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**YOUTH SERVICES FOR  
OKLAHOMA COUNTY, INC.**



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Youth Services for Oklahoma County, Inc.  
Oklahoma City, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of YOUTH SERVICES FOR OKLAHOMA COUNTY, INC., which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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 *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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 for Oklahoma County, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Oklahoma Juvenile Affairs, is presented for purposes of additional analysis and is not a required part of the 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 States 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 January 23, 2018 on our consideration of Youth Services for 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 for Oklahoma County, Inc.'s internal control over financial reporting and compliance.

*Engelbach Roberts & Co. PLLC*

Certified Public Accountants

Oklahoma City, Oklahoma  
January 23, 2018

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION

	June 30,	
	2017	2016
<b><u>ASSETS</u></b>		
Current assets:		
Cash (including interest-bearing accounts of \$173,073 and \$262,032)	\$ 239,755	\$ 534,738
Accounts receivable, net of allowance for doubtful accounts of \$5,810	215,845	281,102
Accounts receivable - United Way	58,500	60,000
Prepaid expenses	86,636	44,827
Beneficial interest in assets held by others (Note 3)	526,139	499,688
Land, buildings, and equipment, net of accumulated depreciation of \$1,687,239 and \$1,545,004 (Note 4)	2,357,575	2,454,433
Total assets	\$ 3,484,450	\$ 3,874,788
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 51,431	\$ 25,865
Accrued liabilities	85,044	230,776
Total liabilities	136,475	256,641
Net assets:		
Unrestricted	2,763,336	3,058,459
Temporarily restricted (Note 6)	58,500	60,000
Permanently restricted (Note 6)	526,139	499,688
Total net assets	3,347,975	3,618,147
Total liabilities and net assets	\$ 3,484,450	\$ 3,874,788

See notes to financial statements.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF ACTIVITIES  
 June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support:				
United Way	\$ 50,000	\$ 58,500	\$	\$ 108,500
Public donations	181,513			181,513
Foundation grants	98,648			98,648
In-kind donations	74,866			74,866
Special event income, net of expenses of \$54,839	117,972			117,972
State and City grants and contracts	2,025,324			2,025,324
Federal programs	40,623			40,623
Rental income	46,017			46,017
Program service fees	675			675
Miscellaneous income	3,898			3,898
Investment income	1,124		26,451	27,575
	<u>2,640,660</u>	<u>58,500</u>	<u>26,451</u>	<u>2,725,611</u>
Total revenue				
Net assets released from restriction	<u>60,000</u>	<u>(60,000)</u>		
	<u>2,700,660</u>	<u>(1,500)</u>	<u>26,451</u>	<u>2,725,611</u>
Total revenue, gains, and other support				
Expenses:				
Program services	2,455,771			2,455,771
Management and general	395,155			295,155
Fundraising	144,857			144,857
	<u>2,995,783</u>			<u>2,995,783</u>
Total expenses				
Increase (decrease) in net assets	(295,123)	(1,500)	26,451	(270,172)
Net assets at beginning of year	<u>3,058,459</u>	<u>60,000</u>	<u>499,688</u>	<u>3,618,147</u>
Net assets at end of year	<u>\$ 2,763,336</u>	<u>\$ 58,500</u>	<u>\$ 526,139</u>	<u>\$ 3,347,975</u>

See notes to financial statements.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF ACTIVITIES  
 June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains, and other support:</b>				
United Way	\$ 49,595	\$ 60,000	\$	\$ 109,595
Public donations	140,068			140,068
Foundation grants	99,442			99,442
In-kind donations	61,153			61,153
Special event income, net of expenses of \$72,054	91,870			91,870
State and City grants and contracts	2,198,921			2,198,921
Federal programs	12,756			12,756
Rental income	36,942			36,942
Program service fees	919			919
Miscellaneous income	10,699			10,699
Investment income	1,504		(5,862)	(4,358)
	<u>2,703,869</u>	<u>60,000</u>	<u>(5,862)</u>	<u>2,758,007</u>
<b>Total revenue, gains, and other support</b>				
<b>Expenses:</b>				
Program services	2,381,323			2,381,323
Management and general	513,043			513,043
Fundraising	99,216			99,216
	<u>2,993,582</u>			<u>2,993,582</u>
<b>Total expenses</b>				
Increase (decrease) in net assets	(289,713)	60,000	(5,862)	(235,575)
Net assets at beginning of year as restated (Note 8)	<u>3,348,172</u>		<u>505,550</u>	<u>3,853,722</u>
Net assets at end of year	<u>\$ 3,058,459</u>	<u>\$ 60,000</u>	<u>\$ 499,688</u>	<u>\$ 3,618,147</u>

See notes to financial statements.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2017

	Program Services						Management and General	Fundraising	Total
	CARS Medicaid	CIC	First Time Offender	Shelter	SKIL	Total			
Salaries	\$ 366,886	\$ 441,332	\$ 90,618	\$ 394,706	\$ 154,715	\$ 1,448,257	\$ 229,091	\$ 55,485	\$ 1,732,833
Employee benefits	29,099	51,714	3,033	56,313	13,326	153,485	32,112	663	186,260
Payroll taxes	28,044	32,618	6,587	29,791	12,671	109,711	18,746	4,457	132,914
<b>Total salaries and related expenses</b>	<b>424,029</b>	<b>525,664</b>	<b>100,238</b>	<b>480,810</b>	<b>180,712</b>	<b>1,711,453</b>	<b>279,949</b>	<b>60,605</b>	<b>2,052,007</b>
Professional fees	180,007	15,755	3,007	17,900	5,337	222,006	28,842	35,023	285,871
Client assistance and activities	5,467			3,160	16,220	24,847			24,847
Supplies and food	3,971	1,448	951	17,625	47,234	71,229	1,787	11,600	84,616
Computer and software expenses	2,467	104	364	64	64	3,063	6,065	6,741	15,869
Equipment rental and maintenance	5,730	7,255	1,858	970	1,710	17,523	2,669	1,715	21,907
Occupancy	25,117	39,793	11,901	57,261	15,219	149,291	26,765	8,260	184,316
Client transportation and mileage	30,255	208			16	30,479	846		31,325
Auto expenses	2,741	99	396	2,147	1,012	6,395	872	271	7,538
Conferences, conventions, and meetings	303	240	13	74	40	670	1,182	1,152	3,004
Office supplies	3,516	3,353	436	1,860	1,501	10,666	6,031	2,270	18,967
Memberships and dues	2,630	3,068	146	3,068	1,023	9,935	2,046	1,607	13,588
Reference materials	157	204	126	190	133	810	164	261	1,235
Insurance	9,935	16,769	2,960	14,193	5,305	49,162	8,616	2,315	60,093
Advertising								8,142	8,142
Communications	4,183	3,804	1,032	517	1,072	10,608	4,027	1,641	16,276
Miscellaneous expenses	1,561	452	1	1,641	1,714	5,369	14,326	1,363	21,058
Bank and transaction fees		116				116	2,773		2,889
<b>Total expenses before depreciation</b>	<b>702,069</b>	<b>618,332</b>	<b>123,429</b>	<b>601,480</b>	<b>278,312</b>	<b>2,323,622</b>	<b>386,960</b>	<b>142,966</b>	<b>2,853,548</b>
Depreciation of furniture, fixtures and equipment	33,037	40,941	7,904	35,882	14,385	132,149	8,195	1,891	142,235
	\$ 735,106	\$ 659,273	\$ 131,333	\$ 637,362	\$ 292,697	\$ 2,455,771	\$ 395,155	\$ 144,857	\$ 2,995,783

See notes to financial statements.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2016

	Program Services										Total
	CARS Medicaid	CIC	First Time Offender	Outreach	Shelter	SKIL	Total	Management and General	Fundraising	Total	
Salaries	\$ 209,538	\$ 443,464	\$ 93,119	\$ 137,957	\$ 355,750	\$ 163,139	\$ 1,402,967	\$ 205,911	\$ 73,198	\$ 1,682,076	
Employee benefits	28,169	59,616	12,519	18,546	47,824	21,931	188,605	27,681	9,840	226,126	
Payroll taxes	15,863	33,573	7,050	10,444	26,932	12,350	106,212	15,589	5,541	127,342	
Total salaries and related expenses	253,570	536,653	112,688	166,947	430,506	197,420	1,697,784	249,181	88,579	2,035,544	
Professional fees	149,606	6,653	60	2,923	2,923		159,242	65,026		224,268	
Client supplies and activities	6,311	3,454	289	8,092	16,332	24,237	42,383	130		42,513	
Client assistance and food	2,275	117				42,222	60,946	10,148		71,094	
Computer and software expenses		1,201			133		1,334	10,954		12,288	
Equipment rental and maintenance	2,640	7,259	3,960	1,980	7,259	2,640	25,738	5,279	660	31,677	
Occupancy	13,520	39,058	13,520	13,520	49,552	23,639	152,809	23,638	1,899	178,346	
Client transportation and mileage	33,954	833			62	32	34,881	3,024		37,905	
Auto expenses	2,382	24			1,554	674	4,634	847		5,481	
Conferences, conventions, and meetings	1,543	590	20		722	108	2,983	3,511		6,494	
Office supplies	1,934	5,319	2,901	1,451	5,318	1,933	18,856	3,868	483	23,207	
Memberships and dues	7,355						7,355	14,795		22,150	
Reference materials		545					545	936		1,481	
Insurance	7,509	15,923	2,904	4,374	11,483	4,607	46,800	14,411	2,305	63,516	
Bad debt expense								5,810		5,810	
Communications	2,275	2,451	70		490	245	5,531	8,238		13,769	
Miscellaneous expenses	582	1,581	10		2,580	117	4,870	15,761	1,124	21,755	
Agency development								50,094		50,094	
Total expenses before depreciation	485,456	621,661	136,422	188,272	537,006	297,874	2,266,691	485,651	95,050	2,847,392	
Depreciation of furniture, fixtures and equipment	17,648	42,020	7,067	7,590	28,466	11,841	114,632	27,392	4,166	146,190	
	\$ 503,104	\$ 663,681	\$ 143,489	\$ 195,862	\$ 565,472	\$ 309,715	\$ 2,381,323	\$ 513,043	\$ 99,216	\$ 2,993,582	

See notes to financial statements.



YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
STATEMENT OF CASH FLOWS

	June 30,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from donors and foundations	\$ 425,366	\$ 321,785
Cash received from governmental agencies	2,096,000	2,223,545
Cash received from special events	116,040	91,870
Cash received from rental income	46,017	36,942
Cash received from miscellaneous income	3,898	10,699
Cash received from program service fees	675	919
Investment income	1,124	1,505
Cash paid to employees and suppliers	<u>(2,938,726)</u>	<u>(2,787,454)</u>
Net cash provided (used) by operating activities	<u>(249,606)</u>	<u>(100,189)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(45,377)</u>	<u>(40,678)</u>
Net cash provided (used) by investing activities	<u>(45,377)</u>	<u>(40,678)</u>
Net increase (decrease) in cash	(294,983)	(140,867)
Cash at beginning of year	<u>534,738</u>	<u>675,605</u>
Cash at end of year	<u>\$ 239,755</u>	<u>\$ 534,738</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (270,172)	\$ (235,575)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	142,235	146,190
Market adjustment	(26,451)	27,833
(Increase) decrease in accounts receivable	66,756	(37,422)
(Increase) decrease in prepaid expenses	(41,808)	19,707
Increase (decrease) in accounts payable and accrued expenses	<u>(120,166)</u>	<u>(20,922)</u>
Net cash provided (used) by operating activities	<u>\$ (249,606)</u>	<u>\$ (100,189)</u>
Supplemental schedule of noncash operating activities:		
In-kind donations	<u>\$ 74,866</u>	<u>\$ 61,153</u>

See notes to financial statements.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

Organization - Youth Services for Oklahoma County, Inc. (YSOC) was formed in 1972 to serve the needs of youth in Oklahoma County, Oklahoma. Since 1988, YSOC has been qualified as a Designated Youth Services Agency as defined by the Oklahoma State Statute. Because of this designation, YSOC has entered into contracts to provide community-based youth services programs, shelters and community intervention centers as well as community-based prevention and diversionary youth services programs. For the years ended June 30, 2017 and 2016, YSOC received \$1,432,529 and \$1,438,258 from the State of Oklahoma Office of Juvenile Affairs, \$480,562 and \$655,013 from the City of Oklahoma City and \$152,856 and \$118,406 from all other sources.

Description of Programs

Counseling - YSOC counseling services provide support for youth and families as they navigate the often turbulent waters of growing up in the world today. Our licensed therapists address a variety of issues including:

- Abuse and trauma
- Depression and anxiety
- Grief
- Substance abuse
- Criminal behavior

Supporting Kids in Independent Living (SKIL) - Young people living on their own without parental support are at great risk of being presented with a number of difficult obstacles to overcome. Staff provide a comprehensive array of services ensuring young people have access to resources in the areas of:

- Safe and stable housing
- Education and post secondary education
- Employment skills and readiness
- Life skills training and practice
- Positive, supportive relationships

NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Years Ended June 30, 2017 and 2016

Family Junction Emergency Youth Shelter - For a variety of reasons, there are young people in our community who need a safe and secure temporary place to stay. Our 24-hour facility has space for up to 18 youth between the ages of 12 and 17. Whether in DHS custody, living on their own without parental support, or having run away from home, the youth who stay with YSOC receive:

- Clean, warm beds and nutritious meals
- Counseling and emotional support
- Treatment for health issues
- Ability to attend school and get tutoring
- Life skills training and practice
- Recreational and socialization activities

Skills Education Program (SEP) - When bad decisions result in consequences such as getting into trouble with the law, it negatively impacts the youth and their families. Everyone deserves a chance to learn from their mistakes and that is exactly what the SEP provides for young people and their parents. The program is a 16-hour program where parents and youth learn conflict resolution, positive communication, and problem solving skills. The curriculum enables parents and youth to develop skills in the areas of:

- Communication
- Anger management
- Conflict resolution
- Problem-solving
- Decision-making

Juvenile Re-Entry for Oklahoma County (JROC) Program - Re-entry services are designed to assist young people and their families with adjusting to life after time in a detention or other secure residential facility. The services enable our clients to resolve issues that led them to be in placement in the first place. Each JROC client is supported by a network of dedicated staff that provide:

- Intensive counseling
- Life skills training and practice
- Mentoring
- Crisis intervention
- Positive, supportive relationships

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

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(Continued)

For the Years Ended June 30, 2017 and 2016

Community Intervention Center (CIC) - Community Intervention Center is a 24-hour intervention program for young people who have committed a misdemeanor or status offense. Our partnership with the City of Oklahoma City and surrounding law enforcement agencies allows officers to get back to the community sooner and provides a youth-appropriate, safe environment and consequence for young people. The CIC provides:

- Youth appropriate intake process
- Safe 24-hour intervention facility
- Identification of and connection to resources for the youth and families to address and resolve issues that resulted in the arrest, and any other needs the youth and families have

Education and employment are absolutely necessary to give adolescents their best chance to successfully transition into adulthood. Across all programs at YSOC, part of each young person's experience includes the opportunity to:

- Graduate from high school
- Apply for college or vocational school
- Apply for financial aid for school
- Build job and job search skills
- Achieve employment readiness
- Maintain employment
- Gain vital life skills

Financial Statement Presentation - The financial statements for YSOC are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit organizations. The Organization reports information regarding its financial position and changes in net assets according to three classes of net assets based on the existence or absence of donor-imposed restrictions, as follows: unrestricted net assets consist of expendable amounts available to support the operations and objectives of YSOC; temporarily restricted net assets consist of amounts which have been temporarily restricted by donors for specific purpose or time periods; and permanently restricted net assets consist of amounts required to be maintained in perpetuity by YSOC, with income generated by such amounts available to support operations and objectives.

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.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

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(Continued)

For the Years Ended June 30, 2017 and 2016

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence and/or nature of any donor restrictions. YSOC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets with restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue. The expiration of donor restrictions is reported ratably over the useful life of the related long-lived assets through an implied time restriction.

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.

Functional Expense Allocation - The costs of providing the various programs and other activities have been summarized on the functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited according to formulas developed by management to, in its judgment, reflect actual costs and efforts expended on each program or supporting service.

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.

In-Kind Contributions - YSOC receives numerous in-kind contributions relating to its fundraising event and various programs. These contributions are recorded at fair value when received.

Donated Services - Contributions of services are recognized when the services received require specialized skills or enhance non-financial assets. Contributions of services are recorded at fair value when received.

NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Years Ended June 30, 2017 and 2016

Accrued Personal Leave - Employees' rights to receive compensation for future absences are recognized in the period such rights are earned. A maximum of 20 days may be carried over to the next calendar year. Any amount in excess of 20 days will be forfeited. The balance of accrued personal leave included in accrued expenses at June 30, 2017 and 2016 is \$83,958.

Income Tax Status - YSOC is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a)(2). Therefore, no provision has been made in the accompanying financial statements for income taxes.

YSOC evaluates and accounts for their uncertain tax positions, if any, in accordance with U.S. generally accepted accounting principles, including the Organization's tax position as a tax-exempt not-for-profit entity. Through the Organization's evaluation of its uncertain tax positions, management has determined no uncertain tax positions exist as of June 30, 2017 and 2016, which would require the Organization to record a liability for the uncertain tax positions in its financial statements. The Organization's Form 990 filings for the years ended before June 30, 2014 are no longer subject to examination by taxing authorities.

Date of Management Evaluation - Management has evaluated subsequent events through January 23, 2018, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

2. Fees and Grants from Governmental Agencies

YSOC has entered into contracts with governmental agencies to provide services on a fee basis. The following is a schedule of these contracts and their provisions:

Agency	Term	Maximum Amount	2017 Income
State of Oklahoma Office of Juvenile Affairs: To establish and maintain community- based prevention and diversionary youth services programs	July 1, 2016 to June 30, 2017	\$1,473,305	\$1,408,579
Putnam City Public Schools: To provide independent consultant and youth services	August 20, 2016 to August 19, 2017	\$25,000	24,331

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Years Ended June 30, 2017 and 2016

Agency	Term	Maximum Amount	2017 Income
To provide truancy intervention and support services	August 20, 2016 to August 19, 2017	\$7,000	891
City of Oklahoma City: To establish and maintain the Community Intervention Center	July 1, 2016 to September 30, 2016	\$166,900	163,753
	October 1, 2016 to March 31, 2017	\$316,809	316,809
To undertake and provide transition and independent living, skill building resources and counseling services	July 1, 2016 to June 30, 2017	\$13,000	13,000
Oklahoma City Public Schools: To provide independent consultant and youth services	July 1, 2016 to June 30, 2017	\$20,707	20,707
Oklahoma County: To provide independent consultant and youth services	July 1, 2016 to June 30, 2017	\$23,500	23,500
Department of Education: To administer school lunch program	July 1, 2016 to June 30, 2017	\$17,123	17,123
Oklahoma Association of Youth Services: To administer the prevention and relationship enhancement program	July 1, 2016 to June 30, 2017	\$26,360	26,360
Oklahoma Health Care Authority: Title XIX Medicaid medical services to youth	July 1, 2016 to June 30, 2017	Various per unit amounts	39,944
Emergency Food and Shelter Board of Oklahoma: To provide emergency food and shelter Phase 32	November 1, 2014 to January 31, 2016	\$7,334	3,667
Phase 33	February 1, 2016 to January 31, 2018	\$7,283	<u>7,283</u>
Total government contracts			<u><u>\$2,065,947</u></u>

NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Years Ended June 30, 2017 and 2016

3. Funds Held in Trust By Others

Endowment Fund Held By Oklahoma City Community Foundation - YSOC is the beneficiary of a designated agency endowment fund held by the Oklahoma City Community Foundation, Inc. (OCCF) with a market value of \$216,390 and \$205,911 at June 30, 2017 and 2016. The endowment was established with funds contributed by both the Organization and other third-party donors. Under the terms of OCCF's designated fund policies, OCCF has variance power over the assets, and only that portion of the assets contributed by the Organization together with earnings thereon, is considered to represent the present value of future distributions expected to be made to YSOC. Of the total fund balance at June 30, 2017 and 2016, \$84,444 and \$80,393 represent contributions and accumulated earnings by the Organization and are included as assets in the accompanying statement of financial position. Assets contributed by third party donors, totaling \$131,946 and \$125,518 at June 30, 2017 and 2016 are not reported in the Organization's financial statements.

Endowment Fund Held By The Communities Foundation of Oklahoma - YSOC is the beneficiary of a designated agency endowment fund held by the Communities Foundation of Oklahoma (CFO) earmarked for the Supporting Kids in Independent Living (SKIL) program. Under the terms of CFO's designated fund policies, CFO has variance power over the assets, and only that portion of the assets contributed by the Organization together with earnings thereon, is considered to represent the present value of future distributions expected to be made to YSOC. At June 30, 2017 and 2016, the fair value of the YSOC SKIL Endowment Fund is \$460,741 and \$437,287. Of the total fund balance, \$441,695 and \$419,295 represents contributions and accumulated earnings by the Organization and are included as assets in the accompanying statement of financial position. Assets contributed by third party donors, totaling \$19,046 and \$17,992 are not reported in the Organization's financial statements.



YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
For the Years Ended June 30, 2017 and 2016

4. Land, Building and Equipment

At June 30, 2017 and 2016, the cost of property and equipment was as follows:

	2017	2016
Land	\$491,998	\$491,998
Buildings and improvements - main office	662,363	616,986
Buildings and improvements - Family Junction	2,172,112	2,172,112
Furniture, fixtures and equipment	611,112	611,112
Vehicles	107,229	107,229
	4,044,814	3,999,437
Less accumulated depreciation	1,687,239	1,545,004
	\$2,357,575	\$2,453,433

Depreciation expense for the year ended June 30, 2017 and 2016 was \$142,235 and \$146,190.

5. Employee Benefit Plan

YSOC revised its retirement plan effective July 1, 1997. The former money purchase 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 is not required to make an annual contribution. Retirement contributions applicable to the years ended June 30, 2017 and 2016 totaled \$708 and \$18,795 which are payable subsequent to year-end.

6. Restrictions on Assets

Temporarily restricted net assets are available for the following purposes:

United Way, future funding	\$58,500
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Permanently restricted net assets are restricted to:  
Beneficial interest held by others, income from  
which is expendable to support program activities

\$526,139
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YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
For the Years Ended June 30, 2017 and 2016

7. Fair Value of Financial Instruments

The Organization discloses the estimated fair value for all financial instruments in conformity with U.S. generally accepted accounting principles (GAAP). The fair values reported below for financial instruments were based on a variety of factors. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of June 30, 2017, or that will be realized in the future.

GAAP establishes the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. This hierarchy consists of three broad levels: Level 1 - Quoted Prices in Active Markets for Identical Assets, Level 2 - Significant Other Observable Inputs, and Level 3 - Significant Unobservable Inputs. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities.

*Fair Value Measured on a Recurring Basis*

The Organization's financial instruments at June 30, 2017 were as follows:

	<u>Fair Value/ Estimated Market Value and Carrying Amount</u>
Cash and cash equivalents	\$239,755
Assets held by others (Community Foundations)	\$526,139

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization's financial assets and financial liabilities carried at fair value.

The carrying amount of cash and cash equivalents approximates fair value because of their short maturity and is measured using Level 1 inputs.

The assets held by the Community Foundations are funds that are pooled with other funds held by the Foundations and invested in various investment accounts. The value of the Organization's investment is equal to the principal amount plus earnings net of distributions and is measured using Level 2 inputs.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Years Ended June 30, 2017 and 2016

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements, as well as the general classification of such assets pursuant to the valuation hierarchy.

	Fair Value	Fair Value Level
<u>June 30, 2017:</u>		
Money market funds	\$239,755	(1)
Assets held by others	526,139	(2)
	\$765,894	
	Fair Value	Fair Value Level
<u>June 30, 2016:</u>		
Money market funds	\$534,738	(1)
Assets held by others	499,688	(2)
	\$1,034,426	

SUPPLEMENTARY FINANCIAL INFORMATION

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Term</u>	<u>Maximum Amount</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>US Department of Agriculture</u>					
Passed through Oklahoma State Department of Human Services:					
National School Lunch Program	July 1, 2016 to June 30, 2017	\$ 17,123	10.555		<u>\$ 17,123</u>
<u>Department of Homeland Security</u>					
Direct programs:					
Emergency Food and Shelter Program:					
Phase 32	November 1, 2014 to January 31, 2016	\$ 7,334	97.024		3,667
Phase 33	February 1, 2016 to January 31, 2018	\$ 7,283	97.024		<u>7,283</u>
					<u>10,950</u>
Total federal awards					<u>\$ 28,073</u>

The accompanying notes are an integral part of this schedule.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 For the Year Ended June 30, 2017

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Term</u>	<u>Maximum Amount</u>	<u>Revenue Received</u>	<u>Expenditures</u>
<u>Office of Juvenile Affairs:</u>				
Community Based Youth Services Outreach	July 1, 2016 to	\$ 1,473,305	\$ 796,660	\$ 796,660
Community-At-Risk	June 30, 2017		542,952	542,952
Shelter Division			68,967	68,967
			1,408,579	1,408,579
<u>Oklahoma Health Care Authority:</u>				
Title XIX	July 1, 2016 to June 30, 2017	N/A	39,944	39,944
<u>Oklahoma County:</u>				
Supporting Kids in Independent Living	July 1, 2016 to June 30, 2017	\$ 23,500	23,500	23,500
<u>Oklahoma City Public Schools:</u>				
Supporting Kids in Independent Living	July 1, 2016 to June 30, 2017	\$ 20,000	20,707	20,707
<u>Putnam City Public Schools:</u>				
Supporting Kids in Independent Living	August 20, 2016 to August 19, 2017	\$ 25,000	24,331	24,331
Truancy Intervention	August 20, 2016 to August 19, 2017	\$ 7,000	891	891
<u>Oklahoma Association of Youth Services:</u>				
Prevention and Relationship Enhancement Program	July 1, 2016 to June 30, 2017	\$ 26,360	26,360	26,360
<u>City of Oklahoma City:</u>				
Community Intervention Center	July 1, 2016 to September 30, 2016	\$ 166,900	163,753	163,753
	October 1, 2016 to March 31, 2017	\$ 316,809	316,809	316,809
Support Transition and Independent Living	July 1, 2016 to June 30, 2017	\$ 13,000	13,000	13,000
			\$ 2,037,874	\$ 2,037,874

The accompanying notes are an integral part of this schedule.

YOUTH SERVICES FOR OKLAHOMA COUNTY, INC.  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
For the Year Ended June 30, 2017

1. Basis of Presentation

The accompanying schedules of expenditures of awards (the Schedules) include the federal and state grant activities of Youth Services for Oklahoma County, Inc. under the programs of the federal and state governments for the year ended June 30, 2017. These schedules are presented in accordance with the requirements of the State of Oklahoma Office of Juvenile Affairs. Because the schedules present only a selected portion of the operations of Youth Services for Oklahoma County, Inc. they are not intended to and do not present the financial position, changes in net assets or cash flows of Youth Services for Oklahoma County, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles of the State of Oklahoma Office of Juvenile Affairs, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.



INDEPENDENT AUDITORS' 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 Trustees of  
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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related 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 January 23, 2018.

**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 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 Services for Oklahoma County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Youth Services for Oklahoma County, Inc.'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 consider 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 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*.

### **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.



Certified Public Accountants

Oklahoma City, Oklahoma  
January 23, 2018