

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

and

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
Year Ended June 30, 2014 and 2013

TABLE OF CONTENTS

	Page
Accountant's Report on Financial Statements	3
Financial Statements:	
Statements of Financial Position	5
Statements of Activity	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information	
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 <i>Auditing Standard</i>	13

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Youth Advocate Services

I have audited the accompanying combined financial statements of Youth Advocate Services (nonprofit organizations), which comprise the statements of financial position as of June 30, 2014 and 2013, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Advocate Services as of June 30, 2014 and 2013, 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

I have previously audited the Youth Advocate Services 2013 financial statements, and my report dated October 1, 2013, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 15, 2014, on my consideration of Youth Advocate Service's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Youth Advocate Service's internal control over financial reporting and compliance.



William Powelson, CPA
September 15, 2014

YOUTH ADVOCATE SERVICES
STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash	\$ 715,631	\$ 782,231
Investments	259,660	-
Accounts receivable:		
County and other agencies	304,829	282,237
Prepaid expenses	45,630	27,569
Total current assets	1,325,750	1,092,037
Property and equipment		
Leasehold improvements	21,982	21,982
Furniture and fixtures	70,150	70,150
Less accumulated depreciation	(39,940)	(29,956)
	52,192	62,176
Other assets		
Deposits	12,554	12,554
	\$ 1,390,496	\$ 1,166,767
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 53,886	\$ 38,556
Accrued payroll and payroll taxes	133,787	125,797
Total current liabilities	187,673	164,353
Net assets - unrestricted	1,202,823	1,002,414
	\$ 1,390,496	\$ 1,166,767

The accompanying notes are an integral part of these financial statements.

YOUTH ADVOCATE SERVICES

STATEMENTS OF ACTIVITY

Year Ended June 30, 2014 and 2013

UNRESTRICTED

	<u>2014</u>	<u>2013</u>
Support:		
Franklin County Children Services/other placements	\$ 1,712,218	\$ 1,302,699
Help Me Grow Grant	412,641	400,772
Mental Health	1,063,895	909,055
Contributions	18,283	9,880
Training revenue	76,235	68,307
Other income	3,963	11,318
	<u>3,287,235</u>	<u>2,702,031</u>
Expenses:		
Program expenses		
Foster Care	\$ 1,621,156	\$ 1,274,348
Help Me Grow	386,294	379,714
Mental Health	854,182	817,447
General and Administrative	229,371	180,539
Fund-raising expenses	6,236	5,171
	<u>3,097,239</u>	<u>2,657,219</u>
Operating income	189,996	44,812
Other income and (expenses):		
Realized gain on investments	9,167	-
Investment fees	-1,402	-
Interest income	2,648	762
	<u>10,413</u>	<u>762</u>
Increase (decrease) in net assets	200,409	45,574
Net assets, beginning of period-unrestricted	1,002,414	956,840
Net assets, end of period-unrestricted	<u>\$ 1,202,823</u>	<u>\$ 1,002,414</u>

The accompanying notes are an integral part of these financial statements.

YOUTH ADVOCATE SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014 and 2013

	Foster Care	HMG	Mental Hlth	Admin.	Fundraising	2014	2013
Depreciation	\$	\$	\$	\$	\$	\$	\$
Rent – Building	54,851	24,321	46,554	10,009		135,735	132,778
Fringe benefits	47,931	28,091	61,313	9,049	295	146,679	139,666
Insurance		6,641		31,291		37,932	33,250
Meetings	8,330		98	4,990	2,937	16,355	11,705
Membership dues	10,577	5,913	8,663	3,063		28,216	14,951
Minor equipment	14,218	4,476	10,785	6,376		35,855	31,452
Miscellaneous	214	1,122	138	766		2,240	2,958
Office	12,424	4,666	8,747	7,892	244	33,973	19,731
Payroll taxes	41,230	25,637	56,179	10,910	254	134,210	128,239
Pension	0	1,713	3,996	3,633		9,342	3,038
Professional fees	19,842	7,754	49,085	16,523		93,204	62,863
Foster per diem	870,846					870,846	660,720
Recruitment	23,270		1,696	199		25,165	33,153
Training	38,383	150	1,707	711		40,951	31,915
Salaries	406,058	252,496	553,287	107,296	2,506	1,321,643	1,213,956
Communications	9,090	5,270	11,839	2,423		28,622	26,732
Travel	22,163	16,159	35,284	544		74,150	64,547
Youth programming	37,426		1,125			38,551	11,549
Bad debts						-	13,327
Levy contribution				2,301		2,301	-
Building maint.	4,303	1,885	3,686	1,411		11,285	10,705
Total	\$ 1,621,156	\$ 386,294	\$ 854,182	\$ 229,371	\$ 6,236	\$ 3,097,239	\$ 2,657,219

The accompanying notes are an integral part of these financial statements.

YOUTH ADVOCATE SERVICES

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Fees for children services	\$ 3,242,397	\$ 2,655,615
Interest income	2,648	762
Contributions	18,283	7,580
Other income	3,963	599
Cash paid to suppliers and employees	(3,083,398)	(2,686,892)
Net cash flow from operating activities	183,893	(22,336)
Cash flows from investing activities:		
Write off of equipment	-	2,804
Purchases of equipment	-	-
Net cash flow from investing activities	-	2,804
Cash flows from financing activities:		
Transfer to investment account	-250,000	-
Net dividends reinvested	-493	-
Net cash flow from financing activities	-250,493	-
Increase (decrease) in cash	(66,600)	(19,532)
Cash, beginning of period	782,231	801,763
Cash, end of period	\$ 715,631	\$ 782,231
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Increase (decrease) in net assets	\$ 200,409	\$ 45,574
Depreciation	9,984	9,984
Unrealized gain on investments	(9,167)	-
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	(22,592)	(38,337)
(Increase)/decrease in prepaid expenses	(18,061)	(1,118)
(Increase)/decrease in deposits	-	-
Increase/(decrease) in accounts payable	15,330	(16,799)
Increase/(decrease) in deferred income/grant payable	0	(22,595)
Increase/(decrease) in accrued expenses	7,990	955
Total adjustments	(16,516)	(67,910)
Net Cash provided by operating activities	\$ 183,893	\$ (22,336)

The accompanying notes are an integral part of these financial statements.

YOUTH ADVOCATE SERVICES
NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF ACCOUNTING POLICIES

Youth Advocate Services provides delinquent, dependent, abused and neglected youth with viable alternatives to institutionalization through the use of community based services (foster care). A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - Youth Advocate Services considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. When amounts become uncollectible, they are charged to operations when that determination is made.

Furniture and Fixtures - Furniture and fixtures are recorded at cost or at the estimated fair market value at the time of donation to the Agency. Assets with a cost or estimated fair market value of at least \$1,500 are capitalized; all others are charged to expense.

Depreciation - Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on the straight-line method.

YEARS

Leasehold improvements 10
Furniture and fixtures 5-7

Donated service - The Organization records the value of donated services when there is an objective basis available to measure their value and the services are significant and would have been performed by salaried or contracted individuals if contributed services were not available.

Income Taxes - The Organization is exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - At various time during the fiscal year, the Organization's cash in bank balance exceeded the federally insured limits.

YOUTH ADVOCATE SERVICES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2 – LEASE AGREEMENTS

Computer System - The Organization has a monthly lease agreement to maintain the servers and software off site. The base cost is \$2,150 per month which includes data protection and maintenance. Data backup adds \$595 per month. Youth Advocate Services does not own the servers, but rent space from the IT provider.

Software Lease – The software support for mental health billing was \$688 for 8 months and then modified to \$11,000 per year or \$916 per month.

Copier Lease – A copier lease was signed in May 2010 which calls for 60 monthly payments of \$1,106. An overage charge applies for copies over the set number(23,600 for black/white, 0 for color).

Office Space Lease - The office space lease was signed in January 2010 for the build out of 825 Grandview Avenue to be completed by June 2010. The lease has a base rate with a 3% increase per year and an estimate operating expense rate that will be adjusted to actual. The ten year lease has two options to renew for five year periods. A “default” in lease payments results in all of the remaining unpaid payments due and payable without notice or demand. Below is a table reflecting the current lease:

Year end	Base Rent	Esti. Op.	Total
June 2015	88,321	50,524	138,845
June 2016	90,971	50,947	141,918
June 2017	93,700	51,477	145,177
June 2018	96,511	52,007	148,518
June 2019	99,407	52,430	151,837
Thereafter	102,389	53,066	155,455
Total	\$ <u>571,299</u>	\$ <u>310,451</u>	\$ <u>881,750</u>

The actual lease cost for 2014 and 2013 was \$135,735 and \$132,738.

3 - RETIREMENT PLAN

The Organization eliminated a 403(b) annuity plan and a simplified employee pension plan in order to adopt a 401(k) plan effective July 1, 2008. The employees to be eligible must be 18 years old, employed for 12 months with 1,000 hours of service. YAS will match 100% up to 1% of compensation. Pension expense for June 30, 2014 and 2013 is \$9,343 and \$3,038.

YOUTH ADVOCATE SERVICES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

4 - SIGNIFICANT CUSTOMER

Youth Advocate Services relies on Franklin County Children Services for approximately 52% of its total revenue.

5 - COLUMBUS FOUNDATION YAS ENDOWMENT FUND

Youth Advocate Services has set up a youth endowment fund to provide for special needs of foster children who are placed with Youth Advocate's foster parents. The Columbus Foundation maintains and invests the funds and disburses the money to foster children that meet the criteria. The values of the fund at June 30, 2014 and 2013 were \$18,099 and \$19,649. All investments are level one.

Beginning Balance 07/01/12	\$	17,437
Investment income		705
Grants paid	(423)
Fees	(125)
Unrealized gain		505
Ending Balance 06/30/13	\$	18,099
Investment income		512
Grants paid	(582)
Fees	(133)
Unrealized gain		1,753
Ending Balance 06/30/14	\$	19,649

6 – INVESTMENTS

Investments are stated at fair value (Level 1 assets) at June 30, 2014 and consist of the following:

Level 1 – Securities traded on a public market		2014
Cash	\$	1,349
Mutual funds		258,311
Total investments at market	\$	259,660

Investment return was as follows in 2014.

		2014
Interest and dividends	\$	1,864
Unrealized gains		9,167
Fees and other expense		(1,371)
Total investment return	\$	9,660

SUPPLEMENTAL INFORMATION

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 STANDARD

To the Board of Trustees
Youth Advocate Services

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Youth Advocate Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 15, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Youth Advocate Service's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Youth Advocate Service's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Youth Advocate Service's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "William B. Bowers".

Columbus, Ohio
September 15, 2014