

Youth Outlook
Audited Financial Statements
For the Years Ended December 31, 2023 and 2022
(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of
Youth Outlook

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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

Emphasis of Matter

As discussed in note 7 to the combined financial statements, the Company has restated its previously issued financial statements for the year ended December 31, 2022, to reflect adjustments related to net assets without donor restrictions and with restrictions. Our conclusion is not modified with respect to this matter.

Ligke Gross : On, PC

Elgin, Illinois
September 27, 2024

Youth Outlook
Statements of Financial Position
December 31, 2023 and 2022

Assets

	2023	Restated 2022
Current Assets:		
Cash and cash equivalents	\$ 336,000	\$ 123,086
Receivables	13,242	166,879
Employee retention credit receivable	-	79,649
Prepaid expenses	7,308	-
Total Current Assets	356,550	369,614
Property and Equipment, net	3,346	2,602
Total Assets	\$ 359,896	\$ 372,216

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$ 2,680	\$ 16,500
Unearned revenue	-	17,900
Total Current Liabilities	2,680	34,400
Net Assets:		
Without donor restrictions	318,069	117,258
Board designated	10,550	10,843
Total Net Assets Without Donor Restrictions	328,619	128,101
With donor restrictions	28,597	209,715
Total Net Assets	357,216	337,816
Total Liabilities and Net Assets	\$ 359,896	\$ 372,216

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, 2023 and 2022

	2023			Restated 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions and gifts	\$ 170,122	\$ 15,261	\$ 185,383	\$ 108,448	\$ 4,230	\$ 112,678
Special events and activities, net of expenses of \$37,250 and \$22,640, respectively	55,518	-	55,518	44,819	-	44,819
Grants	260,138	73,782	333,920	142,474	223,025	365,499
In-kind contributions	1,583	-	1,583	7,317	-	7,317
Employee retention credit income	-	-	-	79,649	-	79,649
Miscellaneous income	1,885	-	1,885	1,546	-	1,546
Net assets released from restrictions	270,161	(270,161)	-	103,151	(103,151)	-
Total Revenue and Support	<u>759,407</u>	<u>(181,118)</u>	<u>578,289</u>	<u>487,404</u>	<u>124,104</u>	<u>611,508</u>
Expenses:						
Program services	297,167	-	297,167	234,270	-	234,270
General and administrative	258,758	-	258,758	255,207	-	255,207
Fundraising	2,964	-	2,964	1,512	-	1,512
Total Expenses	<u>558,889</u>	<u>-</u>	<u>558,889</u>	<u>490,989</u>	<u>-</u>	<u>490,989</u>
Change in Net Assets	200,518	(181,118)	19,400	(3,585)	124,104	120,519
Net Assets, Beginning of Year	128,101	209,715	337,816	131,686	85,611	217,297
Net Assets, End of Year	<u>\$ 328,619</u>	<u>\$ 28,597</u>	<u>\$ 357,216</u>	<u>\$ 128,101</u>	<u>\$ 209,715</u>	<u>\$ 337,816</u>

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

Youth Outlook
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 19,400	\$ 120,519
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	1,025	562
Effects of changes in operating assets and liabilities:		
Receivables	153,637	(165,479)
Employee retention credit receivable	79,649	(79,649)
Prepaid	(7,308)	-
Accounts payable	(13,820)	9,500
Unearned revenue	(17,900)	17,900
Net Cash Provided by (Used in) Operating Activities	<u>214,683</u>	<u>(96,647)</u>
 Cash Flow from Investing Activities:		
Purchase of property and equipment	<u>(1,769)</u>	<u>(1,200)</u>
Net Cash Used in Investing Activities	<u>(1,769)</u>	<u>(1,200)</u>
 Net Increase (Decrease) in Cash	212,914	(97,847)
 Cash, Beginning of Year	<u>123,086</u>	<u>220,933</u>
 Cash, End of Year	<u>\$ 336,000</u>	<u>123,086</u>

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

Youth Outlook
Statements of Functional Expenses
For the Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	Supporting Services General and Administrative	Fundraising Expenses	Total Expenses	Program Services	Supporting Services General and Administrative	Fundraising Expenses	Total Expenses
Expenses:								
Salaries and payroll taxes	\$ 138,644	\$ 243,793	\$ -	\$ 382,437	\$ 122,653	\$ 243,915	\$ -	\$ 366,568
Advertising	2,345	-	-	2,345	532	-	-	532
Bank and credit card charges	453	-	-	453	314	-	-	314
Depreciation	1,025	-	-	1,025	562	-	-	562
Dues and subscriptions	4,241	-	-	4,241	4,881	-	-	4,881
Special events and activities	-	-	2,964	2,964	-	-	1,512	1,512
Insurance	44,393	8,061	-	52,454	28,279	10,218	-	38,497
Internet	159	-	-	159	426	-	-	426
License and fees	32	-	-	32	20	-	-	20
Office expenses	1,080	-	-	1,080	7,407	-	-	7,407
Occupancy	4,078	-	-	4,078	-	-	-	-
Other	13,567	959	-	14,526	22,150	134	-	22,284
Postage	513	-	-	513	247	-	-	247
Printing, copying, and publications	4,115	-	-	4,115	2,521	-	-	2,521
Professional fees	28,864	5,945	-	34,809	24,415	940	-	25,355
Supplies	14,181	-	-	14,181	7,818	-	-	7,818
Telephone	5,399	-	-	5,399	5,174	-	-	5,174
Travel and mileage	23,560	-	-	23,560	4,221	-	-	4,221
Website development	10,518	-	-	10,518	2,650	-	-	2,650
Total Expenses	<u>\$ 297,167</u>	<u>\$ 258,758</u>	<u>\$ 2,964</u>	<u>\$ 558,889</u>	<u>\$ 234,270</u>	<u>\$ 255,207</u>	<u>\$ 1,512</u>	<u>\$ 490,989</u>

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

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022

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	2023	2022
Special events and activities, net of direct expenses	\$ 55,518	\$ 44,819
	<u>\$ 55,518</u>	<u>\$ 44,819</u>
Timing of revenue recognition		
Services or products transferred at a point in time	\$ 55,518	\$ 44,819
Services or products transferred over time	-	-
	<u>\$ 55,518</u>	<u>\$ 44,819</u>

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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 \$522,771 and \$566,689 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, the Organization received contributions of \$1,583 and \$7,317, 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, 2023 and 2022

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 times, the Organization may exceed those limits, but management does not feel the Organization is exposed to significant credit risk. The uninsured portion of the bank balance for the years ended December 31, 2023 and 2022, was \$63,971 and \$0, respectively.

Liquidity:

The Organization has \$350,492 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 \$336,000 and receivables of \$13,242. Except for the net assets with donor restrictions of \$28,597 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, 2023 and 2022

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, 2023 and 2022, 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. The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that are reasonably certain to be exercised, are not recorded on the Statement of Financial Position. Adoption of the standard had no material effect on the financial statements as their lease qualified as a short-term lease.

New Accounting Standard:

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires companies to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted this change in accounting principle as of the January 1, 2023, using the modified retrospective method. Adoption did not have a material effect on the financial statements. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 2 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	2023	2022	Depreciable Life - Years
Furniture and equipment	\$ 6,860	\$ 14,799	5
Accumulated depreciation	(3,514)	(12,197)	
Property and equipment, net	\$ 3,346	\$ 2,602	

Depreciation expense for the years ended December 31, 2023 and 2022 were \$1,025 and \$562, respectively.

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, 2023 and 2022, the Organization had purpose-restricted net assets with donor restrictions in the amount of \$28,597 and \$198,872, respectively.

Note 4 – 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 \$0 and \$79,649 as of December 31, 2023 and 2022, respectively.

Note 5 – Lease Commitments

The Organization leases an office space from an unrelated third party. The lease agreement commenced on September 1, 2023 which requires monthly lease payments of \$300 for a term of 12 months, through August 31, 2024. The Organization is in the process of renewing this lease.

Note 6 – Reclassification

Certain classifications have been made to the December 31, 2022 financial statements presentation to correspond to the current year's format. The net asset balance at December 31, 2022 is unchanged due to these reclassifications.

Youth Outlook
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 7 – Restatement

The Company has restated the 2022 financial statements to present the correct amounts for the net assets without donor restrictions and with restrictions. The restatement has no effect on the current year's operations. The effect of the restatement on the 2022 financial statements is as follows:

	As Previously Reported	Restated
Statement of Financial Position		
Net Assets:		
Without donor restrictions	\$ 25,051	\$ 128,101
With donor restrictions	\$ 312,765	\$ 209,715
 Statement of Activities and Changes in Net Assets		
Net Assets, End of Year - Without Donor Restrictions	\$ 25,051	\$ 128,101
Net Assets, End of Year - With Donor Restrictions	\$ 312,765	\$ 209,715

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.