



FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

# THE INDIANA YOUTH INSTITUTE, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Indiana Youth Institute, Inc.  
Indianapolis, Indiana

We have audited the accompanying statements of financial position of THE INDIANA YOUTH INSTITUTE, INC. (the "Institute") as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of THE INDIANA YOUTH INSTITUTE, INC.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. Generally Accepted Auditing Standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE INDIANA YOUTH INSTITUTE, INC. as of June 30, 2010 and 2009, and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with U.S. Generally Accepted Accounting Principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 17, 2010, on our consideration of THE INDIANA YOUTH INSTITUTE, INC.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying 2010 schedule of expenditures of Federal awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Aludy & Co".

September 17, 2010

THE INDIANA YOUTH INSTITUTE, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Cash	\$ 147,531	\$ -0-
Contributions and grants receivable	376,515	6,690,440
Accounts receivable	143,474	171,079
Investments	6,161,290	2,281,087
Prepaid expenses and other assets	32,928	168,990
Property and equipment, net	<u>41,802</u>	<u>56,080</u>
 Total assets	 <u>\$ 6,903,540</u>	 <u>\$ 9,367,676</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable	\$ 155,281	\$ 192,723
Accrued expenses and withholdings	131,361	126,299
Deferred revenue	<u>60,140</u>	<u>16,460</u>
Total liabilities	<u>346,782</u>	<u>335,482</u>
 <b>Net Assets:</b>		
Unrestricted net assets	2,292,836	1,612,977
Temporarily and permanently restricted net assets	<u>4,263,922</u>	<u>7,419,217</u>
Total net assets	<u>6,556,758</u>	<u>9,032,194</u>
 Total liabilities and net assets	 <u>\$ 6,903,540</u>	 <u>\$ 9,367,676</u>

See accompanying Notes to Financial Statements.

# THE INDIANA YOUTH INSTITUTE, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2010 AND 2009

	2010		
	<u>Unrestricted</u>	<u>Temporarily and Permanently Restricted</u>	<u>Total</u>
<b>Revenue and Other Support:</b>			
Contributions	\$ 439,348	\$ 181,101	\$ 620,449
Grant revenue	1,114,261	-0-	1,114,261
Interest and dividend income	193,499	-0-	193,499
Registrations	187,190	-0-	187,190
Conference exhibitors	26,950	-0-	26,950
Fee for service revenue	294,740	-0-	294,740
Other	2,741	-0-	2,741
	2,258,729	181,101	2,439,830
Net assets released from restrictions	3,336,396	(3,336,396)	-0-
Total revenue and other support	5,595,125	(3,155,295)	2,439,830
<b>Expenses:</b>			
Program:			
Information services	773,432	-0-	773,432
Practical tools	1,786,949	-0-	1,786,949
Community collaboration	1,973,443	-0-	1,973,443
Total program expenses	4,533,824	-0-	4,533,824
Management and general	386,415	-0-	386,415
Fundraising	350,456	-0-	350,456
Total expenses	5,270,695	-0-	5,270,695
Change in net assets from operations	324,430	(3,155,295)	(2,830,865)
Net realized and unrealized gains/ (losses) on investments	355,429	-0-	355,429
Total change in net assets	679,859	(3,155,295)	(2,475,436)
<b>Net Assets, Beginning of Year</b>	1,612,977	7,419,217	9,032,194
<b>Net Assets, End of Year</b>	\$ 2,292,836	\$ 4,263,922	\$ 6,556,758

See accompanying Notes to Financial Statements.

**2009**

<b>Temporarily and Permanently</b>		
<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
\$ 279,701	\$ 6,666,745	\$ 6,946,446
1,074,317	-0-	1,074,317
178,190	-0-	178,190
117,465	-0-	117,465
30,316	-0-	30,316
324,388	-0-	324,388
3,792	-0-	3,792
2,008,169	6,666,745	8,674,914
3,732,878	(3,732,878)	-0-
5,741,047	2,933,867	8,674,914
802,697	-0-	802,697
1,818,989	-0-	1,818,989
2,643,620	-0-	2,643,620
5,265,306	-0-	5,265,306
289,154	-0-	289,154
307,009	-0-	307,009
5,861,469	-0-	5,861,469
(120,422)	2,933,867	2,813,445
(943,607)	-0-	(943,607)
(1,064,029)	2,933,867	1,869,838
2,677,006	4,485,350	7,162,356
\$ 1,612,977	\$ 7,419,217	\$ 9,032,194

# THE INDIANA YOUTH INSTITUTE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2010

	<u>Program Expenses</u>				<u>Management and General</u>	<u>Fundraising</u>	<u>2010 Total</u>	<u>2009 Total</u>
	<u>Information Services</u>	<u>Practical Tools</u>	<u>Community Collaboration</u>	<u>Program Total</u>				
Salaries and wages	\$ 448,180	\$ 415,895	\$ 394,068	\$ 1,258,143	\$ 164,932	\$ 215,949	\$ 1,639,024	\$ 1,520,001
Contract labor	36,244	534,613	326,283	897,140	29,794	102	927,036	1,220,569
Employee benefits	121,928	112,405	89,035	323,368	43,872	58,008	425,248	409,559
Total salaries, wages and related expenses	<u>606,352</u>	<u>1,062,913</u>	<u>809,386</u>	<u>2,478,651</u>	<u>238,598</u>	<u>274,059</u>	<u>2,991,308</u>	<u>3,150,129</u>
Programs and activities	-0-	274,984	777,907	1,052,891	-0-	-0-	1,052,891	1,042,477
Supplies and expendables	5,570	12,072	7,897	25,539	1,412	1,601	28,552	51,602
Travel and training	13,816	266,965	91,647	372,428	34,287	5,428	412,143	408,723
Occupancy	48,151	44,412	13,716	106,279	17,077	19,345	142,701	140,802
Telephone	19,618	22,561	25,130	67,309	5,204	8,691	81,204	98,217
Insurance	1,679	3,880	4,392	9,951	839	761	11,551	11,858
Printing and publications	29,299	39,669	67,865	136,833	17,502	18,673	173,008	109,130
Postage	11,236	1,788	2,001	15,025	18,634	1,402	35,061	43,520
Equipment (rental and repairs)	17,249	33,953	3,507	54,709	5,096	3,158	62,963	56,778
Professional services and fees	14,763	13,673	7,060	35,496	44,328	5,931	85,755	90,844
Advertising	750	-0-	153,689	154,439	-0-	4,187	158,626	475,609
Staff development and recruitment	2,001	3,271	1,727	6,999	1,967	5,885	14,851	48,819
Bad debt expense	853	1,967	2,173	4,993	424	386	5,803	5,000
Depreciation and amortization	2,095	4,841	5,346	12,282	1,047	949	14,278	127,961
Total expenses	<u>\$ 773,432</u>	<u>\$ 1,786,949</u>	<u>\$ 1,973,443</u>	<u>\$ 4,533,824</u>	<u>\$ 386,415</u>	<u>\$ 350,456</u>	<u>\$ 5,270,695</u>	<u>\$ 5,861,469</u>

See accompanying Notes to Financial Statements.

# THE INDIANA YOUTH INSTITUTE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2009

	<u>Program Expenses</u>				<u>Management and General</u>	<u>Fundraising</u>	<u>2009 Total</u>
	<u>Information Services</u>	<u>Practical Tools</u>	<u>Community Collaboration</u>	<u>Program Total</u>			
Salaries and wages	\$ 431,439	\$ 386,558	\$ 426,979	\$ 1,244,976	\$ 76,679	\$ 198,346	\$ 1,520,001
Contract labor	65,988	692,977	411,475	1,170,440	50,129	-0-	1,220,569
Employee benefits	<u>116,626</u>	<u>104,493</u>	<u>115,204</u>	<u>336,323</u>	<u>19,620</u>	<u>53,616</u>	<u>409,559</u>
Total salaries, wages and related expenses	614,053	1,184,028	953,658	2,751,739	146,428	251,962	3,150,129
Programs and activities	-0-	151,146	891,331	1,042,477	-0-	-0-	1,042,477
Supplies and expendables	9,138	17,625	21,146	47,909	507	3,186	51,602
Travel and training	15,774	252,697	100,089	368,560	37,448	2,715	408,723
Occupancy	43,163	40,862	26,147	110,172	14,664	15,966	140,802
Telephone	22,072	26,060	39,429	87,561	4,838	5,818	98,217
Insurance	1,624	3,680	5,353	10,657	580	621	11,858
Printing and publications	33,331	44,043	24,331	101,705	7,230	195	109,130
Postage	12,782	4,249	10,456	27,487	13,513	2,520	43,520
Equipment (rental and repairs)	13,377	27,988	2,614	43,979	8,984	3,815	56,778
Professional services and fees	14,907	14,548	12,043	41,498	43,832	5,514	90,844
Advertising	450	6,635	461,526	468,611	2,378	4,620	475,609
Staff development and recruitment	3,803	4,168	35,480	43,451	2,244	3,124	48,819
Bad debt expense	700	1,550	2,250	4,500	250	250	5,000
Depreciation and amortization	<u>17,523</u>	<u>39,710</u>	<u>57,767</u>	<u>115,000</u>	<u>6,258</u>	<u>6,703</u>	<u>127,961</u>
Total expenses	<u>\$ 802,697</u>	<u>\$ 1,818,989</u>	<u>\$ 2,643,620</u>	<u>\$ 5,265,306</u>	<u>\$ 289,154</u>	<u>\$ 307,009</u>	<u>\$ 5,861,469</u>

See accompanying Notes to Financial Statements.

THE INDIANA YOUTH INSTITUTE, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (2,475,436)	\$ 1,869,838
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,278	127,961
Net realized (gain) loss on investments	(75,037)	1,405,676
Net unrealized (gain) loss on investments	(280,392)	(462,069)
Changes in operating assets and liabilities:		
Contributions and grants receivable	6,313,925	(6,191,013)
Accounts receivable	27,605	64,550
Prepaid expenses and other assets	136,062	(138,333)
Accounts payable	(37,442)	(78,704)
Accrued expenses and withholdings	5,062	18,812
Deferred revenue	<u>43,680</u>	<u>(9,820)</u>
Net cash provided by (used in) operating activities	<u>3,672,305</u>	<u>(3,393,102)</u>
<b>Cash Flows From Investing Activities:</b>		
Fixed assets purchased	-0-	(26,005)
Change in investments, net	<u>(3,524,774)</u>	<u>3,384,788</u>
Net cash provided by (used in) investing activities	<u>(3,524,774)</u>	<u>3,358,783</u>
<b>Net Increase (Decrease) in Cash</b>	147,531	(34,319)
<b>Cash, Beginning of Year</b>	<u>-0-</u>	<u>34,319</u>
<b>Cash, End of Year</b>	<u>\$ 147,531</u>	<u>\$ -0-</u>

See accompanying Notes to Financial Statements.

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Description of the Entity

THE INDIANA YOUTH INSTITUTE, INC. (the "Institute") is a not-for-profit organization formed for the purpose of promoting the healthy development of children and youth by serving the institutions and people of Indiana who work on their behalf.

The significant accounting policies followed by the Institute in the preparation of its financial statements are summarized below:

#### Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are net assets not subject to donor-imposed restrictions and are, therefore, available to support the general operations of the Institute. Temporarily restricted net assets are net assets subject to donor-imposed restrictions related to specific programs or the passage of time. Permanently restricted net assets include investments that are to be held inviolate and in perpetuity while the net income is available for release to the unrestricted or temporarily restricted funds.

#### Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

#### Investments and Investment Return

The Institute's investments are valued at fair market value. Investment return includes dividends, interest, and realized and unrealized gains and losses.

#### Property and Equipment and Depreciation

Property and equipment purchased and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Property and equipment are depreciated over the estimated useful lives, which range from 5 to 10 years, using the straight-line method of depreciation.

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### Support and Revenue Recognition

The Institute records gifts as revenue at the time payment is received from the donor. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

Approximately 93% of the Institute's total contributions for the year ended June 30, 2009 were provided by one private grantor. There were no concentrations for the year ended June 30, 2010.

### Functional Expenses

Expenses have been classified as program expenses (information services, practical tools and community collaboration), management and general, and fundraising based on actual direct expenditures and cost allocations determined by estimates of time spent by the Institute's personnel.

### Government Grants

Support funded by government grants is recognized as the Institute performs the contracted services or incurs expenses eligible for reimbursement under the grant agreement. Grant activities are subject to audit and acceptance by the granting agency and, as a result of such an audit, adjustments could be required.

### Income Taxes

The Institute is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under section 501(c)(3) of the Internal Revenue Code.

### Subsequent Events

Subsequent events have been evaluated through September 17, 2010, which is the date the financial statements were available to be issued.

## 2. CONTRIBUTIONS AND GRANTS RECEIVABLE

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 366,515	\$ 6,675,440
One to five years	10,000	15,000
	<u>\$ 376,515</u>	<u>\$ 6,690,440</u>

All receivables are considered to be fully collectible by management.

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Contributions and grants receivable designated for specific purposes are as follows:

	<u>2010</u>	<u>2009</u>
Kids Count Program	\$ 37,500	\$ 37,500
Kids Count Media	5,000	9,435
Youth Service Coaching	-0-	50,000
Youth Service Toolkit	15,000	30,000
College and Career Counseling Program	-0-	1,453,687
Promoting Responsible Fatherhood		
Community Access Program	108,881	99,818
Compassion Capital Fund	146,136	-0-
20th Anniversary Endowment	22,500	10,000
Future Periods	41,498	5,000,000
	<u>\$ 376,515</u>	<u>\$ 6,690,440</u>

### 3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Institute's investments as of June 30, 2010 and 2009 is as follows:

	2010		2009	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<b>Investments:</b>				
Equity securities	\$ 708,884	\$ 844,790	\$ 637,865	\$ 723,838
Corporate bonds	3,671,198	3,914,808	934,394	947,545
Short-term investments	1,401,692	1,401,692	609,704	609,704
Total investments	<u>\$ 5,781,774</u>	<u>\$ 6,161,290</u>	<u>\$ 2,181,963</u>	<u>\$ 2,281,087</u>

The market values of the Institute's investments are measured by a Level 1 input in accordance with Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (formerly Statement of Financial Accounts Standards No. 157), defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

The following tabulation summarizes the unrealized gain (loss) on investments, the realized gains (losses) recognized on investment transactions, and the interest and dividend income on cash equivalents and investments for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
<b>Excess of market value of investments over cost:</b>		
End of year	\$ 379,516	\$ 99,124
Less beginning of year	<u>99,124</u>	<u>(362,945)</u>
<b>Unrealized gain (loss) on investments</b>	280,392	462,069
 <b>Realized (loss) gain on sale of investments</b>	 <u>75,037</u>	 <u>(1,405,676)</u>
 Total gain (loss) on investments	 355,429	 (943,607)
 <b>Interest and dividend income</b>	 <u>193,499</u>	 <u>178,190</u>
 Total gains (losses), interest and dividend income	 <u>\$ 548,928</u>	 <u>\$ (765,417)</u>

#### 4. PROPERTY AND EQUIPMENT

The Institute's property and equipment include the following:

	<u>2010</u>	<u>2009</u>
Furnishings and equipment	\$ 427,091	\$ 427,091
Leasehold improvements	63,660	63,660
C3 Website	<u>575,747</u>	<u>575,747</u>
	1,066,498	1,066,498
Accumulated depreciation and amortization	<u>(1,024,696)</u>	<u>(1,010,418)</u>
	<u>\$ 41,802</u>	<u>\$ 56,080</u>

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 5. LEASES

The Institute leases its operating facilities under two separate operating lease arrangements. The leases call for monthly payments of \$1,229 and \$10,607, respectively, through April 2012. Additionally, a vehicle lease was entered into during 2009 which calls for monthly payments of \$697 through August 2011. Lease expense for the years ended June 30, 2010 and 2009 was \$151,060 and \$148,465, respectively.

Future minimum lease payments due under the terms of operating leases are as follows:

Year Ending <u>June 30,</u>		
2011	\$	153,652
2012		<u>119,057</u>
	\$	<u>272,709</u>

### 6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily and permanently restricted net assets are available to support the following purposes or periods:

	<u>2010</u>	<u>2009</u>
<b>Temporarily Restricted:</b>		
Kids Count Program	\$ 63,773	\$ 67,487
Kids Count Media	5,000	-0-
Youth Service Coaching	74,000	154,000
College and Career Counseling Program	1,547,538	2,096,159
Future Periods	<u>2,522,874</u>	<u>5,067,104</u>
	4,213,185	7,384,750
 <b>Permanently Restricted:</b>		
20th Anniversary Endowment	<u>50,737</u>	<u>34,467</u>
 <b>Total Temporarily and Permanently Restricted</b>	 <u>\$ 4,263,922</u>	 <u>\$ 7,419,217</u>

# THE INDIANA YOUTH INSTITUTE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

### 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors are as follows:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished:		
Kids Count Program	\$ 67,487	\$ 55,231
Kids Count Media	-0-	40,000
College and Career Counseling	548,621	822,282
Youth Service Coaching	139,000	140,656
Time restrictions expired:		
Passage of specified time	<u>2,581,288</u>	<u>2,674,709</u>
	<u>\$ 3,336,396</u>	<u>\$ 3,732,878</u>

### 8. EMPLOYEE BENEFITS

The Institute has a non-contributory, defined-contribution retirement plan. Contributions to the plan are made for all employees based on employees' earnings and budgetary ability to contribute. Employees are fully vested in all contributions to the plan. Employee benefit expense under this plan was \$103,310 and \$93,358 for 2010 and 2009, respectively.

Employees of the Institute may also participate in a voluntary supplemental retirement plan. No contributions are made to the plan by the Institute.

### 9. CONCENTRATIONS

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

SUPPLEMENTAL INFORMATION

THE INDIANA YOUTH INSTITUTE, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Health and Human Services/ Direct Programs		
Compassion Capital Fund Demonstration Program	93.009	\$ 216,623
Promoting Responsible Fatherhood Community Access Program	93.086	<u>\$ 887,637</u>
Total Expenditures of Federal Awards		<u>\$ 1,104,260</u>

See Notes to Schedule of Expenditures of Federal Awards.

THE INDIANA YOUTH INSTITUTE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2010

**Note 1: Basis of Presentation**

This schedule includes the Federal awards activity of the Institute and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2: Sub-recipients**

Of the Federal expenditures presented in this schedule, the Institute provided Federal awards to the sub-recipients as follows:

	Federal CFDA <u>Number</u>	<u>Amount</u>
<b><u>Compassion Capital Fund Demonstration Program:</u></b>		
Back-2-School	93.009	\$ 17,635
Boomerang Backpacks	93.009	15,340
Step by Step	93.009	19,835
Junior Achievement	93.009	1,750
Life & Family Services	93.009	5,476
Goshen College Music Center	93.009	11,900
The Post	93.009	19,612
Cahoots	93.009	14,353
Project Help	93.009	<u>14,647</u>
		<u>\$ 120,548</u>
<b><u>Promoting Responsible Fatherhood Community Program:</u></b>		
ARK Crisis Prevention	93.086	\$ 118,738
Gary Community Involvement	93.086	57,046
International Community Alliance	93.086	146,600
JOBS Partnership of Greater Indianapolis	93.086	181,993
Marriage and Family Alliance	93.086	122,000
Metro Youth Sports	93.086	12,976
Vanderburgh Grassroots Community	93.086	33,439
Youth Service Bureau	93.086	<u>49,491</u>
		<u>\$ 722,283</u>

THE INDIANA YOUTH INSTITUTE, INC.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Indiana Youth Institute  
Indianapolis, Indiana

We have audited the financial statements of The Indiana Youth Institute (the "Institute") as of and for the year ended June 30, 2010, and have issued our report thereon dated September 17, 2010. We conducted our audit in accordance with U.S. Generally Accepted Auditing Standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Institute's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Institute's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute's financial statements are free of 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*.

We noted certain matters that we reported to the Institute's management in a separate letter dated September 17, 2010.

This report is intended solely for the information and use of the governing body, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Indianapolis, Indiana  
September 17, 2010

A handwritten signature in cursive script that reads "Deloitte & Co." The signature is written in black ink and is positioned to the right of the typed text.

THE INDIANA YOUTH INSTITUTE, INC.

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
The Indiana Youth Institute  
Indianapolis, Indiana

**Compliance**

We have audited the compliance of The Indiana Youth Institute (the "Institute") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2010. The Institute's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the Institute's management. Our responsibility is to express an opinion on the Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. Generally Accepted Auditing Standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major Federal program. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Institute's compliance with those requirements.

In our opinion, The Indiana Youth Institute, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of The Indiana Youth Institute, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Institute's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Deloitte & Co." is positioned on the right side of the page.

September 17, 2010

THE INDIANA YOUTH INSTITUTE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010

**Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with §510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Promoting Responsible Fatherhood Community Access Program	93.086

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

THE INDIANA YOUTH INSTITUTE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2010

Findings Required to be Reported by Government Auditing Standards

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
	None	

Findings Required to be Reported by OMB Circular A-133

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
	None	

THE INDIANA YOUTH INSTITUTE, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010

Reference Number	Finding	Status
	None	