

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
OKLAHOMA CITY, OKLAHOMA  
INDEPENDENT AUDITOR'S REPORT  
ON  
FINANCIAL STATEMENTS  
OR THE YEAR ENDED JUNE 30, 2013**

# YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.

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## **REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
Youth Services for Oklahoma County, Inc.  
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of **Youth Services for Oklahoma County, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 *Governmental 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of **Youth Services of Oklahoma County, Inc.** as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, on our consideration of **Youth Services of Oklahoma County 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 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 Services of Oklahoma County Inc.'s** internal control over financial reporting and compliance.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Functional Expenses, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of these 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

information is fairly stated in all material respects in relation to the financial statements as a whole.

***BELL & RHODES, P.C.***

September 25, 2013

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Statement of Financial Position**  
**June 30, 2013**

**ASSETS**

**Current Assets:**

Cash	\$ 362,152
Certificates of Deposit	322,000
Accounts Receivable	217,538
Pledges Receivable	30,385
Due from OCCF	9,527
Prepaid Expenses	19,624
Total Current Assets	961,226

**Fixed Assets:**

Buildings and Land	3,198,108
Equipment	225,780
Furniture	207,319
Vehicles	79,551
Total Fixed Assets	3,710,758
Less: Accumulated Depreciation	1,156,422
Total Fixed Assets, net	2,554,336

**Other Assets:**

Pledges Receivable Due in Excess of One Year	8,615
Beneficial Interest in Securities Held by Others	494,662
Deposits	625
Total Other Assets	503,902

**Total Assets** \$ 4,019,464

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$ 27,737
Accrued Payroll Related Expenses	198,513
Total Current Liabilities	226,250

**Net Assets:**

Unrestricted	3,218,083
Temporarily Restricted (Note 13)	496,641
Permanently Restricted (Note 14)	78,490
Total Net Assets	3,793,214

**Total Liabilities and Net Assets** \$ 4,019,464

See Accompanying Notes to Financial Statements

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Statement of Activity and Change in Net Assets**  
**For The Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>				
Public Donations	\$ 150,407	\$ 55,000	\$ -	\$ 205,407
In-Kind Donations	107,462			107,462
State and City Grants and Contracts	2,338,973	-	-	2,338,973
Federal Programs	19,343	-	-	19,343
Rental Income	36,140	-	-	36,140
United Way Support	43,546	-	-	43,546
Special Event Income Net of Direct Expenses	87,685	-	-	87,685
Investment Income & Distributions from Community Foundations	28,393	27,303	3,880	59,576
Miscellaneous Receipts	4,844	-	-	4,844
Temporary Restriction Lified by Use for Restricted Purpose	46,282	(46,282)	-	-
Total Revenue and Support	<u>2,863,075</u>	<u>36,021</u>	<u>3,880</u>	<u>2,902,976</u>
<b>EXPENSES</b>				
<b>Direct Program Services</b>				
Residential and Short-Term Detention	1,464,506	-	-	1,464,506
Outpatient Services	1,198,286	-	-	1,198,286
Total Direct Program	<u>2,662,792</u>	<u>-</u>	<u>-</u>	<u>2,662,792</u>
<b>Management and Fundraising</b>				
Management Expenses	60,324	-	-	60,324
Fundraising	95,229	-	-	95,229
Total Management and Fundraising	<u>155,553</u>	<u>-</u>	<u>-</u>	<u>155,553</u>
Total Expenses	<u>2,818,345</u>	<u>-</u>	<u>-</u>	<u>2,818,345</u>
Change in Net Assets	44,730	36,021	3,880	84,631
Net Assets at the Beginning of Year	<u>3,173,353</u>	<u>460,620</u>	<u>74,610</u>	<u>3,708,583</u>
Net Assets at the End of the Year	<u>\$ 3,218,083</u>	<u>\$ 496,641</u>	<u>\$ 78,490</u>	<u>\$ 3,793,214</u>

See Accompanying Notes to Financial Statements

# YOUTH SERVICE FOR OKLAHOMA COUNTY, INC.

## Statement of Cash Flows For The Year Ended June 30, 2013

### Cash Flows From Operating Activities:

Change in Net Assets \$ 84,631

### Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:

Depreciation	115,660
Increase in Deposits	(625)
Increase In Grant and Other Receivables	(78,022)
Increase in Prepaids	(4,536)
Increase in Current Liabilities	15,144
<b>Cash Provided by Operating Activities</b>	<u>132,252</u>

### Cash Flows From Investing Activities:

Investment in Certificates of Deposit	(162,000)
Investment in Communities Foundation of Oklahoma	(10,000)
Net Change in Beneficial Interest in Securities Held by Others	(31,182)
Increase in Fixed Assets	<u>(104,264)</u>
<b>Cash Used By Investing Activities</b>	<u>(307,446)</u>

Change in Cash (175,194)

Cash, Beginning of Year 537,346

Cash, End of Year \$ 362,152

See Accompanying Notes to Financial Statements

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Statement of Functional Allocation of Expenses**  
**For the Year Ending June 30, 2013**

Direct Program Expenses:	Program Residential	Program Outpatient	Program Administration	Program Total	Administration	Fundraising & Development	Totals
<b>Occupancy</b>							
Building Supplies/ Maintenance	\$ 31,971	\$ 1,456	\$ 36,296	\$ 69,723	\$ -	\$ -	\$ 69,723
Depreciation	68,690	46,970		115,660			115,660
Property Insurance	28,790	-	18,718	47,508	-	-	47,508
Telephone	3,630	2,770	7,516	13,916	-	-	13,916
Utilities	<u>36,797</u>	<u>1,199</u>	<u>30,924</u>	<u>68,920</u>	<u>-</u>	<u>-</u>	<u>68,920</u>
<b>Total Occupancy</b>	<b>169,878</b>	<b>52,395</b>	<b>93,454</b>	<b>315,727</b>	<b>-</b>	<b>-</b>	<b>315,727</b>
<b>Operating Expenses</b>							
Audit Fees	4,213	-	7,236	11,449	-	-	11,449
Contractors	6,514	173,650	10,868	191,032	-	-	191,032
Data Equipment/ Software	950	2,800	5,291	9,041	-	-	9,041
Equipment Rental/ Maintenance	5,632	3,860	18,021	27,513	-	-	27,513
Food	19,777	47	-	19,824	-	-	19,824
Insurance	10,447	-	17,954	28,401	-	-	28,401
Memberships	-	6,908	70	6,978	-	-	6,978
Office Supplies/ Postage	7,222	2,410	11,424	21,056	-	-	21,056
Payroll/ Bank Services	-	-	9,166	9,166	-	-	9,166
Professional Fees	570	-	1,980	2,550	-	-	2,550
Program Supplies	34,122	119,139	8,023	161,284	-	-	161,284
Publications/ Subscriptions	556	-	1,086	1,642	-	-	1,642
Recruitment Costs	996	709	-	1,705	-	-	1,705
Staff Training	2,536	4,132	245	6,913	-	-	6,913
Travel	753	43,094	1,576	45,423	-	-	45,423
Vehicle Expense	<u>1,656</u>	<u>4,544</u>	<u>-</u>	<u>6,200</u>	<u>-</u>	<u>-</u>	<u>6,200</u>
<b>Total Operating Expenses</b>	<b>95,944</b>	<b>361,293</b>	<b>92,940</b>	<b>550,177</b>	<b>-</b>	<b>-</b>	<b>550,177</b>
<b>Personnel Costs</b>							
Employee Benefits	85,390	40,682	21,998	148,070	-	2,717	150,787
Payroll Taxes	57,210	30,462	21,796	109,468	-	2,532	112,000
Retirement Expense	38,087	19,763	24,393	82,243	-	-	82,243
Unemployment Tax	5,049	2,598	1,937	9,584	-	164	9,748
Wages	757,972	401,968	287,205	1,447,145	-	33,503	1,480,648
Workman's Comp.	<u>19,097</u>	<u>11,048</u>	<u>7,270</u>	<u>37,415</u>	<u>-</u>	<u>1,007</u>	<u>38,422</u>
<b>Total Personnel Costs</b>	<b>962,805</b>	<b>506,521</b>	<b>364,599</b>	<b>1,833,925</b>	<b>-</b>	<b>39,923</b>	<b>1,873,848</b>
<b>Total Direct Expenses</b>	<b>1,228,627</b>	<b>920,209</b>	<b>550,993</b>	<b>2,699,829</b>	<b>-</b>	<b>39,923</b>	<b>2,739,752</b>
<b>Allocated Administration Costs</b>							
Allocated Program Admin Costs	231,642	215,690	(484,369)	(37,037)	37,037	-	-
Allocated Program Occupancy	<u>4,237</u>	<u>62,387</u>	<u>(66,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Allocated Expenses</b>	<b>235,879</b>	<b>278,077</b>	<b>(550,993)</b>	<b>(37,037)</b>	<b>37,037</b>	<b>-</b>	<b>-</b>
<b>Total Program Expense</b>	<b>1,464,506</b>	<b>1,198,286</b>	<b>-</b>	<b>2,662,792</b>	<b>37,037</b>	<b>39,923</b>	<b>2,739,752</b>
<b>Other Expenses:</b>							
Board Meeting Expenses	-	-	-	-	4,263	-	4,263
Executive Travel	-	-	-	-	2,400	-	2,400
Gifts	-	-	-	-	2,236	-	2,236
OAYS Dues	-	-	-	-	14,388	-	14,388
General Expense	-	-	-	-	-	1,714	1,714
Marketing Materials	-	-	-	-	-	22,353	22,353
Memberships/Events	-	-	-	-	-	7,299	7,299
Professional Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,940</u>	<u>23,940</u>
<b>Total Other Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,287</b>	<b>55,306</b>	<b>78,593</b>
<b>Total Expenses</b>	<b>\$ 1,464,506</b>	<b>\$ 1,198,286</b>	<b>\$ -</b>	<b>\$ 2,662,792</b>	<b>\$ 60,324</b>	<b>\$ 95,229</b>	<b>\$ 2,818,345</b>

See Accompanying Notes to Financial Statements

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

**NOTE 1: NATURE OF ACTIVITIES**

Youth Services for Oklahoma County, Inc. (YSOC) was formed in 1972 to serve the needs of youth in Oklahoma County, Oklahoma. YSOC provides varied programs, which include 1) the Youth Counseling Center, which provides 24-hour crisis intervention, short-term individual and family counseling, psycho-educational group services, and referral and follow-up, 2) Family Junction, which provides 24-hour residential services to runaway and homeless youth aged 12-17, 3) Skills Education Program (also known as the First Offender Program), which provides first time young offenders the skills necessary to keep them from further criminal activity, and provides parents methods of communication, management and discipline skills, 4) Supporting Kids in Independent Living (SKIL), which provides needed support to high school students living independently so that they can remain in school, 5) Community Intervention Center, which is a 24-hour reception and processing center for juveniles arrested by the police for various non-felonious crimes, 6) Community-at-risk services, such as counseling, tutoring, mentoring and independent living subsidies to at risk youth, and 7) reimbursable services to at-risk youth under the Title XIX Medicaid program funded by the Oklahoma Health Care Authority.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation – The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) FASB ASC 958-210-50-3, *Financial Statements for Not-for-Profit Organizations*, which requires the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the organization is required to present a statement of cash flows.

Restriction on Assets – Net assets and revenues, expenses, gains, and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. YSOC reports temporarily restricted support as unrestricted if restrictions are met in the same reporting period.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents – For purposes of presentation on the statement of cash flows, YSOC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The fair value of cash and cash equivalents is estimated by management to approximate carrying value due at the initial maturities of instruments being three months or less.

Support and Revenue – YSOC receives its support and revenue primarily from the State of Oklahoma Office of Juvenile Affairs, Oklahoma Department of Human Services, the city of Oklahoma City, other state agencies, and the U.S. Department of Agriculture. See Note 3 for details on grants and contracts.

Contributions – The financial statements of YSOC have been prepared in accordance with Financial Accounting Standards Board (FASB) FASB ASC 958-605-25, *Accounting for Contributions Received*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

In-Kind Donations – YSOC receives numerous in-kind donations relating to its fundraising event, and to its various programs. These donations are recorded as revenue valued at the items fair market value with a corresponding charge to the appropriate expense.

Income Tax Status – The organization has been ruled exempt from federal income taxes under Section 501c(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was also no unrelated business income for the year ending June 30, 2013. As of the date of this report the Organization's tax returns are open for examination for the following years, 6-30-10, 6-30-11, 6-30-12, and 6-30-13.

Paid Personal Leave – Each employee is entitled to paid personal leave which accrues at the rate of 1.75 days per month for up to two years employment. After two years of employment, the annual leave increases according to years employed, up to a

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

maximum of 2.25 days per month. A maximum of 10 days may be carried over to the next calendar year. Any amount in excess of 10 days will be paid to the employee at 75% of their current salary rate at the end of the calendar year. The accompanying financial statements include a liability of \$40,302 for accrued leave at June 30, 2013.

Volunteer Services – No amounts have been reflected in the financial statements for donated services from unpaid volunteers who assist in fundraising and special projects, since no objective basis is available to measure the value of such services. During the year ended June 30, 2013, YSOC received approximately 2,200 hours of unpaid volunteer assistance from community members and members of its Board of Trustees in support of its programs and fundraising efforts.

Property and Equipment – Property and equipment purchased by YSOC with a cost of more than \$500 and a useful life of at least three years are recorded at cost. Donated assets are recorded at the estimated fair market value at date of gift. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Fair Value Measurement

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date. YSOC does not have assets valued using Level 1 inputs.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include

- a. quoted prices for similar assets or liabilities in active markets;
- b. quoted prices for identical or similar assets in markets that are not active
- c. observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. inputs derived principally from, or corroborated by, observable market data by correlation or other means.

The beneficial interest in securities held by others described in Note 3 are considered valued using level 2 inputs.

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. YSOC has does not have assets or liabilities valued using level 3 inputs.

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

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Most of the general and administrative expenses are allocable to the running of YSOC's programs and has been allocated to them as prescribed under the various grant contracts. \$37,037 of general and administrative expenses have been allocated to non-program G&A expenses. Most fundraising costs are directly allocated expenses. However, certain employee costs are jointly allocated to fundraising based on approximate time related to the fundraising activity. \$39,923 of personnel expenses have been allocated to fundraising. There allocations are noted in the Statement of Functional Expenses on page 7.

**NOTE 3: FUNDS HELD IN TRUST BY OTHERS**

YSOC Endowment Fund of Oklahoma City Community Foundation – The Youth Services for Oklahoma County Endowment fund (the Fund) is an established component fund of the Oklahoma City Community Foundation (the Foundation). The Foundation has legal ownership of the Fund and variance power over the Fund. YSOC is the beneficiary of the fund and receives distributions from the fund subject to the Foundation's spending policy. As of June 30, 2013 the fair value of the Fund totaled \$201,085 which included donations given to the Foundation directly from YSOC with a fair value of \$78,490 as of June 30, 2013. This latter interest in the Fund is recorded in the financial statements in accordance with FASB ASC 958-605, *Transfers to a Not-For-Profit Organization or Charitable Trust that Raises or Holds Contributions from Others.* The balance of the Fund not recorded in the financial statements includes donations to the Foundation for the benefit of YSOC by third-party donors. Investment earnings from both funds due to YSOC as of June 30, 2013 total \$9,527 have been recorded as a receivable in current assets and a part of investment revenue. Undistributed earnings and change in value have been reported on the statement of changes as permanently restricted revenue.

YSOC SKIL Endowment Fund of Communities Foundation of Oklahoma - During current and prior fiscal years temporarily restricted net assets and temporarily restricted donations earmarked for the Supporting Kids in Independent Living (SKIL) program were placed into the Communities Foundation of Oklahoma (CFO) to establish the YSOC SKIL Agency Fund. Like the endowment fund with the Oklahoma City

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

Community Foundation, Communities Foundation of Oklahoma has legal ownership and variance power over the fund. YSOC is the beneficiary of the fund and will receive distributions from the fund subject to CFO's spending policy. Since, under certain circumstances, and if approved by the board of directors of CFO, YSOC may request a return of the funds originally invested the YSOC SKIL Agency Fund is classified as temporarily restricted. As with the funds held by the Oklahoma City Communities Foundation, this endowment is recorded in the financial statements in accordance with FASB ASC 958-605. The fair value of the YSOC SKIL Endowment Fund as of June 30, 2013 is \$416,173, of which \$20,000 represents direct investment of undistributed earnings by YSOC and is classified as unrestricted. The balance of \$396,173 is classified as temporarily restricted. Earnings distributed during the year totaled \$18,114.

**NOTE 4: GRANTS AND CONTRACTS**

Youth Services for Oklahoma County, Inc. has met and maintained the requirements of a Designated Youth Services Agency as defined by Oklahoma Statute 7302-3.6a since June 1988, and has received funds each year since, which are specifically appropriated by the state legislature to the Office of Juvenile Affairs for designated Youth Services Agency programs for both the Department of Juvenile Justice and the Department of Human Services and made available through contracts negotiated by the Department of Juvenile Justice. Pursuant to Section 7302-3.5, the agreements are community-based youth services programs, shelters and community intervention centers. Section 7302-3.3 of the Statute states community-based prevention and diversionary youth services programs may include, but are not limited to: Emergency shelter, diagnosis, crisis intervention, counseling, group work, case supervision, job placement, alternative diversion programs for first time offenders and for youth alleged or adjudicated to be in need of supervision, recruitment and training of volunteers, consultation, brokerage of services, agency coordination with emphasis on keeping youth with a high potential for delinquency out of the traditional juvenile justice process and community intervention centers.

Youth Services of Oklahoma County, Inc. received two small federal awards, each passed through other agencies. One grant in the amount of \$4,200 for Emergency Food and Shelter assistance through the Central Oklahoma United Way came from the U.S. department of Housing and Urban Development. The other grant, passed through the Oklahoma Department of Human Services from the U.S. Department of Agriculture, totaled \$15,143 and was for feeding programs for youth at YSOC's shelter. See page 19 for further details.

Youth Services for Oklahoma County, Inc. received numerous state and city grants through two types of contracts – cost reimbursement contracts totaling \$1,029,212, and fee for service contracts, totaling \$1,309,761. See page 20 for further details.

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

**NOTE 5: EMPLOYEE BENEFIT PLAN**

YSOC revised its retirement plan effective July 1, 1997. The former money purchase pension plan for eligible employees was terminated and replaced with a 401(K) plan. Employees are eligible to participate in the plan after both attaining age 21 and completing 1,000 hours of service during the Plan Year. The plan was amended in 2009 to change the eligibility requirement for employer contributions to qualified employees who are employed on the last day of the plan year. The plan allows for employee self-direction of investments and has two plan entrance dates during the year. YSOC's Board of Trustees elected an employer profit sharing contribution rate of 4.0% of eligible employee compensation for fiscal year 2013. In addition the board elected a dollar for dollar matching contribution of eligible employee's contributions to their retirement accounts of up to 4.0% of eligible compensation. These rates may change from year to year under the plan agreement as determined by YSOC's Board of Trustees. Although YSOC plans to make a contribution to the plan every year, it is not required to do so. Retirement contributions applicable to the year ended June 30, 2013 totaled \$82,242 which is payable subsequent to year-end.

**NOTE 6: MANAGEMENT AND ADMINISTRATION EXPENSE**

Expenses are classified according to their function. Expenses that are not identifiable with any of the YSOC's program services, but are critical to all of them and to the entity's existence, are classified as administration expenses and allocated to programs based on each program's utilization of the administrative services. In the case of payroll expenses, the allocation is based on time allocation percentages. In the case of occupancy and other overhead expenses the allocation is based on the square footage of space used by each program.

**NOTE 7: OPERATING LEASES**

The organization has entered into four equipment lease arrangements for various items of office equipment extending over 60 months. The leases are considered operating leases with a total monthly expense of \$1,516 and an annual expense of \$18,197 for the year ending June 30, 2013. The expected annual lease expense under these leases for the next five years is:

6-30-14	\$18,197
6-30-15	\$18,197
6-30-16	\$ 6,065
6-30-17	Leases do not extend past 6-30-16

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

**NOTE 8: RECEIVABLES AND CONCENTRATION OF CREDIT RISK**

Accounts receivable, and pledges receivable are comprised of the following as of June 30, 2013:

Accounts receivable state contracts	\$ 217,538
Pledge Receivable One Year or Less	30,385
Pledge Receivable over one year	<u>8,615</u>
	<u>\$ 256,538</u>

Based on collections of government contracts receivable subsequent to year end, and the collection history for such receivables management feels that an allowance for uncollected receivables is not warranted.

The present value adjustment for pledges that are expected to be collected after twelve months at current interest rates is considered immaterial. As such the face value of \$8,615 is considered fair value as of June 30, 2013. Based on the collection history of such pledge receivables, management does not believe an allowance for uncollectable pledge receivables is warranted.

**NOTE 9: ECONOMIC DEPENDENCY**

The organization receives a significant portion of its revenue from funds provided through state grants. The grant amounts are appropriated each year at the state level. If significant budget cuts are made in state government spending, the amount of funds the organization receives could be reduced significantly and have an adverse impact on its operations.

**NOTE 10: CONTINGENT LIABILITIES**

The organization participates in a number of state assisted programs and one federal assisted program. These programs are audited in accordance with Government Auditing Standards. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may require further examinations in the future that could result in disallowed costs reimbursable to the grantor.

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

**NOTE 11: TEMPORARILY RESTRICTED NET ASSETS**

As stated in Note 3, YSOC has established the SKIL Agency Fund with the Communities Foundation of Oklahoma (CFO) for the support of the Supporting Kids in Independent Living (SKIL) program. Since, under certain circumstances and with the approval of the board of directors of CFO, YSOC may request a return of the endowment funds it originally invested, this portion of the YSOC SKIL Agency Fund is classified as temporarily restricted. The fair value of this fund classified as temporarily restricted as of June 30, 2013 is \$396,173. In addition, donation pledges of \$39,000 to be collected later than 12 months, a donation of \$50,000 for remodel work in the next fiscal year, and a grant of \$35,000 given to YSOC in the year ending June 30, 2012 with \$11,468 remaining to be spent as of June 30, 2013 are included. The total of temporarily restricted net assets is \$496,641.

**NOTE 12: PERMANENTLY RESTRICTED NET ASSETS**

The Youth Services for Oklahoma County Endowment fund (the Fund) established directly by third parties is an established component fund of the Oklahoma City Community Foundation (the Foundation) and has been classified as permanently restricted. The Foundation has legal ownership of the Fund and variance power over it. YSOC is the beneficiary and receives distributions from the fund subject to the Foundation's spending policies. The fair value, as described in Note 3, as of June 30, 2013 is \$78,490.

**NOTE 13: CASH BALANCES**

Cash balances in excess of the FDIC insured limits are maintained from time to time during the year. Management does not believe there is a meaningful risk of loss during the times between transfers to other accounts that this is the case.

**NOTE 14: INVESTMENT INCOME AND UNREALIZED GAINS**

**Investment Income**

**Unrestricted**

Interest and Dividends	\$ 752
Endowment Income OCCF	9,527
Endowment Income CFO	<u>18,114</u>
Total Unrestricted Investment Income	28,393

**Restricted**

T-Restricted Undistributed Earnings CFO	27,303
P-Restricted Undistributed Earnings OCCF	<u>3,880</u>
Total restricted Investment Income	<u>31,183</u>
Total Investment Income	<u>\$ 59,576</u>

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Notes to the Financial Statements**  
**For the Year Ending June 30, 2013**

**NOTE 15: SPECIAL EVENT FUNDRAISING**

Reaching for the Stars fundraising event generated total revenue of \$182,470. Direct fundraising expenses of \$94,785 were incurred for the event resulting in net proceeds from the event of \$87,685.

**NOTE 16: SUBSEQUENT EVENT EVALUATION**

Subsequent events have been evaluated through September 25, 2013, the date of the issuance of the auditor's report.



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**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**

Board of Directors  
Youth Services For Oklahoma County, Inc.  
Oklahoma City, Oklahoma

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 financial statements of **Youth Services for Oklahoma County, Inc.** (nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **Youth Services for Oklahoma County, Inc.'s** internal control over financial reporting (internal control) to determine our auditing 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 Services for Oklahoma County, Inc.'s** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Youth Services for Oklahoma County, Inc.'s** financial statements are free of material misstatements, 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 noncompliance 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*.

### **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 suited for any other purpose.

***BELL & RHODES, P.C.***

September 25, 2013

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ending June 30, 2013

<u>U.S. Department of Housing and Urban Development</u>	<u>CFDA Number</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Passed Through the United Way of Central Oklahoma Emergency Food and Shelter	14.231	02/01/12- 08/31/13-	\$4,200	\$4,200	\$4,200
 <u>U. S. Department of Agriculture</u>					
Passed Through the Oklahoma State Department of Human Services National School Lunch School Breakfast Program	10.553	07/01/12 - 06/30/13		15,143	15,143
 Total Expenditures of Federal Awards				<u>\$ 19,343</u>	<u>\$ 19,343</u>

See Accompanying Notes to Financial Statements

**YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.**  
**Schedule of Expenditures of State Awards**  
For the Year Ending June 30, 2013

<u>State/ City Grantor/Program Title</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Revenue Received</u>	<u>Expenditures</u>
<b><i>Cost Reimbursement Contracts</i></b>				
<u>Office of Juvenile Affairs</u>				
Community Based Youth Services Shelter- Outreach	7/1/12 - 6/30/13	\$ 980,712	\$ 980,712	\$ 980,712
<u>City of Oklahoma City</u>				
Homeless Children Grant	7/1/12 - 6/30/13	15,000	15,000	15,000
<u>Oklahoma City Public Schools</u>				
Family Junction Emergency Shelter	7/1/12 - 6/30/13	10,000	10,000	10,000
Supporting Kids in Independent Living	7/1/12 - 6/30/13	23,500	<u>23,500</u>	<u>23,500</u>
<i>Total Cost Reimbursement</i>			<u>\$ 1,029,212</u>	<u>\$ 1,029,212</u>
<b><i>Fee for Service Contracts</i></b>				
<u>City of Oklahoma City</u>				
Community Intervention Center	7/1/12 - 6/30/13	\$ 667,600	\$ 667,600	N/A
<u>Oklahoma Association of Youth Services</u>				
PREP	7/1/12 - 6/30/13	N/A	26,720	N/A
<u>Office of Juvenile Affairs</u>				
Community-At-Risk (CARS)	7/1/12 - 6/30/13	N/A	508,835	N/A
Shelter Diversion	7/1/12 - 6/30/13	N/A	91,080	N/A
<u>Oklahoma Department of Human Services</u>				
Finger Printing Services	7/1/12 - 6/30/13	N/A	1,211	N/A
<u>Health Care Authority</u>				
Medicaid	7/1/12 - 6/30/13	N/A	<u>14,315</u>	N/A
<b><i>Total Fee for Service</i></b>			<u>\$ 1,309,761</u>	
TOTALS			<u>\$ 2,338,973</u>	
<b>Unallowaed Expenses Noted</b>			<b>None</b>	

See Accompanying Notes to Financial Statements

# **YOUTH SERVICES OF OKLAHOMA COUNTY, INC.**

## **Notes To Schedule of Federal and State Awards**

**For The Year Ended June 30, 2013**

### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal grant activity of Youth Services of Oklahoma County Inc., and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Though a Single-Audit under the provision of OMB Circular A-133 is not required for this Organization, and has not been conducted, 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 preparation of, the basic financial statements.

### **Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Wherein certain types of expenditure are not allowed or are limited as to reimbursement.