAP Fund Class F1	295.029	\$ 9,975	\$ 9,819	\$ 156
Artisan International Fund	206.693	6,854	5,285	1,568
Fundamental Investors Fund Class F1	374.034	23,190	17,984	5,206
Janus Henderson (fka Perkins) Mid Cap Value Fund Class A	1,451.088	23,290	24,069	(779)
New Perspective Fund Class F1	472.197	22,222	16,795	5,427
Prudential Jennison Mid Cap Growth Fund Class Z	469.634	12,041	14,415	(2,374)
T. Rowe Price Small Cap Value Fund Advisor Class	215.516	10,325	8,834	1,491
Wells Fargo Advantage Endeavor Select Fund Admin Class	1,379.300	13,186	8,968	4,218
Wells Fargo Advantage International Value Fund Admin Class	158.258	2,342	2,028	314
		<hr/>		
Total mutual funds held at Raymond James		\$ 123,425	\$ 108,197	\$ 15,228
<u>Fixed Income Securities</u>				
Bank Ozark, Little Rock, AR, Certificate of Deposit, 2.4%, Maturing 3/30/2020	38,000	38,070	38,000	70
Bank Ozark, Little Rock, AR, Certificate of Deposit, 2.4%, Maturing 4/30/2020	73,000	73,182	73,000	182
Centennial Bank, Conway AR, Certificate of Deposit 2.4%, Maturing 2/28/2020	81,000	81,102	81,000	102
CommunityBank of Texas, Beaumont, TX, Certificate of Deposit 2.4%, Maturing 11/17/2020	28,000	28,182	28,000	182
First Republic Bank, San Francisco, CA Certificate of Deposit 2.4%, Maturing 5/28/2020	27,000	27,080	27,000	80
Metabank, Sioux Falls, SD, Certificate of Deposit 2.4%, Maturing 6/11/2020	67,000	67,217	67,000	217
Rockland TC, Rockland, MD, Certificate of Deposit 2.4%, Maturing 8/28/2020	27,000	27,134	27,000	134
Triumph Bank, Memphis, TN, Certificate of Deposit 2.4%, Maturing 10/30/2020	43,000	43,267	43,000	267
Triumph Bank, Memphis, TN, Certificate of Deposit 2.4%, Maturing 9/30/2020	54,000	54,304	54,000	304
Wells Fargo Bank, NA, Sioux Falls, SD, Certificate of Deposit 2.4%, Maturing 7/10/2020	36,000	36,121	36,000	121
Western Alliance Bank, Phoenix, AZ, Certificate of Deposit, 2.4%, Maturing 1/30/2020	37,000	37,023	37,000	23
		<hr/>		
Total fixed income securities held at Raymond James		512,682	511,000	1,682
Uninvested cash		55,606	55,606	0
		<hr/>		
Total investments held at Raymond James		\$ 691,713	\$ 674,803	\$ 16,910
		<hr/> <hr/>		

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(3) Investments/Endowment fund(continued)

The fair values of all investments held by IYSA measured on a recurring basis as of December 31, 2020 and 2019 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>2020</u>				
Beneficial interest in IYSA Endowment Fund	\$ 71,624	\$ 0	\$ 0	\$ 71,624
Securities held at Raymond James				
Mutual funds	146,282	146,282	0	0
Uninvested cash	274	0	274	0
Securities held at Raymond James	146,556	146,282	274	0
Total	\$ 218,181	\$ 146,282	\$ 274	\$ 71,624
<u>2019</u>				
Beneficial interest in IYSA Endowment Fund	\$ 69,074	\$ 0	\$ 0	\$ 69,074
Securities held at Raymond James				
Mutual funds	123,425	123,425	0	0
Fixed income securities	512,682	512,682	0	0
Uninvested cash	55,606	0	55,606	0
Securities held at Raymond James	691,713	636,107	55,606	0
Total	\$ 760,787	\$ 636,107	\$ 55,606	\$ 69,074

Investment income from all investments consists of the following as of December 31, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 16,219	\$ 24,196
Net realized and unrealized gain on investments	20,029	30,186
Net investment income	\$ 36,248	\$ 54,382

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(3) Investments/Endowment fund(continued)

The reconciliation of the level 3 assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Balance beginning of year	\$ 69,074	\$ 64,199
Earnings on Investments	6,641	8,738
Distributions	(3,454)	(3,210)
Investment management fees	<u>(637)</u>	<u>(653)</u>
	\$ <u><u>71,624</u></u>	\$ <u><u>69,074</u></u>

(4) Equipment

Equipment consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 21,895	\$ 21,095
less accumulated depreciation	<u>20,040</u>	<u>18,596</u>
Furniture and equipment, net	\$ <u><u>1,855</u></u>	\$ <u><u>2,499</u></u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$1,444 and \$771, respectively.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(5) Availability and liquidity

The following represents IYSA's financial assets as of December 31, 2020 and 2019:

Financial assets at year end:		2020	2019
Cash and cash equivalents	\$	495,731	\$ 113,217
Accounts receivable		168,603	409,967
Grants receivable		241,200	375,411
Certificates of deposit		900,000	0
Investments		146,556	691,713
Total financial assets		<u>1,952,090</u>	<u>1,590,308</u>
Less amounts received for future periods:			
Deferred revenue		1,410,180	749,515
		<u>1,410,180</u>	<u>749,515</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>541,910</u>	\$ <u>840,793</u>

As discussed in note 6, IYSA has received grants to help fund various programs throughout 2020. In addition, as discussed in note 10, IYSA has a line of credit 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 ran from October 1, 2018 through September 30, 2020 in the amount of \$2,734,227. The grant was renewed for the period October 1, 2020 through September 30, 2022. Amounts billed under this grant totaled \$986,554 and \$1,242,875 for the years ended December 31, 2020 and 2019, respectively. Included in accounts receivable as of December 31, 2020 and 2019 is \$231,813 and \$350,411 for services rendered under the grant. Amounts still available to claim under the current VOCA grant totaled \$2,431,138 as of December 31, 2020. As part of the VOCA grant, IYSA claimed in kind expenses of payroll and benefits totaling \$36,444 and \$32,978 and consultants' fees of \$272,595 and \$53,895 in 2020 and 2019.

For the year ended December 31, 2020 and 2019, IYSA billed the state of Indiana \$1,350,484 and \$1,401,050 for services related to the Youth Service Bureau contract, as described in Note 9 below. Included in accounts receivable is \$137,040 and \$346,443 for services provided prior to December 31, 2020 and 2019, respectively. Amounts paid out to participating agencies totaled \$1,132,727 and \$1,204,573 for the years ended December 31, 2020 and 2019. Included in accounts payable due to these agencies, as of December 31, 2020 and 2019 is \$100,237 and \$316,471. This contract was renewed through June 30, 2021.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(6) Grants (continued)

IYSA is the recipient of a \$1,254,025 grant from Lilly Endowment to fund the Youth Professionals Journey Fellowship Program for each year ended December 31, 2020 and 2019. During the years ended December 31, 2020 and 2019, \$607,623 and \$556,515 was recognized as income. As of December 31, 2020 and 2019, \$1,201,341 and \$697,510 of unused dollars were recorded as deferred revenue.

IYSA is the recipient of a grant from the Office of Justice Programs under the Integrated Services for Minor Victims of Human Trafficking (U.S. Department of Justice, CFDA Number 16.320-Services For Trafficking Victims) in the amount of \$500,000. The grant runs from October 1, 2019 through September 30, 2022. Amounts billed under this grant total \$70,650 and \$25,000 for the years ended December 31, 2020 and 2019 and \$15,017 and \$25,000 is included in grants receivable at December 31, 2020 and 2019.

(7) Operating Leases

IYSA leases its office space and equipment under operating leases. Lease payments for the years ending December 31, 2020 and 2019 were \$34,320 and \$34,320. The office lease runs through March 2021 at a cost of \$2,570 per month. This lease was not renewed. Beginning May 1, 2021, a new lease with an unrelated party was entered into over a sixty-five (65) month period, expiring in September 2026. Monthly rent begins at \$5,875 in month 6 of the agreement, with increases annually through the rest of the lease. IYSA also leases additional office space for the Mission Management Services program with an unrelated party on a month to month basis in the amount of \$290 per month. The net future minimum lease payments for the next 5 years are as follows:

Year ended December 31, 2021	\$ 15,083
2022	35,712
2023	36,515
2024	37,339
2025	<u>38,180</u>
Total	<u>\$ 162,827</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, 2020 and 2019 were \$68,853 and \$60,091, respectively. As of December 31, 2020 and 2019, \$5,686 and \$5,100, respectively, have been set up as employer retirement contributions payable.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(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 ended June 30, 2019 totaled \$1,415,699 and was renewed for the same funding levels for the years ending June 30, 2020 and 2021. Amounts recognized in 2020 and 2019 under this contract totaled \$1,350,484 and \$1,401,150, respectively. Amounts still available under this contract as of December 31, 2020 total \$737,052 available to the YSBs and \$56,000 for administering the contract.

(10) Line of Credit/Short term borrowing

IYSA has a short-term loan in the amount of \$100,000 that expired in August 2019. This line was renewed through March 2021. Interest on this loan is prime rate plus 1% (6.0% as of December 31, 2019). This loan is secured by the assets of IYSA. The balance of this line of credit is \$50,000 and \$100,000 as of December 31, 2020 and 2019. In addition, IYSA has a line of credit in the amount of \$60,000 which matures in February 2021. The line of credit is secured by the business assets of IYSA. Interest is at Prime plus one (1) percent and is a floating rate. The current interest rate as of December 31, 2019 was 6.0%. The balance of this loan as of December 31, 2020 and 2019 was \$0 and \$60,000.

(11) Coronavirus update

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. IYSA was the recipient of a Payroll Protection Program loan in the amount of \$223,700, under the Small Business Administration's program in May 2020. This loan was forgiven and is included as support and revenue in the statement of activities. IYSA did not have a significant change in operating revenue during 2020 because of the pandemic.

(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, 2020

<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>986,554</u>	\$ <u>0</u>
<u>Nonmajor Program</u>			
U.S. Department of Justice, Office for Civil Rights,			
Office of Justice Programs, Office for Victims of Crime,			
Services for Trafficking Victims			
	16.320	<u>70,650</u>	\$ <u>0</u>
Total funding for all programs		\$ <u>1,057,204</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.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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, 2020 and the related statements of activities and cash flows for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon October 7, 2021.

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.

Humphrey CPA Group, L.L.C.

Indianapolis, Indiana
October 7, 2021



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**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, 2020. 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, 2020.

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.L.C.

Indianapolis, Indiana
October 7, 2021

INDIANA YOUTH SERVICES ASSOCIATION, INC.
FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

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 qualifies 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.