



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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, 2021 to December 31, 2021. 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, 2021, 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

INDIANA YOUTH SERVICES ASSOCIATION, INC.

Financial Statements

Years Ended December 31, 2021 and 2020

INDIANA YOUTH SERVICES ASSOCIATION, INC.

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-20
Supplemental Reports	
Schedule of Expenditures of Federal Awards	21
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22-23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE	24-26
Schedule of Findings and Questioned Costs	27



Humphrey CPA Group, L.L.C.

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5915 S. Emerson Avenue, Ste 400
Indianapolis, IN 46237

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and its cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Youth Services Association, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indiana Youth Services Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Youth Services Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Indiana Youth Services Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Youth Services Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Indiana Youth Services Association's 2020 financial statements, and our report dated October 7, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 21 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 August 4, 2022 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

August 4, 2022

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash-unrestricted	\$ 386,376	\$ 495,731
Certificates of deposit	600,000	900,000
Accounts receivable	23,311	168,603
Grants receivable	713,285	241,200
Prepaid expenses	18,751	27,360
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-non restricted portion	36,630	21,624
TOTAL CURRENT ASSETS	<u>1,778,353</u>	<u>1,854,518</u>
NON-CURRENT ASSETS		
Furniture and equipment, net of depreciation	1,725	1,855
Investments	168,373	146,556
Rent deposits	6,495	3,138
Beneficial interest in Indiana Youth Services Association, Inc. Endowment Fund-restricted portion	50,000	50,000
TOTAL NON-CURRENT ASSETS	<u>226,593</u>	<u>201,549</u>
TOTAL ASSETS	<u>\$ 2,004,946</u>	<u>\$ 2,056,067</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 341,183	\$ 155,790
Short term loan	93,174	50,000
Line of credit	149,526	0
Accrued payroll liabilities	21,991	20,300
Other accrued expenses	72,211	64,582
Deferred revenue	1,010,817	1,410,180
TOTAL LIABILITIES	<u>1,688,902</u>	<u>1,700,852</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions	266,044	305,215
Net assets with donor restrictions	50,000	50,000
TOTAL NET ASSETS	<u>316,044</u>	<u>355,215</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,004,946</u>	<u>\$ 2,056,067</u>

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021 (with comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	(Memo) 2020 Total
SUPPORT AND REVENUE				
Contract revenue	\$ 2,255,831	\$ 0	\$ 2,255,831	\$ 2,084,477
VOCA Grant	978,098	0	978,098	986,554
OVC Grant	118,849	0	118,849	70,650
Other grants received	129,826	0	129,826	18,595
Dues	107,500	0	107,500	105,500
Service revenue	102,345	0	102,345	146,004
Payroll Protection Program loan forgiven	0	0	0	223,700
Contributions	57,356	0	57,356	72,182
Special events, net	138,579	0	138,579	107,726
Net investment revenue	42,658	0	42,658	36,248
TOTAL SUPPORT AND REVENUE	3,931,042	0	3,931,042	3,851,636
EXPENSES				
Program services	3,527,495	0	3,527,495	3,361,782
General and administrative	359,261	0	359,261	338,808
Fundraising	83,457	0	83,457	76,158
TOTAL EXPENSES	3,970,213	0	3,970,213	3,776,748
CHANGE IN NET ASSETS	(39,171)	0	(39,171)	74,888
NET ASSETS, BEGINNING	305,215	50,000	355,215	280,327
NET ASSETS, ENDING	\$ 266,044	\$ 50,000	\$ 316,044	\$ 355,215

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021 (with comparative totals for 2020)

	<u>2021</u>			<u>2020</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>	<u>Total (Memo) Expenses</u>
Salaries	\$ 631,744	\$ 170,498	\$ 65,607	\$ 867,849	\$ 860,023
Payroll taxes	47,468	10,425	5,249	63,142	57,161
Employee benefits	61,793	27,068	11,983	100,844	85,965
VOCA program expense	978,098	0	0	978,098	985,326
VOCA program match expense	25,527	0	0	25,527	51,952
Program expense	1,487,841	0	0	1,487,841	1,438,303
Travel	7,042	6,116	335	13,493	11,620
Professional services	212,573	81,914	0	294,487	122,679
Meetings	28,058	9,670	0	37,728	53,346
Occupancy	8,740	7,041	200	15,981	21,516
Dues and subscriptions	20,063	15,500	0	35,563	54,234
Office supplies	4,103	5,309	0	9,412	8,851
Bad debts	0	18,100	0	18,100	0
Telephone and internet	3,480	1,754	83	5,317	6,270
Insurance	5,082	3,560	0	8,642	8,166
Equipment rental	470	1,053	0	1,523	1,403
Depreciation	0	1,016	0	1,016	1,444
Peer review	165	55	0	220	285
Technology purchases	216	325	0	541	1,186
Postage	555	328	0	883	1,557
Interest expense	2,003	2,003	0	4,006	5,462
Total expenses	<u>\$ 3,525,021</u>	<u>\$ 361,735</u>	<u>\$ 83,457</u>	<u>\$ 3,970,213</u>	<u>\$ 3,776,748</u>

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from government grants	\$ 896,178	\$ 1,160,785
Cash received from contract income	1,737,558	2,986,828
Cash received from other grants and donations	161,815	104,440
Cash received from service income	228,099	263,898
Cash received from Payroll Protection Program loan	0	223,700
Net cash from special events	138,579	107,726
Investment income	15,192	16,219
Cash paid to vendors and employees	(3,765,227)	(4,027,455)
Cash paid for interest expense	(4,006)	(5,462)
	(591,812)	830,679
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(886)	(802)
Received from the endowment fund	3,581	3,454
Net proceeds (purchase) of certificate of deposits	300,000	(900,000)
Purchase of investments	(12,938)	18,474
Proceeds from the sale of investments	0	540,709
	289,757	(338,165)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payments) on line of credit	149,526	(60,000)
Net short term borrowing	43,174	(50,000)
	192,700	(110,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(109,355)	382,514
CASH, BEGINNING OF YEAR	495,731	113,217
CASH, END OF YEAR	\$ 386,376	\$ 495,731

See accompanying notes and independent auditor's report.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(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, maintains and disperses centralized information on the needs of youth and families, promotes community awareness of the needs of youth and families within the State of Indiana, advocates issues pertaining to youth and families; encourages alternatives to the juvenile justice systems, act as a resource for youth and links with other youth service programs, and advocates the rights of youth. Funding of these programs come through membership dues, government and private grants and contracts and also service fees charged.

(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 uses 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, 2021 and 2020

(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, 2021 and 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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020

(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 ten 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 29 youth services bureaus and 17 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, 2021 and 2020

(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.

ACES Indiana Coalition

The ACEs Indiana Coalition is dedicated to growing awareness on Adverse Childhood Experiences and building self-healing communities. Funding is through a grant with the Indiana State Department of Health as described in Note 6 below.

CYC Certification

The CYC certification is a national credential for child and youth care work practitioners. It is based on a three-tiered system beginning with Entry Level and includes Associate and Professional Levels. CYC certification allows practitioners to demonstrate their development as professionals and participate in true career development. This program is being funded through a contract with the Indiana Department of Education 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, 2021 and 2020.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(2) Summary of significant accounting policies(continued)

Concentration of credit risk

Operations

IYSA's members are located in the state of Indiana.

IYSA receives contract revenue from the State of Indiana, Department of Child Services under the YSB Services and the Project Safe Place Services, Indiana State Department of Health, and the Indiana State Department of Education. Revenue directly from the State of Indiana represented 61% and 55% of total revenue for the year ended December 31, 2021 and 2020, respectively. In addition, IYSA received 25% and 26% of the total revenue from the Indiana Criminal Justice Institute under the VOCA grant for the years ended December 31, 2021 and 2020, respectively.

Cash in excess of FDIC guarantees

Throughout the year ended December 31, 2021 and 2020 amounts held in financial institutions exceed the FDIC guarantee at various times. As of December 31, 2021 and 2020, approximately \$111,000 and \$145,000 in one institution exceeded the FDIC guarantee.

Cash and cash equivalents

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

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. The majority of the outstanding accounts and grants receivable as December 31, 2021 have been collected as of the date of this report letter.

Equipment

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

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(2) Summary of significant accounting policies (continued)

Investments

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

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

Fair value measurements

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

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

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(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 2021 and 2020 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, 2021 and 2020 as follows:

	2021	2020
Net assets without donor restrictions	\$ 36,630	\$ 21,624
Net assets with donor restrictions of time or purpose	0	0
Net assets with donor restrictions in perpetuity	50,000	50,000
	\$ 86,630	\$ 71,624

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 2021. Approximately \$4,331 was distributed in March 2022, based on the December 31, 2021 fair value of the funds.

The reconciliation of the level 3 assets for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Balance beginning of year	\$ 71,624	\$ 69,074
Earnings on Investments	19,347	6,641
Distributions	(3,581)	(3,454)
Investment management fees	(760)	(637)
	\$ 86,630	\$ 71,624

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(3) Investments/Endowment fund

IYSA maintains investments at Raymond James Securities, through Yellow Cardinal Brokerage Services. 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, 2021 and 2020:

	2021			
	Shares Held	Fair Value	Cost	Realized Gain
<u>Mutual Funds Held</u>				
American Funds AMCAP Fund Class F1/F2	327.325	\$ 15,044	\$ 11,135	\$ 3,909
Artisan International Fund (class N/L)	218.740	6,639	5,391	1,247
Fundamental Investors Fund Class F1/F2	418.082	31,737	21,957	9,780
Janus Henderson (fka Perkins) Mid Cap Value Fund Class A	1,650.788	27,403	27,287	116
New Perspective Fund Class F1/F2	512.344	33,876	20,275	13,601
Prudential Jennison Mid Cap Growth Fund Class Z	647.474	14,769	18,950	(4,181)
T. Rowe Price Small Cap Value Fund Advisor Class	236.001	14,583	10,013	4,570
Allspring Endeavor Select Fund (Wells Fargo Advantage Endeavor Select Fund Admin Class)	1,705.025	21,756	13,000	8,756
Wells Fargo Advantage International Value Fund Admin Class	0.000	0	0.00	0
Allspring International Equity Fund Class 1 (Wells Fargo International Equity Fund Class 1)	183.238	2,358	2,650	(292)
Total mutual funds held at Raymond James		\$ 168,164	\$ 130,658	\$ 37,505
Uninvested cash		209	209	0
Total investments held at Raymond James		\$ 168,373	\$ 130,867	\$ 37,505
	2020			
	Shares Held	Fair Value	Cost	Realized Gain
<u>Mutual Funds Held</u>				
American Funds AMCAP Fund Class F1	307.867	\$ 12,139	\$ 10,291	\$ 1,848
Artisan International Fund	214.005	7,383	5,527	1,855
Fundamental Investors Fund Class F1	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	476.642	28,713	17,991	10,722
Prudential Jennison Mid Cap Growth Fund Class Z	647.474	17,184	18,950	(1,767)
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 investments held at Raymond James		\$ 146,556	\$ 117,389	\$ 29,166

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(3) Investments/Endowment fund(continued)

The fair values of all investments held by IYSA measured on a recurring basis as of December 31, 2021 and 2020 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>2021</u>				
Beneficial interest in IYSA Endowment Fund	\$ 86,630	\$ 0	\$ 0	\$ 86,630
Securities held at Raymond James				
Mutual funds	168,164	168,164	0	0
Uninvested cash	<u>209</u>	<u>0</u>	<u>209</u>	<u>0</u>
Securities held at Raymond James	<u>168,373</u>	<u>168,164</u>	<u>209</u>	<u>0</u>
Total	<u>\$ 255,004</u>	<u>\$ 168,164</u>	<u>\$ 209</u>	<u>\$ 86,630</u>
<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
Fixed income securities	0	0	0	0
Uninvested cash	<u>274</u>	<u>0</u>	<u>274</u>	<u>0</u>
Securities held at Raymond James	<u>146,556</u>	<u>146,282</u>	<u>274</u>	<u>0</u>
Total	<u>\$ 218,179</u>	<u>\$ 146,282</u>	<u>\$ 274</u>	<u>\$ 71,624</u>

Investment income from all investments consists of the following as of December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 15,192	\$ 16,219
Net realized and unrealized gain on investments	<u>27,466</u>	<u>20,029</u>
Net investment revenue	<u>\$ 42,658</u>	<u>\$ 36,248</u>

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(4) Equipment

Equipment consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 22,781	\$ 21,895
less accumulated depreciation	<u>21,056</u>	<u>20,040</u>
Furniture and equipment, net	<u>\$ 1,725</u>	<u>\$ 1,855</u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$1,016 and \$1,444, respectively.

(5) Availability and liquidity

The following represents IYSA's financial assets as of December 31, 2021 and 2020:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 386,376	\$ 495,731
Accounts receivable	23,311	168,603
Grants receivable	713,285	241,200
Certificates of deposit	600,000	900,000
Investments	<u>168,373</u>	<u>146,556</u>
Total financial assets	<u>1,891,346</u>	<u>1,952,090</u>
Less amounts received for future periods:		
Deferred revenue	<u>1,010,817</u>	<u>1,410,180</u>
	<u>1,010,817</u>	<u>1,410,180</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 880,529</u>	<u>\$ 541,910</u>

As discussed in note 6, IYSA has received grants to help fund various programs throughout 2022. In addition, as discussed in note 10, IYSA has a line of credit of and short term borrowing in the amount of \$250,000 available to help fund any shortages in the financial assets.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(6) Grants and contracts

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 \$978,098 and \$986,554 for the years ended December 31, 2021 and 2020, respectively. Included in accounts receivable as of December 31, 2021 and 2020 is \$430,365 and \$231,813 for services rendered under the grant. Amounts still available to claim under the current VOCA grant totaled \$1,149,617 as of December 31, 2021. As part of the VOCA grant, IYSA claimed in kind expenses of payroll and benefits totaling \$23,324 and \$36,444 and consultants' fees of \$46,176 and \$272,595 in 2021 and 2020.

For the year ended December 31, 2021 and 2020, IYSA billed the state of Indiana \$1,435,626 and \$1,350,484 for services related to the Youth Service Bureau contract, as described in Note 9 below. Included in accounts receivable is \$198,982 and \$137,040 for services provided prior to December 31, 2021 and 2020, respectively. Amounts paid out to participating agencies totaled \$1,212,576 and \$1,132,727 for the years ended December 31, 2021 and 2020. Included in accounts payable due to these agencies, as of December 31, 2021 and 2020 is \$181,158 and \$100,237. This contract was renewed through June 30, 2023.

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, 2021 and 2020. During the years ended December 31, 2021 and 2020, \$634,863 and \$607,623 was recognized as contract revenue. As of December 31, 2021 and 2020, \$760,817 and \$1,410,180 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) (OVC Grant) in the amount of \$500,000. The grant runs from October 1, 2019 through September 30, 2023. Amounts billed under this grant total \$118,849 and \$70,650 for the years ended December 31, 2021 and 2020 and \$11,603 and \$15,017 is included in grants receivable at December 31, 2021 and 2020.

IYSA entered into a grant with the Indiana State Department of Health which awarded \$200,000 under the Maternal and Child Health Services Grant (U.S. Health and Human Services, CFDA Number 93.994) for the period February 1, 2021 through January 31, 2022. Total billed and recognized as grant revenue for the year ended December 31, 2021 was \$129,825, which includes \$46,968 in grants receivable.

ISYA entered into a contract with the Indiana Department of Education in the amount of \$371,234 for the period January 1, 2020 through December 31, 2021. This contract was amended to add \$518,700 for the period January 1, 2021 through December 31, 2022. This contract is to administer the assessment for the Child and Youth Care (CYC) Credential. For the years ended December 31, 2021 and 2020, amounts recognized as revenue and included in contract revenue totaled \$185,342 and \$126,370, respectively. Included in grants receivable as of December 31, 2021 and 2020 totaled \$46,968 and \$7,369. The contract has been amended to award an additional \$1,373,102 for the years 2023 and 2024.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(7) Operating Leases

IYSA leases its office space and equipment under operating leases. Lease payments for the years ending December 31, 2021 and 2020 were \$25,004 and \$34,320. Beginning May 1, 2021, a 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 through December 2022. The net future minimum lease payments for the next 5 years are as follows:

Year ended December 31, 2022	\$ 35,712
2023	36,515
2024	37,339
2025	38,180
2026	38,180
	<hr/>
Total	<u>\$ 185,924</u>

(8) Retirement Plan

IYSA provides for payment into a SIMPLE IRA plan for all full-time employees, who meet the minimum age and service requirements, with a contribution of 5% of each eligible employee's compensation. Total expenses for the years ended December 31, 2021 and 2020 were \$73,969 and \$68,853, respectively. As of December 31, 2021 and 2020, \$6,849 and \$5,686, respectively, have been set up as employer retirement contributions payable.

(9) Commitments

IYSA entered into a contract with the Indiana Department of Child Services to provide YSB Administration Services and PSP Administration Services (Project Safe Place) to all participating agencies in the State of Indiana. The contract for the period ended June 30, 2021 totaled \$1,415,699 and was renewed for the same funding levels for the years ending June 30, 2022. Amounts recognized in 2021 and 2020 under this contract totaled \$1,435,626 and \$1,350,484, respectively. Amounts still available under this contract as of December 31, 2021 total \$717,138 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 expires in May 2023. Interest on this loan is prime rate plus 1.75% (5.0% as of December 31, 2021). This loan is secured by the assets of IYSA. The balance of this line of credit is \$93,174 and \$50,000 as of December 31, 2021 and 2020. In addition, IYSA has a line of credit in the amount of \$150,000 which matures in February 2023. 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, 2021 was 4.25%. The balance of this loan as of December 31, 2021 and 2020 was \$149,526 and \$0.

INDIANA YOUTH SERVICES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(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. No Payroll Protection Program loans were received in 2021.

(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, 2021

<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>978,098</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	118,849	\$ <u>0</u>
U.S. Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Services Block Grant to the States, pass through from Indiana State Department of Health	93.994	<u>129,826</u>	\$ <u>0</u>
Total funding for all programs		<u>\$1,226,773</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, 2021 and the related statements of activities and cash flows for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon August 4, 2022.

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.

Report on 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
August 4, 2022



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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

Opinion on 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, 2021. IYSA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of IYSA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of IYSA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to IYSA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on IYSA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about IYSA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding IYSA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of IYSA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 IYSA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
August 4, 2022

INDIANA YOUTH SERVICES ASSOCIATION, INC.
FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

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.