



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

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

**For the Year Ended June 30, 2021
(With Summarized Information for June 30, 2020)**

SIKICH.COM

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	3-4
FINANCIAL STATEMENTS	
Statement of Financial Position	5-6
Statement of Activities	7
Statement of Functional Expenses	8-9
Statement of Cash Flows.....	10
Notes to Financial Statements	11-25

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

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, 2021, 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, 2021, 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. 2014-09, *Revenue from Contracts with Customers*. 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 2020 financial statements, and our report dated November 24, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich LLP

Naperville, Illinois
November 18, 2021

FINANCIAL STATEMENTS

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(With Summarized Information for June 30, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,469,761	\$ 733,239
Accounts receivable	1,494,489	1,453,617
Contributions receivable	30,820	25,875
Government grants receivable	134,505	172,250
Prepaid insurance	85,127	38,728
Other prepaid expenses	22,348	22,785
Total current assets	3,237,050	2,446,494
PROPERTY AND EQUIPMENT		
Land	36,000	36,000
Buildings and building improvements	1,009,178	990,845
Vehicles	205,653	176,963
Furniture and equipment	202,088	247,480
Subtotal	1,452,919	1,451,288
Less accumulated depreciation	(972,781)	(952,913)
Net property and equipment	480,138	498,375
OTHER ASSETS		
Certificates of deposit designated for endowment	170,788	170,166
Lease deposits	4,715	4,715
Investments	1,470	1,470
Total other assets	176,973	176,351
TOTAL ASSETS	\$ 3,894,161	\$ 3,121,220

(This statement is continued on the following page.)

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2021

(With Summarized Information for June 30, 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 361,236	\$ 288,951
Accrued expenses	851,559	471,512
Notes payable	15,827	15,084
Deferred revenue	14,762	1,448
Total current liabilities	1,243,384	776,995
LONG-TERM LIABILITIES		
Notes payable, less current portion	159,237	174,899
Total long-term liabilities	159,237	174,899
NET ASSETS		
Without donor restrictions		
Board designated for endowment	170,788	170,166
Net investment in property and equipment	480,138	498,375
Undesignated	1,824,113	1,484,284
Total without donor restrictions	2,475,039	2,152,825
With donor restrictions	16,501	16,501
Total net assets	2,491,540	2,169,326
TOTAL LIABILITIES AND NET ASSETS	\$ 3,894,161	\$ 3,121,220

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

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

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Fees for services	\$ 11,150,289	\$ -	\$ 11,150,289	\$ 8,016,012
Grants	1,257,052	16,501	1,273,553	1,217,236
Contributions	35,446	-	35,446	54,226
Interest income	3,375	-	3,375	6,262
Special events	-	-	-	2,975
Other income	73,022	-	73,022	97,946
Net assets released from restrictions	16,501	(16,501)	-	-
Total revenues, gains, and other support	12,535,685	-	12,535,685	9,394,657
EXPENSES				
Program services				
Foster care	8,259,546	-	8,259,546	5,343,549
Parenting	111,412	-	111,412	101,470
Runaway and homeless youth counseling	412,798	-	412,798	536,348
Homeless prevention	376,229	-	376,229	206,373
Redeploy	651,983	-	651,983	436,942
Treatment	443,877	-	443,877	401,989
Hispanic services	136,013	-	136,013	95,501
Other family cash assistance	80,079	-	80,079	46,341
Intact family	1,433,630	-	1,433,630	1,291,460
Total program expenses	11,905,567	-	11,905,567	8,459,973
Support services				
Fundraising	67,954	-	67,954	69,219
Costs of direct benefits to donors	-	-	-	347
Management and general	239,950	-	239,950	181,171
Total support services	307,904	-	307,904	250,737
Total expenses	12,213,471	-	12,213,471	8,710,710
CHANGE IN NET ASSETS	322,214	-	322,214	683,947
NET ASSETS, BEGINNING OF YEAR	2,152,825	16,501	2,169,326	1,485,379
NET ASSETS, END OF YEAR	\$ 2,475,039	\$ 16,501	\$ 2,491,540	\$ 2,169,326

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021
(With Summarized Information for the Year Ended June 30, 2020)

	Program Services						
	Foster Care	Parenting	Runaway and Homeless Youth Counseling	Homeless Prevention	Redeploy	Treatment	Hispanic Services
EXPENSES							
Salaries and wages	\$ 3,459,904	\$ 70,677	\$ 283,199	\$ 236,662	\$ 451,260	\$ 288,305	\$ 108,485
Fringe benefits	1,041,963	24,968	71,254	43,213	135,375	74,459	16,879
Consultants	290,829	512	1,402	2,424	1,995	9,671	404
Consumable supplies	24,802	2,227	1,621	1,742	2,737	7,732	790
Occupancy	31,077	694	6,889	5,105	10,150	9,727	1,497
Local transportation	426,991	1,999	15,078	9,016	17,853	16,543	2,180
Noncapitalized equipment	43,784	448	1,358	2,715	2,838	2,243	353
Specific assistance to individuals	2,579,420	-	7,877	37,332	1,283	2,403	-
Lease/rent	202,715	7,110	10,034	2,126	15,185	14,435	3,124
Mortgage interest	-	-	-	-	-	-	-
Other operating expenses	103,841	2,252	12,069	31,516	11,532	15,535	2,301
Depreciation	54,220	525	2,017	4,378	1,775	2,824	-
TOTAL FUNCTIONAL EXPENSES	\$ 8,259,546	\$ 111,412	\$ 412,798	\$ 376,229	\$ 651,983	\$ 443,877	\$ 136,013

(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, 2021

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

	Program Services			Supporting Services		2021 Total	2020 Total
	Other Family Cash Assistance	Intact Family	Total Program Services	Fundraising	Management and General		
EXPENSES							
Salaries and wages	\$ -	\$ 979,515	\$ 5,878,007	\$ 51,248	\$ 42,477	\$ 5,971,732	\$ 4,564,343
Fringe benefits	-	241,593	1,649,704	14,317	83,534	1,747,555	1,138,013
Consultants	-	8,168	315,405	-	54,148	369,553	274,453
Consumable supplies	-	5,645	47,296	1,736	6,965	55,997	58,363
Occupancy	-	12,223	77,362	-	8,963	86,325	82,143
Local transportation	-	70,614	560,274	163	7,046	567,483	495,188
Noncapitalized equipment	-	3,298	57,037	-	2,785	59,822	51,327
Specific assistance to individuals	80,079	12,642	2,721,036	-	-	2,721,036	1,443,288
Lease/rent	-	80,118	334,847	-	839	335,686	357,809
Mortgage interest	-	-	-	-	9,493	9,493	10,698
Other operating expenses	-	16,506	195,552	490	21,844	217,886	172,465
Depreciation	-	3,308	69,047	-	1,856	70,903	62,620
TOTAL FUNCTIONAL EXPENSES	\$ 80,079	\$ 1,433,630	\$ 11,905,567	\$ 67,954	\$ 239,950	\$ 12,213,471	\$ 8,710,710

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021
(With Summarized Information for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 322,214	\$ 683,947
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	70,903	62,620
Increase (decrease) in		
Accounts receivable	(40,872)	(6,080)
Contributions receivable	(4,945)	(2,575)
Government grants receivable	37,745	(660,810)
Prepaid expenses	(45,962)	(6,316)
Lease deposits	-	5,946
Increase (decrease) in		
Accounts payable	72,285	107,523
Accrued expenses	380,047	193,356
Deferred revenue	13,314	(3,959)
Total adjustments	482,515	(310,295)
Net cash from operating activities	804,729	373,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest on certificates of deposit designated for endowment	(622)	(982)
Purchase of property and equipment	(52,666)	(90,902)
Net cash from investing activities	(53,288)	(91,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	598,544
Payments on line of credit	-	(598,544)
Principal payments on long-term debt	(14,919)	(14,173)
Net cash from financing activities	(14,919)	(14,173)
NET INCREASE IN CASH AND CASH EQUIVALENTS	736,522	267,595
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	733,239	465,644
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,469,761</u>	<u>\$ 733,239</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid during the year	<u>\$ 9,493</u>	<u>\$ 10,698</u>

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(With Summarized Information for June 30, 2020)

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 degreeed and licensed therapists trained in child and family centered intervention; includes individual, marital, and family counseling.

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

1. NATURE OF ACTIVITIES (Continued)

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)

Cash and Cash Equivalents (Continued)

The Organization maintains cash balances at various institutions that at times exceed federally insured limits. Uninsured cash balances were \$1,197,141 and \$472,119 for the years ended June 30, 2021 and 2020, respectively. Management believes the Organization is not exposed to any significant credit risk on its balances.

Accounts Receivable

Accounts receivable include amounts due under fee-for-service contracts with state and local government agencies, 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, 2021 and 2020.

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, 2021 and 2020, 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 \$132 and \$377,100 that have not been recognized as of June 30, 2021 and 2020, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Grants Receivable

Government grants receivable consist of amounts due in one year or less and are reported at net realizable value. The Organization considers all government grants receivable to be fully collectible at June 30, 2021 and 2020, 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. 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

Revenue Recognition

Fee for Service: Fee-for-service revenue is primarily generated from foster care services, intact family services, redeploy services, as well as other services. Fee-for-service revenue is recorded at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These services are provided under contracts with DCFS, LaSalle County Court Services, and other agencies. Rates are set by the contracting agency. The performance obligations are the individual services outlined in the respective contracts and are fulfilled as those services are provided to the individuals served under the contracted programs. Progress for each service provided is measured based on the time elapsed method as the services are being provided on an hourly or daily basis and billed at an hourly or daily rate.

The services provided to DCFS include providing foster care homes for children who are medically fragile or have developmental disabilities. Children are provided specialized medical and mental health care services. The Organization trains foster parents in child development, behavioral management, alternative communication, and crisis prevention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The performance obligation is fulfilled as the foster care specialized service is provided to the individuals under the DCFS Foster Care program.

The services provided to DCFS through the intact family services program include professional assessment of family issues that lead to DCFS's involvement, short term arrangement of appropriate safety plans, and provision of direct intervention to program participants and linkage to community services.

The services provided to LaSalle County Court Services through the redeploy program include professional assessment of clients for program acceptance, therapy and caseworker sessions, development of individualized treatment/service plans, and transportation for program participants as required.

For foster care services, DCFS is billed for each day the child is in foster care services. For intact family services, DCFS is billed for both monthly and daily intervals, depending on level of service required for individuals served through the program. LaSalle County Court Services are invoiced monthly based on a predetermined fee schedule.

Generally, the Organization submits fee-for-service claims to the appropriate payors monthly; however the Organization may receive advance payments, which are then reconciled upon receipt of the monthly billing. When fees are collected in advance, a contract liability is recorded as deferred revenue, and revenue is subsequently recognized over time as the services are provided.

Timing of revenue recognition may differ from the timing of invoicing to customers. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined that these contracts generally do not include a significant financing component. Progress for fee-for-service billing is measured based on the time elapsed method, as the services are being provided on an hourly or per diem basis and billed at an hourly or per diem rate.

Throughout the year, rates may vary as determined by the State of Illinois, and the Organization records additional revenue resulting from a rate increase and records a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions or contractual adjustments, and the Organization considers these amounts in the determination of the transaction price. Significant judgements involved in the recognition of revenue include estimates of variable consideration based upon historical experience with contracts with the State of Illinois.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The key economic factors that affect the recognition of revenue is the availability of funding from contracting agencies, case load, geography, and type of program service. If for any reason funding was curtailed or cut it would have a significant impact on the Organization. See Note 8 for further disclosure of concentrations existing as of June 30, 2021 and 2020.

Grants: 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.

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 and government grants considered to be contributions whose restrictions are met in the same reporting periods are reported as contributions without donor restrictions.

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.

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 (IRC). Youth Service Bureau of Illinois Valley, Inc. is not classified as a private foundation.

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, 2020, from which the summarized information was derived.

New Accounting Standards

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, including amendments, 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 expands disclosures about revenue. ASU No. 2014-09 has been applied under the modified retrospective approach using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Results for reporting periods beginning after July 1, 2020 are presented under ASC 606, while prior period amounts continue to be reported in accordance with ASC 605. The adoption of this standard for the year ended June 30, 2021 did not result in a material change to the accounting for the Organization's revenue; as such, no cumulative effect adjustment was recorded. Upon implementation of ASU No. 2014-09, contracts with government agencies that represent exchange transactions were reclassified from government grants receivable to accounts receivable in order to facilitate disclosure of contract balances.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards (Continued)

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. A not-for-profit will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. For each category of contributed nonfinancial assets recognized, the standard requires a not-for-profit to disclose additional qualitative information and policies regarding monetization or utilization of contributed nonfinancial assets; information about any donor-imposed restrictions; valuation techniques and inputs; and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. ASU No. 2020-07, is effective for fiscal years beginning after June 15, 2021 with early adoption permitted. The Organization is currently assessing the impacts of this new standard.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 1,469,761	\$ 733,239
Accounts receivable	1,494,489	1,453,617
Contributions receivable	30,820	25,875
Government grants receivable	134,505	172,250
Total financial assets	3,129,575	2,384,981
Less amounts not available to be used for general expenditures within one year due to donor-imposed restrictions	(16,501)	(16,501)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 3,113,074</u>	<u>\$ 2,368,480</u>

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

3. LIQUIDITY AND AVAILABILITY (Continued)

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.

4. NOTES PAYABLE

The Organization's notes payable as of June 30, 2021 and 2020 are as follows:

	2021	2020
Note payable, dated November 30, 2012, with interest payable at a fixed rate of 5% through January 1, 2024, at which time the interest rate is subject to recalculation. 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.	\$ 89,465	\$ 98,933
Note payable dated January 25, 2017, with interest payable at a fixed rate of 5.375% through July 31, 2022, at which time the interest rate is subject to recalculation. 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.	85,599	91,050
Total notes payable	175,064	189,983
Less current portion	(15,827)	(15,084)
NOTES PAYABLE, LESS CURRENT PORTION	\$ 159,237	\$ 174,899

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

4. NOTES PAYABLE (Continued)

The future maturities of notes payable at June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 15,827
2023	16,195
2024	17,013
2025	17,872
2026	18,778
Thereafter	<u>89,379</u>
TOTAL	<u>\$ 175,064</u>

5. LINE OF CREDIT

The Organization has \$400,000 available on a line of credit with a local bank. 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 3.25% and 5.50% at June 30, 2021 and 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, 2023. The outstanding balance was \$0 as of June 30, 2021 and June 30, 2020.

6. 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, 2021 and 2020, 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)

6. 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, 2019	\$ 169,184
Investment income	982
Appropriation of endowment assets for expenditure	<u>-</u>
ENDOWMENT NET ASSETS, JUNE 30, 2020	170,166
Investment income	622
Appropriation of endowment assets for expenditure	<u>-</u>
ENDOWMENT NET ASSETS, JUNE 30, 2021	<u><u>\$ 170,788</u></u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020, consist of the following program and purpose restrictions:

	2021	2020
Runaway and homeless youth counseling	\$ 10,081	\$ 10,336
Homeless prevention	4,253	3,998
Treatment	<u>2,167</u>	<u>2,167</u>
TOTAL	<u><u>\$ 16,501</u></u>	<u><u>\$ 16,501</u></u>

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

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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.

During the year ended June 30, 2021, the Organization entered into an agency participation agreement with United Way of Eastern LaSalle County for the period January 1, 2021 through December 31, 2021. 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, 2021, 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.

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's disaggregated revenue by major customers for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
DCFS	\$ 10,355,741	\$ 7,403,985
LaSalle County Court Services	608,806	443,915
Other	185,742	168,112
TOTAL	<u>\$ 11,150,289</u>	<u>\$ 8,016,012</u>

The opening balances for contract assets (accounts receivable) from contracts with customers at the beginning of the year were \$1,453,617 at July 1, 2020 and \$782,199 at July 1, 2019.

The opening balances for contract liabilities (deferred revenue) from contracts with customers at the beginning of the year were \$1,448 at July 1, 2020 and \$5,407 at July 1, 2019.

9. CONCENTRATIONS

Approximately 77% of the Organization's outstanding accounts receivable at June 30, 2021 and 2020, is due from DCFS, and approximately 83% and 79% of the Organization's total revenue was received from DCFS for the years ended June 30, 2021 and 2020, respectively. A significant reduction in the level of this support, if this were to occur, would have an effect on the Organization's programs.

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

10. OPERATING LEASES

The Organization conducts the major part of its operations from leased facilities which include office and residential space, with expiration dates through November 30, 2022. 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 November 30, 2024. Total rent expense under these leases was \$335,686 and \$357,809 for the years ended June 30, 2021 and 2020, respectively.

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, 2021:

<u>Years Ending</u> <u>June 30,</u>	
2022	\$ 282,792
2023	92,413
2024	45,683
2025	<u>1,720</u>
TOTAL MINIMUM PAYMENTS REQUIRED	<u><u>\$ 422,608</u></u>

11. 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 \$580,271 and \$206,665 were made to the plan for the years ended June 30, 2021 and 2020, respectively.

12. RELATED PARTY TRANSACTIONS

Donations from board members totaled \$100 and \$300 during the years ended June 30, 2021 and 2020, respectively.

13. RISKS AND UNCERTAINTIES

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity across a broad range of industries and countries could be severely impacted for months 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.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 18, 2021, 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.