



Gary McGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

Janus Youth Programs, Inc.

Financial Statements, Single Audit Reports, and Other
Information as of and for the Year Ended June 30, 2015
and Reports of Independent Accountants

TABLE OF CONTENTS

	Page
Report of Independent Accountants	3
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Supplementary Schedules and Single Audit Reports:	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	19
Report of Independent Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20
Reports of Independent Accountants on Compliance for Each Major Federal Program and Internal Control Over Compliance	22
Schedule of Findings and Questioned Costs	24
Summary Schedule of Prior Audit Findings	25
Other Information:	
Governing Board and Management	26
Inquiries and Other Information	27

REPORT OF INDEPENDENT ACCOUNTANTS

*The Board of Directors
Janus Youth Programs, Inc.:*

Report on the Financial Statements

We have audited the accompanying financial statements of Janus Youth Programs, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, 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; 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 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 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 organization'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 organization'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 Janus Youth Programs, Inc. 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on pages 17 and 18, as required by 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 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited Janus Youth Programs, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 14, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016 on our consideration of Janus Youth Programs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Janus Youth Programs, Inc.'s internal control over financial reporting and compliance.



January 4, 2016

JANUS YOUTH PROGRAMS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

	2015	2014
Assets:		
Cash and cash equivalents	\$ 439,422	803,660
Contract payments receivable <i>(note 4)</i>	984,983	823,600
Pledges receivable	136,750	–
Prepaid expenses and other assets	155,854	137,311
Property, equipment, and related capital investments <i>(notes 5 and 7)</i>	3,692,868	3,919,487
Total assets	\$ 5,409,877	5,684,058
Liabilities:		
Accounts payable and accrued expenses	256,312	266,870
Accrued payroll liabilities	477,718	667,685
Deferred revenue	26,113	11,057
Long-term debt <i>(note 7)</i>	1,785,458	1,856,926
Total liabilities	2,545,601	2,802,538
Net assets:		
Unrestricted:		
Available for programs and general operations	434,611	443,504
Net investment in capital assets	1,907,410	2,062,561
Total unrestricted	2,342,021	2,506,065
Temporarily restricted <i>(note 8)</i>	507,255	360,455
Permanently restricted <i>(note 8)</i>	15,000	15,000
Total net assets	2,864,276	2,881,520
Commitments and contingencies <i>(notes 5, 6, 13, 14, 15, and 16)</i>		
Total liabilities and net assets	\$ 5,409,877	5,684,058

See accompanying notes to financial statements.

JANUS YOUTH PROGRAMS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			Total	2014
	Unrestricted	Temporarily restricted	Permanently restricted		
Revenues, gains and other support:					
Contract service fees (<i>note 9</i>)	\$ 9,379,624	–	–	9,379,624	9,387,986
Contributions and grants	150,162	451,432	–	601,594	413,690
In-kind contributions (<i>note 10</i>)	267,605	–	–	267,605	264,466
Special events, net of direct costs of \$48,503 in 2015 and \$36,413 in 2014	83,488	–	–	83,488	62,636
Sales, net of cost of goods sold of \$595,510 in 2015 and \$599,120 in 2014	233,705	–	–	233,705	207,605
Rental income and other	101,325	–	–	101,325	94,625
Total operating revenues and gains	10,215,909	451,432	–	10,667,341	10,431,008
Net assets released from restrictions (<i>note 11</i>)	304,632	(304,632)	–	–	–
Total revenues, gains, and other support	10,520,541	146,800	–	10,667,341	10,431,008
Expenses (<i>note 12</i>):					
Program services	9,267,061	–	–	9,267,061	9,042,119
Management and general	1,257,321	–	–	1,257,321	1,190,226
Fundraising	160,203	–	–	160,203	156,441
Total expenses	10,684,585	–	–	10,684,585	10,388,786
Increase (decrease) in net assets	(164,044) ^[A]	146,800	–	(17,244)	42,222
Net assets at beginning of year	2,506,065	360,455	15,000	2,881,520	2,839,298
Net assets at end of year	\$ 2,342,021	507,255	15,000	2,864,276	2,881,520

See accompanying notes to financial statements.

^[A] Includes \$328,859 in depreciation expense.

JANUS YOUTH PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015				2014
	Program services	Management and general	Fundraising	Total	
Salaries and related costs	\$ 6,449,899	855,944	141,409	7,447,252	7,173,452
Subcontractors	266,190	–	–	266,190	254,653
Professional service fees	197,911	181,059	126	379,096	417,135
Supplies and communications	521,037	84,027	7,257	612,321	598,658
Occupancy	672,724	75,143	10,644	758,511	732,632
Conferences and travel	111,188	5,827	728	117,743	121,030
Client assistance	644,060	–	–	644,060	661,599
Interest	57,302	2,007	–	59,309	62,169
Other	22,095	49,110	39	71,244	51,200
Total expenses before depreciation	8,942,406	1,253,117	160,203	10,355,726	10,072,528
Depreciation	324,655	4,204	–	328,859	316,258
Total expenses	\$ 9,267,061	1,257,321	160,203	10,684,585	10,388,786

See accompanying notes to financial statements.

JANUS YOUTH PROGRAMS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from clients and contractors	\$ 9,234,797	9,431,468
Cash received from donors	595,335	525,822
Cash received from other sources	930,540	901,350
Cash paid to suppliers and employees	(10,891,893)	(10,305,030)
Interest paid	(59,309)	(62,169)
Net cash provided by (used in) operating activities	(190,530)	491,441
Cash flows from investing activities:		
Capital expenditures	(102,240)	(165,415)
Net cash used in investing activities	(102,240)	(165,415)
Cash flows from financing activities:		
Proceeds from contributions restricted for capital acquisitions	—	10,000
Payments of long-term debt principal	(71,468)	(61,780)
Net cash used in financing activities	(71,468)	(51,780)
Net increase (decrease) in cash and cash equivalents	(364,238)	274,246
Cash and cash equivalents at beginning of year	803,660	529,414
Cash and cash equivalents at end of year	\$ 439,422	803,660

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

1. Organization

Janus Youth Programs, Inc. has been changing lives and building futures for children, youth, and families in Oregon and Washington since 1972. Innovative, community-based programs include the Northwest's largest array of runaway and homeless youth services; help for youth who have been sex trafficked; teen parent services; residential programs; a college scholarship program that helps youth who have been successful at Janus attend college or complete a vocational training program; and a 145,000 square-foot urban agriculture program that addresses hunger, employment, and community health issues in three low-income public housing communities.

Serving over 6,000 individuals annually, sheltering nearly 200 youth nightly, working with 600 youth daily, and initiating 20,000 street outreach contacts annually with runaway and homeless youth, Janus is one of the largest youth-serving agencies in the Northwest.

2. Program Services

During the year ended June 30, 2015, Janus incurred program services expenses in the following major categories:

Residential Services – Five long and shorter-term residential programs provide mental health services and specialized treatment and care for males aged 13 to 24 who are in state custody, either through the Oregon Department of Human Services or the Oregon Youth Authority. The long-term goal is to facilitate a successful return to home and family or to independent living in the community.

Runaway Youth Services – Temporary shelter and family crisis intervention services for runaway youth to either facilitate a return to home or alternative community setting and to provide linkage with ongoing follow-up services. Additional programmatic services include operation of the Reception Center, which offers law enforcement an alternative to a locked setting for youth with curfew violations, active runaway reports and misdemeanors; the Department of Human Services' Child Abuse Hotline for Multnomah, Clackamas, and Washington counties; and an immediate/short-term shelter for youth identified as being commercially sexually exploited.

Homeless Youth Services – An extensive array of homeless youth programs, including street outreach, assessment, emergency and short-term shelter, and transitional and independent living options designed to assist homeless youth successfully exit street life.

Washington State Programs – A coordinated and interlocking array of programs for runaway and homeless youth and youth aging out of state foster care includes street outreach, day drop-in services, crisis intervention and temporary shelter, secure shelter and evaluative services, and independent/supportive housing options.

Insights Teen Parent Programs – An array of services provided to young parents and pregnant teenagers, including case management, parenting education/support groups, safe supervised apartment living, and support to attend and complete high school, obtain a GED, or work toward employment.

Urban Agriculture Program – A 145,000 square-foot urban agriculture program that includes community organic gardens, an orchard, a two-acre, youth-run entrepreneurial farm on Sauvie Island, an organic egg project, a community health worker component, children’s garden clubs, and a community-run healthy corner grocery store. Based in North Portland low-income housing neighborhoods, the program focuses on eliminating hunger, providing employment opportunities for teenagers and adults, creating safe after-school and summer activities for children, developing entrepreneurial opportunities, supporting leadership skill development and delivering health and nutrition information.

Scholarship Fund – A fund providing assistance to youth who have been successful in any Janus program, enabling them to pursue higher education or enroll in a vocational or technical training program.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by Janus are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Janus has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net

assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time. These balances represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs and activities as directed by the donor.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. The donors of these assets generally permit the organization to use the investment return generated on related investments for either general or specific purposes.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire capital assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Cash Equivalents – For purposes of the financial statements, Janus considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Inventories – Inventories, which consist primarily of perishable and non-perishable items held for sale by the organization's grocery store, are carried at the lower of cost or market value. Cost is determined using the retail method. Inventories totaled \$42,512 at June 30, 2015, and were included in prepaid expenses and other assets in the accompanying financial statements.

Capital Assets and Depreciation – Property and equipment are carried at cost, and at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally thirty years for buildings and land improvements, three to five years for furniture and equipment, five years for vehicles, and ten years, or the length of the lease term if fewer, for leasehold improvements.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Benefits Provided to Donors at Special Events – Janus conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct costs of the benefits received. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Advertising and Marketing Expenses – Advertising and marketing costs are charged to expense as they are incurred.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Limitations on Certain Unrestricted Net Assets – Certain unrestricted net assets are limited by contract to use within the program from which they were generated. In these cases, surplus funds are not refundable or payable to the contractor, but are generally limited to providing an extension or continuation of specific program services.

Income Taxes – Janus is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and comparable State law. In addition, Janus has been recognized as a public charity under Sections 170(b)(1)(a)(vi) and 509(a)(1) of the Internal Revenue Code. For tax purposes, Janus’ open audit periods are for the years ended June 30, 2012 through 2014.

Janus has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required by FASB ASC No. 855, *Subsequent Events*, subsequent events have been evaluated by management through January 4, 2016, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2014 – The accompanying financial information as of and for the year ended June 30, 2014 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

4. Contract Payments Receivable

At June 30, 2015, the following contract payments receivable are outstanding:

Multnomah County, Oregon – Department of Community and Family Services	\$ 378,147
State of Oregon – Oregon Youth Authority and Services to Children and Families	184,930
State of Oregon – Department of Human Services	90,085
City of Portland	86,321
U.S. Department of Health and Human Services	61,726
U.S. Department of Agriculture	60,718
State of Washington – Department of Social and Health Services	58,334
Clark County, Washington Department of Community and Family Services	27,202
Other	53,170
	<hr/> 1,000,633
Less allowance for doubtful collection	(15,650)
	<hr/> \$ 984,983

5. Property, Equipment, and Related Capital Investments

A summary of capital assets and related capital investments at June 30, 2015 is as follows:

Land and land improvements	\$ 616,611
Buildings and related improvements	5,379,340
Leasehold improvements	689,889
Furniture and equipment	443,785
Vehicles	215,752
	<hr/> 7,345,377
Less accumulated depreciation	(3,652,509)
	<hr/> \$ 3,692,868

Included in the preceding table are two properties donated to Janus by Multnomah County in 1997, together with the stipulation that the properties only be used for social service purposes and/or for childcare in accordance with the provisions of ORS 271.330. If either of the properties are used for any other purpose or if the properties are sold or transferred, they must be replaced within a period of one year by another property of similar value and used for the same limited purposes described above. In the event that Janus ever ceases to exist as a nonprofit, tax-exempt corporation, titles to the properties revert to Multnomah County, Oregon.

Janus has also received grants from the City of Vancouver and Clark County, Washington for the remodeling of one of its facilities located in Vancouver, Washington. Funds have been provided with the agreement that the properties will be used for the purpose of providing residential services to children under the age of 18 through the county's drug and alcohol program, as well as the Washington State Department of Social and Health Services programs for a period of at least 15 years. Should the property be sold, the county and city are entitled to the proceeds equivalent to their equity percentage in the project.

6. Line of Credit

Janus maintains a line of credit secured by all of the organization's assets not otherwise encumbered for up to a total of \$800,000, bearing interest at prime rate as published in *The Wall Street Journal*, plus 0.5%, but not less than 5.0%, and payable in full on March 10, 2016. The agreement with the bank contains certain provisions that require the maintenance of a debt service coverage ratio of 1.25 to 1.0. At June 30, 2015, Janus was in compliance with this requirement. No amounts were outstanding under the line of credit at June 30, 2015.

7. Long-Term Debt

The acquisition and rehabilitation of Janus' properties include costs financed through loans received from various parties. The following obligations were outstanding at June 30, 2015:

Wells Fargo Bank, 4.75%, due in monthly payments of \$8,028 through January 10, 2023, with a balloon payment of \$777,255 due at that time. Secured by land and buildings.	\$ 1,143,650
Washington State Department of Community Trade and Economic Development, 1.5%, due in annual payments of \$14,210 through 2049. Secured by land and building.	367,810
Clark County, Washington, 55-year interest-free, with semi-annual payments of principal of \$2,727. Secured by land and building.	250,909
Clark County, Washington and the City of Vancouver, Washington, 15-year interest-free, with annual payments of principal of \$9,833. Secured by land and building.	18,683
Kotuba Credit Corporation, 0%, due in monthly payments of \$245 through December of 2016. Secured by vehicle.	4,406
Total long-term debt	\$ 1,785,458

Continued

Maturities of note principal for the five years subsequent to June 30, 2015 and thereafter are as follows:

<i>Years ending June 30,</i>	
2016	\$ 69,865
2017	65,206
2018	66,058
2019	64,063
2020	66,606
Thereafter	1,453,660
	<hr/>
	\$ 1,785,458

Interest expense on the above notes totaled \$57,872 for the year ended June 30, 2015.

8. Restrictions and Limitations on Net Asset Balances

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions, grants, and other unexpended revenues and gains available for future program services, and totaled \$507,255 at June 30, 2015, as follows:

Scholarships funds	\$ 265,419
Village garden and market	184,943
Various other program and operating costs	56,893
	<hr/>
	\$ 507,255

Permanently Restricted Net Assets

At June 30, 2015, Janus held a donor-restricted endowment fund in the amount of \$15,539, representing \$15,000 as the original value of gifts donated to the permanent endowment and \$539 in accumulated endowment earnings. The earnings generated by this endowment are restricted to the Insights Teen Parent Programs.

9. Contract Service Fees

During the year ended June 30, 2015, Janus received fees for services provided under contracts with the following:

Multnomah County – Community and Family Services	\$ 3,529,113
State of Oregon – Oregon Youth Authority and Services to Children and Families	2,086,130
State of Oregon – Department of Human Services	852,036
State of Washington – Department of Social and Health Services	717,836
U.S. Department of Health and Human Services	681,105
City of Portland	612,616
Clark County, Washington Department of Community and Family Services	377,485
U.S. Department of Agriculture	97,927
Home Forward	49,965
City of Vancouver	54,000
School districts	46,882
Other	274,529
	<hr/>
	\$ 9,379,624

During the year ended June 30, 2015, Janus received 37.6% of its total contract revenues from components of Multnomah County, Oregon (representing 33.5% of total operating revenues), and 31.3% from various departments and agencies of the State of Oregon (representing 27.9% of total operating revenues).

10. In-Kind Contributions

Consistent with the requirements of FASB ASC No. 958-605, *Revenue Recognition*, Janus reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased if not donated. During the year ended June 30, 2015, Janus did not record any in-kind revenue related to contributed services.

Certain donated services have not been reflected in the accompanying financial statements as the appropriate criteria for recording these services under FASB ASC No. 958-605 have not been satisfied. Nevertheless, a large number of volunteers have donated their time to both program and fundraising activities.

In-kind contributions of properties, equipment and materials, and the free use of facilities, are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of Janus' activities. During the year ended June 30, 2015, Janus recorded \$212,645 in contributed program materials, and \$54,960 in donated facilities.

11. Net Assets Released from Restrictions

During the year ended June 30, 2015, Janus incurred \$304,632 in satisfaction of the restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events. Accordingly, during the year ended June 30, 2015, a corresponding amount has been reported as a reclassification from temporarily restricted net assets to unrestricted net assets in the accompanying statement of activities.

12. Expenses

The costs of providing the various programs and other activities of Janus have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classification are presented in the statement of functional expenses.

13. Unemployment Insurance Coverage

Janus participates in the Northwest Agencies Trust for funding of unemployment insurance. Use of the Trust is intended to reduce Janus' unemployment costs. The Trust provides the organization with a program of self-insurance with stop-loss insurance purchased to cover unusual amounts of unemployment costs. The Trust bills Janus for amounts intended to reach a predetermined reserve level. The assessments, billed quarterly, consider any investment income and adjust for administrative costs, payments to former employees, and insurance payments.

At June 30, 2015, Janus' reserve with the Trust was \$224,038. During the year ended June 30, 2015, the organization contributed \$40,303 to the Trust, and the Trust paid out \$25,562 in benefits. Contributions to the Trust are reported as insurance costs, even though substantial portions are used to build the reserve. As such, the reserve is not recorded as an asset of Janus, and the amount of the estimated liability for unemployment insurance is not recorded as a liability because management expects that the amount will be permanently on deposit with the Trust, and the balances are not considered excessive to meet Janus' responsibility under unemployment law and regulations.

14. Contingencies

Certain amounts received or receivable under Janus' contracts with Multnomah County, the State of Oregon, and others are subject to audit and adjustment by the contracting agencies, by the State of Oregon, and by various agencies of the U.S. government. Any expenditures or claims disallowed as a result of such audits would become a liability of Janus' general operating fund. In the opinion of management, any adjustments that might result from such audits would not be material to Janus' overall financial statements.

15. Operating Lease Commitments

Janus leases several of its facilities and office equipment under noncancelable operating leases that expire in various years through 2019. The organization has the option to renew many of these leases at various terms and amounts.

At June 30, 2015, the approximate minimum rental commitments for all of the above are as follows:

<i>Years ending June 30,</i>	
2016	\$ 312,524
2017	211,468
2018	154,948
2019	118,960
	<hr/>
	\$ 797,900

Rent expense for facilities and office equipment totaled \$322,290 for the year ended June 30, 2015.

In addition, Janus collected \$78,428 through various subleases of administrative and program office space to other nonprofit organizations for the year ended June 30, 2015.

16. Retirement Plans

Janus provides substantially all full-time, and certain part-time, employees with a qualified profit-sharing retirement plan, as described under Section 401(k) of the Internal Revenue Code. Employees who have completed at least 12 consecutive months of work and have worked 1,000 or more hours annually may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. During the year ended June 30, 2015, Janus elective contributions equal to 2% of the total annual compensation of each employee. Employees select from several investment options. Contributions to the plan from both the employees and Janus vest as accrued. Contributions by the organization to the plan totaled \$97,528 for the year ended June 30, 2015.

17. Statement of Cash Flow Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (17,244)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	328,859
<i>Net changes in:</i>	
Contract payments receivable	(161,383)
Pledges receivable	(136,750)
Prepaid expenses and other assets	(18,543)
Accounts payable and accrued expenses	(10,558)
Accrued payroll liabilities	(189,967)
Deferred revenue (associated with contract revenues)	16,556
Deferred revenue (associated with special events)	(1,500)
<hr/>	
Total adjustments	(173,286)
<hr/>	
Net cash used in operating activities	\$ (190,530)

JANUS YOUTH PROGRAMS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Program title	Pass-through entity identifying number	Federal CFDA number	Federal expenditures
U.S. Department of Health and Human Services:			
Transitional Living for Homeless Youth Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	n/a	93.550	\$ 202,313
Basic Center Grant	n/a	93.557	190,242
<i>Passed through Multnomah County</i> <i>Department of County Human Services</i> Social Services Block Grant	n/a	93.623	288,550
<i>Passed through Multnomah County</i> <i>Early Childhood Services:</i> Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	4600001238	93.667	149,475
	440000800	93.505	139,635
Total U.S. Department of Health and Human Services			970,215
U.S. Department of Housing and Urban Development:			
<i>Passed through Multnomah County</i> <i>Department of County Human Services:</i> Continuum of Care Program	4600001238	14.267	334,070
<i>Passed through City of Vancouver</i> <i>Department of Community Planning:</i> Community Development Block Grants/ Entitlement Grants	2014 CDBG-414335	14.218	54,000
<i>Passed through City of Portland Home Forward:</i> Home Investment Partnerships Program	ra13itp	14.239	22,423
Total U.S. Department of Housing and Urban Development			\$ 410,493

Continued

JANUS YOUTH PROGRAMS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

YEAR ENDED JUNE 30, 2015

Program title	Pass-through entity identifying number	Federal CFDA number	Federal expenditures
U.S. Department of Justice: <i>Passed through the Oregon Department of Justice:</i> Crime Victim Assistance	VOCA-NC-2012-00049	16.575	\$ 25,803
Total U.S. Department of Justice			25,803
U.S. Department of Agriculture: Community Food Projects	n/a	10.225	79,770
Farmers' Market and Local Food Promotion Program	n/a	10.168	18,157
			97,927
<i>Passed through the Oregon Department of Education:</i> National School Lunch Program	2610001	10.555	142
<i>Passed through the Washington Department of Education:</i> National School Lunch Program	06-037-9185	10.555	30,464
Total CFDA 10.555			30,606
Total U.S. Department of Agriculture			128,533
U.S. Department of Homeland Security: <i>Passed through the United Way:</i> Emergency Food and Shelter National Board Program	886800-010	97.024	14,969
Total U.S. Department of Homeland Security			14,969
Total expenditures of federal awards			\$ 1,550,013

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

1. Basis of Accounting

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

2. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting and are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. Catalog of Federal Domestic Assistance

CFDA numbers reported in the accompanying Schedule of Expenditures of Federal Awards are based on the 2015 *Catalog of Federal Domestic Assistance* and previous archived versions of the Catalog.

REPORT OF INDEPENDENT ACCOUNTANTS 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

*The Board of Directors
Janus Youth Programs, Inc.:*

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Janus Youth Programs, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Janus Youth Programs, 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 Janus Youth Programs, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Janus Youth Programs, 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 organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature of Amy N. Cohen in black ink, followed by the text "& CO. LLP".

January 4, 2016

REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

*The Board of Directors
Janus Youth Programs, Inc.:*

Report on Compliance for Each Major Federal Program

We have audited Janus Youth Programs, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Janus Youth Programs, Inc.'s major federal programs for the year ended June 30, 2015. Janus Youth Programs, Inc.'s major federal programs are identified in the summary of auditor's 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 Janus Youth Programs, 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; 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 Janus Youth Programs, 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 Janus Youth Programs, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Janus Youth Programs, 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 June 30, 2015.

Report on Internal Control Over Compliance

Management of Janus Youth Programs, 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 Janus Youth Programs, 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 Janus Youth Programs, 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.

Cambridge & Co. LLP

January 4, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Section 1 – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued – **unmodified**
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – **none reported**
3. Material weakness(es) in internal control identified in the audit of the financial statements – **none**
4. Noncompliance that is material to the financial statements noted – **none**

Federal Awards

5. Significant deficiency(ies) in internal control over major programs identified in the audit of the financial statements – **none reported**
6. Material weakness(es) in internal control over major programs identified in the audit of the financial statements – **none**
7. The type of auditors' report issued on compliance for major programs – **unmodified**
8. Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 – **none**

Identification of Major Programs

- **U.S. Department of Housing and Urban Development, Continuum of Care Program (CFDA No. 14.267)**
 - **U.S. Department of Health and Human Services, Transitional Living for Homeless Youth (CFDA No. 93.550)**
9. Dollar threshold used to distinguish between Type A and Type B programs – **\$300,000**
 10. Is the auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133? – **yes**

Section 2 – Financial Statement Findings

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **none**

Section 3 – Federal Award Findings and Questioned Costs

12. Findings and questioned costs relating to federal awards – **none**

JANUS YOUTH PROGRAMS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

There were no audit findings reported in the prior year.

GOVERNING BOARD AND MANAGEMENT

Board of Directors

Kevin Huish, *President*
Government Sales Manager
Vista Staffing Solution

J Michael Buonocore, *Vice*
President
Executive Director
Home Forward

Stephen McCammon,
Secretary/Treasurer
Community Volunteer

John Stageberg, *Past President*
President
Capital Markets Solutions

Greg Bauer
Community Volunteer

Tim Colton
Senior ERP Specialist
Tidewater Barge Line

Thomas Fink, CLU, ChFC
President
Magnacorp

Nancy Hurley
President and Principal
Consultant
GTM Insights, LLC

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Grange Capital, LLC

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Analysis
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General Counsel
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Barry Schrimsher
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The Sherpa Group

Susan Stratton
President
Norris, Beggs & Simpson
Multifamily Management

Chris Wolfe
Pension Consultant
The Standard

Management

Dennis L. Morrow
Executive Director

Rosalie Karp
Advancement Director

Bev Backa
Fiscal Director

JANUS YOUTH PROGRAMS, INC.

INQUIRIES AND OTHER INFORMATION

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