

**Youth Organizations Umbrella, Inc.**

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

**June 30, 2014 and 2013**

# 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, 2014 and 2013, 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 opinion.

## *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, 2014 and 2013, 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.

## *Other Matters*

### *Other Information*

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 audits 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014, 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.



Chicago, Illinois  
December 2, 2014

**Youth Organizations Umbrella, Inc.**

**Statements of Financial Position  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 272,618	\$ 206,736
Cash - restricted (capital campaign)	858,674	154,499
Cash - restricted (LAN reserve)	5,957	2,137
Cash - restricted	532,718	386,551
Accounts receivable	271,316	164,904
Promises to give, net	416,589	225,400
Prepaid expenses	6,993	4,570
Total current assets	<u>2,364,865</u>	<u>1,144,797</u>
Fixed assets		
Land	450,000	450,000
Building, net	90,035	102,643
Building improvements, net	1,950	3,215
Office furniture and equipment, net	7,234	2,320
Total fixed assets, net	<u>549,219</u>	<u>558,178</u>
Other assets		
Construction in progress	40,590	15,932
Total other assets	<u>40,590</u>	<u>15,932</u>
Total assets	<u>\$ 2,954,674</u>	<u>\$ 1,718,907</u>

**Youth Organizations Umbrella, Inc.**

**Statements of Financial Position  
June 30, 2014 and 2013**

Liabilities and Net Assets

	<u>2014</u>	<u>2013</u>
Current liabilities		
Current portion of mortgage payable	\$ 8,699	\$ 8,148
Accounts payable	109,913	76,052
Accrued payroll	60,870	51,272
Accrued payroll taxes	25,448	20,252
Accrued expenses	1,642	1,642
Other liabilities	5,957	2,137
	<u>212,529</u>	<u>159,503</u>
Long-term liabilities		
Mortgage payable, net of current maturities	<u>287,925</u>	<u>296,667</u>
	<u>287,925</u>	<u>296,667</u>
Total liabilities	<u>500,454</u>	<u>456,170</u>
Net assets		
Unrestricted	598,478	640,334
Temporarily restricted	1,815,655	582,316
Permanently restricted	40,087	40,087
	<u>2,454,220</u>	<u>1,262,737</u>
Total liabilities and net assets	<u>\$ 2,954,674</u>	<u>\$ 1,718,907</u>

See Notes to Financial Statements.

**Youth Organizations Umbrella, Inc.**

**Statement of Activities  
Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<b>Operating support/revenue/expense</b>				
Operating support and revenue				
Contributions	\$ 435,819	\$ 131,190	\$ -	\$ 567,009
Board contributions	105,380	98,195	-	203,575
Special events income	208,335	128,000	-	336,335
Grant revenue - government	1,793,846	-	-	1,793,846
Grant revenue - United Way	450,605	29,395	-	480,000
Realized gain	867	-	-	867
Interest and dividend income	458	-	-	458
Miscellaneous income	713	-	-	713
Donated services	8,250	-	-	8,250
Gain on sale of assets	867	-	-	867
Net assets released from restrictions	<u>222,610</u>	<u>(222,610)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>3,227,750</u>	<u>164,170</u>	<u>-</u>	<u>3,391,920</u>
Operating expenses				
Program services:				
Youth and family services	<u>2,538,985</u>	<u>-</u>	<u>-</u>	<u>2,538,985</u>
Supporting services:				
Management and general	320,038	-	-	320,038
Fundraising	<u>296,675</u>	<u>-</u>	<u>-</u>	<u>296,675</u>
Total supporting services	<u>616,713</u>	<u>-</u>	<u>-</u>	<u>616,713</u>
Total operating expenses	<u>3,155,698</u>	<u>-</u>	<u>-</u>	<u>3,155,698</u>
Increase in net assets from operations	<u>72,052</u>	<u>164,170</u>	<u>-</u>	<u>236,222</u>
<b>Non-operating support/revenue/expense</b>				
Non-operating support and revenue				
Contributions - capital campaign	-	1,028,632	-	1,028,632
Donated services	69,543	-	-	69,543
Transfer of net assets - capital campaign	(154,499)	154,499	-	-
Net assets released from restrictions	<u>113,962</u>	<u>(113,962)</u>	<u>-</u>	<u>-</u>
Total non-operating support and revenue	<u>29,006</u>	<u>1,069,169</u>	<u>-</u>	<u>1,098,175</u>
Non-operating expenses				
Program services:				
Youth and family services	79,914	-	-	79,914
Supporting services:				
Fundraising	<u>63,000</u>	<u>-</u>	<u>-</u>	<u>63,000</u>
Total non-operating expenses	<u>142,914</u>	<u>-</u>	<u>-</u>	<u>142,914</u>
Increase (decrease) in net assets from non-operating activity	<u>(113,908)</u>	<u>1,069,169</u>	<u>-</u>	<u>955,261</u>
Total increase (decrease) in net assets	(41,856)	1,233,339	-	1,191,483
Net assets - beginning of year	<u>640,334</u>	<u>582,316</u>	<u>40,087</u>	<u>1,262,737</u>
Net assets - end of year	<u>\$ 598,478</u>	<u>\$ 1,815,655</u>	<u>\$ 40,087</u>	<u>\$ 2,454,220</u>

**Youth Organizations Umbrella, Inc.**

**Statement of Activities  
Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
<b>Operating support/revenue/expense</b>				
Operating support and revenue				
Contributions	\$ 201,384	\$ 179,938	\$ -	\$ 381,322
Board contributions	223,756	152,500	-	376,256
Special events gross income	231,811	-	-	231,811
Grant revenue - government	1,497,222	7,867	-	1,505,089
Grant revenue - United Way	240,000	-	-	240,000
Realized gain (loss)	-	-	-	-
Interest and dividend income	69	-	-	69
Miscellaneous income	2,511	-	-	2,511
Donated services	37,711	-	-	37,711
Net assets released from restrictions	251,108	(251,108)	-	-
Total operating support and revenue	<u>2,685,572</u>	<u>89,197</u>	<u>-</u>	<u>2,774,769</u>
Operating expenses				
Program services:				
Youth and family services	<u>2,046,217</u>	<u>-</u>	<u>-</u>	<u>2,046,217</u>
Supporting services:				
Management and general	207,027	-	-	207,027
Fundraising	<u>198,047</u>	<u>-</u>	<u>-</u>	<u>198,047</u>
Total supporting services	<u>405,074</u>	<u>-</u>	<u>-</u>	<u>405,074</u>
Total operating expenses	<u>2,451,291</u>	<u>-</u>	<u>-</u>	<u>2,451,291</u>
Increase in net assets from operations	<u>234,281</u>	<u>89,197</u>	<u>-</u>	<u>323,478</u>
<b>Non-operating support/revenue/expense</b>				
None-operating support and revenue				
Contributions - capital campaign	<u>58,800</u>	<u>73,300</u>	<u>-</u>	<u>132,100</u>
Total non-operating support and revenue	<u>58,800</u>	<u>73,300</u>	<u>-</u>	<u>132,100</u>
Non-operating expenses				
Supporting services:				
Fundraising	<u>58,800</u>	<u>-</u>	<u>-</u>	<u>58,800</u>
Total non-operating expenses	<u>58,800</u>	<u>-</u>	<u>-</u>	<u>58,800</u>
Increase in net assets from non-operating activity	<u>-</u>	<u>73,300</u>	<u>-</u>	<u>73,300</u>
Total increase in net assets	234,281	162,497	-	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>

See Notes to Financial Statements.



**Youth Organizations Umbrella, Inc.**

**Statements of Functional Expenses  
Year Ended June 30, 2014**

	<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	\$ 1,598,990	\$ 112,821	\$ 177,476	\$ 1,889,287
Payroll taxes	114,933	7,960	12,752	135,645
Activities	7,014	-	-	7,014
Assistance	11,067	-	19	11,086
Awards and grants	235,947	-	-	235,947
Conferences	37,327	8,412	1,266	47,005
Depreciation	-	17,862	-	17,862
Mortgage interest	14,769	4,923	-	19,692
Transportation	35,776	376	319	36,471
Repairs and maintenance	8,228	5,852	1,313	15,393
Building inspection	3,972	-	44	4,016
Memberships	1,730	2,720	40	4,490
Miscellaneous expenses	19,021	12,381	2,327	33,729
Postage	106	1,090	6,354	7,550
Printing and artwork	6,878	13,069	10,877	30,824
Professional fees	194,147	59,729	64,348	318,224
In-kind professional fees - capital campaign	77,793	-	-	77,793
Insurance and taxes	15,375	11,845	2,353	29,573
Rent	20,976	-	24	21,000
Supplies	179,849	18,038	2,195	200,082
Publications	53	-	35	88
Expendable equipment	1,212	670	300	2,182
Telephone & internet service	9,718	6,186	3,237	19,141
Utilities	5,636	3,092	2,011	10,739
Special events	1,718	15,829	43,762	61,309
Bad debt	10,098	17,183	28,623	55,904
Work study	6,566	-	-	6,566
<b>Total functional expenses</b>	<b>\$ 2,618,899</b>	<b>\$ 320,038</b>	<b>\$ 359,675</b>	<b>\$ 3,298,612</b>

**Youth Organizations Umbrella, Inc.**

**Statements of Functional Expenses  
Year Ended June 30, 2013**

	<u>Program services</u>	<u>Supporting services</u>		<u>Total</u>
	<u>Youth and family services</u>	<u>Management and general</u>	<u>Fundraising</u>	
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 & internet service	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	3,787	1,061	-	4,848
Total functional expenses	<u>\$ 2,046,217</u>	<u>\$ 207,027</u>	<u>\$ 256,847</u>	<u>\$ 2,510,091</u>

**Youth Organizations Umbrella, Inc.**

**Statements of Cash Flows  
Years Ended June 30, 2014 and 2013**

	2014	2013
Cash flows from operating activities		
Increase in net assets	\$ 1,191,483	\$ 396,778
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,862	16,329
Bad debt	55,904	5,177
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(132,826)	(24,524)
Promises to give, net	(219,812)	(22,507)
Prepaid expenses	(2,423)	25,200
Increase (decrease) in:		
Accounts payable	33,861	8,525
Accrued payroll	9,598	11,291
Accrued payroll taxes	5,196	6,137
Accrued expenses	-	(45)
Other liabilities	3,820	(2,627)
Total adjustments	(229,687)	22,956
Net cash provided by operating activities	961,796	419,734
Cash flows from investing activities		
(Increase) decrease in construction in progress	(24,658)	3,483
Purchases of fixed assets	(8,903)	(29,920)
Net cash used in investing activities	(33,561)	(26,437)
Cash flows from financing activities		
Proceeds from mortgage payable	-	307,972
Payments on mortgage payable	(8,191)	(315,512)
Net cash used in financing activities	(8,191)	(7,540)
Net increase in cash	920,044	385,757
Cash and cash equivalents, beginning of year	749,923	364,166
Cash and cash equivalents, end of year	\$ 1,669,967	\$ 749,923
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 19,692	\$ 20,266

See Notes to Financial Statements.

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

### **Notes to Financial Statements June 30, 2014 and 2013**

#### **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, 2014 and 2013, Y.O.U. received 51% and 61%, 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, 2014 and 2013.

##### **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

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

### **Notes to Financial Statements June 30, 2014 and 2013**

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 reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable and promises to give. It is reasonably possible that management's estimate of the allowance will change.

#### **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 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.

## Youth Organizations Umbrella, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

#### 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	5 - 15 years	Straight-line
Office furniture and equipment	3 - 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 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, 2014 or 2013.

#### 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, 2014 and 2013, promises to give of \$456,589 and \$236,777 were receivable, respectively. As of June 30, 2014 and 2013, the allowance for doubtful accounts relating to promises to give was \$40,000 and \$11,377, 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, 2014 and 2013 are receivable within one to two years and are classified as current assets.

## Youth Organizations Umbrella, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

#### Note 4 - Fixed assets and construction in progress

Fixed assets are recorded at cost. Fixed assets consist of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land	\$ 450,000	\$ 450,000
Building	153,808	153,808
Building improvements	15,597	29,985
Office furniture and equipment	<u>55,946</u>	<u>93,705</u>
Total	675,351	727,498
Less: Accumulated depreciation	<u>(126,132)</u>	<u>(169,320)</u>
Net book value	<u>\$ 549,219</u>	<u>\$ 558,178</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$17,862 and \$16,329, 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 2013, building costs totaling \$3,483 were placed in service. During 2014, management decided to pursue a new capital building project for a building at 1911 Church Street which will become the new office building. During 2014, costs previously incurred and capitalized on the 1027 Sherman Avenue building of \$15,932 have been expensed in conjunction with this decision. At this time there are no plans to sell the building at 1027 Sherman Avenue. As of June 30, 2014 and 2013 amounts recorded in construction in progress were \$40,590 and \$15,932, respectively. The amounts in construction in progress as of June 30, 2014 and 2013 only relate to costs incurred in connection with 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.

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, 2014 and 2013, Y.O.U. received legal, architectural, and clinical supervision services with a value of \$77,793 and \$37,711, respectively. The value of such services is included as Donated Services in the accompanying Statements of Activities. In addition, Y.O.U. received 1,252 and 1,418 hours of volunteer service for the years ended

**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements  
June 30, 2014 and 2013**

June 30, 2014 and 2013, respectively, which are not considered specializing or enhancing to a non-financial asset and are not recorded in the financial statements.

**Note 6 - Restricted cash**

**Capital campaign**

Donations made under the capital campaign have been classified as restricted cash and temporarily restricted net assets. This is a three-year campaign estimated to raise \$13.25 million in two phases for building a new facility (see note 4), programming, and financial sustainability. These donations will be temporarily restricted until the stipulations surrounding their use have been achieved. These donations, when received, have been segregated into a separate cash account. As of June 30, 2014 and 2013, \$858,674 and \$154,499, respectively, has been classified as capital campaign restricted cash.

**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. As of June 30, 2014 and 2013, \$5,957 and \$2,137, respectively, has been classified as the LAN reserve.

**Other**

Certain private donations have been classified as restricted cash and temporarily restricted net assets. These donations, when received, have been segregated into a separate cash account. As of June 30, 2014 and 2013, \$532,718 and \$386,551, respectively, has been classified as other restricted cash.

**Note 7 - Line of credit and long-term debt**

	<u>2014</u>	<u>2013</u>
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, 2014 and 2013. The line of credit is collateralized by the business assets of Y.O.U. As of June 30, 2014 and 2013, no amounts were drawn against the line of credit. The line of credit was renewed and expires on May 24, 2015.	\$ -	\$ -



**Youth Organizations Umbrella, Inc.**

**Notes to Financial Statements  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</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, 2016, at which point any unpaid principal and interest is due. The note is collateralized by the 1027 Sherman Avenue property.	<u>296,624</u>	<u>304,815</u>
Total	296,624	304,815
Less current maturities	<u>(8,699)</u>	<u>(8,148)</u>
Net long-term portion	<u>\$ 287,925</u>	<u>\$ 296,667</u>

Aggregate annual maturities of long term debt for each of the ensuing three fiscal years through June 30, 2017 are as follows:

Year ended June 30, 2015	\$ 8,699
2016	9,237
2017	<u>278,688</u>
Total	<u>\$ 296,624</u>

**Note 8 - Temporarily restricted net assets**

A summary of the temporarily restricted net assets account activity for the fiscal years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>			
	<u>Beginning</u>		<u>Net</u>	<u>Ending</u>
	<u>balance</u>	<u>Additions</u>	<u>assets</u>	<u>balance</u>
			<u>released</u>	
Net assets - temporarily restricted	<u>\$ 582,316</u>	<u>\$ 1,569,911</u>	<u>\$ 336,572</u>	<u>\$ 1,815,655</u>
	<u>2013</u>			
	<u>Beginning</u>		<u>Net</u>	<u>Ending</u>
	<u>balance</u>	<u>Additions</u>	<u>assets</u>	<u>balance</u>
			<u>released</u>	
Net assets - temporarily restricted	<u>\$ 419,819</u>	<u>\$ 413,605</u>	<u>\$ 251,108</u>	<u>\$ 582,316</u>

## Youth Organizations Umbrella, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

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 expired on October 31, 2013. Monthly fixed program costs are \$1,650. The lease was renewed for the period November 1, 2013 through October 31, 2015. Monthly fixed program costs are \$1,800. Cost sharing expenses for each of the fiscal years ended June 30, 2014 and 2013 were \$21,000 and \$19,800, respectively. Estimated future lease payments are as follows:

Year ended June 30, 2015	\$	21,600
2016		<u>7,200</u>
Total	\$	<u><u>28,800</u></u>

#### **Note 10 - Concentration of revenue**

A substantial portion of Y.O.U.'s revenue is from three grantors during the fiscal years ended June 30, 2014 and 2013. 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, 2014 and 2013, revenue received from those grantors was \$1,936,820 or 43% of total revenue and \$1,266,923 or 44% of total revenue, respectively.

#### **Note 11 - Subsequent events**

Events that occur after the statement of financial position 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 December 2, 2014 (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, 2014**

	General	City of Evanston	21st Century Learning	Americorps	DHS / CCBYS	Department of Justice	DHS / Street Outreach	DHS / Teen Reach	ISBE Nutrition	ICJIA	Scharp	Chicago United Way	Capital Campaign	Total
<b>Income</b>														
City of Evanston	\$ -	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,000
United Way	-	-	-	-	-	-	-	-	-	-	-	480,000	-	480,000
DHS - Basic Center	-	-	-	-	-	-	-	-	-	-	202,193	-	-	202,193
DHS - Street Outreach	-	-	-	-	-	-	189,047	-	-	-	-	-	-	189,047
School District #65	25,000	-	-	-	-	-	-	-	-	-	-	1,985	-	26,985
DHS- Americorps	-	-	-	108,339	-	-	-	-	-	-	-	-	-	108,339
DHS - CCBYS	-	-	-	-	61,582	-	-	-	-	-	-	-	-	61,582
ICJIA	-	-	-	-	-	-	-	-	-	137,400	-	-	-	137,400
DHS - Teen Reach	-	-	-	-	-	-	-	103,494	-	-	-	-	-	103,494
21st Century Learning	-	-	764,580	-	-	-	-	-	-	-	-	-	-	764,580
Work Study Program	-	-	600	-	-	-	-	-	-	-	-	-	-	600
Public Allies Chicago	300	-	-	-	-	-	-	-	-	-	-	-	-	300
America Reads Program	-	-	18,239	-	-	-	-	6,241	-	-	-	4,447	-	28,927
Department of Justice	-	-	-	-	-	32,705	-	-	-	-	-	-	-	32,705
Private donations	1,106,919	-	-	-	-	-	-	-	-	-	-	-	1,028,632	2,135,551
ISBE Nutrition	-	-	-	-	-	-	-	-	42,694	-	-	-	-	42,694
Donated services	8,250	-	-	-	-	-	-	-	-	-	-	-	69,543	77,793
Other income	2,568	220	-	-	-	-	-	-	-	-	-	117	-	2,905
<b>Total income</b>	<b>1,143,037</b>	<b>95,220</b>	<b>783,419</b>	<b>108,339</b>	<b>61,582</b>	<b>32,705</b>	<b>189,047</b>	<b>109,735</b>	<b>42,694</b>	<b>137,400</b>	<b>202,193</b>	<b>486,548</b>	<b>1,098,175</b>	<b>4,490,095</b>
<b>Expenses</b>														
Salaries, benefits and taxes	339,777	107,845	596,481	110,507	53,525	24,466	101,770	74,595	-	95,848	73,700	310,773	-	1,889,286
Payroll taxes	24,884	8,025	49,429	19	3,818	1,795	7,150	5,260	-	7,076	5,334	22,855	-	135,645
Activities	1,654	132	-	-	-	-	-	-	-	-	-	-	-	1,786
Assistance	1,920	2,813	-	-	6,644	-	20	-	-	-	-	4,914	-	16,311
Awards and grants	-	-	-	-	-	4,004	79,523	28,680	-	-	123,740	-	-	235,948
Conferences	15,965	5,070	7,156	-	25	2,408	385	-	-	525	892	13,882	696	47,005
Expendable equipment	1,140	300	-	-	-	-	-	-	-	-	-	300	441	2,181
Mortgage interest	7,363	12,329	-	-	-	-	-	-	-	-	-	-	-	19,692
Transportation	7,269	3,293	21,574	-	1,036	53	1,124	5	-	319	593	1,198	8	36,472
Repairs and maintenance	9,525	425	84	15	3	-	5	58	-	-	10	2,647	6,637	19,409
Memberships	2,661	79	-	-	-	-	-	-	-	-	-	1,750	-	4,490
Miscellaneous expenses	30,823	1,474	-	-	-	-	-	-	-	59	-	1,375	-	33,731
Postage	7,444	64	-	-	-	-	-	-	-	-	-	41	-	7,550
Printing and artwork	25,910	1,989	100	-	-	-	-	-	-	-	-	2,710	115	30,824
Professional fees	77,479	5,855	80,425	-	-	-	400	-	-	29,577	-	61,486	63,000	318,223
Publications	35	-	-	-	-	-	-	-	-	-	-	53	-	88
Insurance and taxes	16,681	666	4,441	1,003	384	178	745	668	-	760	547	3,501	-	29,574
Rent	17,907	38	1,696	665	171	-	-	25	-	-	238	259	-	21,000
Supplies	49,877	22,494	43,170	31	2	28	82	11	49,914	11,818	5	21,895	756	200,083
Telephone	14,375	101	817	167	373	-	45	146	-	-	81	3,036	-	19,141
Utilities	7,873	55	376	29	9	-	45	153	-	-	34	2,166	-	10,740
Special events	59,591	-	-	-	-	-	-	-	-	-	-	-	1,717	61,308
Bad debt	49,580	-	-	-	4,538	-	-	-	-	-	1,785	-	-	55,904
In-kind donations	8,250	-	-	-	-	-	-	-	-	-	-	-	69,543	77,793
Work study	52	118	2,558	-	-	-	-	1,644	-	-	-	2,194	-	6,566
<b>Total before depreciation</b>	<b>778,036</b>	<b>173,167</b>	<b>808,307</b>	<b>112,436</b>	<b>70,529</b>	<b>32,932</b>	<b>191,294</b>	<b>111,244</b>	<b>49,914</b>	<b>145,982</b>	<b>206,960</b>	<b>457,036</b>	<b>142,914</b>	<b>3,280,750</b>
Depreciation	1,608	16,254	-	-	-	-	-	-	-	-	-	-	-	17,862
<b>Total expenses</b>	<b>779,644</b>	<b>189,421</b>	<b>808,307</b>	<b>112,436</b>	<b>70,529</b>	<b>32,932</b>	<b>191,294</b>	<b>111,244</b>	<b>49,914</b>	<b>145,982</b>	<b>206,960</b>	<b>457,036</b>	<b>142,914</b>	<b>3,298,612</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 363,393</b>	<b>\$ (94,201)</b>	<b>\$ (24,888)</b>	<b>\$ (4,097)</b>	<b>\$ (8,947)</b>	<b>\$ (227)</b>	<b>\$ (2,247)</b>	<b>\$ (1,509)</b>	<b>\$ (7,220)</b>	<b>\$ (8,582)</b>	<b>\$ (4,767)</b>	<b>\$ 29,512</b>	<b>\$ 955,261</b>	<b>\$1,191,483</b>

**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	Capital Campaign	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	784,390	-	-	-	-	-	50,500	-	-	-	-	-	286,599	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>833,084</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>286,599</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	49,620	3,450	-	66,656	230	168	6,269	245	265	-	6,543	21,718	58,800	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>524,013</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>58,800</b>	<b>2,493,762</b>
Depreciation	1,470	14,859	-	-	-	-	-	-	-	-	-	-	-	16,329
<b>Total expenses</b>	<b>525,483</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>58,800</b>	<b>2,510,091</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 307,601</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>\$ 227,799</b>	<b>\$ 396,778</b>

**Youth Organizations Umbrella, Inc.**

**Schedule of Expenditures of Federal Awards  
June 30, 2014**

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Health and Human Services:</b>			
Basic Center Program (Note B)	93.623	90CY2649-03-00	\$ 202,193
Steet Outreach Program (Note B)	93.557	90YO2115-02-00	189,047
Illinois Department of Human Services			
CCBYS	93.667	FCSSR01044	13,318
Teen Reach (Note B)	93.558	FCSSR01014	103,493
<b>Subtotal</b>			<b>508,051</b>
<b>Corporation for National and Community Service:</b>			
Americorps	94.006	FCSSP03261	87,995
Americorps	94.006	FCSRE01928	20,344
<b>Subtotal</b>			<b>108,339</b>
<b>Department of Justice:</b>			
Office on Violence Against Women:			
Allied Against Violence (Note B)	16.888	2013-CY-AX-K015	32,705
<b>Subtotal</b>			<b>32,705</b>
<b>Department of Education:</b>			
Illinois State Board of Education:			
Loyola America Reads Program	84.033	N/A	28,927
Loyola Work Study Program	84.033	N/A	600
<b>Subtotal 84.033 cluster</b>			<b>29,527</b>
Child and Adult Care Food Program	10.558	2014-4225-00-65-108-1220-51	23,267
Child and Adult Care Food Program	10.558	2014-4226-00-65-108-1220-51	19,427
Various School Districts:			
21 Century Community Learning Centers - ETHS	84.287C*	2014-4421-65-108-1220-51-12	151,673
21 Century Community Learning Centers - Lincoln	84.287C*	2014-4421-65-108-1220-51-13	171,433
21 Century Community Learning Centers - King Lab	84.287C*	2014-4421-65-108-1220-51-31	174,030
21 Century Community Learning Centers - Dawes	84.287C*	2014-4421-65-108-1220-51-32	150,281
School District 65:			
21 Century Community Learning Centers	84.287C*	2014-4421-05-016-0650-04-09	113,695
21 Century Community Learning Centers	84.287C*	2014-4421-05-016-0650-04-10	3,468
<b>Subtotal</b>			<b>836,801</b>
<b>Total Federal Expenditures</b>			<b>\$ 1,485,896</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	\$ 123,741
Steet Outreach Program	93.557	\$ 79,523
Allied Against Violence	16.888	\$ 4,004

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, 2014, 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 December 2, 2014.

#### 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.

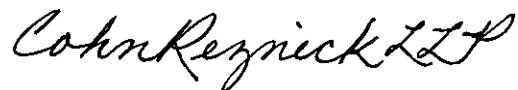
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 "CohnReznick LLP". The signature is written in a cursive, flowing style.

Chicago, Illinois  
December 2, 2014



Independent Auditor's Report on Compliance for 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 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, 2014. 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 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, 2014.


## 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois  
December 2, 2014

**Youth Organizations Umbrella, Inc.**

**Schedule of Findings and Questioned Costs  
June 30, 2014**

**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 significant deficiencies 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Youth Organizations Umbrella, Inc. were disclosed during the audit.
4. No significant deficiencies 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. No material weaknesses were reported.
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 program required to be reported under Section 510(a) of OMB Circular A-133 for Youth Organizations Umbrella, Inc.
7. The program tested as a major program included: Illinois State Board of Education: 21st 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. qualifies as a low-risk auditee.

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

None

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

None

**Youth Organizations Umbrella, Inc.**

**Schedule of Prior Year Findings  
June 30, 2013**

No prior year findings.