

**Youth Organizations Umbrella, Inc.**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2013 and 2012**

# Youth Organizations Umbrella, Inc.

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## Independent Auditor's Report

To the Board of Directors  
Youth Organizations Umbrella, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Youth Organizations Umbrella, Inc., (the Corporation), 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 audits 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 opinions.

### *Opinion*

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

### Report on Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, on our consideration of Youth Organizations Umbrella, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of funding sources - income and expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Chicago, Illinois  
November 19, 2013

**Youth Organizations Umbrella, Inc.**

**Statements of Financial Position**

**June 30, 2013 and 2012**

|                                     | <u>Assets</u>       |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <u>2013</u>         | <u>2012</u>         |
| Current assets                      |                     |                     |
| Cash and cash equivalents           | \$ 361,235          | \$ 145,597          |
| Cash - restricted                   | 386,551             | 213,805             |
| Cash - restricted (LAN reserve)     | 2,137               | 4,764               |
| Accounts receivable                 | 164,904             | 140,380             |
| Promises to give, net               | 225,400             | 208,070             |
| Prepaid expenses                    | 4,570               | 29,770              |
|                                     | <u>1,144,797</u>    | <u>742,386</u>      |
| Total current assets                |                     |                     |
| Fixed assets                        |                     |                     |
| Land                                | 450,000             | 450,000             |
| Building, net                       | 102,643             | 84,065              |
| Building improvements, net          | 3,215               | 4,480               |
| Office furniture and equipment, net | 2,320               | 6,042               |
|                                     | <u>558,178</u>      | <u>544,587</u>      |
| Total fixed assets, net             |                     |                     |
| Other assets                        |                     |                     |
| Construction in progress            | 15,932              | 19,415              |
|                                     | <u>15,932</u>       | <u>19,415</u>       |
| Total other assets                  |                     |                     |
| Total assets                        | <u>\$ 1,718,907</u> | <u>\$ 1,306,388</u> |

(continued)

Youth Organizations Umbrella, Inc.

Statements of Financial Position - Continued

June 30, 2013 and 2012

Liabilities and Net Assets

|                                             | <u>2013</u>         | <u>2012</u>         |
|---------------------------------------------|---------------------|---------------------|
| Current liabilities                         |                     |                     |
| Current portion of mortgage payable         | \$ 8,148            | \$ 8,968            |
| Accounts payable                            | 76,052              | 67,527              |
| Accrued payroll                             | 51,272              | 39,981              |
| Accrued payroll taxes                       | 20,252              | 14,115              |
| Accrued expenses                            | 1,642               | 1,687               |
| Other liabilities                           | 2,137               | 4,764               |
|                                             | <u>159,503</u>      | <u>137,042</u>      |
| Long-term liabilities                       |                     |                     |
| Mortgage payable, net of current maturities | <u>296,667</u>      | <u>303,387</u>      |
|                                             | <u>296,667</u>      | <u>303,387</u>      |
| Total liabilities                           | <u>456,170</u>      | <u>440,429</u>      |
| Net assets                                  |                     |                     |
| Unrestricted                                | 640,334             | 406,053             |
| Temporarily restricted                      | 582,316             | 419,819             |
| Permanently restricted                      | 40,087              | 40,087              |
|                                             | <u>1,262,737</u>    | <u>865,959</u>      |
| Total liabilities and net assets            | <u>\$ 1,718,907</u> | <u>\$ 1,306,388</u> |

See notes to financial statements

**Youth Organizations Umbrella, Inc.**

**Statements of Activities**

**Year ended June 30, 2013**

|                                          | <u>Unrestricted</u>  | <u>Temporarily<br/>restricted</u> | <u>Permanently<br/>restricted</u> | <u>Total</u>         |
|------------------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Support and revenue                      |                      |                                   |                                   |                      |
| Contributions                            | \$ 201,384           | \$ 219,938                        | \$ -                              | \$ 421,322           |
| Board contributions                      | 282,556              | 185,800                           | -                                 | 468,356              |
| Special events gross income              | 223,944              | 7,867                             | -                                 | 231,811              |
| Grant revenue                            | 1,505,089            | -                                 | -                                 | 1,505,089            |
| Grant revenue - United Way               | 240,000              | -                                 | -                                 | 240,000              |
| Interest and dividend income             | 69                   | -                                 | -                                 | 69                   |
| Miscellaneous income                     | 2,511                | -                                 | -                                 | 2,511                |
| Donated services                         | 37,711               | -                                 | -                                 | 37,711               |
| Net assets released from<br>restrictions | <u>251,108</u>       | <u>(251,108)</u>                  | <u>-</u>                          | <u>-</u>             |
| <br>Total support and<br>revenue         | <br><u>2,744,372</u> | <br><u>162,497</u>                | <br><u>-</u>                      | <br><u>2,906,869</u> |
| Expenses                                 |                      |                                   |                                   |                      |
| Program services:                        |                      |                                   |                                   |                      |
| Youth and family services                | 2,046,217            | -                                 | -                                 | 2,046,217            |
| Supporting services:                     |                      |                                   |                                   |                      |
| Management and general                   | 207,027              | -                                 | -                                 | 207,027              |
| Fundraising                              | <u>256,847</u>       | <u>-</u>                          | <u>-</u>                          | <u>256,847</u>       |
| <br>Total expenses                       | <br><u>2,510,091</u> | <br><u>-</u>                      | <br><u>-</u>                      | <br><u>2,510,091</u> |
| <br>Increase (decrease) in<br>net assets | <br>234,281          | <br>162,497                       | <br>-                             | <br>396,778          |
| Net assets - beginning of year           | <u>406,053</u>       | <u>419,819</u>                    | <u>40,087</u>                     | <u>865,959</u>       |
| Net assets - end of year                 | <u>\$ 640,334</u>    | <u>\$ 582,316</u>                 | <u>\$ 40,087</u>                  | <u>\$ 1,262,737</u>  |

(continued)

**Youth Organizations Umbrella, Inc.**

**Statements of Activities - Continued**

**Year ended June 30, 2012**

|                                          | Unrestricted  | Temporarily<br>restricted | Permanently<br>restricted | Total         |
|------------------------------------------|---------------|---------------------------|---------------------------|---------------|
| Support and revenue                      |               |                           |                           |               |
| Contributions                            | \$ 209,847    | \$ 360,591                | \$ -                      | \$ 570,438    |
| Board contributions                      | 53,850        | 400                       | -                         | 54,250        |
| Special events gross income              | 158,735       | -                         | -                         | 158,735       |
| Grant revenue                            | 1,105,512     | 20,158                    | -                         | 1,125,670     |
| Grant revenue - United Way               | 156,900       | 83,100                    | -                         | 240,000       |
| Interest and dividend income             | 60            | -                         | -                         | 60            |
| Miscellaneous income                     | 8,617         | -                         | -                         | 8,617         |
| Donated services                         | 26,686        | -                         | -                         | 26,686        |
| Net assets released from<br>restrictions | 279,703       | (279,703)                 | -                         | -             |
| <br>Total support and<br>revenue         | <br>1,999,910 | <br>184,546               | <br>-                     | <br>2,184,456 |
| Expenses                                 |               |                           |                           |               |
| Program services:                        |               |                           |                           |               |
| Youth and family services                | 1,562,979     | -                         | -                         | 1,562,979     |
| Supporting services:                     |               |                           |                           |               |
| Management and general                   | 194,772       | 13,153                    | -                         | 207,925       |
| Fundraising                              | 164,241       | -                         | -                         | 164,241       |
| <br>Total expenses                       | <br>1,921,992 | <br>13,153                | <br>-                     | <br>1,935,145 |
| Increase in net assets                   | 77,918        | 171,393                   | -                         | 249,311       |
| Net assets - beginning of year           | 328,135       | 248,426                   | 40,087                    | 616,648       |
| Net assets - end of year                 | \$ 406,053    | \$ 419,819                | \$ 40,087                 | \$ 865,959    |

See notes to financial statements



**Youth Organizations Umbrella, Inc.**

**Statements of Functional Expenses**

**Year ended June 30, 2013**

|                           | <u>Program services</u>         |                           | <u>Supporting services</u> |                     |
|---------------------------|---------------------------------|---------------------------|----------------------------|---------------------|
|                           | Youth and<br>family<br>services | Management<br>and general | Fundraising                | Total               |
| Salaries and benefits     | \$ 1,318,376                    | \$ 83,808                 | \$ 116,602                 | \$ 1,518,786        |
| Payroll taxes             | 94,503                          | 6,137                     | 8,722                      | 109,362             |
| Activities                | 4,276                           | -                         | -                          | 4,276               |
| Assistance                | 20,910                          | -                         | -                          | 20,910              |
| Automobile                | 5,412                           | 84                        | -                          | 5,496               |
| Awards and grants         | 204,311                         | -                         | -                          | 204,311             |
| Conferences               | 24,604                          | 9,730                     | 367                        | 34,701              |
| Depreciation              | 13,226                          | 1,470                     | 1,633                      | 16,329              |
| Mortgage interest         | 15,166                          | 5,055                     | -                          | 20,221              |
| Transportation            | 17,348                          | 530                       | 311                        | 18,189              |
| Repairs and maintenance   | 6,581                           | 4,823                     | 943                        | 12,347              |
| Memberships               | 45                              | 5,898                     | 40                         | 5,983               |
| Miscellaneous expenses    | 2,888                           | 5,421                     | 7,057                      | 15,366              |
| Postage                   | 18                              | 1,315                     | 5,993                      | 7,326               |
| Printing and artwork      | 4,875                           | 11,697                    | 7,344                      | 23,916              |
| Professional fees         | 145,879                         | 40,384                    | 60,565                     | 246,828             |
| Insurance and taxes       | 15,036                          | 10,683                    | 1,884                      | 27,603              |
| Rent                      | 19,731                          | -                         | 69                         | 19,800              |
| Supplies                  | 108,658                         | 12,501                    | 1,205                      | 122,364             |
| Telephone                 | 12,857                          | 643                       | 1,996                      | 15,496              |
| Utilities                 | 7,263                           | 610                       | 1,138                      | 9,011               |
| Special events            | 467                             | -                         | 40,978                     | 41,445              |
| Bad debt                  | -                               | 5,177                     | -                          | 5,177               |
| Work study expense        | 3,787                           | 1,061                     | -                          | 4,848               |
|                           | <u>3,787</u>                    | <u>1,061</u>              | <u>-</u>                   | <u>4,848</u>        |
| Total functional expenses | <u>\$ 2,046,217</u>             | <u>\$ 207,027</u>         | <u>\$ 256,847</u>          | <u>\$ 2,510,091</u> |

(continued)

**Youth Organizations Umbrella, Inc.**

**Statements of Functional Expenses - Continued**

**Year ended June 30, 2012**

|                                  | <u>Program services</u>          | <u>Supporting services</u>    |                    |                     |
|----------------------------------|----------------------------------|-------------------------------|--------------------|---------------------|
|                                  | <u>Youth and family services</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u>        |
| Salaries and benefits            | \$ 1,025,188                     | \$ 92,318                     | \$ 97,307          | \$ 1,214,813        |
| Payroll taxes                    | 72,944                           | 6,339                         | 7,157              | 86,440              |
| Activities                       | 2,052                            | -                             | -                  | 2,052               |
| Assistance                       | 41,347                           | -                             | -                  | 41,347              |
| Automobile                       | 3,280                            | 206                           | -                  | 3,486               |
| Awards and grants                | 128,040                          | -                             | -                  | 128,040             |
| Conferences                      | 18,221                           | 6,060                         | 622                | 24,903              |
| Depreciation                     | 11,432                           | 993                           | 1,123              | 13,548              |
| Mortgage interest                | 14,273                           | 6,532                         | -                  | 20,805              |
| Transportation                   | 4,678                            | 317                           | 158                | 5,153               |
| Repairs and maintenance          | 3,771                            | 8,815                         | 504                | 13,090              |
| Memberships                      | -                                | 5,695                         | 440                | 6,135               |
| Miscellaneous expenses           | 38,257                           | 13,728                        | 3,855              | 55,840              |
| Postage                          | 93                               | 2,689                         | 5,281              | 8,063               |
| Printing and artwork             | 5,305                            | 7,769                         | 10,996             | 24,070              |
| Professional fees                | 93,850                           | 8,451                         | 8,908              | 111,209             |
| Insurance and taxes              | 13,342                           | 7,417                         | 1,347              | 22,106              |
| Rent                             | 18,150                           | 1,650                         | -                  | 19,800              |
| Supplies                         | 46,336                           | 16,621                        | 431                | 63,388              |
| Telephone                        | 10,448                           | 1,274                         | 1,081              | 12,803              |
| Utilities                        | 6,879                            | 1,434                         | 646                | 8,959               |
| Special events                   | -                                | 6,464                         | 24,385             | 30,849              |
| Bad debt                         | -                                | 13,153                        | -                  | 13,153              |
| Work study expense               | 5,093                            | -                             | -                  | 5,093               |
| <b>Total functional expenses</b> | <b>\$ 1,562,979</b>              | <b>\$ 207,925</b>             | <b>\$ 164,241</b>  | <b>\$ 1,935,145</b> |

See notes to financial statements

**Youth Organizations Umbrella, Inc.**

**Statements of Cash Flows**

**Years ended June 30, 2013 and 2012**

|                                                                                               | 2013       | 2012       |
|-----------------------------------------------------------------------------------------------|------------|------------|
| Cash flows from operating activities                                                          |            |            |
| Increase in net assets                                                                        | \$ 396,778 | \$ 249,311 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |            |            |
| Depreciation                                                                                  | 16,329     | 13,548     |
| Bad debt                                                                                      | 5,177      | 13,153     |
| Write-off of construction in progress                                                         | -          | 44,903     |
| Changes in assets and liabilities                                                             |            |            |
| (Increase) decrease in:                                                                       |            |            |
| Accounts receivable                                                                           | (24,524)   | 17,588     |
| Promises to give, net                                                                         | (22,507)   | (113,871)  |
| Prepaid expenses                                                                              | 25,200     | (20,675)   |
| Increase (decrease) in:                                                                       |            |            |
| Accounts payable                                                                              | 8,525      | 8,936      |
| Accrued payroll                                                                               | 11,291     | 5,291      |
| Accrued payroll taxes                                                                         | 6,137      | 1,334      |
| Accrued expenses                                                                              | (45)       | (515)      |
| Other liabilities                                                                             | (2,627)    | (3,701)    |
| Total adjustments                                                                             | 22,956     | (34,009)   |
| Net cash provided by operating activities                                                     | 419,734    | 215,302    |
| Cash flows from investing activities                                                          |            |            |
| Construction costs paid                                                                       | -          | (5,339)    |
| Purchase of fixed assets                                                                      | (26,437)   | (23,688)   |
| Net cash used in investing activities                                                         | (26,437)   | (29,027)   |
| Cash flows from financing activities                                                          |            |            |
| Proceeds from line of credit                                                                  | -          | 110,000    |
| Payments on line of credit                                                                    | -          | (165,000)  |
| Proceeds from mortgage payable                                                                | 307,972    | -          |
| Payments on mortgage payable                                                                  | (315,512)  | (6,781)    |
| Net cash used in financing activities                                                         | (7,540)    | (61,781)   |
| Net increase in cash                                                                          | 385,757    | 124,494    |
| Cash and cash equivalents, beginning of year                                                  | 364,166    | 239,672    |
| Cash and cash equivalents, end of year                                                        | \$ 749,923 | \$ 364,166 |
| Supplemental disclosure of cash flow information                                              |            |            |
| Cash paid for interest                                                                        | \$ 20,266  | \$ 21,320  |

See notes to financial statements

# **Youth Organizations Umbrella, Inc.**

## **Notes to Financial Statements**

**June 30, 2013 and 2012**

### **Note 1 - Organization**

Youth Organizations Umbrella, Inc. (Y.O.U. or the Corporation) was organized under the Illinois General Not-For-Profit Corporation Act exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Y.O.U. is a human service agency that assists youths and their families in developing and sustaining behavioral and emotional health through community-based services. For the years ended June 30, 2013 and 2012, Y.O.U. received 61% and 63%, respectively, of its income in grants from government agencies. The remainder of its support came from contributions by corporations, foundations, individuals, and special events.

### **Note 2 - Summary of Significant Accounting Policies**

#### **Basis of Presentation**

Y.O.U. conforms with accounting guidance for Financial Statements of Not-for-Profit Organizations. Y.O.U. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Additionally, information is required to segregate program service expenses from support service expenses. Support expenses include administrative activities such as, management and general, and fundraising, except for the direct conduct of program services.

The net assets of Y.O.U. are classified as follows:

- Unrestricted represents the portion of expendable net assets that are available for operations.
- Temporarily Restricted represents income that has been temporarily restricted by the donor as to its usage.
- Permanently Restricted represents funds that have been restricted by the donor as to it being retained in perpetuity.

#### **Income Tax Status**

Y.O.U. is a not-for-profit Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Y.O.U. qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization other than a private foundation under Section 509(a)(1) of the Internal Revenue Code. Y.O.U. had no unrelated business income for the years ended June 30, 2013 and 2012.

## **Youth Organizations Umbrella, Inc.**

### **Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all highly liquid investment purchased with a maturity of three months or less to be cash equivalents.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Accounts Receivable, Promises to Give to the Corporation and Bad Debts**

Accounts receivable and promises to give are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. During the fiscal year 2012, the Corporation changed its accounting policy over accounts receivable by adopting the allowance method to recognize bad debts. This change in policy did not have a material effect on the financial statements.

#### **Revenue Recognition**

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

All grants received by the Corporation are conditional promises to give and are recognized as revenue when the conditions stated in the various agreements have been met. Grants are considered to be available for unrestricted use unless specifically restricted by donors. When a restriction expires, temporarily restricted

## Youth Organizations Umbrella, Inc.

### Notes to Financial Statements - Continued

June 30, 2013 and 2012

net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefit received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Special event revenue is recorded when received and is generally cash received; however, revenue under this caption could also be recognized in the form of a promise to give. This revenue is classified as either unrestricted or temporarily restricted net assets depending on donor stipulations.

In-kind services are recognized when services are performed. In-kind services are considered to be available for unrestricted use.

#### Functional Allocation of Expenses

Functional expenses have been allocated based on analysis of personnel time, space utilized, program risks, historic trends and/or actual expenses for the related activities.

#### Capitalization and Depreciation

Land, building, building improvements, and office furniture and equipment are recorded at cost or if donated, at estimated fair value at date of acquisition. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. The assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

|                                | <u>Estimated life</u> | <u>Method</u> |
|--------------------------------|-----------------------|---------------|
| Building                       | 15 years              | Straight-line |
| Building improvements          | 15 years              | Straight-line |
| Office furniture and equipment | 5 - 7 years           | Straight-line |

#### Construction in Progress

Costs incurred for construction in progress are capitalized when incurred. If at any time management determines that the costs incurred would no longer provide a

## **Youth Organizations Umbrella, Inc.**

### **Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

future benefit to the Corporation the costs are expensed in the period in which that determination is made.

#### **Impairment of Long-Lived Assets**

Y.O.U. reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the fiscal years ended June 30, 2013 or 2012.

#### **Advertising**

Advertising costs are charged to operations as they are incurred.

#### **Reclassifications**

Reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only, and do not restate the prior year financial statements.

#### **Note 3 - Promises to Give**

Promises to give are classified as temporarily restricted until received. As of June 30, 2013 and 2012, promises to give of \$236,777 and \$214,270 were receivable, respectively. As of June 30, 2013 and 2012, the allowance for doubtful accounts relating to promises to give was \$11,377 and \$6,200, respectively.

The difference between the actual amount to be received and the present value of the promise is immaterial; therefore, no adjustment has been made. All pledges receivable as of June 30, 2013 and 2012 are receivable within one to two years and are classified as current assets.

## Youth Organizations Umbrella, Inc.

### Notes to Financial Statements - Continued

June 30, 2013 and 2012

#### Note 4 - Fixed Assets and Construction in Progress

Fixed assets are recorded at cost. Fixed assets consist of the following as of June 30, 2013 and 2012:

|                                | <u>2013</u>       | <u>2012</u>       |
|--------------------------------|-------------------|-------------------|
| Land                           | \$ 450,000        | \$ 450,000        |
| Building                       | 153,808           | 124,625           |
| Building improvements          | 29,985            | 29,985            |
| Office furniture and equipment | <u>93,705</u>     | <u>92,968</u>     |
| Total                          | 727,498           | 697,578           |
| Less: Accumulated depreciation | <u>(169,320)</u>  | <u>(152,991)</u>  |
| Net book value                 | <u>\$ 558,178</u> | <u>\$ 544,587</u> |

Depreciation expense for the years ended June 30, 2013 and 2012 was \$16,329 and \$13,548, respectively.

In 2009, management decided to pursue a capital building project of the Corporation's facility at 1027 Sherman Avenue. Costs incurred in connection with this project were being capitalized as incurred. During the fiscal year 2012, management determined that a portion of the original building plans had changed and, therefore, expensed certain costs previously capitalized in relation to the original building plans in the amount of \$44,903. This amount is included in miscellaneous expenses in the accompanying Statement of Functional Expenses for the fiscal year ended June 30, 2012. During the fiscal year 2013, building costs totaling \$3,483 were placed in service. As of June 30, 2013 and 2012 amounts recorded in construction in progress were \$15,932 and \$19,415, respectively. The amounts in construction in progress as of June 30, 2013 only relate to costs incurred in connection with the portion of the building plans still anticipated to be pursued.

#### Note 5 - Donated Property and Equipment and In-Kind Services

Donations of property and equipment are recorded as financial support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Conditional transfers of assets are recognized when the conditions on which they depend are substantially met.



**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

Donations of in-kind services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. During the fiscal years ended June 30, 2013 and 2012, Y.O.U. received legal and clinical supervision services with a value of \$37,711 and \$26,686, respectively. The value of such services is included as Donated Services in the accompanying Statements of Activity. In addition, Y.O.U. received 1,418 and 1,840 hours of volunteer service for the years ended June 30, 2013 and 2012, respectively, which are not considered specializing or enhancing to a non-financial asset and are not recorded in the financial statements.

**Note 6 - LAN Reserve**

Y.O.U. is a member of a network of social service agencies that receive funds from the state of Illinois for various social service functions. Y.O.U. also acts as the fiscal agent for the network. The amounts on the statements of financial position represent funds remaining in the custody of the network and are to be distributed upon member requests. The amounts on the statements of activities represent the income earned for services rendered by Y.O.U. to the network.

**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

**Note 7 - Line of Credit and Long-Term Debt**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2013 | 2012    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------|
| <p>Youth Organizations Umbrella, Inc. has a line of credit with First Bank and Trust in the amount of \$150,000. Interest is payable monthly at the Prime Rate plus .5%, subject to a 5% minimum. The Prime Rate plus .5% was 3.75% as of June 30, 2013 and 2012. The line of credit is collateralized by the business assets of Y.O.U. As of June 30, 2013 and 2012, no amounts were drawn against the line of credit. The line of credit was renewed on November 24, 2012 and expires on May 24, 2014.</p>     | \$ - | \$ -    |
| <p>The mortgage note was held by First Bank and Trust in the original amount of \$316,596, and was dated December 1, 2011. The note carried a 6.48% interest rate and monthly payments of principal and interest were due. The note was based on a 30-year amortization schedule. The note was refinanced on December 1, 2012, at which point the note was paid in full with proceeds from a new mortgage note obtained by the Corporation. The note was collateralized by the 1027 Sherman Avenue property.</p> | -    | 312,355 |

**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

|                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>2013</u>       | <u>2012</u>       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| The mortgage note is held by First Bank and Trust in the original amount of \$307,972 and is dated December 1, 2012. The note carries a 6.48% interest rate and monthly payments of principal and interest are due. The note is based on a 30-year amortization schedule. The note matures on December 1, 2017, at which point any unpaid principal and interest is due. The note is collateralized by the 1027 Sherman Avenue property. | <u>304,815</u>    | <u>-</u>          |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                    | 304,815           | 312,355           |
| Less current maturities                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>(8,148)</u>    | <u>(8,968)</u>    |
| Net long-term portion                                                                                                                                                                                                                                                                                                                                                                                                                    | <u>\$ 296,667</u> | <u>\$ 303,387</u> |

Aggregate annual maturities of long term debt for each of the ensuing five years through June 30, 2018 and thereafter are as follows:

|                          |                   |
|--------------------------|-------------------|
| Year ended June 30, 2014 | \$ 8,148          |
| 2015                     | 8,699             |
| 2016                     | 9,237             |
| 2017                     | 278,731           |
| 2018                     | -                 |
| Thereafter               | <u>-</u>          |
| Total                    | <u>\$ 304,815</u> |

**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

**Note 8 - Temporarily Restricted Net Assets**

A summary of the temporarily restricted net assets account activity for the fiscal years ended June 30, 2013 and 2012 are as follows:

|                                     | 2013                     |                   |                            |                                 |                       |
|-------------------------------------|--------------------------|-------------------|----------------------------|---------------------------------|-----------------------|
|                                     | <u>Beginning balance</u> | <u>Additions</u>  | <u>Net assets released</u> | <u>Loss on promises to give</u> | <u>Ending balance</u> |
| Net assets - temporarily restricted | <u>\$ 419,819</u>        | <u>\$ 413,605</u> | <u>\$ 251,108</u>          | <u>\$ -</u>                     | <u>\$ 582,316</u>     |
|                                     | 2012                     |                   |                            |                                 |                       |
|                                     | <u>Beginning balance</u> | <u>Additions</u>  | <u>Net assets released</u> | <u>Loss on promises to give</u> | <u>Ending balance</u> |
| Net assets - temporarily restricted | <u>\$ 248,426</u>        | <u>\$ 464,249</u> | <u>\$ 279,703</u>          | <u>\$ 13,153</u>                | <u>\$ 419,819</u>     |

Net assets are released from donor restrictions when Y.O.U. incurs expenses satisfying the restricted purposes, or by occurrence of other events specified by the donors.

**Note 9 - Cost Sharing Obligation and Expense**

Y.O.U. entered into a cost sharing agreement for program space at Grace Lutheran Church (the Lessor) in Evanston, Illinois on September 1, 2007. This agreement was renewed on June 30, 2011 and expired on June 30, 2013. Discussions to renew this lease are ongoing and Y.O.U. is currently making rental payments on a monthly basis. Monthly fixed program costs are \$1,650. Cost sharing expenses for each of the fiscal years ended June 30, 2013 and 2012 were \$19,800.

**Note 10 - Employee Benefit Plan**

Y.O.U. had adopted a Savings Investment Management Plan (SIMPLE) that was effective March 13, 1998. The plan provided for a 3% employer match contribution to all participating and eligible employees who have been employed longer than one year. Y.O.U. terminated the plan during the fiscal year ended June 30, 2012.

**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements - Continued**

**June 30, 2013 and 2012**

**Note 11 - Concentration of Revenue**

A substantial portion of Y.O.U.'s revenue is from two and three grantors during the fiscal years ended June 30, 2013 and 2012, respectively. Substantial revenue is defined as revenue earned from any individual grantor that is in excess of 10% of the total revenue of Y.O.U. for a given year. For the fiscal years ended June 30, 2013 and 2012, revenue received from those grantors was \$1,266,923 or 43% of total revenue and \$995,611 or 46% of total revenue, respectively.

**Note 12 - Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Y.O.U. through November 19, 2013 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements.

## **Supplementary Information**

**Youth Organizations Umbrella, Inc.**

**Schedule of Funding Sources - Income and Expenses**

**June 30, 2013**

|                                          | General           | City of Evanston   | CDBG             | 21st Century Learning | Americorps        | DHS / CCBYS        | Department of Justice | DHS / Street Outreach | DHS / Teen Reach  | ISBE Nutrition    | Scharp            | Chicago United Way | Total             |
|------------------------------------------|-------------------|--------------------|------------------|-----------------------|-------------------|--------------------|-----------------------|-----------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Income</b>                            |                   |                    |                  |                       |                   |                    |                       |                       |                   |                   |                   |                    |                   |
| City of Evanston                         | \$ -              | \$ 87,500          | \$ -             | \$ -                  | \$ -              | \$ -               | \$ -                  | \$ -                  | \$ -              | \$ -              | \$ -              | \$ -               | \$ 87,500         |
| CDBG                                     | -                 | -                  | 29,638           | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 29,638            |
| United Way                               | -                 | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | 240,000            | 240,000           |
| DHS - Basic Center                       | -                 | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | 199,873           | -                  | 199,873           |
| DHS - Street Outreach                    | -                 | -                  | -                | -                     | -                 | -                  | -                     | 103,120               | -                 | -                 | -                 | -                  | 103,120           |
| DHS - Americorps                         | -                 | -                  | -                | -                     | 73,367            | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 73,367            |
| DHS - CCBYS                              | -                 | -                  | -                | -                     | -                 | 58,460             | -                     | -                     | -                 | -                 | -                 | -                  | 58,460            |
| ISBE/LAN                                 | 8,445             | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 8,445             |
| DHS - Teen Reach                         | -                 | -                  | -                | -                     | -                 | -                  | -                     | -                     | 103,494           | -                 | -                 | -                  | 103,494           |
| 21st Century Learning                    | -                 | -                  | -                | 685,236               | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 685,236           |
| Work Study Program                       | -                 | -                  | -                | 3,950                 | -                 | -                  | -                     | -                     | 181               | -                 | -                 | -                  | 4,131             |
| America Reads Program                    | -                 | -                  | -                | 39,423                | -                 | -                  | -                     | -                     | 8,886             | -                 | -                 | -                  | 48,309            |
| Department of Justice                    | -                 | -                  | -                | -                     | -                 | -                  | 89,763                | -                     | -                 | -                 | -                 | -                  | 89,763            |
| Private donations                        | 1,070,989         | -                  | -                | -                     | -                 | -                  | 50,500                | -                     | -                 | -                 | -                 | -                  | 1,121,489         |
| ISBE Nutrition                           | -                 | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | 13,753            | -                 | -                  | 13,753            |
| Donated services                         | 37,711            | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 37,711            |
| Other income                             | 2,538             | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | 42                 | 2,580             |
| <b>Total income</b>                      | <b>1,119,683</b>  | <b>87,500</b>      | <b>29,638</b>    | <b>728,609</b>        | <b>73,367</b>     | <b>58,460</b>      | <b>140,263</b>        | <b>103,120</b>        | <b>112,561</b>    | <b>13,753</b>     | <b>199,873</b>    | <b>240,042</b>     | <b>2,906,869</b>  |
| <b>Expenses</b>                          |                   |                    |                  |                       |                   |                    |                       |                       |                   |                   |                   |                    |                   |
| Salaries, benefits and taxes             | 231,206           | 63,359             | -                | 614,845               | 75,190            | 50,915             | 87,550                | 53,949                | 79,231            | 640               | 61,262            | 200,639            | 1,518,786         |
| Payroll taxes                            | 17,037            | 4,694              | -                | 47,158                | 1,594             | 3,654              | 6,171                 | 3,928                 | 6,006             | -                 | 4,548             | 14,572             | 109,362           |
| Activities                               | 4,140             | 136                | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 4,276             |
| Assistance                               | 8,445             | 2,122              | -                | -                     | -                 | 9,127              | -                     | -                     | -                 | -                 | 250               | 965                | 20,909            |
| Automobile                               | 134               | 5,156              | -                | 108                   | -                 | -                  | -                     | -                     | -                 | -                 | -                 | 98                 | 5,496             |
| Awards and grants                        | -                 | -                  | -                | -                     | -                 | -                  | -                     | 45,631                | 28,680            | -                 | 130,000           | -                  | 204,311           |
| Conferences                              | 13,717            | 10,570             | -                | 3,120                 | -                 | 330                | 1,265                 | 298                   | -                 | -                 | 51                | 5,349              | 34,700            |
| Mortgage interest                        | 5,055             | 15,165             | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 20,220            |
| Transportation                           | 1,152             | 1,644              | -                | 10,309                | -                 | 1,378              | 720                   | 559                   | 120               | -                 | 447               | 1,860              | 18,189            |
| Repairs and maintenance                  | 5,816             | 608                | -                | (788)                 | 274               | 96                 | 129                   | 152                   | 1,470             | -                 | 200               | 4,387              | 12,344            |
| Memberships                              | 5,938             | -                  | -                | -                     | -                 | -                  | 20                    | -                     | -                 | -                 | -                 | 25                 | 5,983             |
| Miscellaneous expenses                   | 7,893             | 1,195              | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | 1,446              | 10,534            |
| Postage                                  | 7,308             | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | 17                 | 7,325             |
| Printing and artwork                     | 18,870            | 3,779              | -                | -                     | -                 | -                  | 235                   | -                     | -                 | -                 | -                 | 1,031              | 23,915            |
| Professional fees                        | 108,420           | 3,450              | -                | 66,656                | 230               | 168                | 6,269                 | 245                   | 265               | -                 | 6,543             | 21,718             | 213,964           |
| Insurance and taxes                      | 12,744            | 1,095              | -                | 1,777                 | 859               | 407                | 651                   | 600                   | 2,240             | -                 | 624               | 6,608              | 27,605            |
| Rent                                     | 1,327             | -                  | -                | 5,933                 | 2,051             | 1,323              | 3,204                 | 35                    | 25                | -                 | 1,299             | 4,603              | 19,800            |
| Supplies                                 | 39,910            | 24,131             | -                | 26,467                | 120               | 43                 | 2,369                 | 441                   | 240               | 15,589            | 60                | 12,993             | 122,363           |
| Telephone                                | 3,150             | 717                | -                | 2,910                 | 669               | 899                | 1,252                 | 203                   | 1,064             | -                 | 570               | 4,063              | 15,497            |
| Utilities                                | 1,837             | 699                | -                | (759)                 | 334               | 146                | 245                   | 222                   | 1,730             | -                 | 249               | 4,298              | 9,001             |
| Special events                           | 40,978            | 468                | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 41,446            |
| Bad debt                                 | 5,177             | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 5,177             |
| In-kind donations                        | 37,711            | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 37,711            |
| Work study                               | 4,848             | -                  | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 4,848             |
| <b>Total before depreciation</b>         | <b>582,813</b>    | <b>138,988</b>     | <b>-</b>         | <b>777,736</b>        | <b>81,321</b>     | <b>68,486</b>      | <b>110,080</b>        | <b>106,263</b>        | <b>121,071</b>    | <b>16,229</b>     | <b>206,103</b>    | <b>284,672</b>     | <b>2,493,762</b>  |
| Depreciation                             | 1,470             | 14,859             | -                | -                     | -                 | -                  | -                     | -                     | -                 | -                 | -                 | -                  | 16,329            |
| <b>Total expenses</b>                    | <b>584,283</b>    | <b>153,847</b>     | <b>-</b>         | <b>777,736</b>        | <b>81,321</b>     | <b>68,486</b>      | <b>110,080</b>        | <b>106,263</b>        | <b>121,071</b>    | <b>16,229</b>     | <b>206,103</b>    | <b>284,672</b>     | <b>2,510,091</b>  |
| <b>Increase (decrease) in net assets</b> | <b>\$ 535,400</b> | <b>\$ (66,347)</b> | <b>\$ 29,638</b> | <b>\$ (49,127)</b>    | <b>\$ (7,954)</b> | <b>\$ (10,026)</b> | <b>\$ 30,183</b>      | <b>\$ (3,143)</b>     | <b>\$ (8,510)</b> | <b>\$ (2,476)</b> | <b>\$ (6,230)</b> | <b>\$ (44,630)</b> | <b>\$ 396,778</b> |

Youth Organizations Umbrella, Inc.

Schedule of Funding Sources - Income and Expenses - Continued

June 30, 2012

|                                   | General        | City of Evanston | 21st Century Learning | DCFS FCS/SEP  | DHS / CCBYS   | DHS/Title XX (DFI) | Department of Justice | DHS / Teen Reach | ISBE Nutrition | 65/202 SES    | DHS / Basic Center | Chicago United Way | Total            |
|-----------------------------------|----------------|------------------|-----------------------|---------------|---------------|--------------------|-----------------------|------------------|----------------|---------------|--------------------|--------------------|------------------|
| <b>Income</b>                     |                |                  |                       |               |               |                    |                       |                  |                |               |                    |                    |                  |
| City of Evanston                  | \$ -           | \$ 92,500        | \$ -                  | \$ -          | \$ -          | \$ -               | \$ -                  | \$ -             | \$ -           | \$ -          | \$ -               | \$ -               | \$ 92,500        |
| United Way                        | -              | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | 240,000            | 240,000          |
| DHS - Basic Center                | -              | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | 142,525            | -                  | 142,525          |
| School District #65               | 5,298          | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 5,298            |
| DHS - Title XX                    | -              | -                | -                     | -             | -             | 23,600             | -                     | -                | -              | -             | -                  | -                  | 23,600           |
| DHS - CCBYS                       | -              | -                | -                     | -             | 50,605        | -                  | -                     | -                | -              | -             | -                  | -                  | 50,605           |
| DHS - IVPA                        | -              | -                | -                     | -             | -             | -                  | -                     | -                | -              | 5,964         | -                  | -                  | 5,964            |
| DCFS/LAN                          | 21,600         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 21,600           |
| ISBE/LAN                          | 12,135         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 12,135           |
| DHS - Teen Reach                  | -              | -                | -                     | -             | -             | -                  | -                     | 103,494          | -              | -             | -                  | -                  | 103,494          |
| 21st Century Learning             | -              | -                | 364,124               | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 364,124          |
| DSFS/FCS/FEP Income               | -              | -                | -                     | 38,058        | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 38,058           |
| Work Study Program                | 289            | -                | 3,577                 | -             | -             | -                  | -                     | 9,826            | -              | -             | -                  | -                  | 13,692           |
| America Reads Program             | -              | -                | 66,005                | -             | -             | -                  | -                     | 20,871           | -              | -             | -                  | -                  | 86,876           |
| Department of Justice             | -              | -                | -                     | -             | -             | -                  | 160,032               | -                | -              | -             | -                  | -                  | 160,032          |
| Private donations                 | 773,785        | -                | -                     | -             | -             | 5,640              | 3,000                 | -                | -              | -             | -                  | 1,000              | 783,425          |
| ISBE Nutrition                    | -              | -                | -                     | -             | -             | -                  | -                     | -                | 5,166          | -             | -                  | -                  | 5,166            |
| Donated services                  | 26,686         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 26,686           |
| Other income                      | 935            | 1,698            | -                     | -             | -             | -                  | -                     | 5,943            | -              | -             | -                  | 100                | 8,676            |
| <b>Total income</b>               | <b>840,728</b> | <b>94,198</b>    | <b>433,706</b>        | <b>38,058</b> | <b>50,605</b> | <b>29,240</b>      | <b>163,032</b>        | <b>140,134</b>   | <b>5,166</b>   | <b>5,964</b>  | <b>142,525</b>     | <b>241,100</b>     | <b>2,184,456</b> |
| <b>Expenses</b>                   |                |                  |                       |               |               |                    |                       |                  |                |               |                    |                    |                  |
| Salaries, benefits and taxes      | 276,982        | 74,195           | 408,122               | 41,473        | 44,314        | 36,660             | 132,663               | 98,888           | -              | 9,889         | 45,025             | 133,042            | 1,301,253        |
| Professional fees                 | 47,851         | 2,458            | 17,045                | 105           | 103           | 48                 | 244                   | 105              | -              | 3             | 4,087              | 12,475             | 84,524           |
| Work study expense                | -              | -                | 1,406                 | -             | -             | -                  | -                     | 3,687            | -              | -             | -                  | -                  | 5,093            |
| Supplies                          | 18,030         | 6,567            | 10,782                | 46            | 48            | 72                 | 5,236                 | 4,532            | 6,666          | 2,240         | 65                 | 3,748              | 58,032           |
| Telephone                         | 2,825          | 578              | 3,787                 | 333           | 784           | 297                | 1,942                 | 612              | -              | 83            | 336                | 1,225              | 12,802           |
| Postage and shipping              | 7,970          | 19               | -                     | 5             | 70            | -                  | -                     | -                | -              | -             | -                  | -                  | 8,064            |
| Occupancy                         | 20,801         | 15,386           | 9,382                 | 1,290         | 1,912         | 1,135              | 7,296                 | 2,492            | -              | 187           | 1,045              | -                  | 60,926           |
| Insurance                         | 9,720          | 975              | 3,460                 | 349           | 383           | 277                | 2,438                 | 2,306            | -              | 35            | 511                | 1,652              | 22,106           |
| Printing and artwork              | 18,966         | 2,843            | 374                   | -             | 46            | -                  | 718                   | -                | -              | 272           | -                  | 852                | 24,071           |
| Automobile and transportation     | 1,147          | 3,593            | 1,326                 | 232           | 516           | 252                | 576                   | 589              | -              | 231           | 102                | 73                 | 8,637            |
| Conferences                       | 19,321         | 1,549            | 359                   | -             | 70            | 25                 | 200                   | 240              | -              | 467           | 245                | 2,426              | 24,902           |
| Activities and Assistance         | 1,302          | 3,139            | 30                    | -             | 6,363         | -                  | -                     | -                | -              | -             | -                  | 765                | 11,599           |
| Memberships                       | 6,135          | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | 1,729              | 7,864            |
| Awards and grants                 | 31,798         | -                | -                     | -             | -             | -                  | -                     | 30,540           | -              | -             | 97,500             | -                  | 159,838          |
| Miscellaneous                     | 60,962         | 199              | -                     | -             | -             | -                  | 25                    | -                | -              | -             | -                  | 12                 | 61,198           |
| Mortgage interest                 | 30,849         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 30,849           |
| In-kind donation                  | 26,686         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 26,686           |
| Promises to give written off      | 13,153         | -                | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 13,153           |
| <b>Total before depreciation</b>  | <b>594,498</b> | <b>111,501</b>   | <b>456,073</b>        | <b>43,833</b> | <b>54,609</b> | <b>38,766</b>      | <b>151,338</b>        | <b>143,991</b>   | <b>6,666</b>   | <b>13,407</b> | <b>148,916</b>     | <b>157,999</b>     | <b>1,921,597</b> |
| Depreciation                      | 994            | 12,554           | -                     | -             | -             | -                  | -                     | -                | -              | -             | -                  | -                  | 13,548           |
| <b>Total expenses</b>             | <b>595,492</b> | <b>124,055</b>   | <b>456,073</b>        | <b>43,833</b> | <b>54,609</b> | <b>38,766</b>      | <b>151,338</b>        | <b>143,991</b>   | <b>6,666</b>   | <b>13,407</b> | <b>148,916</b>     | <b>157,999</b>     | <b>1,935,145</b> |
| Increase (decrease) in net assets | \$ 245,236     | \$ (29,857)      | \$ (22,367)           | \$ (5,775)    | \$ (4,004)    | \$ (9,526)         | \$ 11,694             | \$ (3,857)       | \$ (1,500)     | \$ (7,443)    | \$ (6,391)         | \$ 83,101          | \$ 249,311       |



**Youth Organizations Umbrella, Inc.**

**Schedule of Expenditures of Federal Awards**

**June 30, 2013**

| Federal Grantor/<br>(Pass-through Grantor)/<br>Program Title | Federal<br>CFDA<br>Number | Pass-through Entity<br>Identifying Number | Federal<br>Expenditures    |
|--------------------------------------------------------------|---------------------------|-------------------------------------------|----------------------------|
| <b>Department of Health and Human Services:</b>              |                           |                                           |                            |
| Basic Center Program (Note B)                                | 93.623                    | 90CY2649-02-00                            | \$ 199,873                 |
| Steet Outreach Program (Note B)                              | 93.557                    | 90YO2115-01-00                            | 103,120                    |
|                                                              |                           |                                           |                            |
| Illinois Department of Human Services                        |                           |                                           |                            |
| CCBYS                                                        | 93.667                    | FCSRE01044                                | 12,984                     |
| Teen Reach (Note B)                                          | 93.558                    | FCSRE01014                                | 103,494                    |
|                                                              |                           |                                           |                            |
| Illinois Department of Children and Family Services          |                           |                                           |                            |
| Promoting Safe and Stable Families                           | 93.556                    | 623830042                                 | <u>4,001</u>               |
| <b>Total Department of Health and Human Services</b>         |                           |                                           | <b>423,472</b>             |
|                                                              |                           |                                           |                            |
| <b>Corporation for National and Community Service</b>        |                           |                                           |                            |
| Americorps                                                   | 94.006                    | FCSRE01928                                | 73,367                     |
|                                                              |                           |                                           |                            |
| <b>Department of Justice:</b>                                |                           |                                           |                            |
| Office of Juvenile Justice and Delinquency Prevention        |                           |                                           |                            |
| OJJDP Gang Prevention Youth Mentoring Program                | 16.726                    | 2009-JU-FX-0057                           | 101,457                    |
|                                                              |                           |                                           |                            |
| <b>Department of Education</b>                               |                           |                                           |                            |
| Illinois State Board of Education                            |                           |                                           |                            |
| Loyola America Reads Program                                 | 84.033                    | N/A                                       | 48,308                     |
| Loyola Work Study Program                                    | 84.033                    | N/A                                       | <u>4,132</u>               |
| <b>Subtotal 84.033 cluster</b>                               |                           |                                           | <b>52,440</b>              |
|                                                              |                           |                                           |                            |
| Special Education IDEA                                       | 84.027A                   | 2013-4630-65-108-1220-51-10               | 8,445                      |
|                                                              |                           |                                           |                            |
| Child and Adult Care Food Program                            | 10.558                    | 2012-4226-00-65-108-1220-51               | 385                        |
| Child and Adult Care Food Program                            | 10.558                    | 2013-4225-00-65-108-1220-51               | 5,675                      |
| Child and Adult Care Food Program                            | 10.558                    | 2013-4226-00-65-108-1220-51               | 7,720                      |
|                                                              |                           |                                           |                            |
| 21 Century Community Learning Centers - ETHS                 | 84.287C*                  | 2012-4421-65-108-1220-51-12               | 47,091                     |
| 21 Century Community Learning Centers - ETHS                 | 84.287C*                  | 2013-4421-65-108-1220-51-12               | 114,053                    |
| 21 Century Community Learning Centers - Lincoln              | 84.287C*                  | 2013-4421-65-108-1220-51-13               | 101,969                    |
| 21 Century Community Learning Centers - King Lab             | 84.287C*                  | 2013-4421-65-108-1220-51-31               | 99,094                     |
| 21 Century Community Learning Centers - Dawes                | 84.287C*                  | 2013-4421-65-108-1220-51-32               | 68,706                     |
| School District 65 -                                         |                           |                                           |                            |
| 21 Century Community Learning Centers                        | 84.287C*                  | 2013-4421-05-016-0650-04-09               | 158,924                    |
| 21 Century Community Learning Centers                        | 84.287C*                  | 2013-4421-05-016-0650-04-10               | <u>95,399</u>              |
| <b>Total Department of Education</b>                         |                           |                                           | <b><u>759,901</u></b>      |
| <b>Total Federal Expenditures</b>                            |                           |                                           | <b><u>\$ 1,358,197</u></b> |

\* Major Program

Note A: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Youth Organizations Umbrella, Inc. and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organization." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B: Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, Youth Organization Umbrella, Inc. provided federal awards to subrecipients as follows:

| Program Name           | CFDA Number | Amount Provided |
|------------------------|-------------|-----------------|
| Teen Reach             | 93.558      | \$ 28,680       |
| Basic Center Program   | 93.623      | \$ 130,000      |
| Steet Outreach Program | 93.557      | \$ 45,631       |

Note C: No amounts in the schedule of expenditures of federal awards above were expended in the form of non-cash assistance, insurance in force, or for loans and loan guarantees outstanding at year end.

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Board of Directors  
Youth Organizations Umbrella, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Youth Organizations Umbrella, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2013.

#### Internal Control over Financial Reporting

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

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

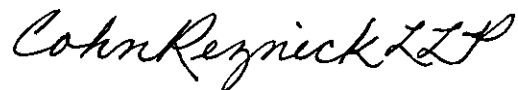
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Chicago, Illinois  
November 19, 2013

Independent Auditor's Report on Compliance for Each Major Federal Program and  
on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors  
Youth Organizations Umbrella, Inc.

Report on Compliance for Each Major Federal Program

We have audited Youth Organizations Umbrella, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Youth Organizations Umbrella, Inc.'s major federal program for the year ended June 30, 2013. Youth Organizations Umbrella, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for Youth Organizations Umbrella, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Youth Organizations Umbrella, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Youth Organizations Umbrella, Inc.'s compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Youth Organizations Umbrella, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

### Report on Internal Control over Compliance

Management of Youth Organizations Umbrella, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Youth Organizations Umbrella, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Youth Organizations Umbrella, Inc.'s internal control over compliance.

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

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

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

*CohnReznick LLP*

Chicago, Illinois  
November 19, 2013

**Youth Organizations Umbrella, Inc.**

**Schedule of Findings and Questioned Costs**

**June 30, 2013**

**A. Summary Of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Youth Organizations Umbrella, Inc.
2. No material weaknesses related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Youth Organizations Umbrella, Inc. were disclosed during the audit.
4. No material weaknesses related to the audit of the major federal award programs were disclosed in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Youth Organizations Umbrella, Inc. expresses an unmodified opinion.
6. There are no audit findings or questioned costs relative to the major federal award programs required to be reported under Section 510(a) of OMB Circular A-133 for Youth Organizations Umbrella, Inc.
7. The programs tested as major programs included: Illinois State Board of Education: 21<sup>st</sup> Century Community Learning Centers Program, CFDA 84.287C.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Youth Organizations Umbrella, Inc. does not qualify as a low-risk auditee.

**B. Findings and Questioned Costs - Financial Statements Audit**

No current year findings.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

No current year findings.

**Youth Organizations Umbrella, Inc.**

**Schedule of Prior Year Findings**

**June 30, 2013**

No prior year findings.