

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION, AND
SINGLE AUDIT REPORTS**

YEARS ENDED DECEMBER 31, 2014 AND 2013

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of the
Huntington Youth Bureau
Youth Development Research Institute, Inc.
Huntington, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Huntington Youth Bureau Youth Development Research Institute, Inc. (a nonprofit organization), which comprise the statements of assets and net assets – cash basis as of December 31, 2014, and the related statements of revenues, expenses and changes in net assets – cash basis, and cash flows – cash basis 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huntington Youth Bureau Youth Development Research Institute, Inc., as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Huntington Youth Bureau Youth Development Research Institute, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of governmental grant revenues – cash basis, administrative expenses – cash basis and schedule of program expenses – cash basis are 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 the cash basis of accounting as described in Note 2. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2015 on our consideration of Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control over financial reporting and compliance.

Fuoco Group, LLP

Hauppauge, New York
July 14, 2015

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 175,279	\$ 158,772
Equipment, furniture and fixtures, less accumulated depreciation of \$147,569 in 2014 and \$137,689 in 2013.	<u>58,806</u>	<u>66,867</u>
Total Assets	<u>\$ 234,085</u>	<u>\$ 225,639</u>
NET ASSETS		
Unrestricted	\$ 102,013	\$ 106,111
Temporarily restricted	<u>132,072</u>	<u>119,528</u>
Total Net Assets	<u>\$ 234,085</u>	<u>\$ 225,639</u>

See notes to financial statements

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Summarized 2013</u>
REVENUE				
Governmental grants	\$ 1,602,968	\$ -	\$ 1,602,968	\$ 1,600,159
Other grants, contributions, and fees	12,063	22,500	34,563	40,880
Client service revenue	170,654	-	170,654	157,643
Interest income	77	44	121	85
Miscellaneous	38	-	38	233
	<u>1,785,800</u>	<u>22,544</u>	<u>1,808,344</u>	<u>1,799,000</u>
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>1,795,800</u>	<u>12,544</u>	<u>1,808,344</u>	<u>1,799,000</u>
EXPENSES				
Program expense	1,582,700	-	1,582,700	1,575,588
Administrative expense	216,765	-	216,765	237,899
Total Expenses	<u>1,799,465</u>	<u>-</u>	<u>1,799,465</u>	<u>1,813,487</u>
Change in net assets before other income (expense)	(3,665)	12,544	8,879	(14,487)
Other income (expense)				
Loss on assets disposition	(433)	-	(433)	-
Total other income (expense)	<u>(433)</u>	<u>-</u>	<u>(433)</u>	<u>-</u>
Change in net assets	(4,098)	12,544	8,446	(14,487)
Net Assets at Beginning of Year	<u>106,111</u>	<u>119,528</u>	<u>225,639</u>	<u>240,126</u>
Net Assets at End of Year	<u>\$ 102,013</u>	<u>\$ 132,072</u>	<u>\$ 234,085</u>	<u>\$ 225,639</u>

See notes to financial statements

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS - CASH BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,446	\$ (14,487)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,542	19,638
Loss on assets disposition	433	-
Net cash provided by operating activities	<u>27,421</u>	<u>5,151</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of fixed assets	<u>(10,914)</u>	<u>(38,068)</u>
Net cash used by financing activities	<u>(10,914)</u>	<u>(38,068)</u>
 NET INCREASE (DECREASE) IN CASH	16,507	(32,917)
 CASH AND CASH EQUIVALENTS - BEGINNING	<u>158,772</u>	<u>191,689</u>
 CASH AND CASH EQUIVALENTS - END	<u><u>\$ 175,279</u></u>	<u><u>\$ 158,772</u></u>

See notes to financial statements

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF ACTIVITIES

The Huntington Youth Bureau Youth Development Research Institute, Inc. (the "Institute") was organized on behalf of the Town of Huntington to organize, operate and maintain youth development programs and facilities, to research and develop educational and referral services for youth and to encourage increased involvement in civic and social activities through cooperation and coordination of efforts with other public and private groups and institutes. The Institute is a component unit of the Town of Huntington.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the cash basis of accounting, which is a special-purpose financial reporting framework other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Institute has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements.

Basis of Presentation - The financial statements have been prepared on the cash basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, "Not-for-Profit Entities." Under FASB ASC No. 958, the organization reports information regarding its financial position and activities within three classes: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - This category includes net assets that are not subject to any restrictions and are available for the support of the Institute's operations.

Temporarily Restricted Net Assets - This category includes net assets which have been limited by donor-imposed stipulations or by law, that either expire with the passage of time or can be fulfilled and removed by the actions of the Institute pursuant to those stipulations.

Permanently restricted - net assets of the Institute which have been restricted by donors to be maintained in perpetuity by the Institute.

The Institute does not possess any permanently restricted net assets.

Expenses are allocated into functional categories depending upon the ultimate purpose of the expenditure. The Institute also presents a statement of cash flows in accordance with FASB ASC 958.

Cash and Cash Equivalents - Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Income Taxes - The Institute qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Institute's tax exempt purpose is subject to taxation as unrelated business income.

There was no tax expense for the year ended December 31, 2014 and 2013.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued) - The Institute has not taken an unsubstantiated tax position that would require provision of a liability under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly FIN Interpretation No. 48), "Accounting for Uncertainty in Income Taxes". Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Institute does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Institute has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required. The Institute's information returns are subject to review by the appropriate authorities for a period of three years from the date of filing. Currently, the returns for the years ending December 31, 2011 and subsequent, are subject to review. For the year ended December 31, 2014, there was no interest or penalties recorded or included in the financial statements.

Equipment, Furniture and Fixtures - The Institute follows the practice of capitalizing all expenses for equipment, furniture and fixtures at cost. Depreciation is computed using the method and periods as follows:

<u>Description</u>	<u>Method</u>	<u>Period</u>
Equipment	Straight Line	5 years
Furniture and Fixtures	Straight Line	7 years

Contributions - The Institute records contributions and grants when they are received.

Subsequent Events - The Organization has evaluated subsequent events and transactions that occurred through July 14, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 3 - SUMMARY OF INSTITUTE'S MAJOR PROGRAMS

Drug and Alcohol - This program is a state licensed, chemical dependency treatment prevention provider offering individual, group and family counseling to individuals who are abusing substances, those who are at risk of becoming drug involved and their families. This program's mission is to provide comprehensive, prevention, education and treatment services to youth and adults. This program provides services within the schools and regional youth agencies in the Town.

Project EXCEL - This program offers youth academic and employment skills training, life skills programs, creative arts programs (Youth Writes and Writers' Workshop) and educational performances through Backstage Productions. EXCEL develops competencies in young people that will empower them to make healthy, productive life choices.

Sanctuary - This program provides potential runaway and homeless youth and their families with counseling services. Sanctuary helps teach youth to negotiate and communicate better with the family and/or help the youth find a temporary place to live, until the crisis in the family is resolved. Services are available 24 hours a day.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - SUMMARY OF INSTITUTE'S MAJOR PROGRAMS (CONTINUED)

Sanctuary Transitional and Independent Living Services - This program is an extension of the Sanctuary program. The Sanctuary program helps homeless runaway youths up to the age of 18, while Sanctuary Transitional and Independent Living Services help homeless runaway youths from ages 18 to 21.

Huntington Youth Court - Huntington Youth Court is run by youth for youthful offenders. Youthful offenders who have committed a misdemeanor crime have their cases heard by a jury of their peers. Volunteer youth perform the roles of attorneys, judges, clerks and juries. Youth court is for offenders under 16 years old.

The goal of youth court is to prevent delinquent behavior through positive peer influence and to promote self-esteem, motivation for self-improvement, and a healthy attitude toward authority.

Family Social Worker - This program provides family therapy services for the clients enrolled in the Sanctuary program.

Contract Management - Programmatic contract management costs of \$38,439 and \$60,787, for 2014 and 2013, respectively, represent allocated contract management costs to manage and monitor all of the Institute's programs as well as any other Institute system funded programs. Monitoring includes, but is not limited to, site visits to observe programs, review of monthly report data, case tracing data in both hardcopy and electronic data processing formats, preparation of statistical reports for annual evaluations, and writing programs in various database codes to accomplish and facilitate all of the above. Total contract management costs for 2014 are \$236,661 and \$279,049 for 2013. The administrative portion for 2014 and 2013 are \$198,223 and \$218,261, respectively.

NOTE 4 - EQUIPMENT, FURNITURE AND FIXTURES

	2014	2013
Equipment	\$ 131,814	\$ 136,917
Furniture and fixtures	74,561	67,639
	<u>206,375</u>	<u>204,556</u>
Less: Accumulated depreciation	<u>(147,569)</u>	<u>(137,689)</u>
Total Equipment, furniture and fixtures	<u>\$ 58,806</u>	<u>\$ 66,867</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$18,542 and \$19,638, respectively.

NOTE 5 - GOVERNMENTAL GRANTS

The Town of Huntington advances funds to the Institute before the funds are actually received from the applicable government agency. When the grant money is received from the applicable government agency, it is remitted to the Town in repayment of the funds advanced to the Institute.

NOTE 6 - RESTRICTIONS ON NET ASSETS

The Institute had \$132,072 and \$119,528 in temporarily restricted net assets as of December 31, 2014 and 2013, respectively. The restricted assets represent a contribution from a private contributor to be used for the issuance of scholarships to Town of Huntington residents that meet specific requirements to obtain a college education.

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Institute maintains its cash balances in one financial institution located in New York. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. At December 31, 2014 and 2013 all cash and cash equivalents was fully insured. The Institute as not suffered a loss related to the excess deposits.

SUPPLEMENTARY INFORMATION

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
SCHEDULE OF PROGRAM EXPENSES - CASH BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Program	2014							Total
	Payroll	Employee Benefits	Payroll Taxes	Supplies	Consultants	Travel/Conference	Other	
Drug and Alcohol	\$ 651,650	\$ 138,270	\$ 50,155	\$ 17,299	\$ 2,300	\$ 1,393	\$ 26,357	\$ 887,424
Project EXCEL	210,759	56,751	16,080	6,361	-	2,584	5,464	297,999
Sanctuary	120,045	11,625	9,212	3,516	917	6,680	11,578	163,573
Sanctuary Transitional and Independent Living Services	30,663	11,292	2,356	-	-	-	184	44,495
Huntington Youth Court	59,815	16,526	4,593	613	-	24	806	82,377
Family Social Worker	35,458	1,893	2,721	-	-	-	210	40,282
Contract Management	27,544	8,210	2,115	-	-	570	-	38,439
Scholarship	-	-	-	-	-	-	10,000	10,000
Other	-	-	-	-	-	-	18,111	18,111
Total Governmental Grants	\$ 1,135,934	\$ 244,567	\$ 87,232	\$ 27,789	\$ 3,217	\$ 11,251	\$ 72,710	\$ 1,582,700

Program	2013							Total
	Payroll	Employee Benefits	Payroll Taxes	Supplies	Consultants	Travel/Conference	Other	
Drug and Alcohol	\$ 645,907	\$ 125,268	\$ 49,858	\$ 20,264	\$ 2,900	\$ 1,263	\$ 31,384	\$ 876,844
Project EXCEL	225,040	53,212	17,297	6,131	-	3,172	4,442	309,294
Sanctuary	106,012	15,966	8,205	7,785	1,400	2,195	14,375	155,938
Sanctuary Transitional and Independent Living Services	29,575	10,050	2,286	-	-	-	179	42,090
Huntington Youth Court	47,732	14,624	3,688	488	-	87	524	67,143
Family Social Worker	21,163	5,964	1,632	-	-	-	142	28,901
Contract Management	45,885	10,869	3,538	-	-	495	-	60,787
Scholarship	-	-	-	-	-	-	10,000	10,000
Other	-	-	-	-	-	553	24,038	24,591
Total Governmental Grants	\$ 1,121,314	\$ 235,953	\$ 86,504	\$ 34,668	\$ 4,300	\$ 7,765	\$ 85,084	\$ 1,575,588

See independent auditors' report

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
YEARS ENDED DECEMBER 31, 2014 AND 2013**

SCHEDULE OF GOVERNMENTAL GRANT REVENUES - CASH BASIS

	2014	2013
Drug and Alcohol	\$ 732,006	\$ 689,067
Project EXCEL	304,840	320,271
Sanctuary	171,400	173,307
Sanctuary Transitional and Independent Living Services	44,315	41,219
Huntington Youth Court	81,486	67,139
Family Social Worker	40,033	32,015
Contract Management	228,888	277,141
	<hr/>	<hr/>
Total Governmental Grants	<u>\$ 1,602,968</u>	<u>\$ 1,600,159</u>

SCHEDULE OF ADMINISTRATIVE EXPENSES - CASH BASIS

	2014	2013
Salaries	\$ 132,456	\$ 156,132
Employee Benefits	40,082	43,646
Payroll Taxes	10,143	12,037
Bank Fees	842	1,118
Computer and Equipment Repairs and Maintenance	3,222	1,684
Conferences	746	207
Consultants	7,133	195
Depreciation Expense	18,542	19,638
Supplies	3,599	3,242
	<hr/>	<hr/>
Total Administrative Expenses	<u>\$ 216,765</u>	<u>\$ 237,899</u>

See independent auditors' report

SINGLE AUDIT REPORTS



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

To the Board of the
Huntington Youth Bureau
Youth Development Research Institute, Inc.
Huntington, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Huntington Youth Bureau Youth Development Research Institute, Inc. (a nonprofit organization), which comprise the statements of assets and net assets – cash basis as of December 31, 2014, and the related statements of revenues, expenses and changes in net assets – cash basis, cash flows – cash basis for the year then ended and the related notes to the financial statements, and have issued our report thereon dated July 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Huntington Youth Bureau Youth Development Research Institute, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fuoco Group, LLP

Hauppauge, New York
July 14, 2015



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Huntington Youth Bureau Youth Development Research Institute, Inc.
Huntington, New York

Report on Compliance for Each Major Federal Program

We have audited Huntington Youth Bureau Youth Development Research Institute, Inc.'s requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Huntington Youth Bureau Youth Development Research Institute, Inc.'s major federal programs for the year ended December 31, 2014. Huntington Youth Bureau Youth Development Research Institute, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Huntington Youth Bureau Youth Development Research Institute, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Huntington Youth Bureau Youth Development Research Institute, Inc.'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Huntington Youth Bureau Youth Development Research Institute, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Huntington Youth Bureau Youth Development Research Institute, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of Huntington Youth Bureau Youth Development Research Institute, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Huntington Youth Bureau Youth Development Research Institute, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Huntington Youth Bureau Youth Development Research Institute, Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated July 14, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Fuoco Group, LLP

Hauppauge, New York
July 14, 2015

**HUNTINGTON YOUTH BUREAU
 YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 DECEMBER 31, 2014**

<u>Federal Grantor Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Passed through Town of Huntington: Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ 520,555
U.S. Department of Health and Human Services		
Passed through Town of Huntington: Family and Youth Services Bureau	93.623	<u>171,400</u>
Total Federal Awards Expended		<u>\$ 691,955</u>

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Huntington Youth Bureau Youth Development Research Institute, Inc. under programs of the federal government for the year ended December 31, 2014. 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*. Because the Schedule presents only a selected portion of the operations of Huntington Youth Bureau Youth Development Research Institute, Inc, it is not intended to and does not present the financial position, changes in net assets or cash flows of Huntington Youth Bureau Youth Development Research Institute, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

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

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with <u>U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a)</u> ?	___ Yes	_X_ No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

93.959	U.S. Department of Health and Human Services Passed through Town of Huntington: Block Grants for Prevention and Treatment of Substance Abuse
93.623	U.S. Department of Health and Human Services Passed through Town of Huntington: Family and Youth Services Bureau

**HUNTINGTON YOUTH BUREAU
YOUTH DEVELOPMENT RESEARCH INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

SECTION I: SUMMARY OF AUDITORS' RESULTS (CONTINUED)

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>500,000</u>
Is the auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Section II: Financial Statement Findings

There were no findings.

Section III: Federal Awards Findings

There were no findings.