

**NORTHEAST YOUTH AND
FAMILY SERVICES**

REPORT ON AUDIT

JUNE 30, 2016



LETHERT, SKWIRA, SCHULTZ & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS ♦ BUSINESS CONSULTANTS

Helping Business Conduct Business Since 1918

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of Northeast Youth and Family Services

We have audited the accompanying financial statements of **Northeast Youth and Family Services** (a nonprofit organization), which comprise the statements of financial position as of **June 30, 2016** and 2015, and the related statements of activities and changes in net assets 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 **Northeast Youth and Family Services** as of **June 30, 2016** and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited **Northeast Youth and Family Services'** 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated October 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 14 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.

October 26, 2016

Lethert, Skwira, Schultz & Co. LLP

LETHERT, SKWIRA, SCHULTZ & CO. LLP

NORTHEAST YOUTH AND FAMILY SERVICES

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NORTHEAST YOUTH AND FAMILY SERVICES

Statements of Financial Position

June 30, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<u>Current Assets</u>		
Cash and equivalents	\$ 551,359	\$ 475,435
Cash, restricted	-	45,278
Certificates of deposit	364,016	362,419
Accounts receivable, net of allowance for doubtful accounts, 2016, \$34,700 and 2015, \$26,100 (Note 4)	138,775	102,676
Grants receivable	201,553	164,155
Prepayments	61,223	78,504
Total Current Assets	1,316,926	1,228,467
<u>Property and Equipment</u>		
Land	480,000	480,000
Building and improvements	5,255,430	5,255,430
Furniture and equipment	144,723	131,298
Total	5,880,153	5,866,728
Less: Accumulated depreciation	1,900,395	1,724,463
Total Property and Equipment	3,979,758	4,142,265
<u>Other Assets</u>		
Intangible assets, net (Note 5)	84,366	42,378
TOTAL ASSETS	\$ 5,381,050	\$ 5,413,110

The accompanying notes are an integral part of this financial statement.

NORTHEAST YOUTH AND FAMILY SERVICES

Statements of Financial Position

June 30, 2016 and 2015

<u>LIABILITIES AND NET ASSETS</u>	<u>2016</u>	<u>2015</u>
<u>Current Liabilities</u>		
Current maturities of long-term debt	\$ 85,000	\$ 128,000
Accounts payable	69,963	26,751
Fiscal agency payable	-	45,031
Accrued payroll and payroll taxes	53,517	57,533
Accrued vacation	178,634	176,499
Accrued expenses	11,085	11,391
Other current liabilities	1,500	10,220
Deferred revenue	<u>134,752</u>	<u>121,527</u>
Total Current Liabilities	534,451	576,952
<u>Long-Term Debt (Note 8)</u>		
Long-term debt	3,026,509	2,937,287
Less: Current maturities	<u>85,000</u>	<u>128,000</u>
Total Long-Term Debt	2,941,509	2,809,287
<u>Net Assets</u>		
<u>Unrestricted:</u>		
Unrestricted	759,256	790,357
Designated for future endowment	17,157	17,140
Designated for building reserve	121,862	120,457
Designated for general operations	<u>224,996</u>	<u>224,822</u>
Total Unrestricted	1,123,271	1,152,776
Temporarily restricted (Note 10)	<u>781,819</u>	<u>874,095</u>
Net Assets	<u>1,905,090</u>	<u>2,026,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,381,050</u>	<u>\$ 5,413,110</u>

The accompanying notes are an integral part of this financial statement.

NORTHEAST YOUTH AND FAMILY SERVICES

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Statements of Activities and Changes in Net Assets

For the Year Ended **June 30, 2016**
(with comparative totals for 2015)

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue</u>				
<u>Support</u>				
Grants	\$ 565,016	\$ -	\$ 565,016	\$ 653,307
Contributions	57,086	-	57,086	190,013
Special events	80,885	-	80,885	103,214
<u>Revenue</u>				
Program service fees	1,883,282	-	1,883,282	1,804,082
Rental income	474,217	-	474,217	492,376
Investment income	2,009	-	2,009	1,598
Miscellaneous	8,759	-	8,759	15,401
Net Assets Released from Restrictions	92,276	(92,276)	-	-
Total Support and Revenue	3,163,530	(92,276)	3,071,254	3,259,991
<u>Expenses</u>				
<u>Program Services</u>				
Mental health	1,103,082	-	1,103,082	990,206
Community services	403,038	-	403,038	400,946
Day Treatment Services	1,132,129	-	1,132,129	1,204,171
Total Program Services	2,638,249	-	2,638,249	2,595,323
Management and general	166,677	-	166,677	146,424
Fund raising	205,269	-	205,269	187,188
Building rental expense	182,840	-	182,840	202,580
Total Supporting Services	554,786	-	554,786	536,192
Total Expenses	3,193,035	-	3,193,035	3,131,515
Increase (Decrease) in Net Assets	(29,505)	(92,276)	(121,781)	128,476
Net Assets, Beginning of Year	1,152,776	874,095	2,026,871	1,898,395
Net Assets, End of Year	\$ 1,123,271	\$ 781,819	\$ 1,905,090	\$ 2,026,871

The accompanying notes are an integral part of this financial statement.

NORTHEAST YOUTH AND FAMILY SERVICES

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Statements of Cash Flows

For the Years Ended **June 30, 2016** and 2015

<u>Cash Flows From Operating Activities</u>	2016	2015
Increase (decrease) in net assets	\$ (121,781)	\$ 128,476
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	218,826	189,791
Increase (decrease) in cash flows from:		
Certificates of deposit	(1,597)	(1,148)
Accounts receivable	(36,099)	(11,395)
Grants receivable	(37,398)	63,993
Prepayments	17,281	(31,369)
Accounts payable	43,212	(4,209)
Accrued payroll and payroll taxes	(4,016)	23,607
Accrued vacation	2,135	1,767
Accrued expenses	(306)	(4,483)
Other current liabilities	(8,720)	-
Deferred revenue	13,225	(108,797)
Net Cash Provided by Operating Activities	84,762	246,233
<u>Cash Flows Used by Investing Activities</u>		
Purchase of property and equipment	(13,424)	-
<u>Cash Flows From Financing Activities</u>		
Decrease on line of credit	-	(125,000)
Proceeds from long-term debt	96,615	-
Payments of long-term debt	(92,276)	(121,946)
Restricted cash and liability	247	(247)
Net Cash Provided (Used) by Financing Activities	4,586	(247,193)
Net Increase (Decrease) in Cash and Equivalents	75,924	(960)
Cash and Equivalents, Beginning of Year	475,435	476,395
Cash and Equivalents, End of Year	\$ 551,359	\$ 475,435

Supplemental Disclosures of Cash Flows Information

	2016	2015
Cash Paid During the Year for:		
Interest Paid	\$ 104,420	\$ 141,598

The accompanying notes are an integral part of this financial statement.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 NATURE OF ACTIVITIES

Nature of Activities

Northeast Youth & Family Services (NYFS or Organization) is a private, non-profit organization under IRC Section 501(c)(3) committed to preparing youth and families for healthy lives. Services of the Organization include:

Out-Patient Mental Health Services:

Counseling Services - Licensed mental health professionals provide therapy to children, adolescents, adults, and families at our two clinics, on location in schools, and in client's homes. Basic psychiatric care and medication services are also available for children and adolescents.

Educational and Support Groups - NYFS staff offer information and support on issues such as raising children with ADHD, parenting teens and anger management through presentations in the community and educational and support groups.

Day Treatment Services

Northeast Educational and Therapeutic Services (NETS): is a daily, year round program for youth in grades 5 - 12 that combines mental health therapy and academic instruction to address the needs of youth who are severely emotionally disturbed.

REACH Academy: Reach Academy is a special education program of the Mounds View School District run in partnership with NYFS that provides educational instruction and therapeutic support for students in grades 8 - 12 who need emotional and/or behavioral services.

Woodlands Program: NYFS provides therapeutic services through the Woodlands program of the Centennial School District for students in need of intensive mental health. This program was discontinued August of 2016.

Community Services:

Senior Chore Program - Senior Chore links youth age 14 and older and adults with seniors in need of basic chore and homemaker services that allows them to live independently while fostering intergenerational relationships and gainful work experience for youth.

Diversion - Diversion program works to reduce recidivism among youth ages 10-17 who commit minor offenses through restorative justice strategies and helping youth form positive connections in their community.

Out of School Time (OST) Program: OST programming helps at risk youth improve academic achievement through experiential activities that develop personal skills important to long term success and that foster connections to community resources.

Notes to Financial Statements

June 30, 2016 and 2015

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND USE OF ACCOUNTING ESTIMATES****Financial Statement Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization follows the "Financial Statements of Not-for-Profit Organizations" standard which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows.

Unrestricted net assets have no donor imposed restrictions, or the donor imposed restrictions have expired. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

Temporarily restricted net assets have donor imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor specified purpose.

Permanently restricted net assets have donor imposed restrictions which do not expire.

Accounting 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

Program revenue is recorded when earned. The Organization extended unsecured credit to its clients in the normal course of activities.

The Organization uses the allowance method to determine uncollectible contributions and grants.

Notes to Financial Statements

June 30, 2016 and 2015

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND USE OF ACCOUNTING ESTIMATES (CONTINUED)**

Support and Revenue Recognition (CONTINUED)

The allowance is based on prior years' experience and management's analysis of the outstanding receivables. There was no allowance for pledges or grants for the years ended **June 30, 2016** and 2015.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third party payers. Management reviews receivables by payer class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. The Organization does not charge interest on accounts receivable. For the years ended **June 30, 2016** and 2015, the Organization had allowance for bad debts of **\$34,700** and \$26,100, respectively.

Investments

Investments are stated at cost and consist of certificates of deposits. The investments at **June 30, 2016** and 2015, totaled **\$364,016** and \$362,419, respectively, and are Board designated for future endowment purpose, building reserve, and general operations.

Realized gains and losses are included in the Statements of Activities and Changes in Net Assets.

Investment income consists entirely of interest earned on certificates of deposit.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for the acquisition of property and equipment greater than \$500 are capitalized at cost and donated property and equipment is capitalized at fair value. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and improvements	39 Years
Furniture and equipment	5-10 Years

Intangible Assets

Intangible assets consist of costs associated with locating tenants and deferred financing costs. The assets are being amortized using the straight-line method over the term of the asset.

Notes to Financial Statements

June 30, 2016 and 2015

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND USE OF ACCOUNTING ESTIMATES (CONTINUED)****Contributed Property and Services**

In accordance with Accounting for Contributions Received and Contributions Made, donated services are recognized as contributions if the services (a) create or enhance non-financial assets; or, (b) require specialized skills, as performed by people with those skills, and would otherwise be purchased by the Organization. Property, services, and other noncash donations are recorded as in-kind contributions at their estimated fair market value at the date of the donation.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Organization was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. Building rental activities are not directly related to the Organization's tax exempt purpose and are subject to taxation as unrelated income.

The Organization follows a "more likely than not" criterion for recognizing the tax benefit of uncertain tax positions. The Organization has identified no such exposures. The current tax years open are 2011 through 2015. During the upcoming 12 months, the Organization expects no material changes to occur related to Accounting for Uncertainty in Income Taxes.

The Organization recognizes interest and penalties related to income taxes in operating expenses. The amount of interest and penalties currently recognized in tax expense totaled \$0 and \$0 for the years ended **June 30, 2016** and 2015, respectively.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation measures determined by management.

Summarized Financial Information

The financial information shown in the totals column as of June 30, 2015, and for the year then ended, is presented for comparative purposes only and is not intended to be a complete financial statement presentation. Data in these columns are not intended to present financial position or results of operations in conformity with accounting principals generally accepted in the United States of America. Such information should be read in conjunction with the **Northeast Youth and Family Services** financial statements for the year ended June 30, 2015, from which the summarized information is derived.

Notes to Financial Statements

June 30, 2016 and 2015

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND USE OF ACCOUNTING ESTIMATES (CONTINUED)****Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled **\$9,481** and \$4,211 for the years ended **June 30, 2016** and 2015, respectively.

Compensated Absences

Under the Organization's policies and procedures, employees are granted vacation leave based on the number of years of experience they have at the Organization. Employees may accumulate a maximum of two years of their annual vacation leave benefit. Unused accumulated vacation is paid to employees upon termination.

Employees are able to earn and accumulate sick leave up to a maximum of ninety (90) days. Upon separation, full-time employees with ten or more years of service are entitled to 50 percent of their accumulated sick leave, but in no event will such severance exceed one month's pay.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at **June 30, 2016** and 2015:

	<u>2016</u>	<u>2015</u>
Accounts receivable, Mental Health Services	\$ 90,814	\$ 64,663
Allowance for doubtful accounts and contractual adjustments	<u>(18,200)</u>	<u>(13,100)</u>
	72,614	51,563
Accounts receivable, NET Services	82,661	64,113
Allowance for doubtful accounts and contractual adjustments	<u>(16,500)</u>	<u>(13,000)</u>
	<u>66,161</u>	<u>51,113</u>
Total Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments	\$ <u>138,775</u>	\$ <u>102,676</u>

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 5 INTANGIBLE ASSETS

At June 30, 2016 and 2015, intangible assets consist of the following:

	2016			2015		
	Cost	Accumulated Amortization	Net Value	Cost	Accumulated Amortization	Net Value
Prepaid mortgage costs	\$ 84,883	\$ 4,350	\$ 80,533	\$ 56,219	\$ 23,424	\$ 32,795
Leasing costs	28,750	24,917	3,833	28,750	19,167	9,583
	<u>\$ 113,633</u>	<u>\$ 29,267</u>	<u>\$ 84,366</u>	<u>\$ 84,969</u>	<u>\$ 42,591</u>	<u>\$ 42,378</u>

Amortization of intangible assets for the years ended June 30, 2016 and 2015, was \$42,894 and \$11,372, respectively. The prior year prepaid mortgage costs were written-off in the current year when new financing was put in place.

The aggregate annual amortization of intangible assets at June 30, 2016, is:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 9,053
2018	3,567
2019	3,237
2020	3,237
2021	3,237
After 2021	62,035
	<u>\$ 84,366</u>

NOTE 6 THIRD PARTY RATE ADJUSTMENTS

Client service revenue, included in program service fees, was derived under federal and state third party reimbursement programs along with other third party insurance companies that pay less than 100 percent of the Organization's fee. The Organization is contractually obligated to write-off the remaining amount. The Organization also provides mental health services on a sliding fee basis for individuals who do not have insurance and can not afford to pay the full cost of therapy.

Approximately twenty-five percent of Mental Health and Day Treatment Services charges are contractual adjustments as a result of the reimbursement rates paid by insurance companies.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 7 LINE OF CREDIT

At **June 30, 2016**, the Organization has a revolving credit line available from Peoples Bank for \$200,000, maturing September, 2016. The credit line bears interest at a base rate plus 1.50 percent (**5.00% at June 30, 2016**) and is secured by an agreement on the assets of the Organization.

The outstanding balance at **June 30, 2016** and 2015, is **\$0** and \$0, respectively.

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2016</u>	<u>2015</u>
Mortgage payable to Anchor Bank Heritage, N.A. bearing interest at 4.53% with monthly installments of \$11,650, refinanced September, 2015. was Secured by building.	\$ -	\$ 2,937,287
Mortgage payable to Peoples Bank Midwest bearing interest at 2.91% with monthly installments of interest only through October 1, 2017 of \$7,083 and then monthly installments of \$14,566.03, matures September, 2040. Secured by building.	2,920,866	-
Mortgage payable Peoples Bank Midwest bearing interest at 4.53% with monthly installments of \$7,300, matured September, 2017. Secured by building.	<u>105,643</u>	<u>-</u>
Total	3,026,509	2,937,287
Less: Current maturities	<u>85,000</u>	<u>128,000</u>
Total Long-Term Debt	<u>\$ 2,941,509</u>	<u>\$ 2,809,287</u>

The aggregate annual maturities of long-term debt at **June 30, 2016**, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 85,000
2018	82,000
2019	93,000
2020	96,000
2021	98,000
After 2021	<u>2,572,509</u>
	<u>\$ 3,026,509</u>

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 9 LEASE OBLIGATIONS

As Lessee

The Organization is obligated under a operating leases for equipment, beginning to expire in April, 2018. Total rent per year will be \$9,336.

Rent expense for leases was approximately **\$8,326** and \$8,844 for the year ended **June 30, 2016** and 2015, respectively.

The following is a schedule of future minimum lease payments under operating leases:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 9,336
2018	8,380
2019	2,700
Total Minimum Future Lease Payments	\$ <u>20,416</u>

As Lessor

The Organization leases office space in the building it occupies to tenants under noncancelable operating leases with terms of three to seven years.

Future minimum rentals, not including operating costs, under these lease agreements are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 443,000
2018	392,000
2019	387,000
2020	57,000
2021	4,000
Total Minimum Future Lease Payments	\$ <u>1,283,000</u>

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Foundation and Individuals - Capital Contributions	\$ <u>781,819</u>	\$ <u>874,095</u>

Net assets were released by incurring expenses satisfying the restricted purposes specified by donors.

	<u>2016</u>	<u>2015</u>
Foundation and Individuals - Capital Contributions	\$ <u>92,276</u>	\$ <u>121,946</u>

NOTE 11 RETIREMENT PLAN

Employees are eligible to participate in the sponsored 401k Trust Plan after one year of service with the Organization. The employer will contribute an additional 5.5 percent of the participant's salary if the participant contributes at least 4 percent of their salary. Total contributions made by the Organization for the years ended **June 30, 2016** and 2015, were approximately **\$0** and \$0, respectively. The matching portion was suspended January 1, 2010.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Substantially all support and revenue is received from individual, charitable organizations, foundations, and governmental entities; therefore, the continuation of certain programs for the Organization is dependent upon future funding.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting grants and their terms it has accommodated the objectives of the Organization to the provisions of the grants.

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through **October 26, 2016**, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION TO FOLLOW

NORTHEAST YOUTH AND FAMILY SERVICES

Schedules of Functional Expenses

For the Year Ended **June 30, 2016**
(with comparative totals for 2015)

	2016				2015				
	PROGRAM SERVICES			SUPPORTING SERVICES			Total	Total	
	Mental Health	Community Services	Day Treatment Services	Total	Management and General	Fund Raising			Building Rental Expense
Salaries	\$ 797,437	\$ 262,455	\$ 696,193	\$ 1,756,085	\$ 78,800	\$ 141,195	\$ 42,955	\$ 2,019,035	\$ 1,983,812
Employee benefits	31,621	9,334	16,112	57,067	13,384	3,266	410	74,127	145,819
Payroll taxes	57,230	18,853	49,769	125,852	5,400	10,632	3,085	144,969	131,790
Total Salaries and Related Benefits	886,288	290,642	762,074	1,939,004	97,584	155,093	46,450	2,238,131	2,261,421
Program supplies and activities	-	25,803	5,954	31,757	-	-	-	31,757	29,107
Professional services	9,988	4,729	8,715	23,432	1,297	1,605	521	26,855	26,516
Office supplies	4,091	9,077	581	13,749	2,345	313	326	16,733	9,926
Other supplies	3,427	2,373	7,247	13,047	256	190	1,949	15,442	18,278
Telephone	8,957	4,454	2,351	15,762	1,549	615	764	18,690	19,461
Postage	2,552	1,833	311	4,696	554	774	253	6,277	7,294
Occupancy	32,474	20,029	107,568	160,071	3,727	3,728	46,831	214,357	220,523
Equipment rentals	5,032	2,960	1,977	9,969	683	600	315	11,567	11,486
Capital purchases	16,573	8,551	27,024	52,148	991	1,206	12,419	66,764	32,131
Printing	613	736	336	1,685	451	194	123	2,453	2,361
Travel	5,477	2,451	10,569	18,497	126	-	83	18,706	46,706
Conferences and meetings	2,625	213	1,577	4,415	155	544	48	5,162	5,230
Interest	15,663	6,265	39,680	61,608	4,177	2,088	32,732	100,605	140,593
Advertising	5,437	1,589	741	7,767	211	1,503	-	9,481	4,211
Board expenses	-	-	-	-	461	-	-	461	-
Consulting services	29,399	1,565	21,114	52,078	461	552	184	53,275	15,426
Dues and memberships	2,369	1,597	777	4,743	508	1,530	156	6,937	8,862
Insurance	13,934	8,575	21,879	44,388	2,328	2,151	6,007	54,874	50,364
Licenses and fees	38,653	-	1,220	39,873	516	-	-	40,389	2,078
Internet expense	-	70	-	70	-	-	-	70	455
Miscellaneous	4,330	26	234	4,590	1,603	2,070	247	8,510	6,135
Special events	-	-	-	-	-	26,713	-	26,713	23,160
Total Expenses Before Depreciation and Amortization	1,087,882	393,538	1,021,929	2,503,349	119,983	201,469	149,408	2,974,209	2,941,724
Depreciation and amortization	15,200	9,500	110,200	134,900	46,694	3,800	33,432	218,826	189,791
Total Expenses	\$ 1,103,082	\$ 403,038	\$ 1,132,129	\$ 2,638,249	\$ 166,677	\$ 205,269	\$ 182,840	\$ 3,193,035	\$ 3,131,515
% to total excluding building rental expense	37 %	13 %	37 %	88 %	6 %	7 %		100 %	
% to total including building rental expense	35 %	13 %	35 %	83 %	5 %	6 %	6 %	100 %	