

**YOUTH AND SHELTER SERVICES, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2009**

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b>	3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
<b>Supplementary Information</b>	
Schedule of Consolidating Statement of Financial Position	13
Schedule of Consolidating Statement of Activities	14
Fees and Grants from Governmental Agencies	15
Schedules of Selected Contract Revenues and Expenses – Contract Basis	16 - 18
Schedule of Expenditures of Federal Awards	19 - 20
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	21 - 22
<b>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</b>	23 - 24
<b>Schedule of Findings and Questioned Costs</b>	25

**PETERSON & HOUSTON, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
724 Story Street, Suite 601  
Boone, IA 50036-2871

Gerald E. Peterson, CPA  
Kevin N. Houston, CPA

Telephone  
(515) 432-1176  
Fax Number  
(515) 432-1186

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Youth and Shelter Services, Inc.  
Ames, Iowa 50010

We have audited the accompanying consolidated statement of financial position of Youth and Shelter Services, Inc. (a nonprofit organization) and affiliate as of June 30, 2009 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated September 22, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with 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 and Shelter Services Foundation, Inc. (the affiliate) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Youth and Shelter Services, Inc., and affiliate as of June 30, 2009 and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2009, on our consideration of Youth and Shelter Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements of Youth and Shelter Services, Inc. taken as a whole. The information included in the accompanying schedules of Consolidating Statements of Financial Position and Activities, Fees and Grants from Governmental Agencies and Schedules of Selected Contract Revenue and Expenses – Contract Basis are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Peterson & Houston, P.C.  
Boone, Iowa

September 25, 2009

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**  
**(With Comparative Totals For June 30, 2008)**

	2009	2008
<b>ASSETS</b>		
Cash	\$ 45,404	\$ 38,005
Investments	1,290,117	925,141
Receivables		
Grants	465,443	620,175
Program service fees, less allowance for doubtful accounts of \$9,000 in 2009 and \$9,000 in 2008	170,548	216,492
Miscellaneous	3,803	25,376
Prepaid expenses	12,406	3,633
Cash surrender value of life insurance	63,461	75,781
Cash surrender value of life insurance - Foundation	65,711	57,803
Cash and investments restricted for YSS Foundation	3,609,490	3,828,180
Unconditional promises to give - Foundation	545,073	-
Land	847,942	413,542
Property and equipment, less accumulated depreciation	1,952,549	1,494,928
<hr/>		
Total Assets	\$ 9,071,947	\$ 7,699,056

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**  
**(With Comparative Totals For June 30, 2008)**

	2009	2008
<b>LIABILITIES</b>		
Grant advances	\$ 39,668	\$ 36,983
Deferred revenue	289,465	194,102
Client accounts	20,123	16,242
Accrued expenses		
Employee benefit plan	12,014	9,935
Vacation and holiday pay	289,529	277,281
Estimated state unemployment liability	807,906	756,511
Note payable	14,347	19,039
Note payable - Bankers Trust - Foundation	831,299	-
Annuities payable - Foundation	52,000	54,000
<b>Total Liabilities</b>	<b>2,356,351</b>	<b>1,364,093</b>
<b>INTERFUND BORROWINGS</b>		
Due to general fund	34,797	33,792
Due (from) Foundation	(21,369)	(72,545)
Due to (from) specified fund	(13,428)	38,753
<b>Total Interfund Borrowings</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		
Unrestricted	3,375,310	2,439,566
Temporarily restricted	3,340,286	3,895,397
<b>Total Net Assets</b>	<b>6,715,596</b>	<b>6,334,963</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,071,947</b>	<b>\$ 7,699,056</b>

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009**  
**(With Comparative Totals for Year Ended June 30, 2008)**

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
<b>REVENUES AND OTHER SUPPORT</b>				
Specified Donations	\$ -	\$ 31,098	\$ 31,098	\$ 24,247
Grants	347,300	-	347,300	416,408
United Way	372,275	-	372,275	465,662
Fees and grants from Governmental Agencies	7,353,560	-	7,353,560	6,566,609
Program Service Fees	3,931,505	-	3,931,505	3,265,106
Investment return	(22,342)	-	(22,342)	9,373
Miscellaneous revenue	19,432	-	19,432	(25,458)
Youth & Shelter Services Foundation revenues	-	974,338	974,338	1,412,787
Net assets released from restrictions				
Restrictions satisfied by payments	1,560,547	(1,560,547)	-	-
<b>Total Revenues and Other Support</b>	<b>13,562,277</b>	<b>(555,111)</b>	<b>13,007,166</b>	<b>12,134,734</b>
<b>EXPENSES</b>				
<b>Program Services</b>				
Adolescent Pregnancy Prevention	80,671	-	80,671	52,041
Boone Kids Club	55,129	-	55,129	67,430
Boone Mentoring & Grip	81,262	-	81,262	78,614
Chemical Dependency Services - Outpatient	261,961	-	261,961	269,475
Chemical Dependency Services - Residential	1,282,003	-	1,282,003	1,238,720
Community Youth & Family Development	108,647	-	108,647	110,048
Family Counseling Center	464,344	-	464,344	415,107
FFC/Adopt/Kids Net	526,296	-	526,296	397,215
Hamilton County Youth & Family Center	314,668	-	314,668	305,363
Hamilton Kids Club	33,661	-	33,661	54,165
Iowa Aftercare Services Network	2,656,607	-	2,656,607	2,123,377
Iowa Homeless Youth Center	1,570,736	-	1,570,736	1,382,318
Juvenile Community Treatment Services Network	275,009	-	275,009	221,011
Lighthouse/HUD Program	61,386	-	61,386	68,801
Marshall Kids Club	39,419	-	39,419	40,880
Risky Business Conference	37,937	-	37,937	39,389
Rosedale Emergency Shelter	566,711	-	566,711	544,543
Story County Healthy Futures	187,779	-	187,779	171,149
Story Kids Club	312,048	-	312,048	295,104
Story Mentoring & Grip	114,268	-	114,268	141,495
Substance Abuse Prevention	225,135	-	225,135	152,863
Tobacco Comprehensive Prevention	71,482	-	71,482	69,818
Tobacco Task Force	-	-	-	18,394
Transitional Living/Independent Living Project	73,559	-	73,559	59,188
Young Parents	312,741	-	312,741	300,408
Youth Employment	28,316	-	28,316	23,954
YSS Foundation, Inc.	147,040	-	147,040	149,357
YSS of Boone County	403,297	-	403,297	333,857
YSS of Eastern Story County	83,303	-	83,303	61,354
YSS of Marshall County	810,870	-	810,870	658,979
<b>Supporting Activities</b>				
General and Administrative	1,167,951	-	1,167,951	1,076,641
Fund Raising	272,297	-	272,297	194,149
<b>Total Expenses</b>	<b>12,626,533</b>	<b>-</b>	<b>12,626,533</b>	<b>11,115,207</b>
Increase in Net Assets	935,744	(555,111)	380,633	1,019,527
Net Assets at Beginning of Year	2,439,566	3,895,397	6,334,963	5,315,436
Net Assets at End of Year	\$ 3,375,310	\$ 3,340,286	\$ 6,715,596	\$ 6,334,963

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2009**  
**(With Comparative Totals for Year Ended June 30, 2008)**

	Adolescent Pregnancy Prevention	Boone Kids Club	Boone Mentoring & Grip	Chemical Dependency Services Outpatient	Chemical Dependency Services Residential	Community Youth & Family Development	Family Counseling Center	FFC/ Adopt/ Kids Net	Hamilton Co. Youth & Family Center	Hamilton Kids Club	Iowa Aftercare Services Network	Iowa Homeless Youth Center	Juvenile Community Treatment Services Network	Lighthouse/ HUD Program	Marshall Kids Club	Risky Business Conference
Compensation and Related Expenses																
Compensation	\$ 36,290	\$ 37,891	\$ 61,910	\$ 175,507	\$ 749,686	\$ 60,123	\$ 299,259	\$ 251,280	\$ 187,685	\$ 24,702	\$ -	\$ 735,551	\$ -	\$ 27,746	\$ 28,223	\$ 8,480
Employee benefits																
Medical	5,247	2,201	3,058	20,725	81,277	7,751	28,945	21,430	15,487	1,983	-	60,115	-	2,354	1,726	-
Other	2,212	1,762	2,051	11,412	30,001	1,623	9,829	12,301	7,762	1,636	-	31,330	-	1,278	1,056	-
Payroll taxes	3,520	3,288	4,915	14,679	64,225	4,413	25,235	21,057	16,043	2,262	-	61,679	-	1,857	2,390	614
<b>Total Compensation and Related Expenses</b>	<b>47,269</b>	<b>45,142</b>	<b>71,934</b>	<b>222,323</b>	<b>925,189</b>	<b>73,910</b>	<b>363,268</b>	<b>306,068</b>	<b>226,977</b>	<b>30,583</b>	<b>-</b>	<b>888,675</b>	<b>-</b>	<b>33,235</b>	<b>33,395</b>	<b>9,094</b>
Conferences	2,131	186	182	1,003	6,704	838	1,181	669	718	30	-	4,946	-	-	88	-
Dues	101	139	162	563	4,789	1,017	837	922	740	-	-	2,453	-	-	-	3,279
Food	68	2,010	-	-	3,484	252	-	989	-	726	-	5,596	-	-	1,862	6,300
Insurance																
Property	108	150	175	607	2,417	315	1,388	993	664	-	-	3,980	-	545	-	-
Other	189	262	307	1,061	4,861	629	1,578	1,489	1,160	-	-	4,885	-	-	-	-
Workmans comp	615	382	692	2,504	6,834	885	4,328	2,665	961	356	-	6,903	-	356	239	-
Equipment maintenance & repair	5,270	-	239	2,697	22,033	1,460	4,429	3,888	4,108	-	-	18,606	-	1,744	-	-
Miscellaneous	401	-	-	-	2,465	-	614	258	22	-	-	7,670	-	-	-	-
Occupancy																
Rent	923	-	532	-	-	-	-	-	-	-	-	34,800	-	13,071	-	8,655
Utilities	414	-	-	805	22,256	1,073	2,683	1,342	2,856	-	-	35,774	-	756	-	-
Repairs & maintenance	-	-	-	2,496	43,804	2,843	7,366	3,683	2,208	-	-	21,517	-	1,982	-	-
Postage	259	199	284	848	3,589	639	1,199	1,173	1,301	-	-	1,768	-	494	-	1,449
Printing	73	102	145	480	1,559	2,123	908	717	3,531	-	-	11,294	-	161	-	3,320
Professional fees	7,963	706	1,214	14,043	135,992	7,939	8,704	7,218	4,261	-	2,656,607	23,238	275,009	589	173	5,593
Public relations	2,692	-	-	-	5,770	-	-	-	-	-	-	-	-	-	-	120
Specific assistance	1,170	-	-	-	2,122	-	1,918	144,290	22,596	-	-	299,109	-	557	-	-
Subscriptions	-	-	-	141	919	28	47	24	77	-	-	124	-	-	-	-
Activities & Supplies	6,442	3,278	370	103	8,045	2,838	703	382	457	599	-	75,020	-	1,120	2,769	-
Office supplies	281	376	516	1,523	15,714	972	3,712	2,961	2,230	-	-	17,124	-	388	-	127
Telephone	1,565	883	2,889	6,629	25,076	4,048	19,520	15,069	11,380	480	-	42,443	-	3,189	303	-
Travel & transportation	2,737	1,314	1,621	905	17,817	2,328	31,009	26,714	24,374	887	-	50,125	-	1,220	590	-
Uncollectible fees	-	-	-	-	-	-	1,142	649	159	-	-	-	-	-	-	-
Depreciation	-	-	-	3,230	20,564	4,510	7,810	4,133	3,888	-	-	14,686	-	1,979	-	-
<b>Totals</b>	<b>\$ 80,671</b>	<b>\$ 55,129</b>	<b>\$ 81,262</b>	<b>\$ 261,961</b>	<b>\$ 1,282,003</b>	<b>\$ 108,647</b>	<b>\$ 464,344</b>	<b>\$ 526,296</b>	<b>\$ 314,668</b>	<b>\$ 33,661</b>	<b>\$ 2,656,607</b>	<b>\$ 1,570,736</b>	<b>\$ 275,009</b>	<b>\$ 61,386</b>	<b>\$ 39,419</b>	<b>\$ 37,937</b>

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2009**  
**(With Comparative Totals for Year Ended June 30, 2008)**

Rosedale Emergency Shelter House	Story County Healthy Futures	Story Kids Club	Story Mentoring & Grip	Substance Abuse Prevention	Tobacco Comprehensive Prevention	Transitional Living/ Independent Living Project	Young Parents	Youth Employment	YSS Foundation, Inc.	YSS of Boone County	YSS of Eastern Story County	YSS of Marshall County	Total Program	General and Administrative	Fund Raising	2009 Total Program and Support Service Expenses	2008 Totals
\$ 353,474	\$ 74,456	\$ 205,142	\$ 84,814	\$ 150,530	\$ 50,291	\$ 15,476	\$ 159,980	\$ 19,988	\$ 38,060	\$ 242,653	\$ 49,051	\$ 430,062	\$ 4,558,310	\$ 740,086	\$ 182,772	\$ 5,481,168	\$ 4,993,630
36,426	9,043	20,706	3,649	13,510	3,779	1,904	16,488	1,952	-	22,480	5,064	29,172	416,472	29,260	-	445,732	440,074
19,030	3,812	5,470	3,129	8,735	1,641	926	7,350	598	2,645	8,978	2,556	15,897	195,020	28,360	31,787	255,167	200,613
30,284	6,362	17,914	7,329	12,670	4,608	1,340	14,491	1,705	2,830	20,668	4,433	27,957	378,768	57,094	18,132	453,994	415,981
439,214	93,673	249,232	98,921	185,445	60,319	19,646	198,309	24,243	43,535	294,779	61,104	503,088	5,548,570	854,800	232,691	6,636,061	6,050,298
2,895	1,411	1,291	232	7,078	512	142	4,090	123	291	1,000	182	2,437	40,360	4,453	-	44,813	32,655
1,242	338	706	478	801	505	24	626	47	631	960	407	2,124	23,891	5,712	-	29,603	33,959
8,814	-	11,414	-	220	101	-	-	-	14,841	226	-	3,053	59,956	-	-	59,956	120,237
1,339	328	696	299	426	135	131	703	139	-	2,265	188	1,877	19,868	8,470	-	28,338	26,110
2,591	846	1,218	521	742	236	230	1,313	90	-	1,307	307	2,368	28,190	3,867	-	32,057	29,363
5,176	1,357	383	1,223	1,626	626	294	2,338	131	-	2,891	535	4,782	49,082	5,317	-	54,399	70,133
12,659	1,656	495	32	283	-	1,343	1,779	64	695	6,699	1,159	4,055	95,393	29,259	-	124,652	117,174
865	-	-	-	-	-	3	164	-	437	113	186	504	13,702	4,224	-	17,926	82,639
-	-	-	-	-	-	24,773	5,274	-	-	5,500	-	88,841	182,369	1,560	-	183,929	191,390
12,413	268	537	268	537	-	5,876	1,610	268	-	5,153	1,538	20,222	116,649	17,440	-	134,089	120,794
18,625	906	1,576	738	1,722	-	2,509	4,408	662	3,974	9,046	5,202	7,604	142,871	43,656	-	186,527	156,936
1,780	510	939	396	581	177	177	802	68	570	3,012	317	3,320	25,851	3,089	3,550	32,490	28,845
1,418	449	1,504	257	1,309	673	92	1,144	35	27,699	4,762	2,222	8,686	74,663	2,107	8,628	85,398	97,471
16,571	57,616	5,522	1,912	5,305	2,009	9,689	50,297	365	9,452	9,599	1,228	23,347	3,342,161	39,768	19,454	3,401,383	2,644,581
254	-	-	-	4,889	181	-	-	-	19,263	-	-	100	33,269	-	7,699	40,968	42,439
532	3,000	-	-	1,949	-	1,592	6,394	-	23,165	3,164	-	39,148	550,706	-	-	550,706	467,777
47	5	9	5	-	-	5	311	5	1,855	181	-	216	3,999	20	-	4,019	2,704
4,255	15,678	17,703	1,400	1,793	1,455	1,600	330	425	-	1,042	357	4,758	152,922	2,655	-	155,577	77,265
4,820	701	1,798	1,199	1,381	1,002	243	2,561	129	-	3,382	723	8,708	72,571	6,010	275	78,856	83,747
14,525	5,143	8,792	2,428	2,730	1,562	3,259	9,475	449	602	19,299	5,655	28,029	235,422	48,152	-	283,574	225,425
4,422	2,391	6,730	3,176	6,233	1,989	1,637	15,886	321	30	23,968	1,354	48,893	278,671	19,790	-	298,461	245,879
5,487	-	-	-	-	-	-	-	-	-	428	-	177	8,042	-	-	8,042	16,730
6,767	1,503	1,503	783	85	-	294	4,927	752	-	4,521	639	4,533	87,107	67,602	-	154,709	150,656
\$ 566,711	\$ 187,779	\$ 312,048	\$ 114,268	\$ 225,135	\$ 71,482	\$ 73,559	\$ 312,741	\$ 28,316	\$ 147,040	\$ 403,297	\$ 83,303	\$ 810,870	\$ 11,186,285	\$ 1,167,951	\$ 272,297	\$ 12,626,533	\$ 11,115,207

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2009**  
**(With Comparative Totals for Year Ended June 30, 2008)**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 380,633	\$ 1,019,527
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	154,709	150,656
Unrealized (gain) loss on investments	(3,105)	33,617
Repairs paid directly by lender	-	9,909
(Increase) Decrease in operating assets		
Grants receivable	154,732	(62,002)
Program service fees receivable	45,944	87,575
Miscellaneous receivables	21,573	(16,348)
Prepaid expenses	(8,773)	2,976
Unconditional promises to give - Foundation	(545,073)	-
Increase (Decrease) in operating liabilities		
Annuities payable	(2,000)	(1,000)
Grant advances	2,685	(49,350)
Deferred revenue	95,363	142,404
Client accounts	3,881	267
Accrued employee benefit plan	2,079	(2,132)
Accrued vacation and holiday pay	12,248	21,805
Accrued estimated state unemployment liability	51,395	28,808
Restricted contributions	(31,098)	(24,247)
<b>Net Cash Provided by Operating Activities</b>	<b>335,193</b>	<b>1,342,465</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchases) sales of investments, net	(364,976)	(268,546)
(Purchases) sales of investments restricted to YSS Foundation, net	218,690	(926,552)
Payments for property and equipment	(1,044,775)	(168,948)
Increase in cash surrender value of life insurance	4,412	(2,437)
<b>Net Cash (Used) by Investing Activities</b>	<b>(1,186,649)</b>	<b>(1,366,483)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Bankers Trust loan	831,299	-
Payments on note payable	(4,692)	-
Specified donations collections	31,098	24,247
<b>Net Cash Provided by Financing Activities</b>	<b>857,705</b>	<b>24,247</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,249</b>	<b>229</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>39,155</b>	<b>38,926</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 45,404</b>	<b>\$ 39,155</b>

See accompanying notes.

**YOUTH AND SHELTER SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

1. Nature of Activities and Summary of Significant Accounting Policies.

a. Nature of Activities. Youth and Shelter Services, Inc., is a nonprofit corporation organized to provide community youth development, prevention, education, treatment, and residential services to children, youth and families; to advocate on their behalf; and to help them solve problems, grow, and be self-sufficient, responsible, contributing members of society.

b. Basis of Accounting. The financial statements of Youth and Shelter Services, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

c. Basis of Presentation. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

d. Principles of Consolidation. The consolidated financial statements include the accounts of Youth and Shelter Services, Inc. and Youth and Shelter Services Foundation, Inc. Youth and Shelter Services Foundation, Inc. is consolidated since Youth and Shelter Services, Inc. has both an economic interest in Youth and Shelter Services Foundation and control of the Foundation through common management. All material interorganization transactions have been eliminated.

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

f. Cash and Cash Equivalents. For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use, with an initial maturity of three months or less to be cash equivalents.

g. Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Statement of Financial Position. All gains and losses and investment income are classified as unrestricted in the accompanying Statement of Activities.

h. Land, Buildings and Equipment. Buildings and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of buildings and equipment is computed using the straight-line method for financial reporting purposes at rates based on the following useful lives:

	<u>Years</u>
Buildings & improvements	5-25
Furniture & equipment	3-5

Expenditures in excess of \$2,000 for major renewals and betterments that extend the useful lives of buildings and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**YOUTH AND SHELTER SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

1. Nature of Activities and Summary of Significant Accounting Policies. (continued)

i. Promises to Give. Unconditional promises to give are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

j. Donated Services. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the operation of program services. The Organization receives more than 40,000 volunteer hours per year.

k. Concentrations of Credit Risk. The financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, receivables, and promises to give. The Organization places all temporary cash in excess of \$100,000 in a diversified trust account managed by a financial institution. Credit risk for accounts receivable is concentrated because substantially all of the balances are receivable from entities or individuals within the same geographic region.

l. Concentrations of Grants. The Organization is dependent on continued funding by federal, state and local governments which provide a substantial portion of the resources to operate the Organization's programs.

m. Income Tax Status. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

n. Comparative Financial Information. The financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

o. Expense Allocation. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

p. Program Service Fees Receivable. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**YOUTH AND SHELTER SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS**

1. Nature of Activities and Summary of Significant Accounting Policies. (continued)

m. Subsequent Events. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 25, 2009, the date the financial statements were available to be issued.

2. Investments. Short-term investments of \$1,290,117 at June 30, 2009, are carried at fair value. The investments are in a managed trust account with a financial institution.

Investments were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Money Market Funds	\$ 651,977	\$ 651,977	\$ -
Certificates of Deposit	175,000	175,000	-
Equity Mutual Funds	103,787	83,493	(20,294)
Bond Mutual Funds	<u>371,277</u>	<u>379,647</u>	<u>8,370</u>
	<u>\$1,302,041</u>	<u>\$1,290,117</u>	<u>\$ (11,924)</u>

Investment return is summarized as follows:

Investment income	\$(25,959)
Unrealized gain	<u>3,617</u>
Total investment return	<u>\$ (22,342)</u>

Expenses relating to investment revenues including custodial fees amounted to \$8,750 and have been netted against investment income in the accompanying Statement of Activities.

Cash and investments restricted for Youth and Shelter Services Foundation, Inc., were comprised of the following at June 30, 2009:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (Depreciation)
Cash	\$ 66,824	\$ 66,824	\$ -
Money Market Funds	598,417	598,417	-
Equity Mutual Funds	1,665,421	1,331,590	(333,831)
Bond Mutual Funds	<u>1,651,056</u>	<u>1,612,659</u>	<u>(38,397)</u>
	<u>\$3,981,718</u>	<u>\$3,609,490</u>	<u>\$ (372,228)</u>

3. Fair Value Measurements. Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)
Investments	<u>\$1,290,117</u>	<u>\$1,290,117</u>

Fair value for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**YOUTH AND SHELTER SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS**

4. Promises To Give. Youth and Shelter Services Foundation has unconditional promises to give at June 30, 2009, are as follows:

Capital campaign and endowment	<u>\$868,638</u>
Receivable in less than one year	\$164,303
Receivable in one to five years	263,919
Receivable in more than five years	<u>440,416</u>
Total unconditional promises to give	868,638
Less discounts to net present value	(263,001)
Less allowance for uncollectible promises receivable	<u>( 60,564)</u>
Net unconditional promises to give at June 30, 2009	<u>\$545,073</u>

Promises to give receivable in more than one year are discounted at 4.32%

A donor has pledged to contribute \$1,100,000 conditional upon proper matching by the Foundation.

5. Land, Buildings and Equipment. Land, buildings and equipment are summarized by major classification as follows:

	2009	2008
Land	\$ 847,942	\$ 413,542
Buildings and improvements	4,047,399	3,602,178
Furniture and equipment	<u>1,105,925</u>	<u>1,784,200</u>
	6,001,266	5,799,920
Accumulated Depreciation	<u>(3,200,775)</u>	<u>(3,891,450)</u>
	<u>\$ 2,800,491</u>	<u>\$ 1,908,470</u>

Depreciation expense for the years ended June 30, 2009, and 2008, was \$154,709 and \$150,656 respectively.

6. Leased Facilities. The Organization has several operating leases, primarily for facilities used with the service programs. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2009 are:

Years Ending June 30	Amount
2010	\$ 126,610
2011	41,425
2012	38,400
2013	<u>23,400</u>
	<u>\$ 229,835</u>

The Organization paid rent of \$183,929 and \$191,390 for the years ended June 30, 2009 and 2008, respectively.

The Organization leases office space to tenants under noncancelable operating leases with terms of six months to two years. The following is a schedule by year of future minimum rentals under the leases at June 30, 2009:

Years Ending June 30	Amount
2010	\$ 43,191
2011	<u>32,691</u>
	<u>\$ 75,882</u>

**YOUTH AND SHELTER SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS**

7. Unemployment Tax Liability. Youth and Shelter Services, Inc., has elected to pay state unemployment taxes on a claims made basis. The Organization accrues 1.35% of their employee’s wages up to the unemployment wage base established by the State of Iowa. The accrual approximates what the Organization would pay to the State of Iowa were they not on a claims made basis. Unemployment claims paid by the Organization are deducted from this liability. The accrued state unemployment liability was \$807,906 and \$756,511 at June 30, 2009, and 2008, respectively.
8. Employees Benefits. Youth and Shelter Services, Inc., has two employee retirement plans for their employees: The first is a non-qualified Deferred Compensation Plan for those employees classified as management, for which the Organization contributes 3% of each participants’ compensation. Two years of service are required to participate in the plan, five years of service are required for 100% vesting. The second is a defined contribution pension plan, for which the Organization contributes 5% of each participant’s compensation. The Organization’s contributions totaled \$181,512 and \$163,825 for the years ended June 30, 2009 and 2008, respectively.
9. Notes Payable. Notes payable of \$14,347 at June 30, 2009, are noninterest bearing forgivable loans from the City of Ames used for building repairs. 20% of the original loans is forgiven each year for five years as long as the buildings repaired are not sold. Future amounts of the loans forgiven totals \$4,692 in 2010 and 2011; \$2,982 in 2012; and \$1,981 in 2013.

10. Restrictions on Net Assets.

Temporarily restricted net assets were available for the following purposes at June 30:

	2009	2008
Specified by donors	\$ 24,680	\$ 24,661
Interest in net assets of foundation	3,315,606	3,870,736
	\$ 3,340,286	\$ 3,895,397

11. Cash Flow Information. The Organization had noncash financing transactions relating to repairs of a building and improvements of \$0 and \$9,909 for the years ended June 30, 2009 and 2008, respectively. Interest paid was \$0 and \$0 for the years ended June 30, 2009 and 2008, respectively.
12. Risk Management. The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.
13. Net Client Service Revenue. Client service revenue is reported at the estimated realizable amounts from clients, third party payors and others for services rendered.
14. Income Taxes. The Organization has elected to defer the application of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, to the fiscal year beginning July 1, 2009. Currently, the Organization evaluates uncertain tax positions in accordance with the “substantial authority” standard described in Treasury Regulations, which is less stringent than the “more-likely-than-not” standard required by FIN 48.

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009**

	Youth and Shelter Services, Inc.	Youth and Shelter Services Foundation	2009
<b>ASSETS</b>			
Cash	\$ 45,404	\$ -	\$ 45,404
Investments	1,290,117	-	1,290,117
Receivables			
Grants	465,443	-	465,443
Program service fees, less allowance for doubtful accounts of \$9,000 in 2009	170,548	-	170,548
Miscellaneous	3,803	-	3,803
Prepaid expenses	12,406	-	12,406
Cash surrender value of life insurance	63,461	-	63,461
Cash surrender value of life insurance - Foundation	-	65,711	65,711
Cash and investments restricted for YSS Foundation	-	3,609,490	3,609,490
Unconditional promises to give - Foundation	-	545,073	545,073
Land	847,942	-	847,942
Property and equipment, less accumulated depreciation	1,952,549	-	1,952,549
<b>Total Assets</b>	<b>\$ 4,851,673</b>	<b>\$ 4,220,274</b>	<b>\$9,071,947</b>
<b>LIABILITIES</b>			
Grant advances	\$ 39,668	\$ -	\$ 39,668
Deferred revenue	289,465	-	289,465
Client accounts	20,123	-	20,123
Accrued expenses			
Employee benefit plan	12,014	-	12,014
Vacation and holiday pay	289,529	-	289,529
Estimated state unemployment liability	807,906	-	807,906
Note payable	14,347	-	14,347
Note payable - Bankers Trust - Foundation	-	831,299	831,299
Annuities Payable - Foundation	-	52,000	52,000
<b>Total Liabilities</b>	<b>1,473,052</b>	<b>883,299</b>	<b>2,356,351</b>
<b>INTERFUND BORROWINGS</b>			
Due to general fund	(34,797)	-	(34,797)
Due (from) Foundation	-	21,369	21,369
Due (from) specified fund	13,428	-	13,428
<b>Total Interfund Borrowings</b>	<b>(21,369)</b>	<b>21,369</b>	<b>-</b>
<b>NET ASSETS</b>			
Unrestricted	3,375,310	-	3,375,310
Temporarily restricted	24,680	3,315,606	3,340,286
<b>Total Net Assets</b>	<b>3,399,990</b>	<b>3,315,606</b>	<b>6,715,596</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,851,673</b>	<b>\$ 4,220,274</b>	<b>\$9,071,947</b>

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009**

	Youth and Shelter Services, Inc.			Youth and Shelter Services Foundation	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	2009 Total
<b>REVENUES AND OTHER SUPPORT</b>					
Specified Donations	\$ -	\$ 31,098	\$ 31,098	\$ -	\$ 31,098
Grants	347,300	-	347,300	-	347,300
United Way	372,275	-	372,275	-	372,275
Fees and grants from Governmental Agencies	7,353,560	-	7,353,560	-	7,353,560
Program Service Fees	3,931,505	-	3,931,505	-	3,931,505
Investment return	(22,342)	-	(22,342)	-	(22,342)
Miscellaneous revenue	19,432	-	19,432	-	19,432
Youth & Shelter Services Foundation revenues	-	-	-	974,338	974,338
Net assets released from restrictions					
Restrictions satisfied by payments	1,560,547	(31,080)	1,529,467	(1,529,467)	-
<b>Total Revenues and Other Support</b>	<b>13,562,277</b>	<b>18</b>	<b>13,562,295</b>	<b>(555,129)</b>	<b>13,007,166</b>
<b>EXPENSES</b>					
<b>Program Services</b>					
Adolescent Pregnancy Prevention	80,671	-	80,671	-	80,671
Boone Kids Club	55,129	-	55,129	-	55,129
Boone Mentoring & Grip	81,262	-	81,262	-	81,262
Chemical Dependency Services - Outpatient	261,961	-	261,961	-	261,961
Chemical Dependency Services - Residential	1,282,003	-	1,282,003	-	1,282,003
Community Youth & Family Development	108,647	-	108,647	-	108,647
Family Counseling Center	464,344	-	464,344	-	464,344
FFC/Adopt/Kids Net	526,296	-	526,296	-	526,296
Hamilton County Youth & Family Center	314,668	-	314,668	-	314,668
Hamilton Kids Club	33,661	-	33,661	-	33,661
Iowa Aftercare Services Network	2,656,607	-	2,656,607	-	2,656,607
Iowa Homeless Youth Center	1,570,736	-	1,570,736	-	1,570,736
Juvenile Community Treatment Services Network	275,009	-	275,009	-	275,009
Lighthouse/HUD Program	61,386	-	61,386	-	61,386
Marshall Kids Club	39,419	-	39,419	-	39,419
Risky Business Conference	37,937	-	37,937	-	37,937
Rosedale Emergency Shelter	566,711	-	566,711	-	566,711
Story County Healthy Futures	187,779	-	187,779	-	187,779
Story Kids Club	312,048	-	312,048	-	312,048
Story Mentoring & Grip	114,268	-	114,268	-	114,268
Substance Abuse Prevention	225,135	-	225,135	-	225,135
Tobacco Comprehensive Prevention	71,482	-	71,482	-	71,482
Transitional Living/Independent Living Project	73,559	-	73,559	-	73,559
Young Parents	312,741	-	312,741	-	312,741
Youth Employment	28,316	-	28,316	-	28,316
YSS Foundation, Inc.	147,040	-	147,040	-	147,040
YSS of Boone County	403,297	-	403,297	-	403,297
YSS of Eastern Story County	83,303	-	83,303	-	83,303
YSS of Marshall County	810,870	-	810,870	-	810,870
<b>Supporting Activities</b>					
General and Administrative	1,167,951	-	1,167,951	-	1,167,951
Fund Raising	272,297	-	272,297	-	272,297
<b>Total Expenses</b>	<b>12,626,533</b>	<b>-</b>	<b>12,626,533</b>	<b>-</b>	<b>12,626,533</b>
Increase (Decrease) in Net Assets	935,744	18	935,762	(555,129)	380,633
Net Assets at Beginning of Year	2,439,566	24,661	2,464,227	3,870,736	6,334,963
Net Assets at End of Year	\$ 3,375,310	\$ 24,679	\$ 3,399,989	\$ 3,315,607	\$ 6,715,596

**YOUTH AND SHELTER SERVICES, INC.**  
**FEES AND GRANTS FROM GOVERNMENTAL AGENCIES**  
**YEAR ENDED JUNE 30, 2009**  
**(With Comparative Totals for Year Ended June 30, 2008)**

	2009	2008
Cities/Counties	\$ 315,317	\$ 308,628
Story County - Juvenile Court	291,925	266,457
Department of Human Services - Fees	377,067	368,891
Shelter Care Reimbursements - Counties	73,800	74,770
Department of Public Health - Prevention	84,191	83,691
Department of Public Health - Counties	20,553	20,342
Department of Public Health - Innovative	43,717	47,000
Department of Housing & Urban Development	607,202	695,443
Department of Education	56,283	52,141
Department of Health & Human Services - Runaway Center	119,993	117,881
Department of Health & Human Services - Runaway Outreach	127,010	126,036
Department of Health & Human Services - Transitional Living	197,633	167,861
Department of Human Rights - Family Meetings	48,050	-
Department of Human Rights - Family Development	307,165	302,955
Department of Health & Human Services - Drug Free Communities	72,837	1,250
Department of Public Health - Mentoring	53,000	53,000
Criminal and Juvenile Justice - Rural Homeless	17,449	-
Department of Human Services - Adolescent Pregnancy	83,488	43,333
FEMA	12,705	11,261
City of Des Moines - CDBG	154,085	168,573
Criminal and Juvenile Justice - School Based	-	6,614
Department of Human Rights - Decategorization	266,193	233,623
Department of Human Services - Pregnancy Prevention	20,338	22,033
Department of Public Health - Secondhand Smoke	-	15,350
Department of Public Health - Tobacco Prevention	200	33,532
Department of Public Health - Tobacco Use Prevention	72,234	72,434
Department of Public Health - Community Coalition	1,426	-
Department of Human Services - Iowa Aftercare	3,695,104	3,005,741
Governors Office of Drug Control Policy - E. Byrne Memorial	-	40,243
Department of Public Health - Youth Development Project	54,000	53,000
Department of Public Health - JEL	7,000	-
Department of Public Health - School Climate Initiative	1,250	3,750
Department of Justice - Healthy Futures	172,345	170,776
<b>Totals</b>	<b>\$ 7,353,560</b>	<b>\$ 6,566,609</b>

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF SELECTED CONTRACT REVENUES AND EXPENSES - CONTRACT BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Iowa Department of Public Health								
	Comprehensive Substance Abuse Prevention	Prevention Through Mentoring	Youth Development Project	JEL Chapter Grants	Youth Mentoring Program	Tobacco Use Prevention & Control	Tobacco Use Prevention & Control	JEL Chapter Grants	
<b>Revenues</b>									
Iowa Department of Public Health	\$ 83,691	\$ 53,000	\$ 53,000	\$ 583	\$ 43,717	\$ -	\$ 72,184	\$ 6,417	
Iowa Department of Public Health -									
Incentive	500	-	1,000	-	-	200	50	-	
Other State	-	-	-	-	-	-	-	-	
County Government	-	-	-	-	4,500	-	539	-	
United Way	-	-	-	-	-	-	1,700	-	
Donations	-	-	-	-	18,080	-	167	-	
Other Revenue									
In-Kind	-	-	-	-	-	-	15,640	-	
<b>Total Revenues</b>	<b>84,191</b>	<b>53,000</b>	<b>54,000</b>	<b>583</b>	<b>66,297</b>	<b>200</b>	<b>90,280</b>	<b>6,417</b>	
<b>Expenses</b>									
Administration	7,210	6,990	4,740	-	4,866	-	9,543	-	
Salaries	55,594	37,045	31,073	455	44,782	200	45,007	4,411	
Personnel benefits	15,562	7,449	7,946	128	7,958	-	10,087	440	
Travel	1,462	1,516	1,700	-	1,621	-	1,370	619	
Staff training and education	-	-	-	-	182	-	512	-	
Contracted services	500	-	5,400	-	1,268	-	1,570	-	
Insurance	-	-	-	-	482	-	371	-	
Occupancy	3,677	-	-	-	532	-	-	-	
Supplies	186	-	3,141	-	1,316	-	4,114	947	
Telephone	-	-	-	-	2,889	-	1,562	-	
Equipment maintenance/rental	-	-	-	-	239	-	-	-	
Other expenses	-	-	-	-	162	-	16,144	-	
<b>Total Expenses</b>	<b>84,191</b>	<b>53,000</b>	<b>54,000</b>	<b>583</b>	<b>66,297</b>	<b>200</b>	<b>90,280</b>	<b>6,417</b>	
<b>Total revenue over (under) expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF SELECTED CONTRACT REVENUES AND EXPENSES - CONTRACT BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Department of Human Rights
	FaDDS
<b>Revenues</b>	
Department of Human Rights	\$ 307,165
Other State	5
County Government	2,508
City Government	10,300
United Way	6,290
Donations	5,771
In-kind	16,000
<hr/>	
Total Revenues	348,039
<b>Expenses</b>	
Administration	33,642
Salaries	159,980
Personnel benefits	40,905
Travel	13,703
Staff training and education	-
Contracted services	
Family Resources	62,322
Audit	505
Computer	2,357
Staff Physicals	289
Insurance	2,077
Space Costs	
Rent/Utilities	9,158
Repairs & maintenance	3,778
Supplies	
Office supplies	1,740
Ed Supplies	103
Printing	1,121
Household	229
Subscriptions	310
Special needs	1,800
Postage	588
Telephone	7,046
Equipment maintenance/rental	1,779
Conferences	3,818
Other expenses	
Advertising & recruitment	626
Organization dues	163
<hr/>	
Total Expenses	348,039
<hr/>	
Total revenue over (under) expenses	\$ -

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF SELECTED CONTRACT REVENUES AND EXPENSES - CONTRACT BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Iowa Aftercare Services	Iowa Aftercare Services PAL	Total
<b>Revenues</b>			
Department of Human Services	\$ 665,964	\$ 3,029,140	\$3,695,104
<b>Total Revenues</b>	<b>665,964</b>	<b>3,029,140</b>	<b>3,695,104</b>
<b>Expenses</b>			
Administration	51,430	109,529	160,959
Contracted services			
Youth and Shelter Services, Inc.	223,168	654,370	877,538
American Home Finding	14,977	84,929	99,906
Boys and Girls Home	23,553	265,757	289,310
Children's Square	55,600	517,722	573,322
Francis Lauer	8,229	76,093	84,322
Foundation 2	19,427	130,272	149,699
Four Oaks	111,261	515,653	626,914
Youth Policy Institute	103,659	94,622	198,281
Children & Families of Iowa	16,933	60,249	77,182
Quakerdale	618	32,171	32,789
Young House	13,323	129,550	142,873
Youth Homes of Mid America	23,786	148,013	171,799
Family Resources, Inc.	-	210,210	210,210
<b>Total Expenses</b>	<b>665,964</b>	<b>3,029,140</b>	<b>3,695,104</b>
<b>Total revenue over (under) expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**YOUTH AND SHELTER SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Agency or Pass-Through Number	Program Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Transitional Living	14.235	IA26B602007	\$ 40,427
Transitional Living	14.235	IA26B702010	93,505
Transitional Living	14.235	IA26B702010	187,009
Transitional Living	14.235	IA26B701002	108,879
Transitional Living	14.235	IA26B701003	21,407
Transitional Living	14.235	IA26B702004	56,597
Transitional Living	14.235	IA26B701003	129,536
Transitional Living	14.235	IA26B601003	63,347
Subtotal Direct Programs			700,707
Pass-Through Program From:			
City of Des Moines	14.218	CDBG2008024	10,000
City of Des Moines	14.218	HESG2008011	12,000
City of Des Moines	14.218		9,731
City of Des Moines	14.231		11,678
City of Des Moines	14.231	08-II-77016	24,000
City of Des Moines	14.231	08-II-77191	24,000
Boone County	14.231	08-II-8009	18,067
Story County	14.231	08-II-85019	20,609
Marshall County	14.231	08-II-64009	24,000
Total U.S. Department of Housing and Urban Development			854,792
<b>U.S. Department of Health and Human Services:</b>			
Drug Free Communities	93.206	H79SP11259-01	4,000
Drug Free Communities	93.276	CH9SP14928A	68,837
Runaway/Homeless Youth Grant	93.623	07CY0548-02	95,120
Runaway/Homeless Youth Grant	93.623	07CY0548-01	24,873
Transitional Living	93.550	07CX0508-02	197,633
Street Outreach	93.557	07Y003802	78,332
Street Outreach	93.557	07Y003601	6,250
Street Outreach	93.557	07Y003801	23,678
Street Outreach	93.557	07Y003602	18,750
Subtotal Direct Programs			517,473

**YOUTH AND SHELTER SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Agency or Pass-Through Number	Program Expenditures
<b>Pass-Through Program From: Iowa Department of Public Health</b>			
Comprehensive Substance Abuse Prevention	93.959	5885CP01	77,966
FaDSS	93.558	FaDSS-09-23-FW	163,596
Total U.S. Department of Health and Human Services			759,035
<b>U.S. Department of Homeland Security:</b>			
FEMA	97.024		12,705
Total Department of Homeland Security			12,705
<b>Pass-Through Program From: Iowa Department of Human Services</b>			
Family Team Meetings			48,050
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,674,582</b>

1. Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of Youth and Shelter Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**PETERSON & HOUSTON, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

724 Story Street, Suite 601

Boone, IA 50036-2871

Gerald E. Peterson, CPA  
Kevin N. Houston, CPA

Telephone  
(515) 432-1176  
Fax Number  
(515) 432-1186

**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 STANDARDS***

To the Board of Directors  
Youth and Shelter Services, Inc.  
Ames, Iowa 50010

We have audited the consolidated financial statements of Youth and Shelter Services, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with 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 and Shelter Services Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youth and Shelter Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Youth and Shelter Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youth and Shelter Services, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Youth and Shelter Services, Inc. in a separate letter dated September 25, 2009.

This report is intended solely for the information and use of the finance committee, board of directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Peterson & Houston P.C.".

Peterson & Houston, P.C.  
Boone, Iowa

September 25, 2009

**PETERSON & HOUSTON, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
724 Story Street, Suite 601  
Boone, IA 50036-2871

Gerald E. Peterson, CPA  
Kevin N. Houston, CPA

Telephone  
(515) 432-1176  
Fax Number  
(515) 432-1186

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Youth and Shelter Services, Inc.  
Ames, Iowa 50010

Compliance

We have audited the compliance of Youth and Shelter Services, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Youth and Shelter Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Youth and Shelter Services, Inc.'s management. Our responsibility is to express an opinion on Youth and Shelter Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Youth and Shelter Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Youth and Shelter Services, Inc.'s compliance with those requirements.

In our opinion, Youth and Shelter Services, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Youth and Shelter Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Youth and Shelter Services, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the finance committee, board of directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Peterson & Houston P.C.".

Peterson & Houston, P.C.  
Boone, Iowa

September 25, 2009

**YOUTH AND SHELTER SERVICES, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

Part I: Summary of the Independent Auditor's Results

- (a) The auditor's report expresses an unqualified opinion on the financial statements of Youth and Shelter Services, Inc.
- (b) No control deficiencies were reported during the audit of the financial statements.
- (c) No instances of noncompliance material to the financial statements were reported during the audit.
- (d) No control deficiencies over major programs were reported during the audit of the financial statements.
- (e) The auditor's report on compliance for the major federal award programs for Youth and Shelter Services, Inc. expresses an unqualified opinion on all major federal programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) The program tested as a major program included:  
CFDA Number 14.235 – Transitional Housing
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Youth and Shelter Services, Inc. was determined to be a low-risk auditee.

Part II: Findings Related to Financial Statements

- (a) Instances of Non-Compliance:  
No matters were required to be reported.
- (b) Significant Deficiencies:  
No matters were required to be reported.

Part III: Findings and Questioned Costs for Federal Awards

- (a) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).