



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

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

**For the Year Ended June 30, 2020
(With Summarized Information for June 30, 2019)**



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youth Service Bureau of Illinois Valley, Inc.
Ottawa, Illinois

We have audited the accompanying financial statements of Youth Service Bureau of Illinois Valley, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 Organization'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 Organization'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 the Organization as of June 30, 2020, and the 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, the Organization adopted new accounting guidance as issued by the Financial Accounting Standards Board (FASB) under Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Prior Year Summarized Information

We have previously audited Youth Service Bureau of Illinois Valley, Inc.'s 2019 financial statements, and our report dated November 21, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich LLP

Naperville, Illinois
November 24, 2020

FINANCIAL STATEMENTS

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Summarized Information for June 30, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 733,239	\$ 465,644
Accounts receivable	72,273	66,193
Contributions receivable	25,875	23,300
Government grants receivable	1,553,594	892,784
Prepaid insurance	38,728	32,208
Other prepaid expenses	22,785	22,989
Total current assets	2,446,494	1,503,118
PROPERTY AND EQUIPMENT		
Land	36,000	36,000
Buildings and building improvements	990,845	981,678
Vehicles	176,963	154,898
Furniture and equipment	247,480	228,044
Subtotal	1,451,288	1,400,620
Less accumulated depreciation	(952,913)	(930,527)
Net property and equipment	498,375	470,093
OTHER ASSETS		
Cash and cash equivalents designated for endowment	170,166	169,184
Lease deposits	4,715	10,661
Investments	1,470	1,470
Total other assets	176,351	181,315
TOTAL ASSETS	\$ 3,121,220	\$ 2,154,526

(This statement is continued on the following page.)

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2020

(With Summarized Information for June 30, 2019)

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 288,951	\$ 181,428
Accrued expenses	471,512	278,156
Notes payable	15,084	14,135
Refundable grant advance	1,448	5,407
Total current liabilities	776,995	479,126
LONG-TERM LIABILITIES		
Notes payable, less current portion	174,899	190,021
Total long-term liabilities	174,899	190,021
NET ASSETS		
Without donor restrictions		
Board designated for endowment	170,166	169,184
Net investment in property and equipment	498,375	470,093
Undesignated	1,484,284	826,889
Total without donor restrictions	2,152,825	1,466,166
With donor restrictions	16,501	19,213
Total net assets	2,169,326	1,485,379
TOTAL LIABILITIES AND NET ASSETS	\$ 3,121,220	\$ 2,154,526

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020
(With Summarized Information for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Fees for services	\$ 8,016,012	\$ -	\$ 8,016,012	\$ 6,892,995
Grants	1,200,735	16,501	1,217,236	1,491,807
Contributions	54,226	-	54,226	48,519
Interest income	6,262	-	6,262	4,755
Special events	2,975	-	2,975	35,825
Other income	97,946	-	97,946	8,818
Net assets released from restrictions	19,213	(19,213)	-	-
 Total revenues, gains, and other support	 9,397,369	 (2,712)	 9,394,657	 8,482,719
EXPENSES				
Program services				
Foster care	5,343,549	-	5,343,549	5,283,020
Parenting	101,470	-	101,470	93,097
Runaway and homeless youth counseling	536,348	-	536,348	542,215
Homeless prevention	206,373	-	206,373	191,120
Redeploy	436,942	-	436,942	358,456
Treatment	401,989	-	401,989	458,573
Child development	-	-	-	84,899
Hispanic services	95,501	-	95,501	96,088
Other family cash assistance	46,341	-	46,341	46,174
Intact family	1,291,460	-	1,291,460	1,145,253
 Total program expenses	 8,459,973	 -	 8,459,973	 8,298,895
Support services				
Fundraising	69,219	-	69,219	73,920
Costs of direct benefits to donors	347	-	347	850
Management and general	181,171	-	181,171	178,547
 Total support services	 250,737	 -	 250,737	 253,317
 Total expenses	 8,710,710	 -	 8,710,710	 8,552,212
 CHANGE IN NET ASSETS	 686,659	 (2,712)	 683,947	 (69,493)
 NET ASSETS, BEGINNING OF YEAR	 1,466,166	 19,213	 1,485,379	 1,544,872
 NET ASSETS, END OF YEAR	 \$ 2,152,825	 \$ 16,501	 \$ 2,169,326	 \$ 1,475,379

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020
(With Summarized Information for the Year Ended June 30, 2019)

	Program Services						
	Foster Care	Parenting	Runaway and Homeless Youth Counseling	Homeless Prevention	Redeploy	Treatment	Hispanic Services
EXPENSES							
Salaries and wages	\$ 2,364,090	\$ 69,382	\$ 370,535	\$ 129,124	\$ 319,832	\$ 256,702	\$ 72,043
Fringe benefits	656,534	16,489	74,116	20,839	76,765	59,141	13,332
Consultants	203,170	384	1,685	448	1,066	11,067	299
Consumable supplies	21,546	1,688	6,032	2,078	2,559	12,328	566
Occupancy	35,443	720	8,470	2,038	5,115	7,932	1,725
Local transportation	329,976	2,786	24,982	7,451	16,406	16,242	2,394
Noncapitalized equipment	37,277	479	1,964	556	1,703	3,041	376
Specific assistance to individuals	1,329,196	-	8,372	35,480	263	5,434	-
Lease/rent	233,818	7,355	12,496	471	4,021	15,140	3,320
Mortgage interest	-	-	-	-	-	-	-
Other operating expenses	84,327	1,693	25,076	5,744	7,541	12,304	1,446
Depreciation	48,172	494	2,620	2,144	1,671	2,658	-
TOTAL FUNCTIONAL EXPENSES	\$ 5,343,549	\$ 101,470	\$ 536,348	\$ 206,373	\$ 436,942	\$ 401,989	\$ 95,501

(This statement is continued on the following page.)

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2020
(With Summarized Information for the Year Ended June 30, 2019)

	Program Services			Supporting Services			2020 Total	2019 Total
	Other Family Cash Assistance	Intact Family	Total Program Services	Fundraising	Cost of Direct Benefit to Donors	Management and General		
EXPENSES								
Salaries and wages	\$ -	\$ 884,822	\$ 4,466,530	\$ 54,806	\$ -	\$ 43,007	\$ 4,564,343	\$ 4,537,797
Fringe benefits	-	175,230	1,092,446	11,812	-	33,755	1,138,013	953,257
Consultants	-	5,251	223,370	-	-	51,083	274,453	275,771
Consumable supplies	-	5,700	52,497	1,420	347	4,099	58,363	55,239
Occupancy	-	12,560	74,003	-	-	8,140	82,143	78,528
Local transportation	-	87,666	487,903	496	-	6,789	495,188	588,157
Noncapitalized equipment	-	3,751	49,147	-	-	2,180	51,327	14,890
Specific assistance to individuals	46,341	18,202	1,443,288	-	-	-	1,443,288	1,449,884
Lease/rent	-	80,878	357,499	-	-	310	357,809	353,065
Mortgage interest	-	-	-	-	-	10,698	10,698	10,860
Other operating expenses	-	14,286	152,417	685	-	19,363	172,465	177,445
Depreciation	-	3,114	60,873	-	-	1,747	62,620	57,319
TOTAL FUNCTIONAL EXPENSES	\$ 46,341	\$ 1,291,460	\$ 8,459,973	\$ 69,219	\$ 347	\$ 181,171	\$ 8,710,710	\$ 8,552,212

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020
(With Summarized Information for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 683,947	\$ (69,493)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	62,620	57,319
(Increase) decrease in		
Accounts receivable	(6,080)	7,427
Contributions receivable	(2,575)	38,822
Government grants receivable	(660,810)	229,918
Prepaid expenses	(6,316)	(15,034)
Lease deposits	5,946	(3,215)
Cash and cash equivalents designated for endowment	(982)	(844)
Increase (decrease) in		
Accounts payable	107,523	(20,839)
Accrued expenses	193,356	(50,269)
Refundable grant advance	(3,959)	(1,250)
Total adjustments	<u>(311,277)</u>	<u>242,035</u>
Net cash from operating activities	<u>372,670</u>	<u>172,542</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(90,902)</u>	<u>(38,087)</u>
Net cash from investing activities	<u>(90,902)</u>	<u>(38,087)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	598,544	420,088
Payments on line of credit	(598,544)	(420,088)
Principal payments on long-term debt	<u>(14,173)</u>	<u>(13,609)</u>
Net cash from financing activities	<u>(14,173)</u>	<u>(13,609)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	267,595	120,846
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>465,644</u>	<u>344,798</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 733,239</u>	<u>\$ 465,644</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid during the year	<u>\$ 10,698</u>	<u>\$ 10,860</u>

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(With Summarized Information for June 30, 2019)

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, Crystal Lake, Princeton, LaSalle, Rockford, and Aurora. The Organization's primary sources of revenue are fees and grants from the Illinois Department of Children and Family Services (DCFS) and the Illinois Department of Human Services (DHS).

A description of the Organization'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 ages 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. The Organization 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 degree and licensed therapists trained in child and family centered intervention; includes individual, marital, and family counseling.

Child Development: A child day care facility licensed by DCFS, the National Council of Accreditation for Children and Family Services, and rated by the Quality Counts Quality Rating System (QRS). Accepts children ages 15 months to 6 years of age. The facility was closed on September 30, 2018.

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

1. NATURE OF ACTIVITIES (Continued)

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

Other Family Cash Assistance: A program providing specific cash assistance to individuals meeting eligibility criteria.

Intact Family: A program established by 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 Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Cash and Cash Equivalents

The Organization considers highly liquid investments with an initial maturity of less than three months to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization maintains cash balances at various institutions that at times exceed federally insured limits. Uninsured cash balances were \$472,119 and \$79,887 for the years ended June 30, 2020 and 2019, respectively. Management believes the Organization is not exposed to any significant credit risk on its balances.

Accounts Receivable

Accounts receivable are recorded at net realizable value and are due within one year or less. Balances that are still outstanding after management has used reasonable collection efforts are considered past due and are written off through a charge to the valuation allowance and a credit to accounts receivable. 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, 2020 and 2019.

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. The Organization considers all contributions receivable to be fully collectible at June 30, 2020 and 2019, and therefore, did not provide for an allowance for doubtful accounts.

A portion of the Organization's revenue is derived from grants which are conditional upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable grant advance in the statement of financial position. The Organization had conditional contributions of approximately, \$73,248 and \$5,407 that have not been recognized as of June 30, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred.

Certificates of Deposit Designated for Endowment

Certificates of deposit are held for long term investment purposes and carried at amortized cost. Certificates of deposit designated for endowment are not considered to be cash equivalents.

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, 2020 and 2019, and therefore, did not provide for an allowance for doubtful accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization's primary source of revenue includes fee-for-service contracts from DCFS, DHS and other agencies. Revenues under these contracts are recognized when earned. Revenues received in advance of services provided are recorded as deferred revenue.

Government agency grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses, and revenue is recognized when the conditions are met.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value, if donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

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:

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 (USGAAP).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation (Continued)

Direct Program Expenses: Wherever possible within the principles of materially and reasonably accurate accounting practices, the Organization attempts to identify the expenses associated to a specific program. These are the direct program expenses. The gross wages of the staff assigned to a specific program are a direct, identified program expense. In most cases, members of the staff are assigned to one specific program. However, if a given staff member is assigned to more than one program, the total salary of the staff member is charged, at the time of wage payment, to the various programs in which the staff member is engaged in on some reasonable allocation basis, such as days or hours that the staff member devoted to the program. Salary related expenses, such as employer's share of FICA taxes, insurance, fringe benefit costs, etc., are accounted for in the same manner as the related staff salaries and are accordingly a directly identified program expense. Other directly identified program expenses consist of any expense which is directly associated to a specific program activity.

Allocated Program Expenses: These are expenses associated with program services; however, they are not specifically identifiable to one program. These expenses would include support staff wages, rent/leases, utilities, janitorial services, housekeeping supplies, office supplies, telephone, etc. The Organization allocates these costs based on employee headcount by program and by location.

Management and General Expenses: These expenses relate to the overall operation of the Organization. They are ordinary and necessary but are not directly attributable to a specific program activity. These expenses would include business management, human resources, accounting, data processing, budgeting, etc.

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 support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 contributions without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with USGAAP 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.

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 USGAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

New Accounting Standards

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14 and ASU No. 2020-05, which supersedes or replaces nearly all USGAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended, is effective for nonpublic companies for annual reporting periods beginning after December 15, 2019, and interim periods within the annual period beginning after December 15, 2020. The Organization is currently assessing the impact of this new standard.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, as amended by ASU No. 2020-05, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 as amended is effective for nonpublic entities for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

FASB has issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as a resource recipient, and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as a resource provider. Early adoption is permitted. The Organization has adopted this standard for the fiscal year ending June 30, 2020. The Organization has adopted ASU No. 2018-08 on a modified prospective basis in the accompanying financial statements. The adoption of this new accounting pronouncement did not have a material impact on the financial statements.

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

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and services as well as the conduct of services undertaken to support those activities to be general expenditures.

Cash and cash equivalents	\$ 733,239
Accounts receivable	297,814
Contributions receivable	62,835
Government grants receivable	<u>1,291,093</u>
 Total financial assets	 2,384,981
 Less amounts not available to be used for general expenditures within one year due to donor-imposed restrictions	 <u>(16,501)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	 <u><u>\$ 2,368,480</u></u>

4. LINE OF CREDIT

The Organization has \$800,000 available on a line of credit with a local bank at June 30, 2019. 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, 2019). 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 expired July 17, 2019. The outstanding balance was \$0 as of June 30, 2019.

The Organization has \$400,000 available on a line of credit with a local bank at June 30, 2020. The interest rate on the line of credit is the greater of 5.32% or the prime rate plus 1.07% (the prime rate was 5.50% at June 30, 2020, respectively). The line of credit agreement is collateralized by mortgage and assignment of rents, security agreement, and certificates of deposit. Monthly payments of accrued interest calculated on the amount of credit outstanding are required. The line of credit agreement expires July 17, 2021. The outstanding balance was \$0 as of June 30, 2020.

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

5. 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 was recalculated at 5.0%. Interest is payable at a fixed rate of 5.0%, through January 1, 2024, 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 until January 1, 2019. The principal balance of the loan as of January 1, 2019 was \$112,298, and subsequent monthly payments of principal and interest of \$1,183 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 outstanding principal balance was \$98,933 and \$107,940 as of June 30, 2020 and 2019, respectively.

On January 25, 2017, the Organization entered into a note payable in the amount of \$105,000, with interest payable at a fixed rate of 5.375% through July 31, 2022, at which time the interest rate is subject to recalculation. Beginning on March 15, 2017 through August 15, 2017, monthly payments of interest only are due. Beginning on September 1, 2017, monthly payments of principal and interest of \$851 are required. The outstanding principal and interest of the loan are due as of the maturity date, July 31, 2032. The note is secured by a mortgage lien on the land and building. The outstanding principal balance was \$91,050 and \$96,216 as of June 30, 2020 and 2019, respectively.

The future maturities of notes payable at June 30, 2020 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 15,084
2022	15,827
2023	16,195
2024	17,013
2025	17,872
Thereafter	<u>107,992</u>
TOTAL	<u><u>\$ 189,983</u></u>

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

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019, consist of the following program and purpose restrictions:

	2020	2019
Runaway and homeless youth counseling	\$ 10,336	\$ 11,632
Homeless prevention	3,998	5,165
Treatment	2,167	2,416
TOTAL	\$ 16,501	\$ 19,213

During the year ended June 30, 2019, the Organization entered into an agency participation agreement with United Way of Eastern LaSalle County for the period January 1, 2019 through December 31, 2019. In connection with this agreement, the Organization will receive \$10,330 for youth outreach counseling and \$10,670 for homeless and runaway youth programs. As of June 30, 2019, net assets with donor restrictions include \$5,165 and \$5,335 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

During the year ended June 30, 2020, the Organization entered into an agency participation agreement with United Way of Eastern LaSalle County for the period January 1, 2020 through December 31, 2020. In connection with this agreement, the Organization will receive \$8,505 for youth outreach counseling and \$7,995 for homeless and runaway youth programs. As of June 30, 2020, net assets with donor restrictions include \$4,253 and \$3,998 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

7. OPERATING LEASES

The Organization conducts the major part of its operations from leased facilities which include office and residential space, with expiration dates ranging through December 1, 2020. 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, with expiration dates ranging through September 30, 2020. Total rent expense under these leases was \$357,809 and \$353,065 for the years ended June 30, 2020 and 2019, respectively.

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

7. 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, 2020:

<u>Years Ending June 30,</u>	
2021	\$ 318,939
2022	229,125
2023	<u>45,480</u>
TOTAL MINIMUM PAYMENTS REQUIRED	<u>\$ 593,544</u>

8. CONCENTRATION OF MAJOR GRANTORS

Approximately 77% and 68% of the Organization's outstanding government grants receivable at June 30, 2020 and 2019, respectively, is due from the Illinois Department of Children and Family Services, and approximately 79% and 77% of the Organization's total revenue was received from the Illinois Department of Children and Family Services for the years ended June 30, 2020 and 2019, respectively. A significant reduction in the level of this support, if this were to occur, would have an effect on the Organization's programs.

9. TAX-EXEMPT STATUS

Youth Service Bureau of Illinois Valley, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Youth Service Bureau of Illinois Valley, Inc. is not classified as a private foundation.

10. 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 \$206,665 and \$0 were made to the plan for the years ended June 30, 2020 and 2019, respectively.

11. ENDOWMENTS

The Organization has designated a portion of its net assets without donor restrictions 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, 2020 and 2019, all endowment assets were board designated and without donor restrictions. The Organization's investment policy provides for short-term investment in certificates of deposit to provide safety, liquidity, and return. The Organization's spending policy provides that the Organization may withdraw endowment funds as needed for operations.

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

11. ENDOWMENTS (Continued)

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

	Net Assets Without Donor Restrictions
ENDOWMENT NET ASSETS, JULY 1, 2018	\$ 168,340
Investment income	844
Appropriation of endowment assets for expenditure	-
ENDOWMENT NET ASSETS, JUNE 30, 2019	169,184
Investment income	982
Appropriation of endowment assets for expenditure	-
ENDOWMENT NET ASSETS, JUNE 30, 2020	<u>\$ 170,166</u>

12. RELATED PARTY TRANSACTIONS

Donations from board members totaled \$300 and \$1,155 during the years ended June 30, 2020 and 2019, respectively.

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 24, 2020, the date on which the financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

Risk and Uncertainties

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range industries and countries could be severely impacted for a month or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.