

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

and

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

YOUTH ADVOCATE SERVICES
FINANCIAL STATEMENTS
Year Ended June 30, 2016 and 2015

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

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, 2016 and 2015, 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, 2016 and 2015, 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 2015 financial statements, and my report dated October 2, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



William Powelson, CPA
October 10, 2016

YOUTH ADVOCATE SERVICES
STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS

	2016	2015
Current assets:		
Cash	\$ 1,044,510	\$ 528,605
Investments	260,695	260,282
Accounts receivable:		
County and other agencies	284,996	432,119
Prepaid expenses	50,170	51,547
Total current assets	1,640,371	1,272,553
Property and equipment		
Leasehold improvements	21,982	21,982
Furniture and fixtures	70,150	70,150
Less accumulated depreciation	(59,908)	(49,924)
	32,224	42,208
Other assets		
Deposits	12,555	13,254
	\$ 1,685,150	\$ 1,328,015

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 65,626	\$ 82,429
Accrued payroll and payroll taxes	153,103	152,174
Total current liabilities	218,729	234,603
Net assets - unrestricted	1,466,421	1,093,412
	\$ 1,685,150	\$ 1,328,015

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF ACTIVITY

Year Ended June 30, 2016 and 2015

UNRESTRICTED

	<u>2016</u>	<u>2015</u>
Support:		
Franklin County Children Services/other placements	\$ 2,253,810	\$ 1,892,732
Help Me Grow Grant	362,698	365,574
Mental Health	1,219,613	921,596
Contributions	22,928	23,165
Training revenue	72,365	38,278
Other income	1,571	17,773
	<u>3,932,985</u>	<u>3,259,118</u>
Expenses:		
Program expenses		
Foster Care	\$ 1,916,742	\$ 1,744,929
Help Me Grow	381,335	387,010
Mental Health	1,005,666	923,938
General and Administrative	253,849	308,027
Fund-raising expenses	6,980	6,349
	<u>3,564,572</u>	<u>3,370,253</u>
Operating income(loss)	368,413	(111,135)
Other income and (expenses):		
Unrealized gain on investments	(1,255)	(5,036)
Investment fees	(2,420)	(3,245)
Interest income	8,271	10,005
	<u>4,596</u>	<u>1,724</u>
Increase (decrease) in net assets	373,009	(109,411)
Net assets, beginning of period-unrestricted	1,093,412	1,202,823
Net assets, end of period-unrestricted	<u>\$ 1,466,421</u>	<u>\$ 1,093,412</u>

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

YOUTH ADVOCATE SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016 and 2015

	Foster Care	HMG	Mental Hlth	Admin.	Fundraising	2016	2015
	\$	\$	\$	\$	\$	\$	\$
Depreciation	-	-	-	9,984	-	9,984	9,984
Rent – Building	62,374	24,111	47,841	10,484	-	144,810	142,648
Fringe benefits	51,106	28,576	75,995	10,976	300	166,953	137,589
Insurance	-	7,150	-	45,249	-	52,399	55,149
Meetings	5,914	-	17	3,213	34	9,178	16,498
Membership dues	6,937	3,531	4,154	4,563	-	19,185	23,055
Minor equipment	7,575	1,750	8,151	4,521	-	21,997	45,286
Miscellaneous	202	0	554	1,948	3,724	6,428	4,729
Office	10,168	2,690	5,738	9,281	222	28,099	37,002
Payroll taxes	39,037	22,402	57,573	9,933	200	129,145	125,471
Pension	876	813	671	2,217	-	4,577	4,617
Professional fees	33,258	10,624	96,289	23,091	-	163,262	147,701
Foster per diem	1,108,103	-	-	-	-	1,108,103	944,024
Recruitment	23,228	384	4,502	128	-	28,242	33,544
Training	35,414	1,198	813	681	-	38,106	40,959
Salaries	443,746	252,496	654,455	112,687	2,500	1,465,884	1,431,877
Communications	8,453	4,093	10,992	2,337	-	25,875	26,136
Travel	24,937	19,839	33,018	226	-	78,020	81,066
Youth programming	49,471	-	-	-	-	49,471	47,529
Utilities	411	1,678	938	1,296	-	4,323	1,736
Levy contribution	-	-	-	-	-	-	-
Building maint.	5,532	-	3,965	1,034	-	10,531	13,653
Total	\$ 1,916,742	381,335	1,005,666	253,849	6,980	\$ 3,564,572	\$ 3,370,253

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

YOUTH ADVOCATE SERVICES

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Fees for children services	\$ 4,054,354	\$ 3,090,890
Interest income	8,271	10,005
Contributions	22,928	23,165
Other income	1,571	17,773
Cash paid to suppliers and employees	<u>(3,571,505)</u>	<u>(3,323,201)</u>
Net cash flow from operating activities	<u>515,619</u>	<u>(181,368)</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	-
Net sales/purchases/dividends reinvested	<u>(413)</u>	<u>(5,658)</u>
Net cash flow from financing activities	<u>286</u>	<u>(5,658)</u>
Increase (decrease) in cash	515,905	(187,026)
Cash, beginning of period	<u>528,605</u>	<u>715,631</u>
Cash, end of period	<u>\$ 1,044,510</u>	<u>\$ 528,605</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Increase (decrease) in net assets	\$ <u>373,009</u>	\$ <u>(109,411)</u>
Depreciation	9,984	9,984
Unrealized (gain)loss on investments	(413)	5,036
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	147,123	(127,290)
(Increase)/decrease in prepaid expenses	1,377	(5,917)
(Increase)/decrease in deposits	699	(700)
Increase/(decrease) in accounts payable	(16,803)	28,543
Increase/(decrease) in accrued expenses	<u>929</u>	<u>18,387</u>
Total adjustments	<u>142,896</u>	<u>(71,957)</u>
Net Cash provided by operating activities	<u>\$ 515,905</u>	<u>\$ (181,368)</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 \$11,000 per year.

The billing software was used by another agency, which paid \$7,582 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 2017	93,700	51,477	145,177
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	\$ 392,007	\$ 208,980	\$ 600,987

The actual lease cost for 2016 and 2015 was \$144,810 and \$142,648.

A one year Mansfield lease was signed August 15, 2014 calling for monthly payments of \$700. The lease expense in this fiscal year was \$7,860.

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, 2016 and 2015 is \$4,577 and \$4,617.

4 - SIGNIFICANT CUSTOMER

Youth Advocate Services relies on Franklin County Children Services for approximately 57% 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, 2016 and 2015 were \$19,728 and \$19,122. All investments are level one.

Beginning Balance 07/01/14	\$	19,649
Investment income		480
Grants paid	(340)
Fees	(141)
Unrealized gain	(526)
Ending Balance 06/30/15	\$	<u>19,122</u>
Investment income		515
Grants paid	(409)
Fees	(93)
Unrealized gain		593
Ending Balance 06/30/16	\$	<u>19,728</u>

6 – INVESTMENTS

Investments are stated at fair value (Level 1 assets) at June 30, 2016 and 2015 consist of the following:

Level 1 – Securities traded on a public market	2016	2015
Cash	\$ 1,996	3,308
Mutual funds	258,699	256,974
Total investments at market	\$ <u>260,695</u>	<u>260,282</u>

Investment return was as follows:

	2016	2015
Interest and dividends	\$ 6,780	8,924
Unrealized/realized gains(loss)	(3,140)	(5,036)
Fees and other expense	(2,901)	(3,245)
Total investment return	\$ <u>739</u>	<u>643</u>

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 10, 2016, the date which the financial statements were available to be issued.