

YOUTH ADVOCATE SERVICES  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

and

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

YOUTH ADVOCATE SERVICES  
FINANCIAL STATEMENTS  
Year Ended June 30, 2018 and 2017

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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, 2018 and 2017, 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.

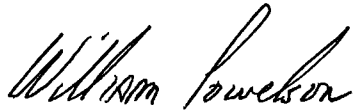
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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, 2018 and 2017, 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 2017 financial statements, and my report dated September 29, 2017, 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, 2017, 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 9, 2018

YOUTH ADVOCATE SERVICES

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

ASSETS

|                               | <u>2018</u>         | <u>2017</u>         |
|-------------------------------|---------------------|---------------------|
| Current assets:               |                     |                     |
| Cash                          | \$ 913,442          | \$ 862,190          |
| Investments                   | 711,239             | 687,900             |
| Accounts receivable:          | 0                   |                     |
| County and other agencies     | 349,192             | 301,923             |
| Prepaid expenses              | <u>38,847</u>       | <u>38,031</u>       |
| Total current assets          | <u>2,012,720</u>    | <u>1,890,044</u>    |
| Property and equipment        |                     |                     |
| Leasehold improvements        | 21,982              | 21,982              |
| Furniture and fixtures        | 72,150              | 70,150              |
| Less accumulated depreciation | <u>(76,368)</u>     | <u>(67,597)</u>     |
|                               | <u>17,764</u>       | <u>24,535</u>       |
| Other assets                  |                     |                     |
| Deposits                      | <u>12,555</u>       | <u>12,555</u>       |
|                               | <u>\$ 2,043,039</u> | <u>\$ 1,927,134</u> |

LIABILITIES AND NET ASSETS

|                                   |                     |                     |
|-----------------------------------|---------------------|---------------------|
| Current liabilities:              |                     |                     |
| Accounts payable                  | \$ 75,882           | \$ 111,296          |
| Copier lease buyout               | 35,781              | 48,410              |
| Unearned income                   | 8,000               | -                   |
| Accrued payroll and payroll taxes | <u>98,233</u>       | <u>122,423</u>      |
| Total current liabilities         | <u>217,896</u>      | <u>282,129</u>      |
| Net assets - unrestricted         | <u>1,825,143</u>    | <u>1,645,005</u>    |
|                                   | <u>\$ 2,043,039</u> | <u>\$ 1,927,134</u> |

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF ACTIVITY

Year Ended June 30, 2018 and 2017

UNRESTRICTED

|                                                    | <u>2018</u>         | <u>2017</u>         |
|----------------------------------------------------|---------------------|---------------------|
| Support:                                           |                     |                     |
| Franklin County Children Services/other placements | \$ 2,846,909        | \$ 2,395,490        |
| Help Me Grow Grant                                 | 425,966             | 389,461             |
| Mental Health                                      | 569,173             | 826,777             |
| Contributions                                      | 2,019               | 9,956               |
| Training revenue                                   | 30,900              | 36,924              |
| Other income                                       | 2,247               | -                   |
|                                                    | <u>3,877,214</u>    | <u>3,658,608</u>    |
| Expenses:                                          |                     |                     |
| Program expenses                                   |                     |                     |
| Foster Care                                        | \$ 2,311,965        | \$ 1,989,553        |
| Help Me Grow                                       | 457,226             | 413,251             |
| Mental Health                                      | 641,872             | 802,122             |
| General and Administrative                         | 309,738             | 298,615             |
| Fund-raising expenses                              | 946                 | 4,860               |
|                                                    | <u>3,721,747</u>    | <u>3,508,401</u>    |
| Operating income(loss)                             | 155,467             | 150,207             |
| Other income and (expenses):                       |                     |                     |
| Unrealized/realized gain on investments            | 11,243              | 25,381              |
| Investment fees                                    | ( 3,756)            | ( 3,819)            |
| Interest income                                    | 17,184              | 6,815               |
|                                                    | <u>24,671</u>       | <u>28,377</u>       |
| Increase (decrease) in net assets                  | 180,138             | 178,584             |
| Net assets, beginning of period-unrestricted       | 1,645,005           | 1,466,421           |
| Net assets, end of period-unrestricted             | <u>\$ 1,825,143</u> | <u>\$ 1,645,005</u> |

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

YOUTH ADVOCATE SERVICES  
STATEMENTS OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018 and 2017

|                   | Foster Care  | HMG        | Mental Hlth | Admin.     | Fundraising | 2018         | 2017         |
|-------------------|--------------|------------|-------------|------------|-------------|--------------|--------------|
| Depreciation      | \$ -         | \$ -       | \$ -        | \$ -       | \$ -        | \$ 8,771     | \$ 7,689     |
| Rent – Building   | 95,772       | 28,913     | 47,104      | 16,663     | -           | 188,452      | 174,037      |
| Fringe benefits   | 51,927       | 41,046     | 48,592      | 17,108     | -           | 158,673      | 166,003      |
| Insurance         | -            | -          | -           | 47,439     | 225         | 47,664       | 51,753       |
| Meetings          | 6,376        | -          | -           | 9,141      | 577         | 16,094       | 9,088        |
| Membership dues   | 6,882        | 3,841      | 2,565       | 15,074     | -           | 28,362       | 19,132       |
| Minor equipment   | 12,638       | 3,813      | 5,918       | 6,727      | -           | 29,096       | 24,345       |
| Miscellaneous     | 89           | -          | -           | 2,130      | -           | 2,219        | 5,685        |
| Office            | 7,705        | 2,574      | 3,636       | 10,905     | 144         | 24,964       | 30,845       |
| Payroll taxes     | 29,115       | 24,440     | 28,093      | 10,539     | -           | 92,187       | 122,071      |
| Pension           | 846          | 617        | 1,008       | 1,751      | -           | 4,222        | 4,159        |
| Professional fees | 44,022       | 16,224     | 120,739     | 17,858     | -           | 198,843      | 175,432      |
| Foster per diem   | 1,598,675    | -          | -           | -          | -           | 1,598,675    | 1,205,343    |
| Recruitment       | 12,186       | 519        | 1,957       | 3,773      | -           | 18,435       | 13,835       |
| Training          | 22,502       | -          | 690         | 3,535      | -           | 26,727       | 24,056       |
| Salaries          | 376,440      | 303,373    | 355,942     | 134,916    | -           | 1,170,671    | 1,320,877    |
| Communications    | 14,536       | 5,513      | 8,565       | 2,602      | -           | 31,216       | 29,761       |
| Travel            | 8,823        | 25,317     | 14,936      | 111        | -           | 49,187       | 63,902       |
| Youth programming | 19,114       | -          | -           | -          | -           | 19,114       | 44,816       |
| Utilities         | -            | -          | -           | -          | -           | -            | 1,648        |
| Bad debt          | -            | -          | -           | -          | -           | -            | 2,000        |
| Building maint.   | 4,317        | 1,036      | 2,127       | 695        | -           | 8,175        | 11,924       |
| Total             | \$ 2,311,965 | \$ 457,226 | \$ 641,872  | \$ 309,738 | \$ 946      | \$ 3,721,747 | \$ 3,508,401 |

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

YOUTH ADVOCATE SERVICES  
STATEMENTS OF CASH FLOWS  
Year Ended June 30, 2018 and 2017

|                                          | 2018         | 2017         |
|------------------------------------------|--------------|--------------|
| Cash flows from operating activities:    |              |              |
| Fees for children services               | \$ 3,833,679 | \$ 3,631,725 |
| Interest/dividends                       | 17,184       | 6,815        |
| Contributions                            | 2,019        | 7,956        |
| Other income                             | 2,247        | -            |
| Cash paid to suppliers and employees     | (3,789,781)  | (3,426,992)  |
| Net cash flow from operating activities  | 65,348       | 219,504      |
| Cash flows from investing activities:    |              |              |
| Purchases of equipment                   | ( 2,000)     | -            |
| Net cash flow from investing activities  | ( 2,000)     | -            |
| Cash flows from financing activities:    |              |              |
| Investment proceeds                      | -            | 2,761        |
| Net sales/purchases/dividends reinvested | ( 12,096)    | ( 404,585)   |
| Net cash flow from financing activities  | ( 12,096)    | ( 401,824)   |
| Increase (decrease) in cash              | 51,252       | ( 82,320)    |
| Cash, beginning of period                | 862,190      | 1,044,510    |
| Cash, end of period                      | \$ 913,442   | \$ 862,190   |

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

|                                            |            |            |
|--------------------------------------------|------------|------------|
| Increase (decrease) in net assets          | \$ 180,138 | \$ 178,584 |
| Depreciation                               | 8,771      | 7,689      |
| Unrealized (gain)loss on investments       | ( 11,243)  | ( 25,381)  |
| Bad debt                                   | -          | 2,000      |
| Changes in assets and liabilities:         |            |            |
| (Increase)/decrease in accounts receivable | ( 47,269)  | ( 18,927)  |
| (Increase)/decrease in prepaid expenses    | ( 816)     | 12,139     |
| (Increase)/decrease in deposits            | -          | -          |
| Increase/(decrease) in accounts payable    | ( 35,414)  | 45,670     |
| Increase/(decrease) in copier lease buyout | ( 12,629)  | 48,410     |
| Increase/(decrease) in unearned income     | 8,000      |            |
| Increase/(decrease) in accrued expenses    | ( 24,190)  | ( 30,680)  |
| Total adjustments                          | ( 114,790) | 40,920     |
| Net Cash provided by operating activities  | \$ 65,348  | \$ 219,504 |

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 \$4,912 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 \$12,886 per year.

The billing software was used by another agency, which paid \$1,440 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 2019 | 99,407     | 52,430     | 151,837    |
| June 2020 | 102,389    | 53,066     | 155,455    |
| Total     | \$ 201,796 | \$ 105,496 | \$ 307,292 |

The actual lease cost for 2018 and 2017 was \$188,452 and \$174,037. The increases per year were higher overhead charges over the base which totaled \$41,664 and \$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, 2018 and 2017 is \$4,222 and \$4,159.

#### 4 - SIGNIFICANT CUSTOMER

Youth Advocate Services relies on Franklin County Children Services for approximately 62% 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, 2018 and 2017 were \$21,736 and \$21,033. All investments are level one.

|                            |    |               |
|----------------------------|----|---------------|
| Beginning Balance 07/01/16 | \$ | 19,728        |
| Investment income          |    | 537           |
| Grants paid                | (  | 419)          |
| Fees                       | (  | 100)          |
| Capital gains              |    | 303           |
| Unrealized gain            |    | 984           |
| Ending Balance 06/30/17    | \$ | <u>21,033</u> |
| Investment income          |    | 560           |
| Grants paid                | (  | 458)          |
| Fees                       | (  | 110)          |
| Unrealized gain            |    | 711           |
| Ending Balance 06/30/18    | \$ | <u>21,736</u> |

## 6 – INVESTMENTS

Investments are stated at fair value (Level 1 assets) at June 30, 2018 and 2017 consist of the following:

|                                                |    |                |                |
|------------------------------------------------|----|----------------|----------------|
| Level 1 – Securities traded on a public market |    | <u>2018</u>    | <u>2017</u>    |
| Cash                                           | \$ | 9,839          | 1,394          |
| Money market                                   |    | 406,191        | 400,676        |
| Mutual funds                                   |    | <u>295,209</u> | <u>285,830</u> |
| Total investments at market                    | \$ | <u>711,239</u> | <u>687,900</u> |

Investment return was as follows:

|                                 |    |                |                |
|---------------------------------|----|----------------|----------------|
|                                 |    | <u>2018</u>    | <u>2017</u>    |
| Interest and dividends          | \$ | 17,184         | 5,625          |
| Unrealized/realized gains(loss) |    | 11,243         | 25,381         |
| Fees and other expense          |    | <u>(3,756)</u> | <u>(3,819)</u> |
| Total investment return         | \$ | <u>24,671</u>  | <u>27,187</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 October 9, 2018, the date which the financial statements were available to be issued.