

**YOUTH SERVICE BUREAU OF ILLINOIS
VALLEY, INC. AND YOUTH SERVICE BUREAU
OF ILLINOIS VALLEY FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended
June 30, 2015



**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION
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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Boards of Directors
Youth Service Bureau of Illinois Valley, Inc.
and Youth Service Bureau of Illinois Valley Foundation
Ottawa, Illinois

We have audited the accompanying consolidated financial statements of Youth Service Bureau of Illinois Valley, Inc. (Youth Service Bureau) and Youth Service Bureau of Illinois Valley Foundation (the Foundation), collectively referred to as the Organization, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2015, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Prior Year Summarized Information

We have previously audited the Organization's 2014 consolidated financial statements, and our report dated October 31, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 20-22 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Handwritten signature of Sikich LLP in black ink.

Naperville, Illinois
November 11, 2015

CONSOLIDATED FINANCIAL STATEMENTS

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015

(With Summarized Financial Information for June 30, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 888,557	\$ 376,007
Accounts receivable	167,672	96,550
Contributions receivable	68,496	70,654
Government grants receivable	875,742	855,706
Prepaid insurance	36,685	47,760
Other prepaid expenses	21,847	21,625
	2,058,999	1,468,302
PROPERTY AND EQUIPMENT		
Land	36,000	36,000
Buildings and building improvements	776,300	776,301
Vehicles	91,037	66,507
Furniture and equipment	299,389	299,389
	1,202,726	1,178,197
Subtotal	1,202,726	1,178,197
Less accumulated depreciation	(786,023)	(716,591)
	416,703	461,606
OTHER ASSETS		
Cash and cash equivalents designated for endowment	40,895	40,895
Lease deposits	16,590	19,590
Investments	1,470	1,470
	58,955	61,955
Total other assets	58,955	61,955
TOTAL ASSETS	\$ 2,534,657	\$ 1,991,863

	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 315,007	\$ 235,706
Accrued expenses	577,814	433,814
Note payable - current	7,695	6,757
Deferred revenue	23,624	20,292
Total current liabilities	924,140	696,569
LONG-TERM LIABILITIES		
Note payable	133,119	140,814
Total long-term liabilities	133,119	140,814
NET ASSETS		
Unrestricted		
Board designated for endowment	40,895	40,895
Net investment in property and equipment	416,703	461,606
Undesignated	933,061	576,306
Total unrestricted	1,390,659	1,078,807
Temporarily restricted	86,739	75,673
Total net assets	1,477,398	1,154,480
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,534,657</u>	<u>\$ 1,991,863</u>

See accompanying notes to consolidated financial statements.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015
(With Summarized Information for the Year Ended June 30, 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES, GAINS, AND OTHER SUPPORT				
Fees for services	\$ 7,517,253	\$ -	\$ -	\$ 7,517,253
Grants	1,607,349	86,739	-	1,694,088
Contributions	80,445	-	-	80,445
Interest income	2,049	-	-	2,049
Special events	88,711	-	-	88,711
Other income	2,426	-	-	2,426
Net assets released from restrictions	75,673	(75,673)	-	-
Total revenues, gains, and other support	9,373,906	11,066	-	9,384,972
EXPENSES				
Program services	8,805,466	-	-	8,805,466
Fundraising	75,111	-	-	75,111
Management and general	181,477	-	-	181,477
Total expenses	9,062,054	-	-	9,062,054
CHANGE IN NET ASSETS	311,852	11,066	-	322,918
NET ASSETS, BEGINNING OF YEAR	1,078,807	75,673	-	1,154,480
NET ASSETS, END OF YEAR	\$ 1,390,659	\$ 86,739	\$ -	\$ 1,477,398

See accompanying notes to consolidated financial statements.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

(With Summarized Information for the Year Ended June 30, 2014)

	Program Services							
	Foster Care	Parenting	Runaway and Homeless Youth Counseling	Homeless Prevention	Redeploy	Treatment	Child Development	Community Service
EXPENSES								
Salaries and wages	\$ 2,472,563	\$ 52,384	\$ 224,828	\$ 237,837	\$ 237,054	\$ 280,721	\$ 218,086	\$ 80,079
Fringe benefits	599,639	10,734	47,007	64,838	55,477	65,343	53,275	17,621
Consultants	105,265	7	130	1,896	1,563	25,086	151	1,538
Consumable supplies	34,668	4,491	2,894	4,355	3,799	7,018	52,462	3,845
Occupancy	31,462	625	4,364	4,488	4,792	5,987	7,899	1,599
Local transportation	432,200	3,703	27,689	26,902	26,332	27,250	2,789	3,474
Noncapitalized equipment	40,270	13	52	1,886	218	898	67	20
Specific assistance to individuals	1,738,076	32	11,068	31,882	566	114	-	-
Lease/rent	250,524	5,749	9,130	7,558	10,061	22,068	2,260	2,513
Mortgage interest	-	-	-	-	-	-	-	-
Other operating expenses	94,916	1,979	8,033	11,514	69,042	15,516	10,279	3,873
Depreciation	57,702	456	1,824	3,232	1,718	2,736	3,686	1,932
TOTAL FUNCTIONAL EXPENSES	\$ 5,857,285	\$ 80,173	\$ 337,019	\$ 396,388	\$ 410,622	\$ 452,737	\$ 350,954	\$ 116,494

(This statement is continued on the following page.)

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2015

(With Summarized Information for the Year Ended June 30, 2014)

	Program Services			Supporting Services			2015 Total	2014 Total
	Hispanic Services	Other Family Cash Assistance	Intact Family	Total Program Services	Fundraising	Management and General		
EXPENSES								
Salaries and wages	\$ 121,891	\$ 5,941	\$ 446,982	\$ 4,378,366	\$ 40,522	\$ 48,408	\$ 4,467,296	\$ 4,397,863
Fringe benefits	19,372	198	88,993	1,022,497	4,052	16,993	1,043,542	901,276
Consultants	10	-	1,765	137,411	3,200	41,622	182,233	233,151
Consumable supplies	2,382	-	2,157	118,071	25,151	5,196	148,418	132,772
Occupancy	1,797	-	4,201	67,214	-	3,930	71,144	74,089
Local transportation	9,207	202	41,192	600,940	107	4,059	605,106	558,483
Noncapitalized equipment	2,413	-	53	45,890	-	131	46,021	14,672
Specific assistance to individuals	-	16,981	277	1,798,996	-	(60)	1,798,936	1,592,559
Lease/rent	8,445	-	13,729	332,037	-	5,601	337,638	325,932
Mortgage interest	-	-	-	-	-	6,779	6,779	17,913
Other operating expenses	6,931	-	6,241	228,324	2,079	47,625	278,028	286,851
Depreciation	576	-	1,858	75,720	-	1,193	76,913	94,505
TOTAL FUNCTIONAL EXPENSES	\$ 173,024	\$ 23,322	\$ 607,448	\$ 8,805,466	\$ 75,111	\$ 181,477	\$ 9,062,054	\$ 8,630,066

See accompanying notes to consolidated financial statements.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015
(With Summarized Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 322,918	\$ 490,624
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	76,913	94,505
Loss on disposal of fixed assets	4,990	-
(Increase) decrease in		
Accounts receivable	(71,122)	23,388
Contributions receivable	2,158	(3,457)
Government grants receivable	(20,036)	(203,376)
Prepaid expenses	10,853	(11,698)
Lease deposits	3,000	490
Increase (decrease) in		
Accounts payable	79,301	29,870
Accrued expenses	144,000	(4,194)
Deferred revenue	3,332	4,452
Total adjustments	<u>233,389</u>	<u>(70,020)</u>
Net cash from operating activities	<u>556,307</u>	<u>420,604</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(37,000)</u>	<u>-</u>
Net cash from investing activities	<u>(37,000)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	456,895	6,322,262
Payments on line of credit	(456,895)	(6,645,596)
Principal payments on long-term debt	<u>(6,757)</u>	<u>(3,570)</u>
Net cash from financing activities	<u>(6,757)</u>	<u>(326,904)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	512,550	93,700
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>376,007</u>	<u>282,307</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 888,557</u>	<u>\$ 376,007</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid during the year	<u>\$ 6,779</u>	<u>\$ 17,913</u>

See accompanying notes to consolidated financial statements.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2015

1. NATURE OF ACTIVITIES

Youth Service Bureau of Illinois Valley, Inc. (Youth Service Bureau) is an Illinois nonprofit corporation organized in 1976 for the purpose of providing counseling and foster care services. The principal office is located in Ottawa, Illinois, with additional offices in Streator, Mendota, Princeton, LaSalle, Rockford, Aurora, Elgin, and Glen Ellyn. Youth Service Bureau's primary sources of revenue are fees and grants from the Department of Children and Family Services and the Illinois Department of Human Services. Youth Service Bureau of Illinois Valley Foundation (the Foundation) is a not-for-profit foundation created to support the work of Youth Service Bureau.

A description of Youth Service Bureau's major program services is as follows:

Foster Care: A program for children in state custody who are unable to remain safely in their home. Children in foster care stay with a family who provides safety, nurturing, support and role models for change. Foster care is meant to be a temporary, short term solution to an emergency situation.

Parenting: Provides parents the opportunity to enhance their parenting skills and set appropriate expectations and limits.

Runaway and Homeless Youth Counseling: Serves youth 9-17 providing crisis intervention, short term counseling and linkage to appropriate services for runaway and homeless youth that are at risk of running away or becoming homeless.

Homeless Prevention: Homeless youth (ages 16-22) are helped in finding safe and stable living accommodations and services that provide basic life skills, job searching, mental health services and educational opportunities to make a successful transition to self-sufficient living.

Redeploy: Redeploy provides services to youth at risk of commitment to the Illinois Department of Corrections. Youth Service Bureau provides intensive services to these youth and their families, thus reducing the incidence of criminal recidivism in our community and incarceration of adolescents in the Illinois prison system.

Treatment: Offers intensive out-patient and mental health therapy treatment by Master degreeed and licensed therapists trained in child and family centered intervention; includes individual, marital and family counseling.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF ACTIVITIES (Continued)

Child Development: A child day care facility licensed by the Illinois Department of Children and Family Services (DCFS), the National Council of Accreditation for Children and Family Services, and QRS. Accepts children ages 15 months to 6 years of age.

Community Service: Works closely with local courts, peer courts, police departments and juvenile probation to involve young people in meaningful work projects to “pay back” their community for petty delinquent offenses.

Hispanic Services: Provides families with information in Spanish and links them to services in Spanish; includes collaboration with Illinois Valley Community College literacy programs.

Intact Family: A program established by the DCFS meant to provide reasonable efforts to preserve families to enable children to remain safely at home and avoid separation and/or placement of the children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include Youth Service Bureau of Illinois Valley, Inc. and Youth Service Bureau of Illinois Valley Foundation (the Organization). All significant intercompany account balances and transactions have been eliminated in the consolidated financial statements. The Foundation is consolidated with Youth Service Bureau for financial reporting purposes due to common control and economic interest.

Cash and Cash Equivalents

The Organization considers highly liquid investments with an initial maturity of less than three months to be cash equivalents unless they are held as part of the long-term investments of the endowment.

Concentration of Credit Risk

The Organization maintains cash balances at various institutions that at times exceed federally insured limits. At June 30, 2015, the Organization’s uninsured cash balances totaled \$347,482. There were no uninsured balances at June 30, 2014. Management believes the Organization is not exposed to any significant credit risk on its balances.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are recorded at net realizable value and are due within one year or less. The Organization considers accounts receivable to be fully collectible based on historical collection activity. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements as of June 30, 2015 and 2014.

Contributions Receivable

Contributions receivable consist of amounts to be received in one year or less and are reported at net realizable value. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. As of June 30, 2015 and 2014, management believes that all contributions receivable are fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

Government Grants Receivable

Government grants receivable consist of amounts due in one year or less under grants and contracts with state and local government agencies and are reported at net realizable value. The Organization considers all government grants receivable to be fully collectible at June 30, 2015 and 2014, and therefore, did not provide for an allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value, if donated. Generally, acquisitions of property and equipment in excess of \$2,500 are capitalized, and maintenance, repairs, or minor improvements, which neither materially add to the value of the property nor appreciably prolong its life, are expensed as incurred. Gains or losses on dispositions of property and equipment are included in income. Depreciation is computed under the straight-line method over the estimated useful lives of the assets as follows:

Property and Equipment

Buildings and building improvements	25 Years
Furniture and equipment	3-5 Years
Vehicles	5 Years

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Unpaid volunteers have made contributions of their time to develop and administer the Organization's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Expense Allocation

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

Recognition of Donor Restrictions

Contributions received and unconditional promises to give are measured at fair value. Gifts of cash and other assets received that are restricted to support future periods or a specific purpose are reported as temporarily or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Deferred Revenue

The Organization is the recipient of fee-for-service grant advances. The revenue is recognized as the specified costs described in the grant agreements are incurred. Amounts collected in advance of incurring specified costs are reflected as deferred revenue.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2014, from which the summarized information was derived.

3. LINE OF CREDIT

The Organization has \$975,000 available on a line of credit with a local bank. The interest rate on the line of credit is the greater of 4.92% or the prime rate plus 1.07% (the prime rate was 3.29% at June 30, 2015). The line of credit agreement is collateralized by substantially all the assets of the Organization. Monthly payments of accrued interest calculated on the amount of credit outstanding are required. The line of credit agreement expires July 17, 2017. The line of credit is collateralized by substantially all the assets of the Organization. As of June 30, 2015 and 2014, the balance was \$0.

4. NOTES PAYABLE

The Organization had a construction note payable up to a maximum of \$460,000, dated November 30, 2012, with interest payable at a fixed rate of 4.5%, through January 1, 2019, at which time the interest rate is subject to recalculation. Monthly payments of interest were required through January 1, 2014. The construction period of the loan was completed as of January 1, 2014, at which time no further draws on the loan were allowed. The principal balance of the loan as of January 1, 2014 was \$151,141, and subsequent monthly payments of principal and interest of \$1,156 are required. The note is secured by first mortgage lien on the land and building. The maturity date of the loan is January 1, 2029.

The future maturities of notes payable at June 30, 2015 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 7,695
2017	8,049
2018	8,419
2019	8,805
2020	9,210
Thereafter	<u>98,636</u>
TOTAL	\$ 140,814

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014, consist of the program restrictions:

	2015	2014
Runaway and homeless youth counseling	\$ 35,126	\$ 27,447
Homeless prevention	9,884	4,031
Treatment	12,756	15,132
Child development	28,973	29,063
TOTAL	\$ 86,739	\$ 75,673

During the year ended June 30, 2014, the Organization entered into an agency participation agreement with United Way of Eastern LaSalle County for the period January 1, 2014 through December 31, 2014. In connection with this agreement, the Organization will receive \$25,967 for youth outreach counseling and \$11,643 for homeless and runaway youth programs. As of June 30, 2014, temporarily restricted net assets include \$12,983 and \$5,822 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

During the year ended June 30, 2015, the Organization entered into an agency participation agreement with United Way of Eastern LaSalle County for the period January 1, 2015 through December 31, 2015. In connection with this agreement, the Organization will receive \$20,000 for youth outreach counseling and \$10,000 for homeless and runaway youth programs. As of June 30, 2015, temporarily restricted net assets include \$10,000 and \$5,000 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

6. OPERATING LEASES

The Organization conducts the major part of its operations from leased facilities which include office and residential space. Most of these operating leases contain varying renewal provisions, renewable at the option of the Organization, which enables the Organization to retain use of the facilities in desirable operating areas. In most cases, management expects in the normal course of business, leases will be renewed or replaced by other leases. The Organization also leases office equipment and various vehicles and other equipment from time to time. Total rent expense under these leases was \$337,639 and \$325,932 for the years ended June 30, 2015 and 2014, respectively.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. OPERATING LEASES (Continued)

The following is a schedule of future minimum rental payments over the next five years required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015:

<u>Years Ending June 30,</u>	
2016	\$ 331,971
2017	202,060
2018	187,659
2019	187,659
2020	158,086
Thereafter	<u>215,248</u>
TOTAL MINIMUM PAYMENTS REQUIRED	<u>\$ 1,282,683</u>

7. CONCENTRATION OF MAJOR GRANTORS

Approximately 71% and 79% of the Organization's outstanding government grants receivable at June 30, 2015 and 2014, respectively, is due from the Illinois Department of Children and Family Services, and approximately 74% and 73% of the Organization's total revenue was received from the Illinois Department of Children and Family Services for the years ended June 30, 2015 and 2014, respectively. A significant reduction in the level of this support, if this were to occur, would have an effect on the Organization's programs. Additionally, certain grants received by the Organization require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of the funds to grantors.

8. TAX-EXEMPT STATUS

Youth Service Bureau has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a letter dated April 1976. The Foundation has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a letter dated January 12, 2009. Accordingly, no provision for income taxes is included in the consolidated financial statements.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2012, 2013, and 2014 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination.

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TAX-EXEMPT STATUS (Continued)

Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2015 and 2014.

9. RETIREMENT PLAN

The Organization has a profit sharing plan for employees who work at least 1,000 hours per year, who have completed at least one year of service, and are at least 21 years of age. Participants are 50% vested in the employer contributions after one year of service, 75% after two years, and 100% after three years. Contributions to the plan are determined annually by the Board of Directors. Contributions of \$118,361 and \$0 were made to the plan for the years ended June 30, 2015 and 2014, respectively.

10. ENDOWMENTS

The Organization has designated a portion of its unrestricted net assets for an endowment fund to help the Organization meet future financial needs. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2015 and 2014, all endowment assets were unrestricted. The Organization's investment policy provides for short term investment in cash equivalents to provide safety, liquidity, and return. The Organization's spending policy provides that the Organization may withdraw endowment funds as needed for operations.

The Organization had the following activities with respect to its Board-designated endowment fund:

	Unrestricted Net Assets
ENDOWMENT NET ASSETS, JULY 1, 2013	\$ 38,065
Transfers to board designated endowment funds	<u>2,830</u>
ENDOWMENT NET ASSETS, JUNE 30, 2014	40,895
Investment income	114
Appropriation of endowment assets for expenditure	<u>(114)</u>
ENDOWMENT NET ASSETS, JUNE 30, 2015	<u>\$ 40,895</u>

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. RELATED PARTY TRANSACTIONS

Donations from board members totaled \$6,365 and \$8,535 during the years ended June 30, 2015 and 2014, respectively.

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 11, 2015, the date on which the consolidated financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

SUPPLEMENTARY INFORMATION

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2015

	Youth Service Bureau of Illinois Valley, Inc.	Youth Service Bureau of Illinois Valley Foundation	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 762,387	\$ 126,170	\$ -	\$ 888,557
Accounts receivable	180,470	-	(12,798)	167,672
Contributions receivable	68,496	-	-	68,496
Government grants receivable	875,742	-	-	875,742
Prepaid insurance	36,685	-	-	36,685
Other prepaid expenses	21,847	-	-	21,847
Total current assets	1,945,627	126,170	(12,798)	2,058,999
PROPERTY AND EQUIPMENT				
Land	36,000	-	-	36,000
Buildings and building improvements	776,300	-	-	776,300
Vehicles	91,037	-	-	91,037
Furniture and equipment	299,389	-	-	299,389
Subtotal	1,202,726	-	-	1,202,726
Less accumulated depreciation	(786,023)	-	-	(786,023)
Net property and equipment	416,703	-	-	416,703
OTHER ASSETS				
Cash and cash equivalents designated for endowment	-	40,895	-	40,895
Lease deposits	16,590	-	-	16,590
Investments	1,470	-	-	1,470
Total other assets	18,060	40,895	-	58,955
TOTAL ASSETS	\$ 2,380,390	\$ 167,065	\$ (12,798)	\$ 2,534,657

	Youth Service Bureau of Illinois Valley, Inc.	Youth Service Bureau of Illinois Valley Foundation	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 315,007	\$ 12,798	\$ (12,798)	\$ 315,007
Accrued expenses	577,814	-	-	577,814
Line of credit	-	-	-	-
Illinois Facilities Fund loan	7,695	-	-	7,695
Deferred revenue	22,170	3,850	(2,396)	23,624
Total current liabilities	922,686	16,648	(15,194)	924,140
LONG-TERM LIABILITIES				
Illinois Facilities Fund loan	133,119	-	-	133,119
Total long-term liabilities	133,119	-	-	133,119
NET ASSETS				
Unrestricted				
Board designated for endowment	-	40,895	-	40,895
Net investment in property and equipment	416,703	-	-	416,703
Undesignated	821,142	109,523	2,396	933,061
Total unrestricted	1,237,845	150,418	2,396	1,390,659
Temporarily restricted	86,739	-	-	86,739
Total net assets	1,324,584	150,418	2,396	1,477,398
TOTAL LIABILITIES AND NET ASSETS	\$ 2,380,389	\$ 167,066	\$ (12,798)	\$ 2,534,657

(See independent auditor's report.)

**YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC. AND
YOUTH SERVICE BUREAU OF ILLINOIS VALLEY FOUNDATION**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	Youth Service Bureau of Illinois Valley, Inc.				Youth Service Bureau of Illinois Valley Foundation				Consolidated Total				
	Temporarily		Permanently	Total	Temporarily		Permanently	Total	Elimination	Temporarily		Permanently	Total
	Unrestricted	Restricted	Restricted		Unrestricted	Restricted	Restricted			Unrestricted	Restricted	Restricted	
REVENUES, GAINS, AND OTHER SUPPORT													
Fees for services	\$ 7,517,253	\$ -	\$ -	\$ 7,517,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,517,253	\$ -	\$ -	\$ 7,517,253
Grants	1,607,349	86,739	-	1,694,088	-	-	-	-	-	1,607,349	86,739	-	1,694,088
Contributions	80,617	-	-	80,617	28,932	-	-	28,932	(29,104)	80,445	-	-	80,445
Interest income	1,473	-	-	1,473	576	-	-	576	-	2,049	-	-	2,049
Special events	-	-	-	-	88,711	-	-	88,711	-	88,711	-	-	88,711
Other income	2,426	-	-	2,426	-	-	-	-	-	2,426	-	-	2,426
Net assets released from restrictions	75,673	(75,673)	-	-	-	-	-	-	-	75,673	(75,673)	-	-
Total revenues, gains, and other support	9,284,791	11,066	-	9,295,857	118,219	-	-	118,219	(29,104)	9,373,906	11,066	-	9,384,972
EXPENSES													
Program services	8,805,466	-	-	8,805,466	26,500	-	-	26,500	(26,500)	8,805,466	-	-	8,805,466
Fundraising	-	-	-	-	75,111	-	-	75,111	-	75,111	-	-	75,111
Management and general	181,477	-	-	181,477	-	-	-	-	-	181,477	-	-	181,477
Total expenses	8,986,943	-	-	8,986,943	101,611	-	-	101,611	(26,500)	9,062,054	-	-	9,062,054
CHANGE IN NET ASSETS	297,848	11,066	-	308,914	16,608	-	-	16,608	(2,604)	311,852	11,066	-	322,918
NET ASSETS, BEGINNING OF YEAR	939,997	75,673	-	1,015,670	133,810	-	-	133,810	5,000	1,078,807	75,673	-	1,154,480
NET ASSETS, END OF YEAR	\$ 1,237,845	\$ 86,739	\$ -	\$ 1,324,584	\$ 150,418	\$ -	\$ -	\$ 150,418	\$ 2,396	\$ 1,390,659	\$ 86,739	\$ -	\$ 1,477,398

(See independent auditor's report.)