



YOUTH OUTLOOK

Year ended December 31, 2019

Financial Statements

(With Independent Auditors' Report Thereon)

YOUTH OUTLOOK

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**343 North Schmidt Road
Bolingbrook, IL 60440
(630) 679-9424
Fax (630) 679-9432**

www.benfordbrown.com

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, 2019, and the related statement of activities, cash flows, and functional expenses 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 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 the 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.

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, 2019 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.

Benford Brown & Associates, LLC

Benford Brown & Associates, LLC
Bolingbrook, IL
August 13, 2020

YOUTH OUTLOOK

Statement of Financial Position

December 31, 2019

Assets	
Current assets:	
Cash	\$ 68,016
Contribution receivable	1,000
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Total current assets	69,016
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Noncurrent assets:	
Furniture and fixtures	11,190
Less: accumulated depreciation	(10,625)
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Total noncurrent assets	565
<hr/>	
Total assets	\$ 69,581
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Liabilities and Net Assets	
Current liabilities:	
Accounts payable & accrued payroll	\$ 11,084
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Total current liabilities	11,084
<hr/>	
Net assets:	
Without donor restrictions	47,506
With donor restrictions	10,991
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Total net assets	58,497
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Total liabilities and net assets	\$ 69,581
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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, 2019

	Funds Without Donor Restrictions	Funds With Donor Restrictions	Total
Revenue and other support:			
Grants	\$ 8,450	\$ -	\$ 8,450
Contributions and gifts	242,539	-	242,539
Special events and activities	448	-	448
Other miscellaneous	387	-	387
Total revenue and other support	251,823	-	251,823
Expenses:			
Program services -	102,732	-	102,732
Supporting services -			-
Management and general	172,935	-	172,935
Fundraising	28,117	-	28,117
Total supporting services	201,052		201,052
Total expenses	303,784	-	303,784
Decrease in net assets	(51,961)	-	(51,961)
Net assets as of January 1, 2019	99,467	10,991	110,458
Net assets as of December 31, 2019	\$ 47,506	\$ 10,991	\$ 58,497

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

YOUTH OUTLOOK

Statement of Cash Flows

For the year ended December 31, 2019

Cash flows from operating activities:	
Decrease in net assets	\$ (51,961)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	564
Increase in accounts receivable	(1,000)
Increase in accrued payroll	11,083
Net cash used in operating activities	(41,314)
Net cash provided by investing activities	-
Net cash provided by financing activities	-
Net decrease in cash	(41,314)
Cash as of January 1, 2019	109,330
Cash as of December 31, 2019	\$ 68,016

YOUTH OUTLOOK

Statement of Functional Expenses

For the year ended December 31, 2019

	Program services	Supporting services		Total supporting	Total expenses
		Management and general	Fundraising		
Expenses:					
Salaries and payroll taxes	\$ 48,309	\$ 135,969	-	\$ 135,969	\$ 184,278
Employee benefits	8,059	8,059	-	8,059	16,118
Advertising	2,412	-	-	-	2,412
Bank and credit card charges	-	-	-	-	-
Depreciation	564	-	-	-	564
Insurance	-	8,711	-	8,711	8,711
License and fees	392	13	-	13	405
Office expense	1,085	2,304	-	2,304	3,389
Other	6,194	-	-	-	6,194
Printing, copying and publications	1,162	-	-	-	1,162
Professional fees	17,484	9,741	2,680	12,421	29,905
Rent	-	480	-	480	480
Special events and activities	1,419	-	25,437	25,437	26,856
Supplies	5,531	313	-	313	5,844
Telephone	120	4,141	-	4,141	4,261
Travel and mileage	9,710	3,204	-	3,204	12,914
Total expenses	\$ 102,732	\$ 172,935	28,117	\$ 201,052	\$ 303,784

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

YOUTH OUTLOOK

Notes to the Financial Statements

For the year ended December 31, 2019

(1) Organization Description

Youth Outlook (YO) is a 501(c)(3) not-for-profit organization in Illinois who is devoted to providing a supportive environment for youth who are dealing with questions and issues about sexual orientation and personal growth.

YO was established in 1996 and currently run Drop-in centers 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 YO and/or passage of time. As of December 31, 2019, all donor restricted net assets represent endowment funds in the amount of \$10,991, the principal of which is held in-tact.

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.

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Notes to the Financial Statements

For the year ended December 31, 2019

New Accounting Pronouncement Adopted

During the year ended June 30, 2019, YO adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets – those with restrictions and those without restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses. "Accordingly, certain amounts reported for July 1, 2018 were reclassified to conform to the adopted accounting pronouncement."

Use of Estimates in Preparing Financial Statements

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.

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 and cash equivalents.

Accounts Receivable, Accounts Payable and Accrued Expenses

The carrying amounts approximate fair value because of the short-term maturity of these instruments. Account receivable consists of grant and contribution agreements that were received during the calendar year and for which payment has not been received.

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Notes to the Financial Statements

For the year ended December 31, 2019

Capital Assets

Capital assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed. The assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated useful life</u>	<u>Method</u>
Furniture, Fixtures & Equipment	5 years	Straight-line

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.

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 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.

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Notes to the Financial Statements

For the year ended December 31, 2019

YO had no unrelated business income during the year ended December 31, 2019; 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.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement presents the natural classification detail of expenses by function for certain categories of expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statement reports certain categories of expenses that are attributed to one or more program or supporting function of CIT. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and health benefits, which are allocated based on employees' actual time worked for each program.

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.

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Notes to the Financial Statements

For the year ended December 31, 2019

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.

Recently Implemented Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets – those with restrictions and those without restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses. YO adopted ASU 2016-14 effective in fiscal year 2019. Accordingly, certain amounts previously reported for fiscal year 2018 were reclassified to conform to the fiscal year 2019 presentation.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of this standard are effective for fiscal years beginning after December 15, 2017 for public business entities and December 15, 2018 for all other entities and early adoption is permitted. YO has adopted ASU 2016-18 effective in fiscal year 2019 and there was no impact to the 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

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Notes to the Financial Statements

For the year ended December 31, 2019

modified prospective basis. YO has adopted ASU 2018-08 effective in fiscal year 2019 and the impact was not material to the financial statements.

Recent Accounting Pronouncements to be Considered for Implementation

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU requires that leases recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The provisions of this standard are effective for fiscal years beginning after December 15, 2021, as extended by ASU 2020-05 and early adoption is permitted. Management is currently assessing the potential effect of this ASU to the financial statements.

(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 2019.

Furniture and Fixture Expense	\$11,190
Accumulated Depreciation	<u>(10,626)</u>
Net	<u>\$564</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, 2019. As of December 31, 2019, YO did not have deposits in accounts in excess of FDIC insured limits.

Market Risk

YO's total revenues for the year ended December 31, 2019 amounted to \$250,824. Of this amount received during fiscal year 2019, \$249,989 (99%) 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.

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Notes to the Financial Statements

For the year ended December 31, 2019

The following reflects YO's financial assets of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position because of contractual obligations:

	<u>2019</u>
Cash and cash equivalents	\$ 68,016
Less: cash for accounts payable	<u>(4,841)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 63,175</u>

Due to the nature of the YO's cash flow, it is customary for Operational funds to be obtained during each respective year.

(6) Net Assets

Net assets previously reported as of December 31, 2018 were restated to conform to the presentation and disclosure requirements necessitated by the adoption of the accounting standards update ASU 2016-14 as described in Note 2. Accordingly, net assets as of December 31, 2018 were restated as follows:

	<u>As Previously Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 110,176	\$ -
Net assets without donor restrictions	-	99,185
Temporarily restricted	-	-
Net assets with donor restrictions	<u>-</u>	<u>10,991</u>
	<u>\$ 110,176</u>	<u>\$ 110,176</u>

(7) Subsequent Events

For the fiscal year ending December 31, 2019, YO's management has evaluated subsequent events through August 13, 2020, 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.

YO has evaluated subsequent events for potential recognition and /or disclosure through August 13, 2020, the date financial statements were available to be issued. On March 11, 2020, the World Health Organization (WHO) recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity

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Notes to the Financial Statements

For the year ended December 31, 2019

YO has evaluated subsequent events for potential recognition and /or disclosure through August 13, 2020, the date financial statements were available to be issued. On March 11, 2020, the World Health Organization (WHO) recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the State of Illinois issued a stay-at-home order from March 21 to May 29, 2020 as a protective action to prevent the spread of COVID-19. The stay-at-home order-imposed restrictions on travel and business operations and required individuals to stay at home except to perform essential activities.

Lastly, given the uncertainty regarding the spread of COVID-19, the further financial impact of the pandemic upon YO cannot be reasonably estimated at this time.