

Youth Outlook
Audited Financial Statements
For the Years Ended December 31, 2022 and 2021
(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of
Youth Outlook
Naperville, IL 60563

Opinion

We have audited the accompanying financial statements of Youth Outlook (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ligke Gross : On, PC

Elgin, Illinois
November 15, 2023

Youth Outlook
Statements of Financial Position
December 31, 2022 and 2021

Assets		2022	Restated 2021
		<u>2022</u>	<u>Restated 2021</u>
Current Assets:			
Cash and cash equivalents	\$	123,086	\$ 220,933
Receivables		166,879	1,400
Employee retention credit receivable		79,649	-
Total Current Assets		<u>369,614</u>	<u>222,333</u>
Property and Equipment, net		<u>2,602</u>	<u>1,964</u>
Total Assets	\$	<u><u>372,216</u></u>	\$ <u><u>224,297</u></u>

Liabilities and Net Assets

Current Liabilities:			
Accounts payable	\$	16,500	\$ 7,000
Unearned revenue		17,900	-
Total Current Liabilities		<u>34,400</u>	<u>7,000</u>
Net Assets:			
Without donor restrictions		25,051	131,686
With donor restrictions		312,765	85,611
Total Net Assets		<u>337,816</u>	<u>217,297</u>
Total Liabilities and Net Assets	\$	<u><u>372,216</u></u>	\$ <u><u>224,297</u></u>

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

Youth Outlook
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022			Restated 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions and gifts	\$ 108,448	\$ 4,230	\$ 112,678	\$ 202,671	\$ 74,667	\$ 277,338
Special events and activities, net of expenses of \$22,640 and \$23,952, respectively	44,819	-	44,819	20,367	-	20,367
Grants	142,474	223,025	365,499	34,430	-	34,430
In-kind contributions	7,317	-	7,317	1,800	-	1,800
Employee retention credit income	79,649	-	79,649	-	-	-
Miscellaneous income	1,546	-	1,546	1,901	-	1,901
Total Revenue and Support	<u>384,253</u>	<u>227,255</u>	<u>611,508</u>	<u>261,169</u>	<u>74,667</u>	<u>335,836</u>
Expenses:						
Program services	235,243	101	235,344	144,910	-	144,910
General and administrative expenses	254,133	-	254,133	165,984	-	165,984
Fundraising expenses	1,512	-	1,512	813	-	813
Total Expenses	<u>490,888</u>	<u>101</u>	<u>490,989</u>	<u>311,707</u>	<u>-</u>	<u>311,707</u>
Change in Net Assets	(106,635)	227,154	120,519	(50,538)	74,667	24,129
Net Assets, Beginning of Year	131,686	85,611	217,297	186,900	10,994	197,894
Prior Period Adjustments	-	-	-	(4,676)	(50)	(4,726)
Net Assets, End of Year	<u>\$ 25,051</u>	<u>\$ 312,765</u>	<u>\$ 337,816</u>	<u>\$ 131,686</u>	<u>\$ 85,611</u>	<u>\$ 217,297</u>

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

Youth Outlook
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 120,519	\$ 24,129
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	562	424
Effects of changes in operating assets and liabilities:		
Receivables	(165,479)	(522)
Employee retention credit receivable	(79,649)	-
Accounts payable	9,500	(12,277)
Unearned revenue	17,900	-
Net Cash Provided by Operating Activities	<u>(96,647)</u>	<u>11,754</u>
 Cash Flow from Investing Activities:		
Purchase of property and equipment	<u>(1,200)</u>	<u>(1,148)</u>
Net Cash Used in Investing Activities	<u>(1,200)</u>	<u>(1,148)</u>
 Net Increase in Cash	(97,847)	10,606
 Cash, Beginning of Year	<u>220,933</u>	<u>210,327</u>
 Cash, End of Year	<u>\$ 123,086</u>	<u>220,933</u>

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

Youth Outlook
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising Expenses			General and Administrative	Fundraising Expenses	
Expenses:								
Salaries and payroll taxes	\$ 122,653	\$ 243,915	\$ -	\$ 366,568	\$ 73,158	\$ 161,923	\$ -	\$ 235,081
Advertising	3,182	-	-	3,182	2,701	-	-	2,701
Bank and credit card charges	314	-	-	314	143	-	-	143
Depreciation	562	-	-	562	424	-	-	424
Dues and subscriptions	4,881	-	-	4,881	6,760	-	-	6,760
Insurance	28,279	10,218	-	38,497	22,531	4,061	-	26,592
License and fees	20	-	-	20	15	-	-	15
Office expenses	7,407	-	-	7,407	3,279	-	-	3,279
Information technology	426	-	-	426	1,607	-	-	1,607
Other	22,284	-	-	22,284	3,502	-	-	3,502
Postage	247	-	-	247	142	-	-	142
Printing, copying, and publications	2,521	-	-	2,521	813	-	-	813
Professional fees	25,355	-	-	25,355	18,106	-	-	18,106
Special events and activities	-	-	1,512	1,512	-	-	813	813
Supplies	7,818	-	-	7,818	5,081	-	-	5,081
Telephone	5,174	-	-	5,174	5,050	-	-	5,050
Travel and mileage	4,221	-	-	4,221	1,598	-	-	1,598
Total Expenses	<u>\$ 235,344</u>	<u>\$ 254,133</u>	<u>\$ 1,512</u>	<u>\$ 490,989</u>	<u>\$ 144,910</u>	<u>\$ 165,984</u>	<u>\$ 813</u>	<u>\$ 311,707</u>

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

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

Nature of Activities:

Youth Outlook (the “Organization”) is an Illinois 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. The Organization’s major sources of revenue include donations, special events and activities, and grants.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with United States Generally Accepted Accounting Principles applicable to non-profit organizations.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (“ASU”) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions, which will either be met by the Organization’s actions, the passage of time, or are perpetual in nature. Net assets with donor restrictions assets are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Revenue Recognition:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance 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 entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, “ASC 606”) in 2019 under the modified retrospective method.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization’s adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on the Organization’s financial statements were examined in conjunction with one another. Certain of the Organization’s revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08.

In the following table, revenue from contracts with customers is disaggregated by major services lines and timing of revenue recognition:

Major service lines	2022	2021
Special events and activities, net of direct expenses	\$ 44,819	\$ 44,319
	\$ 44,819	\$ 44,319
Timing of revenue recognition		
Services or products transferred at a point in time	\$ 44,819	\$ 44,319
Services or products transferred over time	-	-
	\$ 44,819	\$ 44,319

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

The majority of the Organization's revenue, which are generated from donations, grants, interest income, and miscellaneous revenue are not from contracts with customers. Total revenue from these sources were \$576,907 and \$315,469 for the years ended December 31, 2022 and 2021, respectively.

Contributions:

The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions and grants received are recorded as support and revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unrestricted contributions are recognized when received and when promised.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support, if any, is reported as an increase in net assets with donor restrictions. When a donor restriction expires, such as 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 and Changes in Net Assets as net assets released from restrictions.

Donated Goods and Services:

Donated services are recognized as contributions in accordance with FASB ASC 958-225 if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. These contributions are recorded at their fair values in the period received and are presented in the financial statements as support, with a like amount shown as expense. Contributions of space, operating supplies, and expenses are recorded at their fair value when received. During the years ended December 31, 2022 and 2021, the Organization received contributions of \$7,317 and \$1,800, respectively.

The Organization also receives donated services from volunteers who assist in running their programs. No amounts have been recognized in the accompanying Statement of Activities and Changes in Net Assets for these voluntary services because the criteria for recognition of such volunteer effort under FASB ASC 958-225 have not been satisfied.

On January 1, 2022, the Organization elected to adopt Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities and Changes in Net Assets, apart from contributions of cash or other financial assets.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact of the financial statements, with the exception of increased disclosure.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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, gains, and expenses during the reported period. Actual results could differ from these estimates.

Cash and Cash Equivalents:

The Organization defines cash and cash equivalents for the purposes of reporting cash flows as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Concentrations of Credit Risk:

The Organization maintains checking accounts at a local bank where deposits are insured up to \$250,000 by the FDIC. At December 31, 2022 and 2021, the Organization maintained no accounts with balances in excess of the insured limit.

Liquidity:

The Organization has \$369,614 of financial assets available within one year of the date of the Statement of Financial Position to meet cash needs for general expenditures consisting of cash of \$123,086, receivables of \$166,879, and employee retention tax credit receivable of \$79,649. Except for the net assets with donor restrictions of \$312,916, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the Statement of Financial Position.

Property and Equipment:

Expenditures for land, building, and equipment are recorded at cost. Donated assets and capitalized donated leases are recorded at their estimated fair market values at the date of donation. Depreciation expenses are calculated using the straight-line method over the estimated useful life of the asset.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes:

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Leases:

The Organization adopted *Accounting Standards Update (ASU) 2016-02, Leases*, issued February 2016, by the FASB. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either financing or operating, with the classification affecting the pattern of expense recognition in the Statements of Activities and Changes in Net Assets. The Organization adopted this update in the year ending December 31, 2022, using the modified retrospective transition method with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. Adoption of the standard had no effect on the financial statements.

Note 2 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2022, and 2021:

	2022	2021	Depreciable Life - Years
Furniture and equipment	\$ 14,799	\$ 13,599	5
Accumulated depreciation	<u>(12,197)</u>	<u>(11,635)</u>	
Property and equipment, net	<u>\$ 2,602</u>	<u>\$ 1,964</u>	

Depreciation expense for the years ended December 31, 2022 and 2021 were \$562 and \$424, respectively.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 3 – Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. As of December 31, 2022 and 2021, the Organization had the following net assets with donor restrictions:

Note 4 – Paycheck Protection Program Grant Revenue

On March 1, 2021, the Organization received a PPP Round 2 grant in the aggregate amount of \$34,430, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), the Organization has used the entire grant amount through December 31, 2021 (“spending window”), for qualifying expenses, which include payroll costs, group health care benefit costs, rent, and utilities, as described in the CARES Act. The grant is shown on the Statement of Activities and Change in Net Assets as Grants.

Note 5 – Reclassification

Certain reclassifications have been made to the 2021 financial statement presentation to present contributions and gifts with donor restrictions and reclassify expenses related to special events and activities. Total net assets and changes in net assets are unchanged due to these reclassifications.

Note 6 – Employee Retention Tax Credit

The CARES Act provides an employee retention tax credit (ERTC), which is a refundable tax credit against certain employment taxes for eligible employers. Management determined the Organization qualifies for the ERTC and has elected to treat the credit in accordance with the conditional government grants model. The Organization recognized \$79,649 as income for the year ended December 31, 2022. The Organization had a related receivable balance of \$79,649 as of December 31, 2022.

Note 7 – Prior Period Adjustment

The Organization discovered that previously issued financial statements included an error related to the recognition of revenue and receivables. The error affected the receivables balance by \$4,726 and the beginning net assets balance has been adjusted. Previously issued financial statements have been restated to correct the error. The correction has no effect on the results of the current year’s operations.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 7 – Prior Period Adjustment (continued)

The effect of the restatement on the results of operations and financial position as of and for the year ended December 31, 2021, is as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
Statement of Financial Position		
Receivables	\$ 6,126	\$ 1,400
Total Assets	\$ 229,023	\$ 224,297
Statement of Activities and Changes in Net Assets		
Prior Period Adjustment	\$ -	\$ (4,726)
Net Assets, End of Year	\$ 222,023	\$ 217,297

Note 8 – Date of Management’s Review

Subsequent events have been evaluated through the date of this report, which is the date the report was available to be issued. It was concluded that there are no subsequent events required to be disclosed.