

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

COMBINED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Year Ended  
June 30, 2011



Certified Public Accountants & Advisors

## C O N T E N T S

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT .....	3
COMBINED FINANCIAL STATEMENTS	
Combined Statement of Financial Position .....	4-5
Combined Statement of Activities .....	6
Combined Statement of Functional Expenses .....	7-10
Combined Statement of Cash Flows .....	11
Notes to Combined Financial Statements .....	12-19
SUPPLEMENTARY INFORMATION	
Combining Statement of Financial Position .....	20-21
Combining Statement of Activities .....	22



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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 combined statements of financial position of Youth Service Bureau of Illinois Valley, Inc. (the Organization) and Youth Service Bureau of Illinois Valley Foundation (the Foundation) as of June 30, 2011, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's and the Foundation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from Youth Service Bureau of Illinois Valley, Inc. and Youth Service Bureau of Illinois Valley Foundation's 2010 combined financial statements and, in our report dated November 18, 2010, we expressed an unqualified opinion on those financial statements.

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization and the Foundation as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The schedules on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

*Sikich LLP*

Aurora, Illinois  
October 26, 2011

## COMBINED FINANCIAL STATEMENTS

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

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2011

(With Summarized Financial Information for June 30, 2010)

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 311,282	\$ 285,153
Accrued interest receivable	1,091	1,668
Accounts receivable	540,975	567,419
Prepaid insurance	17,885	18,040
Other prepaid expenses	4,335	4,123
	875,568	876,403
 <b>PROPERTY AND EQUIPMENT</b>		
Land	36,000	36,000
Buildings and building improvements	560,245	557,599
Vehicles	14,059	14,059
Furniture and equipment	180,106	169,983
	790,410	777,641
Subtotal	790,410	777,641
Less accumulated depreciation	(491,936)	(456,598)
	298,474	321,043
 <b>OTHER ASSETS</b>		
Lease deposits	3,610	3,610
Investments	2,100	2,100
	5,710	5,710
Total other assets	5,710	5,710
 <b>TOTAL ASSETS</b>	 <b>\$ 1,179,752</b>	 <b>\$ 1,203,156</b>

---

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 92,810	\$ 86,237
Accrued expenses	172,947	187,581
Line of credit	166,143	391,300
Deferred revenue	45,740	2,434
	<u>477,640</u>	<u>667,552</u>
<b>NET ASSETS</b>		
Unrestricted		
Board designated for endowment	25,371	19,281
Net investment in property and equipment	298,474	321,043
Undesignated	257,935	73,189
	<u>581,780</u>	<u>413,513</u>
Total unrestricted	581,780	413,513
Temporarily restricted	<u>120,332</u>	<u>122,091</u>
Total net assets	<u>702,112</u>	<u>535,604</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,179,752</u>	<u>\$ 1,203,156</u>

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011  
(With Summarized Information for the Year Ended June 30, 2010)

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT					
Fees for services	\$ 2,222,974	-	\$ -	\$ 2,222,974	\$ 2,206,502
Grants	1,267,090	120,332	-	1,387,422	1,512,420
Contributions	111,990	-	-	111,990	98,374
Interest income	3,174	-	-	3,174	4,888
Other income	9,046	-	-	9,046	8,162
Net assets released from restrictions	122,091	(122,091)	-	-	-
Total revenues, gains, and other support	3,736,365	(1,759)	-	3,734,606	3,830,346
EXPENSES					
Program services	3,392,647	-	-	3,392,647	3,561,173
Fundraising	40,596	-	-	40,596	31,705
Management and general	134,855	-	-	134,855	168,422
Total expenses	3,568,098	-	-	3,568,098	3,761,300
CHANGE IN NET ASSETS	168,267	(1,759)	-	166,508	69,046
NET ASSETS, BEGINNING OF YEAR	413,513	122,091	-	535,604	466,558
NET ASSETS, END OF YEAR	\$ 581,780	\$ 120,332	\$ -	\$ 702,112	\$ 535,604

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

(With Summarized Information for the Year Ended June 30, 2010)

	Program Services						
	Specialized Foster Care	Traditional Foster Care	System of Care (ITS)	Outreach	HHS Homeless & Runaway Youth	HHS Rural Basic Center	HHS Street Outreach
EXPENSES							
Salaries and wages	\$ 167,303	\$ 232,012	\$ 35,699	\$ 235,137	\$ 83,860	\$ 62,987	\$ 77,835
Fringe benefits	25,516	43,621	7,909	48,581	15,622	13,349	13,630
Consultants	3,925	4,203	-	34	-	-	23
Consumable supplies	1,181	3,202	1,323	3,920	923	403	1,929
Occupancy	1,694	4,633	47	6,028	1,719	381	775
Local transportation	24,059	60,835	3,681	38,177	143	10,079	7,643
Noncapitalized equipment	78	2,039	-	1,029	606	9	19
Specific assistance to individuals	124,203	175,045	475	1,103	10,925	1,980	515
Lease/rent	3,216	8,213	-	7,984	5,401	6,155	1,424
Mortgage interest	-	-	-	-	-	-	-
Other operating expenses	4,130	12,622	496	12,026	4,455	3,844	3,707
Depreciation	1,437	3,833	324	4,227	1,910	878	1,529
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 356,742</b>	<b>\$ 550,258</b>	<b>\$ 49,954</b>	<b>\$ 358,246</b>	<b>\$ 125,564</b>	<b>\$ 100,065</b>	<b>\$ 109,029</b>

(This statement is continued on the following pages.)



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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2011  
(With Summarized Information for the Year Ended June 30, 2010)

	Program Services						
	Treatment	JSOP	Family Violence Prevention Council	Safe Haven	The Kid's Place Daycare	After School	
EXPENSES							
Salaries and wages	\$ 186,444	\$ 120,309	\$ -	\$ 98,275	\$ 253,946	\$ 63,715	
Fringe benefits	42,789	15,897	-	21,345	45,876	5,355	
Consultants	4,614	-	9,606	630	235	115	
Consumable supplies	6,859	1,064	5,644	4,904	42,441	4,293	
Occupancy	4,298	1,155	-	2,898	8,283	-	
Local transportation	12,820	8,100	508	17,106	1,201	883	
Noncapitalized equipment	5,800	27	-	58	732	170	
Specific assistance to individuals	5	-	-	-	-	-	
Lease/rent	12,994	1,086	-	23,539	2,523	1,380	
Mortgage interest	-	-	-	-	-	-	
Other operating expenses	13,412	1,854	654	6,630	12,954	1,101	
Depreciation	2,840	549	-	3,085	5,929	-	
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 292,875</b>	<b>\$ 150,041</b>	<b>\$ 16,412</b>	<b>\$ 178,470</b>	<b>\$ 374,120</b>	<b>\$ 77,012</b>	

(This statement is continued on the following pages.)

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2011

(With Summarized Information for the Year Ended June 30, 2010)

	Program Services						
	Teen Reach	Project Success	Community Service	Juvenile Justice	Family Literacy	Hispanic Services	Family
EXPENSES							
Salaries and wages	\$ 30,202	\$ 6,820	\$ 73,504	\$ 108,788	\$ -	\$ 41,740	\$ -
Fringe benefits	4,849	448	13,656	23,946	-	9,260	-
Consultants	12	-	-	12	-	-	-
Consumable supplies	9,218	-	2,844	5,335	-	935	-
Occupancy	-	-	1,397	2,307	-	2,012	-
Local transportation	1,533	-	1,701	9,508	-	3,784	-
Noncapitalized equipment	-	-	40	58	-	28	-
Specific assistance to individuals	-	-	-	4	-	-	-
Lease/rent	-	-	2,285	972	-	7,336	-
Mortgage interest	-	-	-	-	-	-	-
Other operating expenses	603	-	6,119	5,197	-	4,803	-
Depreciation	-	-	1,184	4,249	-	958	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 46,417</b>	<b>\$ 7,268</b>	<b>\$ 102,730</b>	<b>\$ 160,376</b>	<b>\$ -</b>	<b>\$ 70,856</b>	<b>\$ -</b>

(This statement is continued on the following page.)

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2011

(With Summarized Information for the Year Ended June 30, 2010)

	Program Services			Supporting Services		
	Other Family Cash Assistance	Family	Program Services	Fundraising	Management and General	2010 Total
		First				
EXPENSES	\$ -	\$ 116,005	\$ 1,994,581	\$ 26,487	\$ 42,201	\$ 2,063,269
Salaries and wages	-	28,159	379,808	2,649	5,008	387,465
Fringe benefits	-	1,610	25,019	2,600	30,929	58,548
Consultants	-	1,330	97,748	5,947	4,817	108,512
Consumable supplies	-	3,102	40,729	-	2,556	43,285
Occupancy	228	16,156	218,145	311	3,539	221,995
Local transportation	-	72	10,765	-	771	11,536
Noncapitalized equipment	88,783	443	403,481	-	-	403,481
Specific assistance to individuals	-	3,751	88,259	-	987	89,246
Lease/rent	-	-	-	-	13,146	13,146
Mortgage interest	-	5,079	99,686	2,602	29,989	132,277
Other operating expenses	-	1,494	34,426	-	912	35,338
Depreciation	-	-	-	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 89,011</b>	<b>\$ 177,201</b>	<b>\$ 3,392,647</b>	<b>\$ 40,596</b>	<b>\$ 134,855</b>	<b>\$ 3,568,098</b>
						<b>\$ 3,761,300</b>

See accompanying notes to combined financial statements.

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

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011  
(With Summarized Information for the Year Ended June 30, 2010)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 166,508	\$ 69,046
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	35,338	34,795
Unrealized (gain) loss on investments	-	240
(Increase) decrease in		
Accrued interest receivable	577	862
Accounts receivable	26,444	(45,840)
Prepaid expenses	(57)	1,004
Increase (decrease) in		
Accounts payable	6,573	19,807
Accrued expenses	(14,634)	68,469
Deferred revenue	43,306	(6,624)
Total adjustments	97,547	72,713
Net cash from operating activities	264,055	141,759
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(12,769)	(21,000)
Net cash from investing activities	(12,769)	(21,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit	2,488,301	2,604,389
Repayments on line of credit	(2,713,458)	(2,687,841)
Principal payments on long term debt	-	(2,743)
Net cash from financing activities	(225,157)	(86,195)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	26,129	34,564
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	285,153	250,589
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 311,282	\$ 285,153

See accompanying notes to combined financial statements.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2011

---

1. NATURE OF ACTIVITIES

Youth Service Bureau of Illinois Valley, Inc. (the Organization) 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, and LaSalle. The Organization'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 the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

The Foundation is combined with the Organization for financial reporting purposes due to common control and economic interest. All significant intercompany account balances and transactions have been eliminated in the combined financial statements.

Cash and Cash Equivalents

The Organization and the Foundation consider highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Allowance for Doubtful Accounts

The Organization and Foundation consider accounts receivable to be fully collectible and, accordingly, utilize the direct write-off method, which closely approximates the allowance method, to record bad debts. Based on historical collection activity, no allowance is deemed necessary.

Fair Value Measurements

The Organization and Foundation follow the authoritative guidance issued by the Financial Accounting Standards Board (FASB) which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of the information measuring fair value, and expands disclosures about fair value measurements.

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

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

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 \$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.

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

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.

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

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Expenses are allocated to the various programs as follows:

- Wages - by program served.
- Employee benefits and related taxes - based on a percentage of the wage allocation.
- Utilities - by square footage of the area of the specific program.
- Rent - by square footage of the area of the specific program.
- All other expenditures - by specified purpose of the purchase.

Recognition of Donor Restrictions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization and Foundation report gifts of cash and other assets as restricted support if they are designated as support for future periods or are received with donor stipulations that limit the use of the donated assets. 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. Unexpended conditional grants are reported as deferred revenue until they are spent for purposes of the grant.

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 COMBINED 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 financial statements for the year ended June 30, 2010, from which the summarized information was derived.

3. INVESTMENTS

Investments as of June 30, 2011 are carried at fair market value and consist of common stock.

Fair value measurements recorded on a recurring basis at June 30, 2011 were as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities				
Financial	\$ 2,100	\$ -	\$ -	\$ 2,100

4. LINE OF CREDIT

The Organization currently has \$600,000 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 3.25% at June 30, 2011). The line of credit agreement expires April 24, 2013 and is collateralized by substantially all the assets of the Organization. The note is due on demand, but if no demand is made then monthly payments of accrued interest calculated on the amount of credit outstanding are required. As of June 30, 2011, the balance was \$166,143.



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

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2010 consist of the following time and program restrictions:

United Way of Illinois Valley	\$ 24,844
United Way of Eastern LaSalle County	8,000
United Way of Streator	7,000
Heart of Illinois United Way	1,463
Outreach	8,105
HHS Homeless & Runaway Youth	27,670
HHS Street Outreach	14,946
Treatment	25,105
Family Violence Prevention Council	<u>3,199</u>
 TOTAL	 <u><u>\$ 120,332</u></u>

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 that 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.

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, 2011:

Years Ending June 30,	
2012	\$ 42,696
2013	41,986
2014	20,805
2015	3,732
Thereafter	<u>-</u>
 TOTAL MINIMUM PAYMENTS REQUIRED	 <u><u>\$ 109,219</u></u>

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

---

7. CONCENTRATION OF MAJOR GRANTORS

Approximately 37% of the Organization's total revenue was received from the Department of Children and Family Services and approximately 11% from the Department of Human Services for the year ended June 30, 2011. 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

The Organization 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 combined financial statements.

The Organization follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition. The Organization conducts business solely in the U.S. and, as a result, files information returns for U.S. and Illinois. In the normal course of business, the Organization is subject to examination by taxing authorities.

The Organization's information returns for years subsequent to fiscal 2007 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Organization currently files or has filed with.

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% percent after two years, and 100% after three years. Contributions to the plan are determined annually by the Board of Directors. No contributions were made to the plan for the year ended June 30, 2011.

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

10. CASH FLOW INFORMATION

Net cash from operating activities reflects cash payments for interest. No income taxes were paid during the year. Cash payments for interest for the year ended June 30, 2011 are as follows:

INTEREST PAID	<u>\$ 13,146</u>
---------------	------------------

11. ENDOWMENTS

The Organization has designated a portion of its unrestricted net assets for an endowment fund to help the Organization meet future financial needs. As required by accounting principles generally accepted in the United States of America, 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, 2011, all endowment assets were unrestricted.

The Organization's spending policy provides that the Organization may withdraw endowment funds as needed for operations.

During the year ended June 30, 2011, the Organization had the following endowment related activities:

	<u>Board Designated Endowment Funds</u>
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	\$ 19,281
Transfers to board designated endowment funds	<u>6,090</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 25,371</u>

12. SUBSEQUENT EVENTS

Subsequent to year end, Catholic Charities in the Diocese of Rockford (Catholic Charities) voluntarily ended its publicly funded foster care and adoption services. The Organization will accept approximately 300 foster care cases from Catholic Charities and plans to retain approximately 58 former Catholic Charities staff. Additionally, the Organization also plans to take over the office space in Rockford, Aurora, and Elgin now leased by Catholic Charities for foster care and adoption services. Annual payments on these leases total approximately \$201,000. The increased volume of foster care cases is expected to increase the revenue received under the Organization's contract with the Illinois Department of Children and Family Services by approximately \$4,000,000.

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

---

12. SUBSEQUENT EVENTS (Continued)

The Organization and Foundation have evaluated subsequent events through October 26, 2011, the date on which the combined financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date, except as described above.

SUPPLEMENTARY INFORMATION

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

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2011

	Youth Service Bureau of Illinois Valley, Inc.	Youth Service Bureau of Illinois Valley Foundation	Eliminations	Combined Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 261,163	\$ 50,119	\$ -	\$ 311,282
Accrued interest receivable	1,091	-	-	1,091
Accounts receivable	540,975	-	-	540,975
Prepaid insurance	17,885	-	-	17,885
Other prepaid expenses	4,335	-	-	4,335
<b>Total current assets</b>	<b>825,449</b>	<b>50,119</b>	<b>-</b>	<b>875,568</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	36,000	-	-	36,000
Buildings and building improvements	560,245	-	-	560,245
Vehicles	14,059	-	-	14,059
Furniture and equipment	180,106	-	-	180,106
<b>Subtotal</b>	<b>790,410</b>	<b>-</b>	<b>-</b>	<b>790,410</b>
Less accumulated depreciation	(491,936)	-	-	(491,936)
<b>Net property and equipment</b>	<b>298,474</b>	<b>-</b>	<b>-</b>	<b>298,474</b>
<b>OTHER ASSETS</b>				
Lease deposits	3,610	-	-	3,610
Investments	2,100	-	-	2,100
<b>Total other assets</b>	<b>5,710</b>	<b>-</b>	<b>-</b>	<b>5,710</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,129,633</b>	<b>\$ 50,119</b>	<b>\$ -</b>	<b>\$ 1,179,752</b>

	Youth Service Bureau of Illinois Valley, Inc.	Youth Service Bureau of Illinois Valley Foundation	Eliminations	Combined Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 92,810	\$ -	\$ -	\$ 92,810
Accrued expenses	172,947	-	-	172,947
Line of credit	166,143	-	-	166,143
Deferred revenue	45,740	-	-	45,740
<b>Total current liabilities</b>	<b>477,640</b>	<b>-</b>	<b>-</b>	<b>477,640</b>
<b>NET ASSETS</b>				
<b>Unrestricted</b>				
Board designated for endowment	-	25,371	-	25,371
Net investment in property and equipment	298,474	-	-	298,474
Undesignated	233,187	24,748	-	257,935
<b>Total unrestricted</b>	<b>531,661</b>	<b>50,119</b>	<b>-</b>	<b>581,780</b>
<b>Temporarily restricted</b>	<b>120,332</b>	<b>-</b>	<b>-</b>	<b>120,332</b>
<b>Total net assets</b>	<b>651,993</b>	<b>50,119</b>	<b>-</b>	<b>702,112</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,129,633</b>	<b>\$ 50,119</b>	<b>\$ -</b>	<b>\$ 1,179,752</b>

(See independent auditor's report.)

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

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	Youth Service Bureau of Illinois Valley, Inc.				Youth Service Bureau of Illinois Valley Foundation				Combined Total					
	Temporarily Restricted		Permanently Restricted		Temporarily Restricted		Permanently Restricted		Temporarily Restricted		Permanently Restricted		Total	
	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total
REVENUES, GAINS, AND OTHER SUPPORT														
Fees for services	\$ 2,222,974	\$ -	\$ -	\$ 2,222,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,222,974	\$ -	\$ -	\$ 2,222,974
Grants	1,267,090	120,332	-	1,387,422	-	-	-	-	-	-	1,267,090	120,332	-	1,387,422
Contributions	45,354	-	-	45,354	101,143	-	-	101,143	(34,507)	-	111,990	-	-	111,990
Interest income	2,822	-	-	2,822	352	-	-	352	-	-	3,174	-	-	3,174
Other income	9,046	-	-	9,046	-	-	-	-	-	-	9,046	-	-	9,046
Net assets released from restrictions	122,091	(122,091)	-	-	-	-	-	-	-	-	122,091	(122,091)	-	-
Total revenues, gains, and other support	3,669,377	(1,759)	-	3,667,618	101,495	-	-	101,495	(34,507)	(1,759)	3,736,365	(1,759)	-	3,734,606
EXPENSES														
Program services	3,392,647	-	-	3,392,647	34,507	-	-	34,507	(34,507)	-	3,392,647	-	-	3,392,647
Fundraising	-	-	-	-	40,596	-	-	40,596	-	-	40,596	-	-	40,596
Management and general	134,855	-	-	134,855	-	-	-	-	-	-	134,855	-	-	134,855
Total expenses	3,527,502	-	-	3,527,502	75,103	-	-	75,103	(34,507)	-	3,568,098	-	-	3,568,098
CHANGE IN NET ASSETS	141,875	(1,759)	-	140,116	26,392	-	-	26,392	-	(1,759)	168,267	(1,759)	-	166,508
NET ASSETS, BEGINNING OF YEAR	389,786	122,091	-	511,877	23,727	-	-	23,727	-	-	413,513	122,091	-	535,604
NET ASSETS, END OF YEAR	\$ 531,661	\$ 120,332	\$ -	\$ 651,993	\$ 50,119	\$ -	\$ -	\$ 50,119	\$ -	\$ -	\$ 581,780	\$ 120,332	\$ -	\$ 702,112

(See independent auditor's report.)