

**NORTHEAST YOUTH AND
FAMILY SERVICES**

REPORT ON AUDIT

JUNE 30, 2015



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

Helping Business Conduct Business Since 1918

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders Northeast Youth and Family Services

We have audited the accompanying financial statements of **Northeast Youth and Family Services** (a Minnesota nonprofit organization) which comprise the statement of financial position as of **June 30, 2015**, and the related statements of activities and changes in net assets 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. 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, 2015**, 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.

Report on Summarized Comparative Information

We have previously audited the **Northeast Youth and Family Services'** 2014 financial statements, and we expressed an unmodified audit opinion on these audited financial statements in our report dated December 1, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

October 30, 2015

Lethert, Skwira, Schultz & Co. LLP

LETHERT, SKWIRA, SCHULTZ & CO. LLP

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NORTHEAST YOUTH AND FAMILY SERVICES

Statements of Financial Position

June 30, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<u>Current Assets</u>		
Cash and equivalents	\$ 475,435	\$ 476,395
Cash, restricted	45,278	52,407
Certificates of deposit	362,419	361,271
Accounts receivable, net of allowance for doubtful accounts, 2015, \$26,100 and 2014, \$24,999 (Note 4)	102,676	91,281
Grants receivable	164,155	228,148
Prepayments	<u>78,504</u>	<u>47,135</u>
Total Current Assets	1,228,467	1,256,637
<u>Property and Equipment</u>		
Land	480,000	480,000
Building and improvements	5,255,430	5,255,430
Furniture and equipment	<u>131,298</u>	<u>131,298</u>
Total	5,866,728	5,866,728
Less: Accumulated depreciation	<u>1,724,463</u>	<u>1,546,044</u>
Total Property and Equipment	4,142,265	4,320,684
<u>Other Assets</u>		
Intangible assets, net (Note 5)	<u>42,378</u>	<u>53,750</u>
TOTAL ASSETS	\$ <u><u>5,413,110</u></u>	\$ <u><u>5,631,071</u></u>

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

NORTHEAST YOUTH AND FAMILY SERVICES

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Statements of Financial Position

June 30, 2015 and 2014

<u>LIABILITIES AND NET ASSETS</u>	<u>2015</u>	<u>2014</u>
<u>Current Liabilities</u>		
Current maturities of long-term debt	\$ 128,000	\$ 122,000
Line of credit (Note 7)	-	125,000
Accounts payable	26,751	30,960
Fiscal agency payable	45,031	52,407
Accrued payroll and payroll taxes	57,533	33,926
Accrued vacation	176,499	174,732
Accrued expenses	11,391	15,874
Other current liabilities	10,220	10,220
Deferred revenue	<u>121,527</u>	<u>230,324</u>
Total Current Liabilities	576,952	795,443
<u>Long-Term Debt (Note 8)</u>		
Long-term debt	2,937,287	3,059,233
Less: Current maturities	<u>128,000</u>	<u>122,000</u>
Total Long-Term Debt	2,809,287	2,937,233
<u>Net Assets</u>		
<u>Unrestricted:</u>		
Unrestricted	790,357	642,425
Designated for future endowment	17,140	17,097
Designated for building reserve	120,457	119,094
Designated for general operations	<u>224,822</u>	<u>221,970</u>
Total Unrestricted	1,152,776	1,000,586
Temporarily restricted (Note 10)	<u>874,095</u>	<u>897,809</u>
Net Assets	<u>2,026,871</u>	<u>1,898,395</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,413,110</u>	 <u>\$ 5,631,071</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, 2015**
(with comparative totals for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
<u>Support</u>				
Grants	\$ 653,307	\$ -	\$ 653,307	\$ 752,607
Contributions	91,781	98,232	190,013	392,468
Special events	103,214	-	103,214	71,165
<u>Revenue</u>				
Program service fees	1,804,082	-	1,804,082	1,998,854
Rental income	492,376	-	492,376	197,572
Investment income	1,598	-	1,598	3,223
Conference fees	-	-	-	13,987
Miscellaneous	15,401	-	15,401	9,932
Net Assets Released from				
Restrictions	121,946	(121,946)	-	-
Total Support and Revenue	3,283,705	(23,714)	3,259,991	3,439,808
<u>Expenses</u>				
<u>Program Services</u>				
Mental health	990,206	-	990,206	1,010,410
Community services	400,946	-	400,946	514,977
Day Treatment Services	1,204,171	-	1,204,171	1,575,582
Total Program Services	2,595,323	-	2,595,323	3,100,969
Management and general	146,424	-	146,424	157,271
Fund raising	187,188	-	187,188	169,047
Building rental expense	202,580	-	202,580	94,981
Total Supporting Services	536,192	-	536,192	421,299
Total Expenses	3,131,515	-	3,131,515	3,522,268
Increase (Decrease) in Net Assets	152,190	(23,714)	128,476	(82,460)
Net Assets, Beginning of Year	1,000,586	897,809	1,898,395	1,980,855
Net Assets, End of Year	\$ 1,152,776	\$ 874,095	\$ 2,026,871	\$ 1,898,395

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, 2015** and 2014

<u>Cash Flows From Operating Activities</u>	<u>2015</u>	<u>2014</u>
Increase (decrease) in net assets	\$ 128,476	\$ (82,460)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	189,791	190,699
Increase (decrease) in cash flows from:		
Certificates of deposit	(1,148)	(3,109)
Accounts receivable	(11,395)	(24,332)
Pledges receivable	-	8,455
Grants receivable	63,993	36,981
Prepayments	(31,369)	12,821
Accounts payable	(4,209)	23,804
Accrued payroll and payroll taxes	23,607	4,132
Accrued vacation	1,767	(17,638)
Accrued expenses	(4,483)	(8,976)
Deferred revenue	(108,797)	42,782
Net Cash Provided by Operating Activities	246,233	183,159
<u>Cash Flows Used by Investing Activities</u>		
Purchase of property and equipment	-	(7,522)
<u>Cash Flows From Financing Activities</u>		
Increase on line of credit	(125,000)	125,000
Payments of long-term debt	(121,946)	(122,130)
Restricted cash and liability	(247)	-
Net Cash Provided (Used) by Financing Activities	(247,193)	2,870
Net Increase (Decrease) in Cash and Equivalents	(960)	178,507
Cash and Equivalents, Beginning of Year	476,395	297,888
Cash and Equivalents, End of Year	\$ 475,435	\$ 476,395

Supplemental Disclosures of Cash Flows Information

	<u>2015</u>	<u>2014</u>
Cash Paid During the Year for:		
Interest Paid	\$ 141,598	\$ 147,230

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

Notes to Financial Statements

June 30, 2015 and 2014

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 individual therapy to children, adolescents and adults and family therapy 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.

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 foster connections to community resources.

Notes to Financial Statements

June 30, 2015 and 2014

**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, 2015 and 2014

**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, 2015** and 2014.

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, 2015** and 2014, the Organization had allowance for bad debts of **\$26,100** and \$24,999, respectively.

Investments

Investments are stated at cost and consist of certificates of deposits. The investments at **June 30, 2015** and 2014, totaled **\$362,419** and \$361,271, 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, 2015 and 2014

**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 2010 through 2014. 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, 2015** and 2014, 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, 2014, 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, 2014, from which the summarized information is derived.

Notes to Financial Statements

June 30, 2015 and 2014

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

Advertising costs are expensed as incurred. Advertising expense totaled **\$4,211** and \$6,370 for the years ended **June 30, 2015** and 2014, 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, 2015** and 2014:

	<u>2015</u>	<u>2014</u>
Accounts receivable, Mental Health Services	\$ 64,663	\$ 57,660
Allowance for doubtful accounts and contractual adjustments	<u>(13,100)</u>	<u>(12,396)</u>
	51,563	45,264
Accounts receivable, NET Services	64,113	58,620
Allowance for doubtful accounts and contractual adjustments	<u>(13,000)</u>	<u>(12,603)</u>
	<u>51,113</u>	<u>46,017</u>
Total Accounts Receivable, Net of Allowance for Doubtful Accounts and Contractual Adjustments	\$ <u>102,676</u>	\$ <u>91,281</u>

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 5 INTANGIBLE ASSETS

At June 30, 2015 and 2014, intangible assets consist of the following:

	2015			2014		
	Cost	Accumulated Amortization	Net Value	Cost	Accumulated Amortization	Net Value
Prepaid mortgage costs	\$ 56,219	\$ 23,424	\$ 32,795	\$ 56,219	\$ 17,803	\$ 38,416
Leasing costs	28,750	19,167	9,583	28,750	13,416	15,334
	<u>\$ 84,969</u>	<u>\$ 42,591</u>	<u>\$ 42,378</u>	<u>\$ 84,969</u>	<u>\$ 31,219</u>	<u>\$ 53,750</u>

Amortization of intangible assets for the years ended June 30, 2015 and 2014, was \$11,372 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, 2015, is:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 11,372
2017	5,750
2018	5,750
2019	5,750
2020	5,750
After 2020	8,006
	<u>\$ 42,378</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, 2015 and 2014

NOTE 7 LINE OF CREDIT

At **June 30, 2015**, the Organization has a revolving credit line available from Anchor Bank for \$200,000, maturing February, 2016. The credit line bears interest at a base rate plus 0.25 percent (**3.50% at June 30, 2015**) and is secured by an agreement on the assets of the Organization.

The outstanding balance at **June 30, 2015** and 2014, is **\$0** and \$125,000, respectively.

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2015</u>	<u>2014</u>
Mortgage payable to Anchor Bank Heritage, N.A. bearing interest at 4.53% with monthly installments of \$11,650, matures May, 2021. Secured by building.	\$ 2,937,287	\$ 3,030,262
Mortgage payable Anchor Bank Heritage, N.A. bearing interest at 6.76% with monthly installments of \$10,675, matured September, 2014. Secured by building.	<u>-</u>	<u>28,971</u>
Total	2,937,287	3,059,233
Less: Current maturities	<u>128,000</u>	<u>122,000</u>
Total Long-Term Debt	<u>\$ 2,809,287</u>	<u>\$ 2,937,233</u>

The aggregate annual maturities of long-term debt at **June 30, 2015**, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 128,000
2017	134,000
2018	141,000
2019	147,000
2020	154,000
After 2020	<u>2,233,287</u>
	<u>\$ 2,937,287</u>

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 9 LEASE OBLIGATIONS

As Lessee

The Organization is obligated under a operating leases for equipment, beginning to expire in October, 2015. Total rent per year will be \$8,844.

Rent expense for leases was approximately **\$8,844** and \$8,844 for the year ended **June 30, 2015** and 2014, respectively.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2016	\$ 8,326
2017	5,736
2018	4,780
Total Minimum Future Lease Payments	\$ <u>18,842</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>
2016	\$ 439,000
2017	369,000
2018	330,000
2019	340,000
2020	43,000
Total Minimum Future Lease Payments	\$ <u>1,521,000</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Foundation and Individuals - Capital Contributions	\$ <u>874,095</u>	\$ <u>897,809</u>

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Target	\$ -	\$ 5,007
Foundation and Individuals - Capital Contributions	<u>121,946</u>	<u>120,830</u>
Total Temporarily Restricted Net Assets Released	<u>\$ 121,946</u>	<u>\$ 125,837</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, 2015** and 2014, 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 30, 2015**, the date the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors
Northeast Youth and Family Services

We have audited the financial statements of **Northeast Youth and Family Services** as of and for the year ended **June 30, 2015**, and have issued our report thereon dated **October 30, 2015**, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of functional expenses is presented for the 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 30, 2015

Lethert, Skwira, Schultz & Co. LLP

LETHERT, SKWIRA, SCHULTZ & CO. LLP

NORTHEAST YOUTH AND FAMILY SERVICES

Schedules of Functional Expenses

For the Year Ended **June 30, 2015**
(with comparative totals for 2014)

	2015				2014				
	PROGRAM SERVICES			SUPPORTING SERVICES					
	Mental Health	Community Services	Day Treatment Services	Total	Management and General	Fund Raising	Building Rental Expense	Total	Total
Salaries	\$ 758,345	\$ 255,384	\$ 704,576	\$ 1,718,305	\$ 97,243	\$ 126,369	\$ 41,895	\$ 1,983,812	\$ 2,168,493
Retirement plan contributions	15	-	(12)	3	1	(3)	(1)	-	1,821
Employee benefits	49,507	25,129	61,022	135,658	2,615	4,969	2,577	145,819	266,055
Payroll taxes	50,389	19,035	46,066	115,490	4,120	9,154	3,026	131,790	189,152
Total Salaries and Related Benefits	858,256	299,548	811,652	1,969,456	103,979	140,489	47,497	2,261,421	2,625,521
Program supplies and activities	100	28,817	190	29,107	-	-	-	29,107	29,616
Professional services	9,877	4,629	8,533	23,039	1,333	1,607	537	26,516	33,895
Office supplies	4,139	1,874	782	6,795	2,215	379	537	9,926	17,542
Other supplies	2,283	1,403	11,651	15,337	167	181	2,593	18,278	17,921
Telephone	9,279	5,183	2,281	16,743	1,253	625	840	19,461	14,415
Postage	3,214	2,045	351	5,610	616	809	259	7,294	8,632
Occupancy	30,291	21,300	111,539	163,130	3,881	3,736	49,776	220,523	220,663
Equipment rentals	5,048	2,806	2,011	9,865	809	553	259	11,486	13,162
Capital purchases	6,310	1,796	12,525	20,631	1,234	646	9,620	32,131	7,720
Printing	649	584	620	1,853	30	381	97	2,361	400
Travel	4,247	2,193	40,200	46,640	7	5	54	46,706	66,013
Conferences and meetings	1,518	231	2,277	4,026	420	698	86	5,230	19,483
Interest	14,416	7,521	73,303	95,240	3,715	2,832	38,806	140,593	146,860
Advertising	3,084	621	8	3,713	267	231	-	4,211	6,370
Bad debts	-	-	-	-	-	-	-	-	6,624
Consulting services	3,306	1,324	2,932	7,562	7,241	467	156	15,426	3,195
Dues and memberships	1,906	1,749	1,838	5,493	(6)	3,354	21	8,862	8,659
Insurance	13,201	7,245	21,821	42,267	1,958	2,129	4,010	50,364	56,296
Licenses and fees	1,271	-	453	1,724	354	-	-	2,078	4,442
Internet expense	-	455	-	455	-	-	-	455	350
Miscellaneous	2,610	122	586	3,318	1,779	1,106	(68)	6,135	7,180
Special events	-	-	-	-	-	23,160	-	23,160	16,610
Total Expenses Before Depreciation and Amortization	975,005	391,446	1,105,553	2,472,004	131,252	183,388	155,080	2,941,724	3,331,569
Depreciation and amortization	15,201	9,500	98,618	123,319	15,172	3,800	47,500	189,791	190,699
Total Expenses	\$ 990,206	\$ 400,946	\$ 1,204,171	\$ 2,595,323	\$ 146,424	\$ 187,188	\$ 202,580	\$ 3,131,515	\$ 3,522,268
% to total excluding building rental expense	34 %	14 %	40 %	89 %	5 %	6 %		100 %	
% to total including building rental expense	32 %	13 %	38 %	83 %	5 %	6 %	6 %	100 %	