

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2014

CONTENTS

	<u>Page</u>
Independent Auditor's Report	3 - 4
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities	6
Consolidated Statement of Functional Expenses	7
Consolidated Statement of Cash Flows	8
Notes to Financial Statements	9 - 13
Supplementary Information	
Consolidating Statement of Financial Position	14
Consolidating Statement of Activities	15
Fees and Grants from Governmental Agencies	16
Schedules of Selected Contract Revenues and Expenses – Contract Basis	17 - 19
Schedule of Expenditures of Federal Awards	20 - 21
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>	22 - 23
Independent Auditor's Report on Compliance on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	24 - 25
Schedule of Findings and Questioned Costs	26 - 28
Summary of Prior Year Federal Award Findings and Questioned Costs	29

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

Kevin N. Houston, CPA
Eric G. Seeman, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Youth and Shelter Services, Inc. (a nonprofit organization) and affiliate which comprise the consolidated statement of financial position as of June 30, 2014 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



America Counts on CPAs

Member American Institute of Certified Public Accountants

Report on Summarized Comparative Information

We have previously audited Youth and Shelter Service's 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of Consolidating Statements of Financial Position and Activities, Fees and Grants from Governmental Agencies, Schedules of Selected Contract Revenue and Expenses – Contract Basis and Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014, 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* in considering Youth and Shelter Services, Inc's internal control over financial reporting and compliance.

Houston & Seeman, P.C.

Houston & Seeman, P.C.

October 17, 2014

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(With Comparative Totals For June 30, 2013)

	2014	2013
ASSETS		
Cash	\$ 158,602	\$ 97,958
Investments	5,472,076	4,339,307
Receivables		
Grants	681,982	837,121
Program service fees, less allowance for doubtful accounts of \$40,000 in 2014 and \$20,000 in 2013	520,602	1,333,258
Miscellaneous	14,248	8,219
Prepaid expenses	4,445	3,845
Cash surrender value of life insurance	110,310	106,927
Unconditional promises to give	771,516	775,062
Land	847,942	847,942
Property and equipment, less accumulated depreciation	3,515,630	2,632,514
Total Assets	12,097,353	10,982,153
INTERFUND BORROWINGS		
Due to (from) general fund	(56,098)	(162,424)
Due to (from) Foundation	55,329	107,185
Due to (from) specified fund	769	55,239
Total Interfund Borrowings	-	-
Total Assets	\$ 12,097,353	\$ 10,982,153

See accompanying notes.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(With Comparative Totals For June 30, 2013)

	2014	2013
LIABILITIES		
Accounts payable	\$ -	\$ 24,616
Payable - Magellan	-	166,924
Grant advances	63,036	76,141
Deferred revenue	6,386	108,897
Client accounts	22,268	13,045
Accrued expenses		
Employee benefit plan	11,027	13,432
Vacation and holiday pay	307,004	312,447
Estimated state unemployment liability	1,001,583	962,798
Note payable	-	150,000
Annuity payable	4,000	4,000
Total Liabilities	1,415,304	1,832,300
NET ASSETS		
Unrestricted	7,152,087	5,778,136
Temporarily restricted	882,482	775,062
Permanently restricted	2,647,480	2,596,655
Total Net Assets	10,682,049	9,149,853
Total Liabilities and Net Assets	\$ 12,097,353	\$ 10,982,153

See accompanying notes.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
REVENUES AND OTHER SUPPORT					
Contributions	\$ 1,161,331	\$ 555,487	\$ 50,825	\$ 1,767,643	\$ 1,698,640
Grants	773,457	-	-	773,457	350,933
United Way	489,794	-	-	489,794	438,909
Fees and grants from Governmental Agencies	8,075,969	-	-	8,075,969	7,601,631
Program Service Fees	3,700,333	-	-	3,700,333	3,788,858
Investment return	4,313	565,264	-	569,577	278,770
Miscellaneous revenue	22,278	-	-	22,278	19,770
Net assets released from restrictions					
Restrictions satisfied by payments	1,013,331	(1,013,331)	-	-	-
Total Revenues and Other Support	15,240,806	107,420	50,825	15,399,051	14,177,511
EXPENSES					
Program Services					
Adolescent Pregnancy Prevention	211,057	-	-	211,057	151,398
AMP	282,738	-	-	282,738	263,317
Positive Solutions for Parents	-	-	-	-	23,364
Boone Kids Club	147,961	-	-	147,961	112,901
Boone Mentoring & Grip	43,744	-	-	43,744	38,986
Boone Substance Abuse Prevention	30,175	-	-	30,175	27,840
Chemical Dependency Services - Outpatient	584,175	-	-	584,175	416,551
Chemical Dependency Services - Residential	1,215,269	-	-	1,215,269	1,350,236
Community Youth & Family Development	91,515	-	-	91,515	87,379
Family Counseling Center	788,663	-	-	788,663	757,128
FFC/Adopt/Kids Net	568,461	-	-	568,461	637,803
Hamilton County Youth & Family Center	521,644	-	-	521,644	538,398
Boone County Transitional Living/Lighthouse	121,818	-	-	121,818	146,624
Iowa Aftercare Services Network	2,788,735	-	-	2,788,735	2,810,780
IHYC Street Outreach	195,500	-	-	195,500	220,814
IHYC Buchanan	396,761	-	-	396,761	473,309
IHYC Lighthouse	629,310	-	-	629,310	416,526
IHYC/Aftercare	243,579	-	-	243,579	257,554
IHYC/PSERP	58,385	-	-	58,385	44,609
Juvenile Community Treatment Services Network	126,215	-	-	126,215	100,746
Marshall Kids Club	-	-	-	-	11,740
Risky Business Conference	46,403	-	-	46,403	48,374
Rosedale Emergency Shelter House	759,263	-	-	759,263	696,107
Story County Healthy Futures	141,708	-	-	141,708	124,013
Story Kids Club	393,861	-	-	393,861	335,409
Story Mentoring & Grip	114,558	-	-	114,558	98,877
Substance Abuse Prevention	193,208	-	-	193,208	306,065
Tobacco Comprehensive Prevention	65,568	-	-	65,568	60,197
Story County Transitional Living/Lighthouse	137,617	-	-	137,617	115,850
Young Parents	320,628	-	-	320,628	282,899
Youth Employment	28,396	-	-	28,396	24,600
YSS Foundation, Inc.	138,280	-	-	138,280	125,019
YSS of Boone County	137,374	-	-	137,374	314,665
YSS of Eastern Story County	53,385	-	-	53,385	83,542
YSS of Marshall County	709,428	-	-	709,428	639,325
Supporting Activities					
General and Administrative	1,171,981	-	-	1,171,981	1,503,077
Fund Raising	409,492	-	-	409,492	361,926
Total Expenses	13,866,855	-	-	13,866,855	14,007,948
Increase in Net Assets	1,373,951	107,420	50,825	1,532,196	169,563
Net Assets at Beginning of Year	5,778,136	775,062	2,596,655	9,149,853	8,980,290
Net Assets at End of Year	\$ 7,152,087	\$ 882,482	\$ 2,647,480	\$ 10,682,049	\$ 9,149,853

See accompanying notes.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

	Adolescent Pregnancy Prevention	AMP	Boone Kids Club	Boone Mentoring & Grip	Boone Substance Abuse Prevention	Chemical Dependency Services Outpatient	Chemical Dependency Residential	Community Youth & Family Development	Family Counseling Center	FFC/ Adopt/ Kids Net	Hamilton Co. Youth & Family Center	Boone County Transitional Living/ Lighthouse	Iowa Aftercare Services Network	IHYC Street Outreach	IHYC Buchanan	IHYC Lighthouse	IHYC Aftercare	IHYC PSERP
Compensation and Related Expenses	\$ 140,222	\$ 98,281	\$ 115,171	\$ 35,866	\$ 23,569	\$ 361,536	\$ 668,699	\$ 56,243	\$ 422,949	\$ 276,991	\$ 213,236	\$ 56,568	\$ -	\$ 94,846	\$ 243,087	\$ 262,624	\$ 79,341	\$ 26,695
Employee benefits																		
Medical	16,636	-	4,971	1,176	1,266	17,571	181,555	4,265	24,046	26,767	17,394	7,048	-	12,452	4,165	16,170	4,453	1,038
Other	738	1,737	389	210	152	2,029	5,242	500	9,328	2,120	1,381	918	-	310	1,852	5,008	1,736	344
Payroll taxes	12,717	8,605	9,158	2,974	2,153	29,715	58,710	4,373	37,203	22,653	18,852	4,146	-	7,548	12,388	37,512	3,820	1,902
Total Compensation and Related Expenses	170,313	108,623	129,689	40,226	27,140	410,851	914,206	65,381	493,526	328,531	250,863	68,680	-	115,156	261,492	321,314	89,350	29,979
Conferences	2,335	9,911	167	198	71	6,161	4,302	1,939	3,176	1,799	1,116	342	-	564	2,756	1,293	1,495	8
Dues	114	-	42	22	16	-	8,476	52	465	307	234	97	1,865	669	-	217	207	-
Food	-	7,514	3,331	-	-	-	16,686	957	-	-	-	142	-	-	279	-	-	-
Insurance																		
Property	589	12	321	172	124	1,775	5,257	408	3,560	3,578	588	781	-	976	1,420	4,638	-	-
Other	561	39	324	163	122	1,664	5,191	455	5,466	2,366	1,745	755	11,601	283	2,083	2,628	-	-
Workmans comp	1,132	2,081	624	280	230	3,215	11,810	755	6,481	4,491	3,307	1,516	-	449	2,446	6,664	2,001	520
Equipment maintenance & repair	766	1,504	-	-	-	3,068	4,069	-	8,786	-	30	122	-	-	1,255	34,597	-	-
Miscellaneous	392	6,000	20	-	-	16	1,742	47	5,948	510	1,226	733	-	949	25,374	851	-	-
Occupancy																		
Rent	3,026	120	-	-	-	-	-	-	-	-	-	25,030	-	-	48	45,209	-	-
Utilities	433	1,236	2,408	-	-	3,073	23,238	604	5,036	11,126	2,798	7,172	-	16,401	10,154	27,480	-	-
Repairs & maintenance	391	658	-	-	500	6,794	25,833	1,170	9,556	12,441	5,214	4,483	-	873	9,096	38,739	-	-
Postage	354	1,237	177	93	66	956	3,012	240	2,112	1,371	1,561	326	2,144	427	7,132	1,228	-	-
Printing	33	2,734	41	21	16	389	1,582	260	814	402	2,721	338	1,587	1,526	16,937	3,630	990	-
Professional fees	2,365	82,388	1,355	454	246	38,901	90,884	5,191	167,676	8,616	3,562	2,241	2,762,528	1,339	9,973	3,427	714	-
Public relations	150	-	-	-	-	130	838	-	107	-	-	-	-	-	-	-	-	-
Specific assistance	-	19,893	-	-	-	4,554	1,297	-	-	128,283	187,046	183	-	1,538	5,454	4,851	139,725	27,278
Subscriptions	-	-	-	-	-	-	-	-	202	115	133	25	-	-	184	-	-	-
Activities & Supplies	11,141	14,801	4,640	34	4	29,805	11,261	3,820	5,857	899	535	140	-	94	3,128	20,438	-	-
Office supplies	1,629	1,080	312	417	480	22,527	3,140	4,511	4,154	4,037	3,398	682	9,010	1,317	7,221	11,776	1,898	-
Telephone	2,714	1,890	894	1,171	476	5,212	36,207	3,168	16,888	10,988	25,698	4,600	-	35,207	9,757	12,796	5,799	-
Travel & transportation	12,619	21,017	3,616	493	684	12,229	10,202	1,222	18,923	39,359	25,799	2,923	-	13,357	9,441	14,254	1,400	600
Depreciation	-	-	-	-	-	32,855	36,036	1,335	29,930	9,242	4,070	507	-	4,375	11,131	73,280	-	-
Totals	\$ 211,057	\$ 282,738	\$ 147,961	\$ 43,744	\$ 30,175	\$ 584,175	\$ 1,215,269	\$ 91,515	\$ 788,663	\$ 568,461	\$ 521,644	\$ 121,818	\$ 2,788,735	\$ 195,500	\$ 396,761	\$ 629,310	\$ 243,579	\$ 58,385

See accompanying notes.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

Juvenile Community Treatment Services Network	Risky Business Conference	Rosedale Emergency Shelter House	Story County Healthy Futures	Story Kids Club	Story Mentoring & Grip	Substance Abuse Prevention	Tobacco Comprehensive Prevention	Story County Transitional Living/ Lighthouse	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	Fundraising	2014 Total Program and Support Service Expenses	2013 Totals
\$ -	\$ 7,037	\$ 539,857	\$ 98,946	\$ 289,181	\$ 92,216	\$ 132,807	\$ 46,431	\$ 55,387	\$ 176,768	\$ 18,438	\$ 58,561	\$ 63,195	\$ 27,893	\$ 273,197	\$ 5,055,838	\$ 814,249	\$ 228,992	\$ 6,099,079	\$ 6,177,977
-	-	29,748	4,660	13,862	3,525	8,189	3,593	2,847	21,377	2,202	2,902	9,782	1,467	21,492	466,619	29,414	-	496,033	525,184
-	-	3,411	545	1,660	448	1,368	265	611	1,319	162	190	1,074	485	2,431	47,963	29,366	39,380	116,709	109,508
-	438	46,251	7,837	24,218	8,102	12,106	3,747	4,162	17,813	1,875	4,089	5,624	2,276	21,078	434,045	69,860	18,319	522,224	526,048
-	7,475	619,267	111,988	328,921	104,291	154,470	54,036	63,007	217,277	22,677	65,742	79,675	32,121	318,198	6,004,465	942,889	286,691	7,234,045	7,338,717
-	-	3,951	1,193	2,264	410	1,996	4,031	261	250	73	780	4,970	238	393	58,443	4,497	-	62,940	70,336
-	73	437	59	178	49	426	-	63	120	42	770	106	204	20	15,330	3,307	-	18,637	30,675
-	11,389	3,875	-	10,019	-	9	-	-	-	-	-	-	2,821	852	57,874	-	-	57,874	52,165
-	-	2,890	762	1,422	387	1,867	155	536	1,583	179	-	908	397	3,549	38,834	11,639	-	50,473	37,895
-	-	2,797	454	1,360	373	1,136	218	499	407	131	-	872	406	231	44,330	4,706	-	49,036	40,981
-	-	5,361	975	2,557	705	2,106	403	973	6,529	250	-	1,698	744	3,396	73,699	9,582	-	83,281	89,507
-	-	7,608	-	-	-	-	-	-	5,082	-	-	-	-	4,532	71,419	15,585	-	87,004	38,469
-	169	986	1,926	865	281	-	-	400	65	-	18,799	113	-	2,057	69,469	13,865	32,152	115,486	62,810
-	10,925	-	-	-	-	-	-	39,470	3,144	-	-	6,119	-	88,611	221,702	2,370	-	224,072	227,884
-	-	15,271	1,158	55	325	1,424	-	10,510	6,599	291	-	2,632	2,287	16,134	167,845	12,944	-	180,789	163,461
-	-	30,161	5,037	1,206	746	7,017	936	3,815	688	1,244	-	1,923	3,671	9,990	182,182	34,420	-	216,602	278,194
-	1,132	1,563	278	777	210	757	122	272	167	70	-	1,806	257	884	30,731	3,472	-	34,203	25,213
-	4,086	440	1,142	802	433	1,136	916	62	817	16	15,187	3,550	2,343	4,791	69,742	1,385	34,449	105,576	76,292
126,195	10,500	17,283	967	5,322	907	4,736	541	10,289	52,805	440	1,700	2,529	1,082	8,071	3,425,227	19,259	49,457	3,493,943	3,726,479
-	-	450	-	-	400	-	-	-	30	-	16,280	150	-	-	18,535	-	1,669	20,204	29,940
-	620	924	1,284	2,052	-	-	-	109	2,436	-	13,201	-	45	182,374	723,147	-	-	723,147	568,183
-	-	-	-	-	8	-	-	23	211	16	-	-	-	142	1,059	102	-	1,161	3,176
-	-	6,327	73	21,176	566	2,425	1,229	678	464	917	-	13	254	8,065	148,784	5,326	-	154,110	121,509
-	-	10,335	2,030	1,915	1,374	2,412	321	466	2,194	525	-	2,280	1,719	3,356	106,516	13,987	5,074	125,577	133,708
20	-	10,512	5,683	9,011	1,787	3,784	1,306	4,828	7,423	1,040	3,030	14,292	4,084	18,055	258,320	15,621	-	273,941	314,869
-	34	5,535	6,699	3,959	1,306	7,507	1,354	1,062	12,337	485	-	8,053	386	34,741	271,596	15,965	-	287,561	293,854
-	-	13,290	-	-	-	-	-	294	-	-	2,791	5,685	326	986	226,133	41,060	-	267,193	283,631
\$ 126,215	\$ 46,403	\$ 759,263	\$ 141,708	\$ 393,861	\$ 114,558	\$ 193,208	\$ 65,568	\$ 137,617	\$ 320,628	\$ 28,396	\$ 138,280	\$ 137,374	\$ 53,385	\$ 709,428	\$ 12,285,382	\$ 1,171,981	\$ 409,492	\$ 13,866,855	\$ 14,007,948

See accompanying notes.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 1,532,196	\$ 169,563
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	267,193	283,631
Unrealized (gain) loss on investments	(237,229)	142,186
Restricted contributions	(606,312)	(449,070)
(Increase) Decrease in operating assets		
Grants receivable	155,139	(89,134)
Program service fees receivable	812,656	(846,201)
Miscellaneous receivables	(6,029)	8,910
Prepaid expenses	(600)	494
Unconditional promises to give	3,546	(264,863)
Increase (Decrease) in operating liabilities		
Accounts payable	(24,616)	7,003
Payable - Magellan	(166,924)	166,924
Grant advances	(13,105)	(60,098)
Deferred revenue	(102,511)	(190,803)
Client accounts	9,223	1,629
Accrued employee benefit plan	(2,405)	(1,356)
Accrued vacation and holiday pay	(5,443)	(38,452)
Accrued estimated state unemployment liability	38,785	374
Annuities payable	-	(41,000)
Net Cash Provided (Used) by Operating Activities	1,653,564	(1,200,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (Purchases) of investments, net	(902,306)	882,376
Payments for property and equipment	(1,150,309)	(198,433)
Increase (Decrease) in cash surrender value of life insurance	3,383	(23,576)
Net Cash Provided (Used) by Investing Activities	(2,049,232)	660,367
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(150,000)	(1,982)
Proceeds of note payable	-	150,000
Restricted contributions collections	606,312	449,070
Net Cash Provided by Financing Activities	456,312	597,088
Net Increase in Cash and Cash Equivalents	60,644	57,192
Cash and Cash Equivalents at Beginning of Year	97,958	40,766
Cash and Cash Equivalents at End of Year	\$ 158,602	\$ 97,958

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. 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.

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, 2013, from which the summarized information was derived.

o. Reclassifications. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with presentation in the current-year financial statements.

p. 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.

q. 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)

r. Subsequent Events. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2014, the date the financial statements were available to be issued.

2. Investments. Short-term investments of \$740,600 at June 30, 2014, 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>	<u>Unrealized Appreciation (Depreciation)</u>
Money Market Funds	\$ 598,391	\$ 598,391	\$ -
Equity Mutual Funds	40,079	47,296	7,217
Bond Mutual Funds	<u>95,786</u>	<u>94,913</u>	<u>(873)</u>
	<u>\$ 734,256</u>	<u>\$ 740,600</u>	<u>\$ 6,344</u>

Investment return is summarized as follows:

Investment income	\$ (5,571)
Realized/Unrealized gain	<u>9,884</u>
Total investment return	<u>\$ 4,313</u>

Expenses relating to investment revenues including custodial fees amounted to \$8,788 and have been netted against investment income in the accompanying Statement of Activities.

Investments restricted for Youth and Shelter Services Foundation, Inc., were comprised of the following at June 30, 2014:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money Market Funds	\$ 134,446	\$ 134,446	\$ -
Equity Mutual Funds	2,459,906	3,157,122	697,216
Bond Mutual Funds	<u>1,411,402</u>	<u>1,439,908</u>	<u>28,506</u>
	<u>\$ 4,005,754</u>	<u>\$ 4,731,476</u>	<u>\$ 725,722</u>

Investment return restricted for Youth and Shelter Services Foundation, Inc., is summarized as follows:

Investment income	\$ 31,164
Realized/Unrealized gain	<u>534,100</u>
Total investment return	<u>\$ 565,264</u>

Expenses relating to investment revenues including custodial fees amounted to \$37,970 and have been netted against investment income in the accompanying Statement of Activities.

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

3. Fair Value Measurements. Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)
Investments	<u>\$5,472,076</u>	<u>\$5,472,076</u>

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

4. Promises To Give. Youth and Shelter Services, Inc. and Youth and Shelter Services Foundation, Inc. have unconditional promises to give at June 30, 2014, as follows:

Capital campaign and endowment	\$ <u>1,134,201</u>
Receivable in less than one year	\$ 364,830
Receivable in one to five years	80,850
Receivable in more than five years	<u>688,521</u>
Total unconditional promises to give	1,134,201
Less discounts to net present value	(276,961)
Less allowance for uncollectible promises receivable	<u>(85,724)</u>
Net unconditional promises to give at June 30, 2014	\$ <u>771,516</u>

Promises to give receivable in more than one year are discounted at 3.34%

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

	<u>2014</u>	<u>2013</u>
Land	\$ 847,942	\$ 847,942
Buildings and improvements	5,370,572	5,364,526
Furniture and equipment	1,319,069	1,319,069
Construction in progress	<u>1,283,102</u>	<u>138,840</u>
	8,820,685	7,670,377
Accumulated Depreciation	<u>(4,457,113)</u>	<u>(4,189,921)</u>
	<u>\$ 4,363,572</u>	<u>\$ 3,480,456</u>

Depreciation expense for the years ended June 30, 2014, and 2013, was \$267,193 and \$283,631 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, 2014 are:

<u>Years Ending June 30</u>	<u>Amount</u>
2015	\$ 143,800
2016	9,900
2017	10,800
2018	<u>10,800</u>
	<u>\$ 175,300</u>

The Organization paid rent of \$224,072 and \$227,884 for the years ended June 30, 2014 and 2013, respectively.

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 \$1,001,583 and \$962,798 at June 30, 2014, and 2013, respectively.
8. Tax-deferred Annuity Plan. The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization makes no contributions to the plan.
9. Line of Credit. The Organization has a revolving line of credit totaling \$1,000,000, of which all was unused at June 30, 2014. Advances on the credit line are payable on demand and carry an interest rate of 4%. All US Bank accounts of the Organization are pledged as collateral. Nothing was outstanding as of June 30, 2014.

10. Restrictions on Net Assets. Temporarily restricted net assets were available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Specified by donors	\$ 467,555	\$ 327,459
Temporary net assets of Foundation	405,927	447,603
	<u>\$ 882,482</u>	<u>\$ 775,062</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Organization's general activities.

	<u>2014</u>	<u>2013</u>
Permanently restricted net assets	\$ <u>2,647,480</u>	\$ <u>2,596,655</u>

11. Cash Flow Information. Interest paid was \$1,089 and \$444 for the years ended June 30, 2014 and 2013, respectively.
12. Net Client Service Revenue. Client service revenue is reported at the estimated realizable amounts from clients, third party payors and others for services rendered.
13. Income Taxes. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not believe it has any income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

14. Commitments and Contingencies. The Organization has received financial awards in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursements by the grantor agency for any expenditures disallowed under the terms and conditions specified in the grant agreement.

The Organization has purchased property and remodeled it for client housing, and are waiting for final approval before placing clients there.

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

	Youth and Shelter Services, Inc.	Youth and Shelter Services Foundation	Total
ASSETS			
Cash	\$ 46,307	\$ 112,295	\$ 158,602
Investments	740,600	4,731,476	5,472,076
Receivables			
Grants	681,982	-	681,982
Program service fees, less allowance for doubtful accounts of \$40,000 in 2014	520,602	-	520,602
Miscellaneous	14,248	-	14,248
Prepaid expenses	4,445	-	4,445
Cash surrender value of life insurance	53,612	56,698	110,310
Unconditional promises to give	365,589	405,927	771,516
Land	847,942	-	847,942
Property and equipment, less accumulated depreciation	3,515,630	-	3,515,630
Total Assets	\$ 6,790,957	\$ 5,306,396	\$ 12,097,353
INTERFUND BORROWINGS			
Due from general fund	(56,098)	-	(56,098)
Due to Foundation	-	55,329	55,329
Due to specified fund	769	-	769
Total Interfund Borrowings	(55,329)	55,329	-
Total Assets and Interfund Borrowings	6,735,628	5,361,725	12,097,353
LIABILITIES			
Grant advances	\$ 63,036	\$ -	\$ 63,036
Deferred revenue	6,386	-	6,386
Client accounts	22,268	-	22,268
Accrued expenses			
Employee benefit plan	11,027	-	11,027
Vacation and holiday pay	307,004	-	307,004
Estimated state unemployment liability	1,001,583	-	1,001,583
Annuities Payable	-	4,000	4,000
Total Liabilities	1,411,304	4,000	1,415,304
NET ASSETS			
Unrestricted	4,847,769	2,304,318	7,152,087
Temporarily restricted	476,555	405,927	882,482
Permanently restricted	-	2,647,480	2,647,480
Total Net Assets	5,324,324	5,357,725	10,682,049
Total Liabilities and Net Assets	\$ 6,735,628	\$ 5,361,725	\$ 12,097,353

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Youth and Shelter Services, Inc.			Youth and Shelter Services Foundation				Total
	Unrestricted	Temporarily		Unrestricted	Temporarily		Total	
		Restricted	Total		Restricted	Permanently Restricted		
REVENUES AND OTHER SUPPORT								
Contributions	\$ 1,161,331	\$ 476,555	\$ 1,637,886	\$ 78,932	\$ -	\$ 50,825	\$ 129,757	\$ 1,767,643
Grants	773,457	-	773,457	-	-	-	-	773,457
United Way	489,794	-	489,794	-	-	-	-	489,794
Fees and grants from Governmental Agencies	8,075,969	-	8,075,969	-	-	-	-	8,075,969
Program Service Fees	3,700,333	-	3,700,333	-	-	-	-	3,700,333
Investment return	4,313	-	4,313	565,264	-	-	565,264	569,577
Miscellaneous revenue	22,278	-	22,278	-	-	-	-	22,278
Net assets released from restrictions								
Restrictions satisfied by payments	611,971	(327,459)	284,512	(242,836)	(41,676)	-	(284,512)	-
Total Revenues and Other Support	14,839,446	149,096	14,988,542	401,360	(41,676)	50,825	410,509	15,399,051
EXPENSES								
Program Services								
Adolescent Pregnancy Prevention	211,057	-	211,057	-	-	-	-	211,057
AMP	282,738	-	282,738	-	-	-	-	282,738
Boone Kids Club	147,961	-	147,961	-	-	-	-	147,961
Boone Mentoring & Grip	43,744	-	43,744	-	-	-	-	43,744
Boone Substance Abuse Prevention	30,175	-	30,175	-	-	-	-	30,175
Chemical Dependency Services - Outpatient	584,175	-	584,175	-	-	-	-	584,175
Chemical Dependency Services - Residential	1,215,269	-	1,215,269	-	-	-	-	1,215,269
Community Youth & Family Development	91,515	-	91,515	-	-	-	-	91,515
Family Counseling Center	788,663	-	788,663	-	-	-	-	788,663
FFC/Adopt/Kids Net	568,461	-	568,461	-	-	-	-	568,461
Hamilton County Youth & Family Center	521,644	-	521,644	-	-	-	-	521,644
Boone County Transitional Living/Lighthouse	121,818	-	121,818	-	-	-	-	121,818
Iowa Aftercare Services Network	2,788,735	-	2,788,735	-	-	-	-	2,788,735
IHYC Street Outreach	195,500	-	195,500	-	-	-	-	195,500
IHYC Buchanan	396,761	-	396,761	-	-	-	-	396,761
IHYC Lighthouse	629,310	-	629,310	-	-	-	-	629,310
IHYC/Aftercare	243,579	-	243,579	-	-	-	-	243,579

YOUTH AND SHELTER SERVICES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Youth and Shelter Services, Inc.			Youth and Shelter Services Foundation				Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
EXPENSES								
IHYC/PSERP	58,385	-	58,385	-	-	-	-	58,385
Juvenile Community Treatment Services Network	126,215	-	126,215	-	-	-	-	126,215
Risky Business Conference	46,403	-	46,403	-	-	-	-	46,403
Rosedale Emergency Shelter House	759,263	-	759,263	-	-	-	-	759,263
Story County Healthy Futures	141,708	-	141,708	-	-	-	-	141,708
Story Kids Club	393,861	-	393,861	-	-	-	-	393,861
Story Mentoring & Grip	114,558	-	114,558	-	-	-	-	114,558
Substance Abuse Prevention	193,208	-	193,208	-	-	-	-	193,208
Tobacco Comprehensive Prevention	65,568	-	65,568	-	-	-	-	65,568
Story County Transitional Living/Lighthouse	137,617	-	137,617	-	-	-	-	137,617
Young Parents	320,628	-	320,628	-	-	-	-	320,628
Youth Employment	28,396	-	28,396	-	-	-	-	28,396
YSS Foundation, Inc.	138,280	-	138,280	-	-	-	-	138,280
YSS of Boone County	137,374	-	137,374	-	-	-	-	137,374
YSS of Eastern Story County	53,385	-	53,385	-	-	-	-	53,385
YSS of Marshall County	709,428	-	709,428	-	-	-	-	709,428
Supporting Activities								
General and Administrative	1,171,981	-	1,171,981	-	-	-	-	1,171,981
Fund Raising	409,492	-	409,492	-	-	-	-	409,492
Total Expenses	13,866,855	-	13,866,855	-	-	-	-	13,866,855
Increase (Decrease) in Net Assets	972,591	149,096	1,121,687	401,360	(41,676)	50,825	410,509	1,532,196
Net Assets at Beginning of Year	3,875,178	327,459	4,202,637	1,902,958	447,603	2,596,655	4,947,216	9,149,853
Net Assets at End of Year	\$ 4,847,769	\$ 476,555	\$ 5,324,324	\$ 2,304,318	\$ 405,927	\$ 2,647,480	\$ 5,357,725	\$ 10,682,049

YOUTH AND SHELTER SERVICES, INC.
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for Year Ended June 30, 2013)

	2014	2013
Cities/Counties	\$ 303,171	\$ 369,413
Story County - Juvenile Court	353,038	319,532
Department of Human Services - Fees	352,847	369,061
Shelter Care Reimbursements - Counties	94,594	144,288
Department of Public Health - Prevention	84,416	95,966
Department of Public Health - Counties	72,653	25,000
Department of Public Health - Positive Solutions	-	27,183
Department of Housing & Urban Development	662,628	652,834
Department of Education	5,748	52,661
Department of Health & Human Services - Runaway Center	135,430	105,602
Department of Health & Human Services - Runaway Outreach	47,659	6,877
Department of Health & Human Services - Transitional Living	184,691	117,834
Department of Human Rights - Family Meetings	40,689	49,775
Department of Human Rights - Family Development	323,040	296,285
Department of Health & Human Services - Drug Free Communities	44,697	165,950
Department of Health & Human Services - Maternity Group Home	256,760	74,261
Criminal and Juvenile Justice - Rural Homeless	69,061	91,380
Department of Human Services - Adolescent Pregnancy	143,152	116,450
Department of Human Services - AMP	272,666	246,660
City of Des Moines - CDBG	53,406	59,210
Department of Human Services - Pregnancy Prevention	-	12,316
Department of Public Health - Drug & Violence Protection	1,000	-
Department of Public Health - Families in Focus	71,771	64,180
Department of Public Health - Tobacco Use Prevention	55,033	46,562
Department of Human Services - Iowa Aftercare	4,114,058	3,834,926
Department of Public Health - Abstinence Education	71,301	31,766
Department of Public Health - Tobacco Community Partnership	16,964	22,097
Department of Justice - Healthy Futures	116,654	87,721
Iowa Department of Public Health - SPF/SIG	22,814	26,204
Boone Comp Prevention	29,290	33,156
ESG	40,224	36,123
Department of Human Services - CWES Alternative	36,514	20,358
Totals	\$ 8,075,969	\$ 7,601,631

YOUTH AND SHELTER SERVICES, INC.
SCHEDULE OF SELECTED CONTRACT REVENUES AND EXPENSES - CONTRACT BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Iowa Department of Public Health			
	Comprehensive Substance Abuse Prevention	Youth Development Project	Tobacco Use Prevention & Control	Comprehensive Substance Abuse Prevention
Revenues				
Iowa Department of Public Health	\$ 29,290	\$ 22,814	\$ 68,659	\$ 84,416
In-kind	2,324	-	17,470	2,974
Total Revenues	31,614	22,814	86,129	87,390
Expenses				
Administration	3,653	3,016	11,170	12,987
Salaries/benefits	25,779	12,757	66,278	71,429
Travel	684	2,819	1,354	-
Contracted services	-	1,082	937	-
Occupancy	-	-	92	-
Telephone	276	370	1,416	-
Other expenses	1,222	2,770	4,882	2,974
Total Expenses	31,614	22,814	86,129	87,390
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, 2014

	Department of Human Rights
	FaDDS
Revenues	
Department of Human Rights	\$ 323,040
<hr/>	
Total Revenues	323,040
Expenses	
Administration	23,038
Salaries	173,388
Personnel benefits	46,956
Travel	12,094
Consultants	48,493
Postage	89
Occupancy	9,000
Supplies/printing	832
Telephone	6,677
Other expenses	2,473
<hr/>	
Total Expenses	323,040
<hr/>	
Total revenue over (under) expenses	\$ -
<hr/>	

YOUTH AND SHELTER SERVICES, INC.
SCHEDULE OF SELECTED CONTRACT REVENUES AND EXPENSES - CONTRACT BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Iowa Aftercare Services	Iowa Aftercare Services PAL	Total
Revenues			
Department of Human Services	\$ 727,236	\$ 3,403,466	\$ 4,130,702
Total Revenues	727,236	3,403,466	4,130,702
Expenses			
Administration	57,246	117,371	174,617
Contracted services			
Youth and Shelter Services, Inc.	272,024	924,223	1,196,247
American Home Finding	42,200	77,650	119,850
CFI	678	16,530	17,208
Children's Square	66,023	852,092	918,115
Francis Lauer	7,122	81,928	89,050
Foundation 2	30,997	116,084	147,081
Four Oaks	83,592	675,362	758,954
Youth Policy Institute	119,692	114,777	234,469
Young House	32,736	44,303	77,039
Youth Homes of Mid America	1,236	65,022	66,258
Family Resources, Inc.	13,637	273,292	286,929
Incentive Services	53	44,832	44,885
Total Expenses	727,236	3,403,466	4,130,702
Total revenue over (under) expenses	\$ -	\$ -	\$ -

YOUTH AND SHELTER SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Agency or Pass-Through Number	Program Expenditures
U.S. Department of Housing and Urban Development:			
Transitional Living	14.235	IA0019L7D011205	\$ 110,800
Transitional Living	14.235	IA0015L7D011306	48,600
Transitional Living	14.235	IA0015L7D011205	139,099
Transitional Living	14.235	N/A	11,941
Subtotal Direct Programs			310,440
Pass-Through Program From:			
City of Des Moines	14.235	IA0039B7D021103	39,086
City of Des Moines	14.235	IA0040L7D021205	182,740
City of Des Moines	14.235	IA0040L7D021205	47,353
City of Des Moines	14.235	N/A	83,008
Iowa Finance Authority	14.231	85019-14	43,906
Iowa Finance Authority	14.231	85019-12-1	68,733
Total U.S. Department of Housing and Urban Development			775,266
U.S. Department of Health and Human Services:			
Drug Free Communities	93.276	5H795P014928-10	29,039
Runaway/Homeless Youth Grant	93.623	90CY6563	95,141
Runaway/Homeless Youth Grant	93.623	90CY2476	40,289
Maternity Group Home	93.550	90CX6927-02	256,760
Transitional Living	93.550	90CX6974-02-00	36,427
Transitional Living	93.550	90CX6974-01-01	148,264
Street Outreach	93.557	90Y02154-01-00	47,659
Pregnancy Prevention	93.558	ACFS14-200	143,305
Subtotal Direct Programs			796,884

**YOUTH AND SHELTER SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Agency or Pass-Through Number	Program Expenditures
Pass-Through Program From: Iowa Department of Public Health			
Comprehensive Substance Abuse Prevention	93.959	5884CP01	76,653
Comprehensive Substance Abuse Prevention	93.959	5884CP02	25,426
Building Strategic Prevention	93.243	5884IP09	22,814
FaDSS	93.558	FaDSS-14-23	155,059
Abstinence Education Program	93.235	5884CH01A	49,008
Access to Recovery	93.275	5881AC61	500
Family in Focus	93.243	5884SA51	123,563
Pass-Through Program From: Iowa Department of Public Health			453,023
Pass-Through Program From: Iowa Department of Human Services			
Access and Visitation Services	93.563	BOC-14-013	49,712
Pass-Through Program From: Iowa Department of Human Rights			
Rural Homeless Youth	93.550	RHY - YSS - 05	49,736
Support Services for Rural Homeless Youth	93.550	RHY - YSS - 05	19,325
Total U.S. Department of Health and Human Services			1,368,680

Total Expenditures of Federal Awards **\$ 2,143,946**

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.

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

Kevin N. Houston, CPA
Eric G. Seeman, CPA

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

**INDEPENDENT AUDITOR'S 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, in accordance with the 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 consolidated financial statements of Youth and Shelter Services, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of the year ended June 30, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2014. 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 of the financial statements, we considered Youth and Shelter Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Youth and Shelter Services, Inc.'s internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs identified as II (b) 2014-2 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs identified as II (b) 2014-1 to be a significant deficiency.



America Counts on CPAs

Member American Institute of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youth and Shelter Services, Inc.'s financial statements are free from 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*.

Youth and Shelter Services, Inc.'s Response to Findings

Youth and Shelter Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Youth and Shelter Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Houston & Seeman, P.C.

October 17, 2014

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

Kevin N. Houston, CPA
Eric G. Seeman, CPA

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Youth and Shelter Services, Inc. compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Youth and Shelter Services, Inc.'s major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Youth and Shelter Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Youth and Shelter Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Youth and Shelter Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



America Counts on CPAs

Member American Institute of Certified Public Accountants

Report on Internal Control Over Compliance

Management of Youth and Shelter Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Youth and Shelter Services, Inc.'s internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Youth and Shelter Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III (b) 2014-1 to be a significant deficiency.

Youth and Shelter Services, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Youth and Shelter Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Houston & Seeman, P.C.

October 17, 2014

YOUTH AND SHELTER SERVICES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

- (a) The auditor's report expresses an unmodified opinion on the financial statements of Youth and Shelter Services, Inc.
- (b) Material weaknesses in internal control over financial reporting was 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 unmodified 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 programs tested as a major programs included:
CFDA Number 14.235 – Transitional Living and CFDA Number 93.550 Transitional Living and Maternity Group Home
- (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 not 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 Deficiency:

2014-1 Signed Grant Agreements

Condition: The Organization has spent funds on programs with the expectation that they will receive funding from grants to cover those costs. However in some instances signed grant agreements are not received for several months after the programs have been started.

Criteria: In the event the grant funding is denied the Organization has spent the funds and would need to find alternative funding sources.

Cause: Although the Organization has been approved for the grant, the pass-through agencies have not approved and signed the grant contract.

Effect: The Organization is spending money for program expenses that may get denied because there is not a signed contract, then the Organization would need to find alternative funding sources.

YOUTH AND SHELTER SERVICES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part II: Findings Related to Financial Statements (continued)

(b) Significant Deficiency:

2014-1 Signed Grant Agreements (continued)

Recommendation: The Organization should make every effort to ensure they have signed grant agreements before spending funds on those programs.

Views of Responsible Officials and Planned Corrective Actions: We have taken every step possible to make sure we have signed grant agreements before we expend the funds on those programs. We always have verbal verification that the projects are approved.

Material Weakness:

2014-2 Donations

Condition: The Organization and affiliate share a database software system for tracking donations including whether the donations are permanently restricted, temporarily restricted or unrestricted. However the characterization of the donations in the fiscal office may differ from how it was recorded in the database system and a reconciliation between the two currently is not performed. In addition several staff have access to the database and can change the allocation of the donation.

Criteria: Reconciliations between the fiscal office and the database tracking system were not performed and as a result the Organization had to spend significant time and effort to properly characterize the net asset classifications of the donations.

Cause: The database software system has the capability to extensively document the donations, however the system was not utilized for the accounting of the donations. In addition staff could go into the system and change the characterization of the donations. Reconciliations between the tracking software and the accounting functions were not performed.

Effect: Because the procedure was not in place staff had to spend an extensive amount of time researching the donations to ensure they were properly classified.

Recommendation: We recommend the Organization use a reconciliation process to match the donation tracking software and accounting software to properly characterize the donations. In addition a process needs to be put in place in the event the character of a donation is changed, the fiscal office is notified so any necessary changes in the character of the donation can be made.

Views of Responsible Officials and Planned Corrective Actions: We are continuously updating our accounting systems and donation tracking system and we will utilize both to begin a reconciliation process so donations will be properly characterized when they are received.

YOUTH AND SHELTER SERVICES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards

(a) Instances of Non-Compliance:

No matters were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).

(b) Significant Deficiency:

CFDA Number 14.235: Transitional Living

2014-1 Signed Grant Agreements

Condition: The Organization has spent funds on programs with the expectation that they will receive funding from grants to cover those costs. However in some instances signed grant agreements are not received for several months after the programs have been started. See item II (b) 2014-1.

YOUTH AND SHELTER SERVICES, INC.
Summary of Prior Year Federal Award Findings and Questioned Costs
Year Ended June 30, 2014

No prior year findings existed.