

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

and

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

YOUTH ADVOCATE SERVICES

FINANCIAL STATEMENTS

Year Ended June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 2016 financial statements, and my report dated October 10, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



William Powelson, CPA
September 29, 2017

YOUTH ADVOCATE SERVICES
STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 862,190	\$ 1,044,510
Investments	687,900	260,695
Accounts receivable:		
County and other agencies	301,923	284,996
Prepaid expenses	38,031	50,170
Total current assets	<u>1,890,044</u>	<u>1,640,371</u>
Property and equipment		
Leasehold improvements	21,982	21,982
Furniture and fixtures	70,150	70,150
Less accumulated depreciation	<u>(67,597)</u>	<u>(59,908)</u>
	<u>24,535</u>	<u>32,224</u>
Other assets		
Deposits	<u>12,555</u>	<u>12,555</u>
	<u>\$ 1,927,134</u>	<u>\$ 1,685,150</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 111,296	\$ 65,626
Copier lease buyout	48,410	-
Accrued payroll and payroll taxes	<u>122,423</u>	<u>153,103</u>
Total current liabilities	<u>282,129</u>	<u>218,729</u>
Net assets - unrestricted	<u>1,645,005</u>	<u>1,466,421</u>
	<u>\$ 1,927,134</u>	<u>\$ 1,685,150</u>

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF ACTIVITY

Year Ended June 30, 2017 and 2016

UNRESTRICTED

	<u>2017</u>	<u>2016</u>
Support:		
Franklin County Children Services/other placements	\$ 2,395,490	\$ 2,253,810
Help Me Grow Grant	389,461	362,698
Mental Health	826,777	1,219,613
Contributions	9,956	22,928
Training revenue	36,924	72,365
Other income	-	1,571
	<u>3,658,608</u>	<u>3,932,985</u>
Expenses:		
Program expenses		
Foster Care	\$ 1,989,553	\$ 1,916,742
Help Me Grow	413,251	381,335
Mental Health	802,122	1,005,666
General and Administrative	298,615	253,849
Fund-raising expenses	4,860	6,980
	<u>3,508,401</u>	<u>3,564,572</u>
Operating income(loss)	150,207	368,413
Other income and (expenses):		
Unrealized gain on investments	25,381	(1,255)
Investment fees	(3,819)	(2,420)
Interest income	6,815	8,271
	<u>28,377</u>	<u>4,596</u>
Increase (decrease) in net assets	178,584	373,009
Net assets, beginning of period-unrestricted	<u>1,466,421</u>	<u>1,093,412</u>
Net assets, end of period-unrestricted	<u>\$ 1,645,005</u>	<u>\$ 1,466,421</u>

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

YOUTH ADVOCATE SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017 and 2016

	Foster Care	HMG	Mental Hlth	Admin.	Fundraising	2017	2016
Depreciation	\$ -	\$ -	\$ -	\$ 7,689	\$ -	\$ 7,689	\$ 9,984
Rent – Building	82,233	24,718	53,174	13,912	-	174,037	144,810
Fringe benefits	54,861	33,275	63,648	14,219	-	166,003	166,953
Insurance	-	-	-	51,753	-	51,753	52,399
Meetings	6,734	-	105	2,212	37	9,088	9,178
Membership dues	7,458	2,830	4,306	4,538	-	19,132	19,185
Minor equipment	9,681	2,812	7,075	4,777	-	24,345	21,997
Miscellaneous	163	75	-	2,624	2,823	5,685	6,428
Office	9,971	3,330	6,220	11,324	-	30,845	28,099
Payroll taxes	40,617	25,769	44,276	11,409	-	122,071	129,145
Pension	1,016	573	1,122	1,448	-	4,159	4,577
Professional fees	30,700	13,710	104,316	26,706	-	175,432	163,262
Foster per diem	1,205,343	-	-	-	-	1,205,343	1,108,103
Recruitment	11,096	220	2,391	128	-	13,835	28,242
Training	20,912	675	1,089	1,380	-	24,056	38,106
Salaries	429,723	273,337	475,473	142,344	-	1,320,877	1,465,884
Communications	9,593	5,411	13,677	1,080	-	29,761	25,875
Travel	18,115	24,868	20,871	48	-	63,902	78,020
Youth programming	44,787	-	29	-	-	44,816	49,471
Utilities	-	1,648	-	-	-	1,648	4,323
Bad debt	-	-	-	-	2,000	2,000	-
Building maint.	6,550	-	4,350	1,024	-	11,924	10,531
Total	\$ 1,989,553	\$ 413,251	\$ 802,122	\$ 298,615	\$ 4,860	\$ 3,508,401	\$ 3,564,572

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Fees for children services	\$ 3,631,725	\$ 4,054,354
Interest income	6,815	8,271
Contributions	7,956	22,928
Other income	-	1,571
Cash paid to suppliers and employees	<u>(3,426,992)</u>	<u>(3,571,505)</u>
Net cash flow from operating activities	<u>219,504</u>	<u>515,619</u>
Cash flows from investing activities:		
Purchases of equipment	<u>-</u>	<u>-</u>
Net cash flow from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Deposit decrease	-	699
Investment proceeds	2,761	
Net sales/purchases/dividends reinvested	<u>(404,585)</u>	<u>(413)</u>
Net cash flow from financing activities	<u>(401,824)</u>	<u>286</u>
Increase (decrease) in cash	<u>(82,320)</u>	<u>515,905</u>
Cash, beginning of period	<u>1,044,510</u>	<u>528,605</u>
Cash, end of period	<u>\$ 862,190</u>	<u>\$ 1,044,510</u>

Reconciliation of Net Income to Net Cash Provided by Operating Activities:

Increase (decrease) in net assets	\$ <u>178,584</u>	\$ <u>373,009</u>
Depreciation	7,689	9,984
Unrealized (gain)loss on investments	(25,381)	(413)
Bad debt	2,000	-
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	(18,927)	147,123
(Increase)/decrease in prepaid expenses	12,139	1,377
(Increase)/decrease in deposits	-	699
Increase/(decrease) in accounts payable	45,670	(16,803)
Increase/(decrease) in copier lease buyout	48,410	-
Increase/(decrease) in accrued expenses	<u>(30,680)</u>	<u>929</u>
Total adjustments	<u>40,920</u>	<u>142,896</u>
Net Cash provided by operating activities	<u>\$ 219,504</u>	<u>\$ 515,905</u>

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 \$4,362 per month which includes data protection, maintenance and data backup. Youth Advocate Services does not own the servers, but rents space from the IT provider.

Software Lease – The software support for mental health billing was modified to \$13,680 per year.

The billing software was used by another agency, which paid \$2,640 to Youth Advocate Services.

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 2018	96,511	52,007	148,518
June 2019	99,407	52,430	151,837
June 2020	102,389	53,066	155,455
Total	\$ 298,307	\$ 157,503	\$ 455,810

The actual lease cost for 2017 and 2016 was \$174,037 and \$144,810. The increase this year was higher overhead charges over the base which totaled \$28,840.

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, 2017 and 2016 is \$4,159 and \$4,577.

4 - SIGNIFICANT CUSTOMER

Youth Advocate Services relies on Franklin County Children Services for approximately 56% 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, 2017 and 2016 were \$21,033 and \$19,728. All investments are level one.

Beginning Balance 07/01/15	\$	19,122
Investment income		515
Grants paid	(409)
Fees	(93)
Unrealized gain		593
Ending Balance 06/30/16	\$	<u>19,728</u>
Investment income		537
Grants paid	(419)
Fees	(100)
Capital gains		303
Unrealized gain		984
Ending Balance 06/30/17	\$	<u>21,033</u>

6 – INVESTMENTS

Investments are stated at fair value (Level 1 assets) at June 30, 2017 and 2016 consist of the following:

Level 1 – Securities traded on a public market	2017	2016
Cash	\$ 1,394	1,996
Money market	400,676	-
Mutual funds	285,830	258,699
Total investments at market	\$ <u>687,900</u>	<u>260,695</u>

Investment return was as follows:

		2016
Interest and dividends	\$ 5,625	6,780
Unrealized/realized gains(loss)	25,381	(3,140)
Fees and other expense	(3,819)	(2,901)
Total investment return	\$ <u>27,187</u>	<u>739</u>

NOTE 7 – COPIER LEASE

Youth Advocate Services entered into a 63 month lease for new copier and the lease allowed \$51,567 towards paying off the old lease. The \$51,567 is being used to offset the lease payments on the old copier lease. The new lease payment is \$1,790 per month.

YOUTH ADVOCATE SERVICES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE 87 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 29, 2017, the date which the financial statements were available to be issued.