

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**YOUTH HOMES**  
(A NON-PROFIT ORGANIZATION)

*June 30, 2013 and 2012*

**YOUTH HOMES**  
*June 30, 2013 and 2012*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Youth Homes  
Missoula, Montana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Youth Homes (a non-profit organization) (the Agency), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Homes as of June 30, 2013 and 2012, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Galusha Higgins* : Galusha, PC

Missoula, Montana  
October 29, 2013

**YOUTH HOMES**  
**STATEMENTS OF FINANCIAL POSITION**  
*as of June 30*

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 576,544	\$ 290,377
Current investments	1,023,052	1,023,217
Accounts receivable (net of allowance of \$23,838 in 2013 and \$25,876 in 2012)	435,667	398,762
Pledges receivable	63,681	106,667
Receivable from related parties	15,642	16,533
Prepaid expenses	13,109	11,008
Total current assets	<u>2,127,695</u>	<u>1,846,564</u>
Property, Plant, and Equipment		
Furniture and equipment	153,895	153,895
Vehicles	224,632	224,632
Buildings and improvements	2,558,894	2,558,894
Construction in progress	49,515	18,726
Land	374,243	374,243
Accumulated depreciation	<u>(1,466,834)</u>	<u>(1,346,126)</u>
Net property, plant and equipment	<u>1,894,345</u>	<u>1,984,264</u>
Other Assets		
Pledges receivable	54,834	23,333
Endowment	299,462	244,353
	<u>354,296</u>	<u>267,686</u>
Total assets	<u>\$ 4,376,336</u>	<u>\$ 4,098,514</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 79,445	\$ 63,047
Accrued payroll and payroll taxes payable	158,403	128,890
Pension plan payable	48,116	76,552
Accrued vacation payable	113,590	109,853
Casey Family Program deposit	19,309	36,855
Accrued interest	1,420	1,420
Current portion of overpayments payable	369	-
Current portion of long-term debt payable	25,803	24,547
Total current liabilities	<u>446,455</u>	<u>441,164</u>
Long-term Liabilities		
Long-term debt payable	358,510	384,278
Split-interest agreement liability	9,967	11,529
Total liabilities	<u>814,932</u>	<u>836,971</u>
NET ASSETS		
Unrestricted	3,021,712	2,833,827
Temporarily restricted	332,848	244,319
Permanently restricted	206,844	183,397
Total net assets	<u>3,561,404</u>	<u>3,261,543</u>
Total liabilities and net assets	<u>\$ 4,376,336</u>	<u>\$ 4,098,514</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**STATEMENT OF ACTIVITY**  
*for the year ended June 30, 2013*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>				
<u>Public Support</u>				
Donations	\$ 515,376	\$ 152,709	\$ 23,447	\$ 691,532
<u>Revenue</u>				
Grant revenues	278,147	6,385	-	284,532
Contract services	3,662,078	-	-	3,662,078
Reimbursements	170,238	-	-	170,238
Rental income	9,405	-	-	9,405
Dividends and interest	44,259	-	-	44,259
Realized and unrealized gain on investments	57,759	-	-	57,759
Total Revenues	<u>4,221,886</u>	<u>6,385</u>	<u>-</u>	<u>4,228,271</u>
Total Public Support and Revenues	<u>4,737,262</u>	<u>159,094</u>	<u>23,447</u>	<u>4,919,803</u>
<b>EXPENSES</b>				
<u>Program Services</u>				
Program support	3,859,422	-	-	3,859,422
<u>Support Services</u>				
Fundraising	164,528	-	-	164,528
Administration	595,992	-	-	595,992
Total Support Services	<u>760,520</u>	<u>-</u>	<u>-</u>	<u>760,520</u>
Total Expenses	<u>4,619,942</u>	<u>-</u>	<u>-</u>	<u>4,619,942</u>
<b>EXCESS OF SUPPORT AND REVENUE OVER EXPENSES (EXCESS OF EXPENSES OVER SUPPORT AND REVENUE)</b>	<u>117,320</u>	<u>159,094</u>	<u>23,447</u>	<u>299,861</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>70,565</u>	<u>(70,565)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	187,885	88,529	23,447	299,861
<b>NET ASSETS - Beginning of year</b>	<u>2,833,827</u>	<u>244,319</u>	<u>183,397</u>	<u>3,261,543</u>
<b>NET ASSETS - End of year</b>	<u>\$ 3,021,712</u>	<u>\$ 332,848</u>	<u>\$ 206,844</u>	<u>\$ 3,561,404</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**STATEMENT OF ACTIVITY**  
*for the year ended June 30, 2012*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>				
<u>Public Support</u>				
Donations	\$ 522,586	\$ 198,852	\$ 56,422	\$ 777,860
<u>Revenue</u>				
Grant revenues	320,083	-	-	320,083
Contract services	3,429,947	-	-	3,429,947
Reimbursements	167,707	-	-	167,707
Rental income	10,800	-	-	10,800
Special activities	4,000	-	-	4,000
Dividends and interest	45,904	-	-	45,904
Realized and unrealized loss on investments	(37,291)	-	-	(37,291)
Total Revenues	<u>3,941,150</u>	<u>-</u>	<u>-</u>	<u>3,941,150</u>
Total Public Support and Revenues	<u>4,463,736</u>	<u>198,852</u>	<u>56,422</u>	<u>4,719,010</u>
<b>EXPENSES</b>				
<u>Program Services</u>				
Program support	4,037,469	-	-	4,037,469
<u>Support Services</u>				
Fundraising	189,162	-	-	189,162
Administration	605,219	-	-	605,219
Total Support Services	<u>794,381</u>	<u>-</u>	<u>-</u>	<u>794,381</u>
Total Expenses	<u>4,831,850</u>	<u>-</u>	<u>-</u>	<u>4,831,850</u>
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES (EXCESS OF EXPENSES OVER SUPPORT AND REVENUE)	<u>(368,114)</u>	<u>198,852</u>	<u>56,422</u>	<u>(112,840)</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,275</u>	<u>(1,275)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(366,839)	197,577	56,422	(112,840)
NET ASSETS - Beginning of year	<u>3,200,666</u>	<u>46,742</u>	<u>126,975</u>	<u>3,374,383</u>
NET ASSETS - End of year	<u>\$ 2,833,827</u>	<u>\$ 244,319</u>	<u>\$ 183,397</u>	<u>\$ 3,261,543</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*for the year ended June 30, 2013*

EXPENSES	Program Support	Fundraising	Administration	Total
Salaries and wages	\$ 2,305,113	\$ 95,442	\$ 322,316	\$ 2,722,871
Fringe benefits	362,313	10,499	45,526	418,338
Purchased care services	225,394	-	-	225,394
Client direct assistance	199,204	-	4,901	204,105
Payroll taxes	170,679	8,590	22,968	202,237
Space costs	163,371	3,000	14,178	180,549
Depreciation	97,761	-	22,948	120,709
Supplies	39,457	-	66,620	106,077
Travel	86,332	-	4,061	90,393
Repairs and maintenance	56,871	-	13,033	69,904
Insurance	46,081	-	4,426	50,507
Events expense	-	42,497	-	42,497
Training	30,580	-	11,442	42,022
Advertising	34,830	-	6,567	41,397
Investment fees, taxes, bank charges	1,046	-	28,683	29,729
Postage, printing, publications	887	4,500	21,435	26,822
Interest expense	19,888	-	-	19,888
Bad debt expense	14,930	-	-	14,930
Professional services	2,861	-	3,227	6,088
Miscellaneous	1,824	-	3,661	5,485
<b>Total</b>	<b>\$ 3,859,422</b>	<b>\$ 164,528</b>	<b>\$ 595,992</b>	<b>\$ 4,619,942</b>
	<b>83.54%</b>	<b>3.56%</b>	<b>12.90%</b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*for the year ended June 30, 2012*

EXPENSES	Program Support	Fundraising	Administration	Total
Salaries and wages	\$ 2,376,619	\$ 96,330	\$ 320,182	\$ 2,793,131
Fringe benefits	421,193	10,596	45,943	477,732
Purchased care services	240,567	-	-	240,567
Payroll taxes	167,728	8,667	33,002	209,397
Client direct assistance	200,402	-	1,678	202,080
Space costs	161,588	3,000	16,816	181,404
Depreciation	101,457	-	22,849	124,306
Travel	96,448	-	3,064	99,512
Supplies	42,187	-	53,433	95,620
Events expense	-	66,069	-	66,069
Repairs and maintenance	51,018	-	11,288	62,306
Insurance	42,272	-	9,517	51,789
Advertising	39,964	-	5,143	45,107
Training	25,962	-	15,917	41,879
Postage, printing, publications	1,971	4,500	26,769	33,240
Investment fees, taxes, bank charges	1,834	-	26,668	28,502
Bad debt expense	25,876	-	-	25,876
Professional services	12,609	-	11,078	23,687
Interest expense	21,079	-	-	21,079
Miscellaneous	6,695	-	1,872	8,567
<b>Total</b>	<b>\$ 4,037,469</b>	<b>\$ 189,162</b>	<b>\$ 605,219</b>	<b>\$ 4,831,850</b>
	<u>83.56%</u>	<u>3.91%</u>	<u>12.53%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**STATEMENTS OF CASH FLOWS**  
*for the years ended June 30*

	<b>2013</b>	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<b>\$ 299,861</b>	\$ (112,840)
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in allowance for doubtful accounts	<b>(2,038)</b>	25,876
Depreciation	<b>120,709</b>	124,306
Realized and unrealized (gain) loss on assets	<b>(57,759)</b>	37,291
(Increase) decrease in		
Receivables	<b>(34,867)</b>	(110,478)
Pledges receivable	<b>11,485</b>	(130,000)
Related party receivables	<b>891</b>	(3,339)
Prepaid expenses	<b>(2,101)</b>	(845)
Increase (decrease) in		
Accounts payable	<b>16,398</b>	(6,905)
Accrued payroll and related liabilities	<b>4,814</b>	8,085
Funds held in trust	<b>-</b>	(11,649)
Casey Family Program deposit	<b>(17,546)</b>	(11,206)
Overpayments payable	<b>369</b>	(278)
Split-interest agreement liability	<b>(1,562)</b>	1,434
Net cash from operating activities	<b>338,654</b>	(190,548)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of fixed assets	<b>(30,790)</b>	(63,124)
Cash flows from investments	<b>2,815</b>	(91,438)
Net cash from investing activities	<b>(27,975)</b>	(154,562)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid for principal on loans	<b>(24,512)</b>	(23,321)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>286,167</b>	(368,431)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>290,377</b>	658,808
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 576,544</b>	\$ 290,377
<b>CASH PAID FOR INTEREST</b>	<b>\$ 19,888</b>	\$ 21,079

The accompanying notes are an integral part of these financial statements.

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization. Youth Homes is a Montana private, non-profit corporation certified as a charitable organization. The Agency's corporate office is located in Missoula, Montana at 550 North California Street. Founded in 1971, Youth Homes provides three core and other services to care for and treat children and youth (ages 3 to 17) who are struggling with abuse, neglect, chaos, emotional challenges, substance abuse, family conflict, poor choices and legal problems. The Agency offers emergency shelter, longer term group and group treatment homes and family care, from foster to adoptive services and birth family support services. As a licensed child placing and adoptive agency, Youth Homes recruits, screens, trains and places children into special foster homes. In addition, the Agency provides correctional placements in individual Guide Homes and offers a Learning Lab and a Wilderness Treatment Program. Most all services are provided solely to Montana children but a few out-of-state placements are allowed in our wilderness program. Priority is given to serving children closest to their homes. We operate a shelter and 4 group homes in Missoula and single shelters in each of Hamilton and Kalispell. Our family services and family support services operate out of Missoula, Polson and Helena but serve children and youth throughout western Montana. Our efforts are always targeted at eventual family and permanent placement and a future for the children we serve beyond our treatment and care and into their adulthood.

Basis of Accounting. The Agency's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Categories of Net Assets.

- *Unrestricted net assets* generally have no donor-imposed restriction. This category includes those revenues and expenses associated with providing adolescent care services.
- *Temporarily restricted net assets* include gifts for which donor-imposed restrictions have not been met and funds for which the ultimate purpose of the proceeds is not permanently restricted.
- *Permanently restricted net assets* result from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Agency.

Cash and Cash Equivalents. Cash and cash equivalents include cash in banks and on hand, and highly liquid debt instruments that are readily convertible to known amounts of cash. Such debt instruments have maturities of three months or less from the date of purchase.

Investments. Investments consist of debt instruments with original maturities to the Agency in excess of three months and equity securities. The Agency has adopted ASC No. 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. ASC No. 958-320 requires that investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value with realized and unrealized gains and losses on investments reported in the Statement of Activity.

Continued

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Split Interest Agreements. Some donors enter into trust or other arrangements under which the Agency has a beneficial interest. The Agency will retain a remainder interest in the donated investments and will pay annuity payments to donors at future dates. For irrevocable agreements whereupon the Agency has control of the assets, assets are recorded at their estimated fair market value upon notification of the beneficial interest, provided that reliable information is available. A liability for payments to beneficiaries is estimated at the present value of the expected payments to beneficiaries and is presented as “Split-interest agreement liability” on the statement of financial position. Present value estimates use the IRC discount rate in effect as of the date of the balance sheet and standard actuarial tables for remaining lives of donors and beneficiaries.

Inventories. The Agency does not record inventories in its financial records. Such items consist of office and operating supplies which are expensed when purchased. The amount of inventories on hand as of June 30, 2013 and 2012 are not considered material to these financial statements.

Contributed Support. The Agency recognizes all unconditional gifts and promises to give in the period notified. Contributed support is reported as unrestricted or temporarily restricted depending upon the existence of donor stipulations. Temporarily restricted contributions whose restrictions have been fulfilled in the same year as the contributions are reported as unrestricted.

Revenue Recognition. Contracts, grants, and other revenues are recognized when earned. As required by ASC No. 958-605-25, contributed service revenues result when donated services create or enhance non-financial assets or when they require specialized skills provided by people possessing those skills that would typically be purchased if not provided by donation. Contributed goods are valued at their estimated fair value at the date of contribution.

Fixed Assets. The Agency capitalizes equipment with a purchase price of at least \$5,000 and an expected life of at least 5 years. Property and equipment are carried at cost. Donated assets are valued at their estimated fair value at the date of contribution. Straight-line depreciation is used to depreciate assets over estimated lives of 5 to 27½ years.

Pledges Receivable. Pledges receivable represent unconditional promises to give. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Management has not recorded a discount against the pledges receivable as the discount is not material to the financial statements taken as a whole. Based on management’s assessment of pledge collection history with its donors and current relationships, it has concluded an allowance is not deemed necessary as of June 30, 2013 and 2012. Anticipated collection of pledges in fiscal years 2014, 2015, 2016, 2017 and later are \$63,681, \$27,167, \$12,167, \$10,500, and \$5,000, respectively.

Program Activities and Expense Classification.

- Program Support is the expenses associated with providing shelter, staff support, therapies, and activities and opportunities to the residents and clients of our various programs and services. Each home and service is designed to meet individual needs and provide treatment specific to the youngsters and families for whom the program is designed. The agency serves youth ages birth to 18 and in some cases beyond the age of 18. The Agency's homes and services include:

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, continued

- *Dan Fox Family Care Program* (DFFCP) started with a therapeutic foster care program but, as the Program has progressed and grown, we have developed a broad array of services and approaches, all of which are focused on supporting the development of youth who are appropriate to a family setting.

Today, the DFFCP provides and supports family settings for the care of emotionally disturbed children, ranging in age from birth to eighteen. Services are provided to youth in foster care, kinship care, guardianship, adoptive homes or the child's birth family. Substitute families are recruited, screened and trained by the Agency, which holds a child-placing and adoption placement licenses from the State of Montana. Training is also available to kinship and birth families as well.

Within the DFFCP, we operate a distinct Guide Homes Program, placing youngsters who have successfully completed institutional stays in the state's two "youth correctional facilities" at Miles City (Pine Hills Youth Care Facility) and Boulder (Riverside Youth Care Facility) into families provided through recruiting, screening and training. These individuals and couples are supported from three sites (Missoula, Helena and Kalispell) in Western Montana. Youth Homes sub-contracts with Youth Dynamics Incorporated to provide similar services in sites east of the continental divide with families there supported by offices in Butte, Bozeman, Great Falls and Billings. Youth Homes also, within this Guide Home service, provides family support services similar to a Guide Home but when the youth returns to the birth family rather than when a placement is needed.

DFFCP continues to provide casework and placement under contract with the Casey Family Program (CFP). On June 1, 2004, the Agency entered into a contract with the CFP, whereby Youth Homes would assume case management and support for the CFP caseload of over 100 children effective September 1, 2004 and continuing until the very youngest of these children reached age 18 or graduated from high school, whichever came later. This carries the contract forward to approximately the year 2018. In the contract the Agency assumed a caseload comprised of long-term foster care, subsidized and unsubsidized guardianship and adoption, transition and post-secondary education cases. This contract is both an opportunity and a challenge, bringing with it great responsibility for a large number of cases but also representing adequate compensation for Youth Homes and a connection to a major children's charity (The Marguerite Casey Foundation) in the United States as well as all of CFP's accumulated wisdom and practices since their inception in the 1970s. Casey is a private foundation that supports permanency in sites throughout the western United States. Over the years this caseload will reduce with no allowed intake to replace those clients who age out of the program.

The Supported Independent Living Service (formerly Apartment Site Living) was transferred to DFFCP to assure ready access to support staff and because the DFFCP staff have applicable experience from the work with the Casey Family Program Transition cases. This service offers an apartment living program whereby we provide short term start up funding and staff support for older adolescents as they move toward emancipation. Our Agency and staff contract, mostly with Child and Family Services, for official involvement in placements into apartments ranging from 1 to 6 months.

In 2011 this program assumed the functions of Friends to Youth, previously a private non-profit in Missoula for thirty-five years. Two functions were absorbed. One is an outpatient psychotherapy clinic which is named Friends to Youth to carry on the legacy of the former non-profit. Counseling is provided to youth of all ages, to families with youth of all ages and to alums of the Youth Homes as well. The second service, contracted with Child and

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**

*June 30, 2013 and 2012*

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, continued

Family Services, provides Family Based Services, using masters level therapists, to families involved in child welfare custody cases in the courts.

- *Shirley Miller Attention Home* provides short-term shelter, respite, crisis care, and assessment to youth, ages from ten to eighteen. The Shirley Miller Attention Home is in Missoula and started in 1976, and houses up to eight youth who are in need of help with emotional, family, or legal problems. It is a coeducational program.
- *Flathead Youth Home* and the *Bitterroot Youth Home* are dual-licensed programs that provide shelter and longer term group care for local youth. These programs combine the qualities of short term sheltering and longer term group care in one program that offers immediate and extended care and services. The Flathead Youth Home was opened in 1997 to serve youth in the Kalispell area and can also house up to eight youngsters. The Bitterroot Youth Home opened in 2002 and serves up to eight young people in similar need in Ravalli County. Today we provide a comprehensive program and structure to address the varied issues (legal issues, protection, emotional challenges, etc.) and stays now ranging from as short as a day to as long as six months and more. Both homes are coeducational.
- *Tom Roy Youth Guidance Home* (TRYGH) provides longer-term care and transition for older adolescents, girls and boys, ages sixteen to eighteen, who are not able to emancipate from a family. The Program targets preparation for emancipation and independent living with skill development, finishing high school, work experience and saving money for independence. Often these youngsters have a history of legal, emotional, social, academic, substance abuse, or family problems. The Tom Roy Youth Guidance Home was opened in 1971.

The TRYGH is the site for our North Avenue Youth Farm which, in cooperation with Garden City Harvest, provides meaningful work and volunteer opportunities for residents of Youth Homes and fresh vegetables for all of our local group homes.

- *Susan Talbot Home for Girls, Susan Talbot Boys and Girls Home and Dennis Radtke Home for Boys* all provide intensive treatment for up to five or six “severely emotionally disturbed” adolescents, ages twelve to eighteen, with behavior, relationship, trust, sexual, oppositional and conduct-related issues. Treatment goals include improving behavior, the ability to accept care, a level of lesser care and supervision after treatment, and the eventual placement of the youths back into family, a substitute family, or emancipation. The original Talbot Center was started in 1985 with a 2nd home in 1986 and the 3rd developed in 1997. The homes and program have evolved into more targeted and clinically proven treatment over the years.
- *InnerRoads Wilderness Program* is a therapeutic wilderness program for at-risk youngsters, ages 14 - 17, working with small groups on expedition type wilderness travel. The Treatment comprises and focuses on wilderness, family and community with each component integrated to allow the youth to return home or to an originating placement successfully. The program includes 28 days of wilderness travel, individual, group and family therapies, a 14 day home-site in preparation for returning home, service learning, in-home follow-up and mentoring for 6 - 9 months after the formal program. This past year IRWP served four to six youngsters in each of three expeditions, in spring, summer and fall.
- *Missoula Learning Lab* provides an alternative learning environment for students currently unable to attend public school. The lab, housed in a ten-student facility, helps students prepare for other academic settings and provides daily academic and learning experience and opportunity. The lab is taught by a licensed teacher and assisted, when numbers are above 6, by a classroom aid from among our relief workers from the home.

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, continued

- Fundraising provides for the salaries and fringe benefits of a staff position and low-cost supplies and services for special events and activities designed to create public awareness and support for youth programs in the area.
- Administration consists of funds used for administering the Agency, staff development and training, and general management costs of the Agency such as printing and supplies.

Cost Allocation. The Agency allocates costs that can be identified specifically with a particular final cost objective, directly to the individual program, benefiting from those costs. Joint costs are allocated directly to individual programs using a base most appropriate to the particular cost being prorated.

Income Taxes. Youth Homes is a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency applies generally accepted accounting principles for recognition of uncertainty in income taxes and prescribing a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return. In the course of its assessment, the Agency has determined that it is subject to examination of our income tax filings in the United States and state jurisdictions for the prior three tax years. In the event that the Agency is assessed penalties and or interest, penalties will be charged to miscellaneous expense and interest will be charged to interest expense.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management make estimates and assumptions that affect the reported assets, liabilities, revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

Advertising. Advertising costs are expensed when incurred and for 2013 and 2012 were \$41,397 and \$45,107, respectively.

Reclassifications. Certain amounts in the prior periods have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

**NOTE B CASH AND CASH EQUIVALENTS**

The Agency participates in a Sweep Repurchase Agreement through a reputable financial institution. Daily, the financial institution sells to the Agency an undivided fractional interest in the principal amount of securities or financial instruments. Market risks associated with this agreement are similar to market risks associated with the security purchased. The securities have a current market value equal to or greater than the principal amount of the transaction. The funds invested in the Sweep Agreement are not considered deposits and are not insured by the Federal Deposit Insurance Corporation; however, the funds are collateralized by the securities purchased with those funds. No amounts are considered at risk as of June 30, 2013 and 2012. Although management has expressed no intention to do so, the Agency may terminate the agreement at any time.

All funds invested in the Sweep Agreement are included in cash and cash equivalents due to the short-term nature of the investment. The funds invested in the Agreement are considered to be immediately available funds from the financial institution.

Continued

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE C INVESTMENTS AND ENDOWMENT**

The Agency's internal investment policy requires diversification between equity holdings, fixed income securities, and cash and cash equivalents. The purpose of the investments is to increase the stability of funding for the Agency and its services through the use of investment income to cover 10% to 15% of operating costs, program development, special projects, and serves as an emergency reserve fund.

The Agency's investments consisted of the following as of June 30:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Total investments	<u>\$1,234,159</u>	<u>\$1,322,514</u>	<u>\$1,179,793</u>	\$1,267,570
Less endowment		<u>299,462</u>		<u>244,353</u>
Current Investments		<u>\$1,023,052</u>		<u>\$1,023,217</u>

Of the amounts above, the Agency has an established permanent, irrevocable endowment fund in the amount of \$299,462 and \$244,353 for 2013 and 2012, respectively. The principal of restricted funds, \$206,844 and \$183,397, is intended to remain whole in perpetuity, with income earned being available for the charitable purposes of the Agency.

Youth Homes' endowment consists of funds established for the support of the Agency. As required by GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Agency management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Youth Homes classifies as permanently restricted net assets (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of the organization.

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE D FAIR VALUE MEASUREMENTS**

ASC No. 820-10-35 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC No. 820-10-35 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

ASC No. 820-10-35 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1: Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2: Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3: Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

**NOTE D FAIR VALUE MEASUREMENTS**, continued

	Assets at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
<b>Common stocks, various</b>				
Consumer-Discretionary	\$ 111,584	\$ -	\$ -	\$ 111,584
Consumer-Staples	72,340	-	-	72,340
Energy	64,564	-	-	64,564
Financial Services	97,441	-	-	97,441
Healthcare	95,804	-	-	95,804
Industrial	59,159	-	-	59,159
Information Tech	130,674	-	-	130,674
Materials	6,957	-	-	6,957
Miscellaneous	21,736	-	-	21,736
Real Estate Investment Trust	55,576	-	-	55,576
Telecommunications	26,159	-	-	26,159
<b>Total common stocks</b>	<b>741,993</b>	<b>-</b>	<b>-</b>	<b>741,993</b>
<b>Foreign common stocks</b>				
Energy	27,500	-	-	27,500
Healthcare	7,071	-	-	7,071
Materials	23,358	-	-	23,358
Utilities	5,173	-	-	5,173
<b>Total foreign common stocks</b>	<b>63,102</b>	<b>-</b>	<b>-</b>	<b>63,102</b>
<b>Corporate bonds</b>				
S&P AAA rated	-	44,442	-	44,442
S&P AA+ rated	-	20,062	-	20,062
S&P AA rated	-	24,125	-	24,125
S&P AA- rated	-	28,189	-	28,189
S&P A- rated	-	28,189	-	28,189
S&P BBB+ rated	-	15,999	-	15,999
S&P BBB rated	-	68,567	-	68,567
S&P BBB- rated	-	12,190	-	12,190
S&P N/A	-	12,190	-	12,190
<b>Total corporate bonds</b>	<b>-</b>	<b>253,952</b>	<b>-</b>	<b>253,952</b>
<b>Foreign corporate bonds</b>				
United Kingdom - S&P A	-	50,547	-	50,547
Brazil - S&P BBB	-	22,934	-	22,934
Italy - S&P BBB-	-	5,063	-	5,063
South Africa - S&P BB+	-	4,421	-	4,421
<b>Total foreign corporate bonds</b>	<b>-</b>	<b>82,964</b>	<b>-</b>	<b>82,964</b>
<b>Municipal bonds</b>	-	131,870	-	131,870
<b>Money markets</b>	48,633	-	-	48,633
<b>Total assets at fair value</b>	<b>\$ 853,728</b>	<b>\$ 468,786</b>	<b>\$ -</b>	<b>\$ 1,322,514</b>
	Liabilities at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
<b>Split Interest Agreement Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,967</b>	<b>\$ 9,967</b>

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

**NOTE D FAIR VALUE MEASUREMENTS**, continued

Assets at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Common stocks, various				
Consumer-Discretionary	\$ 31,247	\$ -	\$ -	\$ 31,247
Consumer-Staples	59,176	-	-	59,176
Energy	48,972	-	-	48,972
Financial Services	56,990	-	-	56,990
Healthcare	81,239	-	-	81,239
Industrial	87,619	-	-	87,619
Information Tech	92,114	-	-	92,114
Miscellaneous	24,830	-	-	24,830
Real Estate Investment Trust	35,365	-	-	35,365
Telecommunications	29,223	-	-	29,223
Total common stocks	546,773	-	-	546,773
Foreign common stocks				
Energy	3,552	-	-	3,552
Financial Services	27,077	-	-	27,077
Healthcare	5,590	-	-	5,590
Materials	20,532	-	-	20,532
Miscellaneous	37,135	-	-	37,135
Utilities	25,020	-	-	25,020
Total foreign common stocks	118,906	-	-	118,906
Corporate bonds				
S&P AAA rated	-	40,077	-	40,077
S&P AA+ rated	-	60,356	-	60,356
S&P A+ rated	-	71,320	-	71,320
S&P A rated	-	36,214	-	36,214
S&P A- rated	-	70,495	-	70,495
S&P BBB+ rated	-	34,765	-	34,765
S&P BBB rated	-	135,497	-	135,497
Total corporate bonds	-	448,724	-	448,724
Foreign corporate bonds				
United Kingdom - S&P BBB	-	29,113	-	29,113
Italy - S&P BBB	-	5,013	-	5,013
Total foreign corporate bonds	-	34,126	-	34,126
US government bonds	-	50,722	-	50,722
Money markets	62,071	-	-	62,071
Cash	6,248	-	-	6,248
Total assets at fair value	\$ 733,998	\$ 533,572	\$ -	\$ 1,267,570

Liabilities at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Split Interest Agreement Liability	\$ -	\$ -	\$ 11,529	\$ 11,529

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

**NOTE D FAIR VALUE MEASUREMENTS**, continued

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the periods ended June 30, 2013 and 2012.

Split Interest Agreement Liability	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 11,529	\$ 10,095
Increase (decrease) in previously booked liability	(4,113)	1,242
Additions to liability in current year	<u>2,551</u>	<u>192</u>
Ending balance	<u>\$ 9,967</u>	<u>\$ 11,529</u>

The following table describes the fair value measurement techniques and unobservable inputs used in determining the fair value of items in Level 3 of the fair value hierarchy:

	Fair Value	Valuation	Unobservable	Range
	at 06/30/13	Technique(s)	Input(s)	(Weighted Average)
<b>Split Interest Agreement Liability</b>	\$ 9,967	Discounted cash flows	Estimated remaining life of recipient	16.5-43.25 years (35.56 years)
		Discounted cash flows	IRS discount factor	1.2-5.8% (2.59%)

**NOTE E RECEIVABLES**

Accounts receivable represent amounts owed to the Agency from foster and Medicaid service contracts. Accounts receivable are predominantly for shelter contracts with the Montana State Department of Family Services and reimbursable services through Medicaid, managed care, and other third-party insurance providers.

The Agency aggressively pursues payment for the first 180 days and claims are re-billed if the reason for denial can be disputed. The Agency allows for 2% of receivables 0-30 days, 10% of 31-60 days, 20% of 61-90 days, 30% of 91-360 days, and 50% of receivables greater than 360 days. Youth Homes has implemented a system to ensure that billed amounts are collected immediately and all disputes are resolved immediately. The provision for bad debts on these accounts was \$23,838 and \$25,876 as of June 30, 2013 and 2012, respectively.

**NOTE F EMPLOYEE BENEFITS**

Agency employees may participate in health insurance coverage, long-term disability coverage, tax sheltered annuity plan, simplified employee pension (SEP) plan, and flexible benefits programs.

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE F EMPLOYEE BENEFITS**, continued

Group health insurance is provided after 45 days of employment for employees working more than 20 hours per week. Youth Homes pays 90% of the premium for employees working 30 hours or more per week. Health insurance premiums are paid by Youth Homes on a prorated basis for regularly scheduled part-time employees working between 20 and 30 hours per week. They are prorated based on the employee's full-time equivalency, i.e. for an employee working 20 hours per week the Agency would pay 50% of the health insurance premium. Youth Homes also pays \$160 per month of the premium for family health insurance coverage for employees working 30 hours or more per week. The subsidy for family health coverage is prorated for those employees working between 20 and 30 hours per week. Long term disability coverage is provided for employees working 30 or more hours per week.

A discretionary, profit sharing plan (SEP-IRA) is provided for employees in the third fiscal year of employment who meet minimum earnings levels in the prior fiscal year. The amount contributed by the Agency is determined annually as a percent of gross wages for the preceding year. For the years ended June 30, 2013 and 2012, the Agency contributed 2% and 3% of eligible gross wages in the amount of \$39,827 and \$61,679, respectively.

Employees are also eligible to make elective deferrals to a 403(b) Defined Contribution Retirement Plan and participate in the Agency's Flexible Benefits Plan.

**NOTE G LEASES**

The Agency classifies its leases as either operating or capital leases. Currently, all leases are operating leases. The Agency leases office space in Polson for \$250 per month and Helena for \$1,235 per month.

The Agency also leases three office spaces in Missoula, Montana. The lease is at a base rate of \$4,940 per month this includes all common area maintenance. The lease term is for 5 years expiring in 2016. The lease is fixed for the first 2 years. Years 3-5 will have an annual increase of 3% over the prior years' rate.

Future minimum lease payments are:

2014	\$ 61,058
2015	62,890
2016	<u>64,777</u>
	\$ <u>188,725</u>

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE H LONG-TERM DEBT**

The Agency's obligations under loans payable consist of the following at June 30:

	<b>2013</b>	2012
Loan payable at 5% interest due in monthly payments of principal and interest of \$3,700 through November 5, 2024; secured by land, 825 East Oregon Street, Kalispell.	<b>\$ 384,313</b>	\$ 408,825
Less current portion	<b>25,803</b>	24,547
Total long-term debt	<b>\$ 358,510</b>	\$ 384,278

Loan principal matures as follows for the years ending June 30:

2014	\$ 25,803
2015	27,123
2016	28,509
2017	29,598
2018	31,503
Thereafter	241,777
	<b>\$ 384,313</b>

**NOTE I UNRESTRICTED NET ASSETS**

Unrestricted net assets are comprised of the following as of June 30:

	<b>2013</b>	2012
Unrestricted	<b>\$ 1,998,660</b>	\$ 1,810,610
Board restricted	<b>1,023,052</b>	1,023,217
Total unrestricted net assets	<b>\$ 3,021,712</b>	\$ 2,833,827

**YOUTH HOMES**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE J RELATED PARTIES**

On July 1, 1999, the Agency entered into a joint venture with Intermountain in Helena, Montana, to form the Partnership for Children (Partnership). The objective of the Partnership is to provide attachment based therapeutic group and foster care in Missoula, Montana.

During the years ended June 30, 2013 and 2012, the Agency received \$170,238 and \$167,707 in management fees and \$6,231 and \$2,913 in expense reimbursements from the Partnership, respectively. Receivable balances from Partnership totaled \$15,642 and 16,533 as of June 30, 2013 and 2012, respectively.

**NOTE K RISK MANAGEMENT**

The Agency faces a number of risks including loss or damage to property, general liability, and employee medical insurance. Commercial insurance policies are purchased for loss or damage to property, general liability and employee medical insurance.

**NOTE L CONCENTRATION OF RISK**

The Agency received 38% and 35% of its revenues from contracts with the State of Montana for the fiscal years ended June 30, 2013 and 2012, respectively. The Agency received another 31% and 24% of its revenues from contracts with the State of Montana Medicaid Programs for the fiscal years ended June 30, 2013 and 2012, respectively. A significant change in these contractual arrangements may substantially affect the operations of the Agency.

**NOTE M FRIENDS TO YOUTH MERGER**

In 2011, Youth Homes merged with Friends to Youth which resulted in Youth Homes recording approximately \$75,000 in cash and investments and \$75,000 of contribution revenue.

**NOTE N SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2013. Management has performed this analysis through October 29, 2013, the date the financial statements were available to be issued and have determined the following subsequent events require recognition or disclosure in these financial statements. The Agency received a grant of approximately \$420,000 from Missoula County in 2013 for construction of a new Tom Roy Youth Guidance Home. Construction activities on the home began in Fall 2013.

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

**A** For the 2012 calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>YOUTH HOMES</b>		<b>D</b> Employer identification number <b>81-0331313</b>
	Doing Business As		
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>E</b> Telephone number <b>406-721-2704</b>
	<b>550 CALIFORNIA STREET</b>		
City, town, or post office, state, and ZIP code <b>MISSOULA, MT 59802</b>		<b>G</b> Gross receipts \$ <b>4,862,044.</b>	
<b>F</b> Name and address of principal officer: <b>GEOFF BIRNBAUM</b> <b>SAME AS C ABOVE</b>		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
<b>J</b> Website: <b>WWW.YOUTHOMES.COM</b>		<b>H(c)</b> Group exemption number ▶	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: <b>1971</b> <b>M</b> State of legal domicile: <b>MT</b>	

## Part I Summary

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>GROUP YOUTH HOMES AND FOSTER CARE</b>
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) <b>3</b> <b>14</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <b>4</b> <b>14</b>
	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a) <b>5</b> <b>169</b>
	<b>6</b> Total number of volunteers (estimate if necessary) <b>6</b> <b>14</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 <b>7a</b> <b>0.</b>
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 <b>7b</b> <b>0.</b>

<b>Revenue</b>		Prior Year	Current Year
		<b>8</b> Contributions and grants (Part VIII, line 1h) <b>832,094.</b>	<b>697,564.</b>
<b>9</b> Program service revenue (Part VIII, line 2g) <b>3,597,654.</b>	<b>3,832,316.</b>		
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) <b>45,904.</b>	<b>44,259.</b>		
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) <b>214,580.</b>	<b>245,408.</b>		
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) <b>4,690,232.</b>	<b>4,819,547.</b>		
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) <b>0.</b>	<b>0.</b>	
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) <b>0.</b>	<b>0.</b>	
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) <b>3,480,260.</b>	<b>3,343,446.</b>	
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) <b>0.</b>	<b>0.</b>	
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <b>122,031.</b>		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) <b>1,285,521.</b>	<b>1,233,999.</b>	
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) <b>4,765,781.</b>	<b>4,577,445.</b>		
<b>19</b> Revenue less expenses. Subtract line 18 from line 12 <b>-75,549.</b>	<b>242,102.</b>		

<b>Net Assets or Fund Balances</b>		Beginning of Current Year	End of Year
		<b>20</b> Total assets (Part X, line 16) <b>4,098,514.</b>	<b>4,376,336.</b>
<b>21</b> Total liabilities (Part X, line 26) <b>836,971.</b>	<b>814,932.</b>		
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 <b>3,261,543.</b>	<b>3,561,404.</b>		

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer	Date
	<b>GEOFF BIRNBAUM, EXECUTIVE DIRECTOR</b>	
Type or print name and title		

<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>MICHAEL A FUCHS, CPA</b>	Preparer's signature <b>MICHAEL A FUCHS, CPA</b>	Date	Check if self-employed <input type="checkbox"/>	PTIN <b>P00047348</b>
	Firm's name ▶ <b>GALUSHA, HIGGINS &amp; GALUSHA, PC</b>	Firm's EIN ▶ <b>81-0272932</b>			
	Firm's address ▶ <b>101 E. FRONT STREET #301</b> <b>MISSOULA, MT 59802</b>	Phone no. <b>406-728-1800</b>			

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission: THE MISSION OF MONTANA YOUTH HOMES IS TO ENHANCE THE QUALITY OF LIFE FOR OUR YOUTH BY EXPANDING OPPORTUNITIES IN A SECURE, FAMILY ENVIRONMENT. WE WISH TO EMPOWER, ENCOURAGE, AND SUPPORT OUR YOUTH THROUGH CHANGE IN ORDER TO BECOME EFFECTIVE, CONTRIBUTING ADULTS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 3,859,422. including grants of \$ ) (Revenue \$ 3,841,721.) SHELTER, GROUP HOME, AND FOSTER CARE FOR ADOLESCENTS AND CHILDREN. TEMPORARY CARE, LONG-TERM CARE AND FOSTER CARE PROVIDED FOR APPROXIMATELY 400 YOUTHS PER YEAR.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 3,859,422.

**Part IV Checklist of Required Schedules**

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	X	
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	X	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....		X
<b>22</b> Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....		X
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		
<b>25a Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> .....		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		
<b>36 Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? .....	X	

**Note.** All Form 990 filers are required to complete Schedule O .....

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

Input box for Schedule O response

Table with columns for question number, description, sub-questions (1a-1b, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7d, 7e-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, 14a-14b), Yes, and No. Includes questions about Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4966, Form 501(c)(7), Form 501(c)(12), Form 4947(a)(1), and Form 501(c)(29).

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	14		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent		
	14		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?		X
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	X	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official	X	
<b>15b</b>	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **NONE**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **DANN SWALLOW - 406-721-2704**  
**550 NORTH CALIFORNIA, MISSOULA, MT 59802**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) PATRICK CORRICK PRESIDENT	1.00	X		X				0.	0.	0.
(2) HEATHER WILCOX VICE PRESIDENT	1.00	X		X				0.	0.	0.
(3) BILL MILLER SECRETARY/TREASURER	1.00	X		X				0.	0.	0.
(4) C.J. JOHNSON EXECUTIVE COMMITTEE MEMBER	1.00	X		X				0.	0.	0.
(5) WHITNEY SCHWAB DIRECTOR	1.00	X						0.	0.	0.
(6) CHRIS SIEGLER DIRECTOR	1.00	X						0.	0.	0.
(7) BRITNEY FREGERIO DIRECTOR	1.00	X						0.	0.	0.
(8) SHANNONE HART DIRECTOR	1.00	X						0.	0.	0.
(9) BETSY SAXTON DIRECTOR	1.00	X						0.	0.	0.
(10) SHANNON HILLIARD DIRECTOR	1.00	X						0.	0.	0.
(11) WHITNEY MAPHIS DIRECTOR	1.00	X						0.	0.	0.
(12) JASON FISCUS DIRECTOR	1.00	X						0.	0.	0.
(13) JUANITA REYES DIRECTOR	1.00	X						0.	0.	0.
(14) BRETT FELTON DIRECTOR	1.00	X						0.	0.	0.
(15) GEOFFREY BIRNBAUM EXECUTIVE DIRECTOR	32.00 8.00			X				82,324.	0.	1,741.
(16) DANN SWALLOW CONTROLLER	32.00 8.00			X				58,722.	0.	1,233.



**Part VIII Statement of Revenue**

Check if Schedule O contains a response to any question in this Part VIII

		(A)	(B)	(C)	(D)	
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	284,532.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	413,032.			
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f		697,564.			
	Program Service Revenue	2 a CONTRACT SERVICES	Business Code 624100	3,662,078.	3,662,078.	
b REIMBURSEMENTS		900099	170,238.	170,238.		
c						
d						
e						
f All other program service revenue						
g Total. Add lines 2a-2f			3,832,316.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		44,259.		44,259.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross rents	(i) Real	9,405.			
		(ii) Personal	0.			
		b Less: rental expenses				
		c Rental income or (loss)	9,405.			
	d Net rental income or (loss)		9,405.	9,405.		
	7 a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
		b Less: cost or other basis and sales expenses				
		c Gain or (loss)				
	d Net gain or (loss)					
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a	278,500.			
		b Less: direct expenses	b	42,497.		
c Net income or (loss) from fundraising events			236,003.		236,003.	
9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities					
10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code				
11 a	a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d					
12 Total revenue. See instructions.		4,819,547.	3,841,721.	0.	280,262.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	144,020.		144,020.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,581,825.	2,305,113.	181,270.	95,442.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	415,364.	362,313.	42,552.	10,499.
10 Payroll taxes	202,237.	170,679.	22,968.	8,590.
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	231,482.	228,255.	3,227.	
12 Advertising and promotion	41,397.	34,830.	6,567.	
13 Office expenses	162,628.	41,390.	116,738.	4,500.
14 Information technology				
15 Royalties				
16 Occupancy	180,549.	163,371.	14,178.	3,000.
17 Travel	90,393.	86,332.	4,061.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	19,888.	19,888.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	120,709.	97,761.	22,948.	
23 Insurance	50,507.	46,081.	4,426.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>CLIENT DIRECT ASSISTANCE</b>	204,105.	199,204.	4,901.	
b <b>REPAIRS AND MAINTENANCE</b>	69,904.	56,871.	13,033.	
c <b>TRAINING</b>	42,022.	30,580.	11,442.	
d <b>BAD DEBT EXPENSE</b>	14,930.	14,930.		
e All other expenses	5,485.	1,824.	3,661.	
25 <b>Total functional expenses.</b> Add lines 1 through 24e	4,577,445.	3,859,422.	595,992.	122,031.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

Check if Schedule O contains a response to any question in this Part X

		(A) Beginning of year		(B) End of year	
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	72,526.	1	233,109.	
	<b>2</b> Savings and temporary cash investments .....	217,851.	2	343,435.	
	<b>3</b> Pledges and grants receivable, net .....	130,000.	3	118,515.	
	<b>4</b> Accounts receivable, net .....	415,295.	4	451,309.	
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5		
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		6		
	<b>7</b> Notes and loans receivable, net .....		7		
	<b>8</b> Inventories for sale or use .....		8		
	<b>9</b> Prepaid expenses and deferred charges .....	11,008.	9	13,109.	
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 3,361,179.			
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 1,466,834.	1,984,264.	<b>10c</b>	1,894,345.
	<b>11</b> Investments - publicly traded securities .....	1,267,570.	11	1,322,514.	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		12		
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		13		
	<b>14</b> Intangible assets .....		14		
	<b>15</b> Other assets. See Part IV, line 11 .....		15		
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	4,098,514.	16	4,376,336.		
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	379,762.	17	400,974.	
	<b>18</b> Grants payable .....		18		
	<b>19</b> Deferred revenue .....		19		
	<b>20</b> Tax-exempt bond liabilities .....		20		
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		21		
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		22		
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....	408,825.	23	384,682.	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		24		
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	48,384.	25	29,276.	
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	836,971.	26	814,932.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>				
	<b>27</b> Unrestricted net assets .....	2,833,827.	27	3,021,712.	
	<b>28</b> Temporarily restricted net assets .....	244,319.	28	332,848.	
	<b>29</b> Permanently restricted net assets .....	183,397.	29	206,844.	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>				
	<b>30</b> Capital stock or trust principal, or current funds .....		30		
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		31		
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		32		
<b>33</b> Total net assets or fund balances .....	3,261,543.	33	3,561,404.		
<b>34</b> Total liabilities and net assets/fund balances .....	4,098,514.	34	4,376,336.		

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,819,547.
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,577,445.
3	Revenue less expenses. Subtract line 2 from line 1	3	242,102.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,261,543.
5	Net unrealized gains (losses) on investments	5	57,759.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,561,404.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

Open to Public Inspection

<b>Name of the organization</b> <p style="text-align:center">YOUTH HOMES</p>	<b>Employer identification number</b> <p style="text-align:center">81-0331313</p>
---	--

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Non-functionally integrated
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....	11g(i)	
(ii) A family member of a person described in (i) above? .....	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above? .....	11g(iii)	
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....	1054516.	589,513.	761,092.	832,094.	697,564.	3934779.
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....	1054516.	589,513.	761,092.	832,094.	697,564.	3934779.
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						157,996.
<b>6 Public support.</b> Subtract line 5 from line 4.						3776783.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4 .....	1054516.	589,513.	761,092.	832,094.	697,564.	3934779.
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....	-164,728.	126,926.	155,596.	19,413.	111,423.	248,630.
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>11 Total support.</b> Add lines 7 through 10						4183409.
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	19,849,706.
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....	<input type="checkbox"/>					

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) .....	<b>14</b>	90.28	%
<b>15</b> Public support percentage from 2011 Schedule A, Part II, line 14 .....	<b>15</b>	94.19	%
<b>16a 33 1/3% support test - 2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....	<input checked="" type="checkbox"/>		
<b>b 33 1/3% support test - 2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>		
<b>17a 10% -facts-and-circumstances test - 2012.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>		
<b>b 10% -facts-and-circumstances test - 2011.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....	<input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2011 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**

▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization

YOUTH HOMES

Employer identification number

81-0331313

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

Preservation of land for public use (e.g., recreation or education)       Preservation of an historically important land area

Protection of natural habitat       Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

Yes  No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	<b>1c</b>
d Additions during the year	<b>1d</b>
e Distributions during the year	<b>1e</b>
f Ending balance	<b>1f</b>

2a Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	244,353.	183,747.	155,561.	133,421.	155,866.
b Contributions	23,447.				
c Net investment earnings, gains, and losses	31,662.	60,606.	28,186.	22,140.	-22,445.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	299,462.	244,353.	183,747.	155,561.	133,421.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment  \_\_\_\_\_ %
- b Permanent endowment  100.00 %
- c Temporarily restricted endowment  \_\_\_\_\_ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		374,243.		374,243.
b Buildings		2,608,409.	1,155,151.	1,453,258.
c Leasehold improvements				
d Equipment		153,895.	121,351.	32,544.
e Other		224,632.	190,332.	34,300.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,894,345.

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	

**Part X Other Liabilities.** See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) <b>CASEY FAMILY PROGRAM DEPOSIT</b>	19,309.
(3) <b>SPLIT INTEREST AGREEMENT LIABILITY</b>	9,967.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	29,276.

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	4,919,803.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains on investments	<b>2a</b>	57,759.
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	42,497.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	100,256.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	4,819,547.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	4,819,547.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	4,619,942.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	42,497.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	42,497.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	4,577,445.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	4,577,445.

**Part XIII Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART V, LINE 4: THE AGENCY HAS AN ESTABLISHED PERMANENT, IRREVOCABLE**

**ENDOWMENT FUND IN THE AMOUNT OF \$299,462. THE PRINCIPAL OF RESTRICTED**

**FUNDS, \$206,844, IS INTENDED TO REMAIN WHOLE IN PERPETUITY, WITH INCOME**

**EARNED BEING AVAILABLE FOR THE CHARITABLE PURPOSES OF THE AGENCY.**

**PART X, LINE 2: YOUTH HOMES IS A NONPROFIT ORGANIZATION AND IS EXEMPT**

**FROM FEDERAL AND STATE INCOME TAXES UNDER SECTION 501(C)(3) OF THE**

**INTERNAL REVENUE CODE.**

**Part XIII** Supplemental Information (continued)

THE AGENCY APPLIES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR RECOGNITION OF UNCERTAINTY IN INCOME TAXES AND PRESCRIBING A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. IN THE COURSE OF ITS ASSESSMENT, THE AGENCY HAS DETERMINED THAT IT IS SUBJECT TO EXAMINATION OF OUR INCOME TAX FILINGS IN THE UNITED STATES AND STATE JURISDICTIONS FOR THE 2009 THROUGH 2012 TAX YEARS. IN THE EVENT THAT THE AGENCY IS ASSESSED PENALTIES AND OR INTEREST, PENALTIES WILL BE CHARGED TO MISCELLANEOUS EXPENSE AND INTEREST WILL BE CHARGED TO INTEREST EXPENSE.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

SPECIAL EVENTS EXPENSE	42,497.
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PART XII, LINE 2D - OTHER ADJUSTMENTS:

SPECIAL EVENTS EXPENSE	42,497.
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**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		MARATHON (event type)	HOLIDAYS (event type)	4 (total number)	
Revenue	<b>1</b> Gross receipts .....	84,500.	72,500.	121,500.	278,500.
	<b>2</b> Less: Contributions .....				
	<b>3</b> Gross income (line 1 minus line 2) .....	84,500.	72,500.	121,500.	278,500.
Direct Expenses	<b>4</b> Cash prizes .....				
	<b>5</b> Noncash prizes .....				
	<b>6</b> Rent/facility costs .....				
	<b>7</b> Food and beverages .....				
	<b>8</b> Entertainment .....				
	<b>9</b> Other direct expenses .....	14,000.	2,500.	25,997.	42,497.
	<b>10</b> Direct expense summary. Add lines 4 through 9 in column (d) .....				( 42,497 )
	<b>11</b> Net income summary. Combine line 3, column (d), and line 10 .....				236,003.

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
		<b>1</b> Gross revenue .....			
Direct Expenses	<b>2</b> Cash prizes .....				
	<b>3</b> Noncash prizes .....				
	<b>4</b> Rent/facility costs .....				
	<b>5</b> Other direct expenses .....				
	<b>6</b> Volunteer labor .....	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
<b>7</b> Direct expense summary. Add lines 2 through 5 in column (d) .....				( _____ )	
<b>8</b> Net gaming income summary. Combine line 1, column d, and line 7 .....					

**9** Enter the state(s) in which the organization operates gaming activities: \_\_\_\_\_  
**a** Is the organization licensed to operate gaming activities in each of these states?  Yes  No  
**b** If "No," explain: \_\_\_\_\_

**10a** Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?  Yes  No  
**b** If "Yes," explain: \_\_\_\_\_



**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2012**

Open to Public  
Inspection

Name of the organization

YOUTH HOMES

Employer identification number

81-0331313

FORM 990, PART VI, SECTION B, LINE 11: THE ORGANIZATION IS PROVIDED A COPY OF ITS 990 AND IT IS APPROVED BY THE BOARD BEFORE IT IS FILED.

FORM 990, PART VI, SECTION B, LINE 12C: BOARD MEMBERS ARE REQUIRED TO SUBMIT A CONFLICT OF INTEREST REPORT. THIS POLICY IS REGULARLY REVIEWED.

FORM 990, PART VI, SECTION B, LINE 15A: EXECUTIVE DIRECTOR COMPENSATION IS SET AT MARKET VALUE AND REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 19: YOUTH HOMES MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART VII, SECTION A, LINE 1A, COLUMN B:  
GEOFFREY BIRNBAUM AND DANN SWALLOW SPEND APPROXIMATELY 8 HOURS A WEEK WORKING WITH PARTNERSHIP FOR CHILDREN.

FORM 990 PART XI, LINE 2C  
THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization **YOUTH HOMES** Employer identification number **81-0331313**

**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
PARTNERSHIP FOR CHILDREN - 81-0526281 PO BOX 8134 MISSOULA, MT 59807	ATTACHMENT BASED TREATMENT PROGRAM	MONTANA	501(C)(3)	170(B)(1)(A)			X

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportion- ate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of <b>(i)</b> interest <b>(ii)</b> annuities <b>(iii)</b> royalties or <b>(iv)</b> rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....		X
<b>d</b> Loans or loan guarantees to or for related organization(s) .....		X
<b>e</b> Loans or loan guarantees by related organization(s) .....		X
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....	X	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....		X
<b>o</b> Sharing of paid employees with related organization(s) .....		X
<b>p</b> Reimbursement paid to related organization(s) for expenses .....		X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	X	
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> Other transfer of cash or property from related organization(s) .....		X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) PARTNERSHIP FOR CHILDREN	L	170,238.	
(2) PARTNERSHIP FOR CHILDREN	Q	6,231.	
(3)			
(4)			
(5)			
(6)			



