



## **YOUTH OUTLOOK**

Year ended December 31, 2018

Financial Statements and Supplementary Schedules

(With Independent Auditors' Report Thereon)

# YOUTH OUTLOOK

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## Independent Auditor's Report

To the Board of Directors of  
Youth Outlook

We have audited the accompanying financial statements of Youth Outlook (YO), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities and change in net assets, and cash 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 YO'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 YO'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.

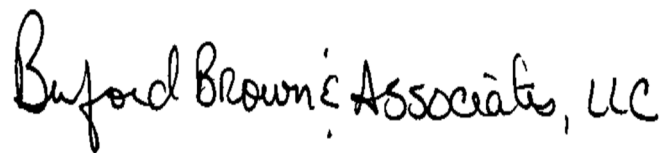
### Other Matters

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses, as required by accounting principles generally accepted in the United States of America, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Outlook as of December 31, 2018 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.

A handwritten signature in black ink that reads "Benford Brown & Associates, LLC". The signature is written in a cursive, flowing style.

Benford Brown & Associates, LLC  
Bolingbrook, IL  
October 29, 2019

## YOUTH OUTLOOK

### Statement of Financial Position

December 31, 2018

<b>Assets</b>	2018
Current assets:	
Cash	\$ 109,330
Total current assets	109,330
Noncurrent assets:	
Furniture and fixtures	11,190
Less: accumulated depreciation	(10,344)
Total noncurrent assets	846
Total assets	\$ 110,176
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ -
Total current liabilities	-
Net assets:	
Unrestricted	110,176
Total net assets	110,176
Total liabilities and net assets	\$ 110,176

The accompanying notes are an integral part of these financial statements.

## YOUTH OUTLOOK

### Statement of Activities and Change in Net Assets

For the year ended December 31, 2018

	2018
	Unrestricted
Revenue and other support:	
Grants	\$ 64,680
Contributions and gifts	152,613
Special events and activities	28,616
Other miscellaneous	38,718
<b>Total revenue and other support</b>	<b>284,627</b>
Expenses:	
Program services -	93,949
Supporting services -	
Management and general	148,692
Fundraising	28,117
<b>Total Supporting services</b>	<b>176,809</b>
<b>Total expenses</b>	<b>270,758</b>
<b>Increase in net assets</b>	<b>13,869</b>
<b>Net assets as of January 1, 2018</b>	<b>96,307</b>
<b>Net assets as of December 31, 2018</b>	<b>\$ 110,176</b>

The accompanying notes are an integral part of these financial statement

## YOUTH OUTLOOK

### Statement of Cash Flows

For the year ended December 31, 2018

	2018
Cash flows from operating activities:	
Increase in net assets	\$ 13,869
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	282
Net cash provided by operating activities	14,151
Net cash provided by investing activities	-
Net cash provided by financing activities	-
Net increase in cash	14,151
Cash as of January 1, 2018	95,179
Cash as of December 31, 2018	\$ 109,330

## YOUTH OUTLOOK

Notes to the Financial Statements

For the year ended December 31, 2018

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### (1) Organization Description

Youth Outlook is a not-for-profit organization devoted to providing a supportive environment for youth who are dealing with questions and issues about sexual orientation and personal growth.

Drop-in centers are designed to provide a non-threatening social environment, resource materials, and trained staff who plan and implement educational and recreational programs each evening.

### (2) Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

##### Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. As recommended by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, "Not-for-Profit Entities, Presentation of Financial Statements", the Universidad Popular reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets and changes therein are classified as follows:

Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions: Net assets not subject to donor-imposed restrictions.

With donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of Universidad Popular and/or passage of time. As of December 31, 2018, YO maintained no temporarily restricted net assets.

Revenues received for general purposes are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use are restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

#### Use of Estimates in Preparing Financial Statements

## **YOUTH OUTLOOK**

### Notes to the Financial Statements

For the year ended December 31, 2018

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

#### **Revenue Recognition**

YO accounts for contributions in accordance with FASB ASC 958-605, “Not-for-Profit Entities, Revenue Recognition” which supersedes SFAS No. 116, “Accounting for Contributions Received and Contributions Made”. Per FASB ASC 958-605, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

#### **Contributions**

The Organization accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. Per FASB ASC 958-605, contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

#### **Account Receivable**

Account receivable consists of grant and contribution agreements that were received during the calendar year and for which payment has not been received.

#### **Cash and Cash Equivalents**

YO considers cash on deposit at bank(s) and highly liquid investments with maturities of three months or less at the date of purchase to be cash.

#### **Income Taxes**

YO is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Service ((IRC). In addition, YO qualifies for the charitable contribution deduction under Section

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### Notes to the Financial Statements

For the year ended December 31, 2018

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170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the IRC.

YO had no unrelated business income during the year ended in December 31, 2018; consequently, no provision for federal or state income taxes has been made in the accompanying financial statements. YO determined that it was not required to record a liability related to uncertain tax positions.

### **Fair Value Measurements and Fair Value of Financial Instruments**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;
- Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity that is significant to the fair value of assets or liabilities.

The estimated fair value of certain financial instruments, including cash and cash equivalents and accounts payable are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

### **Donated Services**

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions of space, operating supplies, and expenses are recorded at their fair value when received.

## YOUTH OUTLOOK

Notes to the Financial Statements

For the year ended December 31, 2018

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### **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 converged and replaced existing revenue recognition guidance, including industry-specific guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should disclose sufficient information to enable the financial statement users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, which defers the effective date to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. This ASU allows two alternative methods for application, either retrospectively to each reporting period presented or a modified retrospective approach with a cumulative effect adjustment to net assets at the date of initial application. Management is currently evaluating the impact of adopting the provisions of this ASU.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to existing accounting standards. The guidance also eliminates current real estate specific provisions for all entities. This new guidance is effective for the fiscal years and interim periods within those fiscal years beginning after January 2021, with early adoption permitted. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Full retrospective application is prohibited. Management is currently evaluating the impact of adopting the provisions of this ASU.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will change certain financial statement requirements for not-for-profit (NFP) entities in the scope of Topic 958 in an effort to make the information more meaningful to users and make reporting less complex. NFP entities will no longer be required to distinguish between resources with temporary and permanent restrictions on the face of the financial statements. Additionally, NFP entities will be required to present expenses by their natural and functional classification and present investment returns net of external and direct internal investment expenses. This new guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. This guidance is to be applied retrospectively and early adoption is permitted. Management has adopted the provisions of this ASU.

In January 2017, the FASB issued ASU No. 2017-2, *Not-for-Profit Entities - Consolidation (Subtopic 958-810)*. The amendments in this Update maintain how not-for-profit general

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### Notes to the Financial Statements

For the year ended December 31, 2018

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partners currently apply the consolidation guidance in Subtopic 810-20 by including that guidance within Subtopic 958-810. The amendments also add to Subtopic 958-810 the general guidance in Subtopic 810-10 on when not-for-profit limited partners should consolidate a for-profit limited partnership. The provisions of this standard are effective for fiscal years beginning after December 15, 2016 for public business entities and early adoption is permitted. Management has determined that adopting this standard will not have a significant effect upon its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. This ASU is effective for annual periods beginning after June 15, 2018, including interim periods therein, and will be applied on a modified prospective basis. Management is currently evaluating the impact of adopting the provisions of this ASU.

### (3) Furniture and Equipment

Furniture and equipment are stated at cost. Provisions for depreciation of furniture and equipment are computed using the straight-line method based upon the estimated useful lives of the related assets. The estimated useful life for furniture and equipment is 3 to 10 years. YO generally capitalizes items costing over \$100 or more. Depreciation expense was \$282 in 2018.

Furniture and Fixture Expense	\$11,190
Accumulated Depreciation	<u>(10,344)</u>
Net	<u>\$846</u>

### (4) Significant Concentrations

#### Credit Risk

YO maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through December 31, 2018. As of December 31, 2018, YO did not have deposits in accounts in excess of FDIC insured limits.

#### Market Risk

## **YOUTH OUTLOOK**

Notes to the Financial Statements

For the year ended December 31, 2018

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YO's total revenues for the year ended December 31, 2018 amounted to \$284,628. Of this amount received during fiscal year 2018, \$217,293 (76%) was grants and contributions. This concentration on grant and contributions puts YO at risk in the event there is a significant change in the economy resulting in less donations from organizations. Additionally, YO is also subject to the management decisions and operating results of these pass-through agencies.

### **(5) Subsequent Events**

For the fiscal year ending December 31, 2018, YO's management has evaluated subsequent events through October 29, 2019, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

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### Statement of Functional Expenses

For the year ended December 31, 2018

	2018				
	Program services	Supporting services		Total supporting	Total expenses
		Management and general	Fundraising		
Expenses:					
Salaries and payroll taxes	\$ 50,480	\$ 102,854	-	\$ 102,854	\$ 153,334
Employee benefits	7,763	7,763	-	7,763	15,526
Advertising	1,346	-	-	-	1,346
Bank and credit card charges	1,135	231	-	231	1,366
Depreciation	282	-	-	-	282
Insurance	-	14,521	-	14,521	14,521
License and fees	-	13	-	13	13
Office expense	2,310	4,951	-	4,951	7,261
Other	15,696	-	-	-	15,696
Printing, copying and publications	57	-	-	-	57
Professional fees	6,138	9,741	2,680	12,421	18,559
Rent	-	960	-	960	960
Special events and activities	4,160	-	25,437	25,437	29,597
Supplies	1,734	313	-	313	2,047
Telephone	-	4,141	-	4,141	4,141
Travel and mileage	2,848	3,204	-	3,204	6,052
<b>Total expenses</b>	<b>\$ 93,949</b>	<b>\$ 148,692</b>	<b>28,117</b>	<b>\$ 176,809</b>	<b>\$ 270,758</b>

The accompanying notes are an integral part of these financial statements.