

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

and

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
Year Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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.

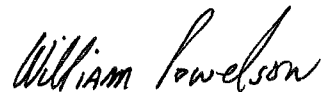
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2019 and 2018, 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 2018 financial statements, and my report dated October 9, 2018, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "William Powelson".

William Powelson, CPA
October 17, 2019

YOUTH ADVOCATE SERVICES
STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS	2019	2018
Current assets:		
Cash	\$ 907,866	\$ 913,442
Investments	732,888	711,239
Accounts receivable:		
County and other agencies	331,929	349,192
Prepaid expenses	45,506	38,847
Total current assets	2,018,189	2,012,720
Property and equipment		
Leasehold improvements	21,982	21,982
Furniture and fixtures	72,150	72,150
Less accumulated depreciation	(85,140)	(76,368)
	8,992	17,764
Other assets		
Deposits	12,555	12,555
	\$ 2,039,736	\$ 2,043,039
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 91,725	\$ 75,882
Copier lease buyout	23,100	35,781
Unearned income	-	8,000
Accrued payroll and payroll taxes	81,307	98,233
Total current liabilities	196,132	217,896
Net assets – without donor restrictions	1,843,604	1,825,143
	\$ 2,039,736	\$ 2,043,039

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF ACTIVITY

Year Ended June 30, 2019 and 2018

UNRESTRICTED

	<u>2019</u>	<u>2018</u>
Support:		
Franklin County Children Services/other placements	\$ 2,682,348	\$ 2,846,909
Help Me Grow Grant	535,856	425,966
Mental Health	370,932	569,173
Contributions	5,091	2,019
Training revenue	18,865	30,900
Other income	8,489	2,247
	<u>3,621,581</u>	<u>3,877,214</u>
Expenses:		
Program expenses		
Foster Care	\$ 2,314,060	\$ 2,311,965
Help Me Grow	531,193	457,226
Mental Health	423,068	641,872
General and Administrative	357,527	309,738
Fund-raising expenses	345	946
	<u>3,626,193</u>	<u>3,721,747</u>
Operating income(loss)	(4,612)	155,467
Other income and (expenses):		
Unrealized/realized gain on investments	5,478	11,243
Investment fees	(3,808)	(3,756)
Interest income	21,403	17,184
	<u>23,073</u>	<u>24,671</u>
Increase (decrease) in net assets	18,461	180,138
Net assets, beginning of period-unrestricted	1,825,143	1,645,005
Net assets, end of period-unrestricted	<u>\$ 1,843,604</u>	<u>\$ 1,825,143</u>

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

YOUTH ADVOCATE SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019 and 2018

	Foster Care	HMG	Mental Hlth	Admin.	Fundraising	2019	2018
Depreciation	\$ -	\$ -	\$ -	8,772	\$ -	8,772	\$ 8,771
Rent – Building	96,100	33,716	29,398	16,179	-	175,393	188,452
Fringe benefits	53,090	48,408	29,670	22,985	-	154,153	158,673
Insurance	-	-	-	49,204	-	49,204	47,664
Meetings	6,608	75	29	4,824	82	11,618	16,094
Membership dues	15,881	5,601	2,275	10,428	175	34,360	28,362
Minor equipment	16,133	5,634	4,908	6,968	-	33,643	29,096
Miscellaneous	387	-	-	685	-	1,072	2,219
Office	11,685	4,262	3,690	11,257	58	30,952	24,964
Payroll taxes	30,871	27,691	17,000	14,657	-	90,219	92,187
Pension	1,536	578	589	1,797	-	4,500	4,222
Professional fees	80,883	17,181	96,063	18,651	-	212,778	198,843
Foster per diem	1,517,772	-	-	-	-	1,517,772	1,598,675
Recruitment	16,119	1,269	3,038	2,044	-	22,470	18,435
Training	18,495	421	595	3,450	30	22,991	26,727
Salaries	400,047	358,744	221,597	181,296	-	1,161,684	1,170,671
Communications	14,479	5,469	4,222	3,165	-	27,335	31,216
Travel	12,968	20,478	8,406	68	-	41,920	49,187
Youth programming	15,893	-	-	250	-	16,143	19,114
Utilities	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-
Building maint.	5,113	1,666	1,588	847	-	9,214	8,175
Total	\$ 2,314,060	\$ 531,193	\$ 423,068	\$ 357,527	\$ 345	\$ 3,626,193	\$ 3,721,747

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

YOUTH ADVOCATE SERVICES
STATEMENTS OF CASH FLOWS

Year Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Fees for children services	\$ 3,617,264	\$ 3,833,679
Interest/dividends	21,403	17,184
Contributions	5,091	2,019
Other income	8,489	2,247
Cash paid to suppliers and employees	<u>(3,657,823)</u>	<u>(3,789,781)</u>
Net cash flow from operating activities	<u>(5,576)</u>	<u>65,348</u>
Cash flows from investing activities:		
Purchases of equipment	<u>-</u>	<u>(2,000)</u>
Net cash flow from investing activities	<u>-</u>	<u>(2,000)</u>
Cash flows from financing activities:		
Investment proceeds	-	-
Net sales/purchases/dividends reinvested	<u>-</u>	<u>(12,096)</u>
Net cash flow from financing activities	<u>-</u>	<u>(12,096)</u>
Increase (decrease) in cash	<u>(5,576)</u>	<u>51,252</u>
Cash, beginning of period	<u>913,442</u>	<u>862,190</u>
Cash, end of period	<u>\$ 907,866</u>	<u>\$ 913,442</u>

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

Increase (decrease) in net assets	\$ <u>18,461</u>	\$ <u>180,138</u>
Depreciation	8,772	8,771
Unrealized (gain)loss on investments	(5,478)	(11,243)
Changes in assets and liabilities:		
(Increase)/decrease in investments	(16,171)	-
(Increase)/decrease in accounts receivable	17,263	(47,269)
(Increase)/decrease in prepaid expenses	(6,659)	(816)
(Increase)/decrease in deposits	-	-
Increase/(decrease) in accounts payable	15,843	(35,414)
Increase/(decrease) in copier lease buyout	(12,681)	(12,629)
Increase/(decrease) in unearned income	(8,000)	8,000
Increase/(decrease) in accrued expenses	<u>(16,926)</u>	<u>(24,190)</u>
Total adjustments	<u>(24,037)</u>	<u>(114,790)</u>
Net Cash provided by operating activities	<u>\$ (5,576)</u>	<u>\$ 65,348</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 \$4,919 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 \$12,668 per year.

Equipment Lease - The Organization entered into a lease in June 2018 for 34 laptops requiring 36 monthly payments of \$1,046 with a fair market option at the end of the lease.

Copier Lease – The copier lease was replaced in March 2017 with a 63-month lease requiring monthly payments of \$1,358.

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 2020	102,389	53,066	155,455

The actual lease cost for 2019 and 2018 was \$175,393 and \$188,452. One month was forgiven for the current fiscal year. The increases per year were higher overhead charges over the base which totaled \$84,270 and \$41,664.

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, 2019 and 2018 is \$4,501 and \$4,222.

4 - SIGNIFICANT CUSTOMER

Youth Advocate Services relies on Franklin County Children Services for approximately 64% of its total revenue.

YOUTH ADVOCATE SERVICES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

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, 2019 and 2018 were \$23,223 and \$21,736. All investments are level one.

Beginning Balance 07/01/17	\$	21,033
Investment income		560
Grants paid	(458)
Fees	(110)
Capital gains		0
Unrealized gain		711
Ending Balance 06/30/18	\$	<u>21,736</u>
Investment income		618
Grants paid	(219)
Fees	(105)
Unrealized gain		1,193
Ending Balance 06/30/19	\$	<u>23,223</u>

6 – INVESTMENTS

Investments are stated at fair value (Level 1 assets) at June 30, 2019 and 2018 consist of the following:

Level 1 – Securities traded on a public market	2019	2018
Cash	\$ 9,783	9,839
Money market	400,285	406,191
Mutual funds	<u>322,820</u>	<u>295,209</u>
Total investments at market	\$ <u>732,888</u>	<u>711,239</u>

Investment return was as follows:

	2019	2018
Interest and dividends	\$ 21,403	17,184
Unrealized/realized gains(loss)	5,480	11,243
Fees and other expense	<u>(3,808)</u>	<u>(3,756)</u>
Total investment return	\$ <u>23,075</u>	<u>24,671</u>

7 – COPIER LEASE

Youth Advocate Services entered 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.

YOUTH ADVOCATE SERVICES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Based on analysis of its revenue and expenditures cycles, Youth Advocate Services current cash and investment total of \$ 1,640,754 could maintain minimum operating functions for one year or more.

9 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 17, 2019, the date which the financial statements were available to be issued.