

**Youth & Opportunity United, Inc.**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2020 and 2019**

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**Youth & Opportunity United, Inc.**

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## Independent Auditor's Report

To the Board of Directors  
Youth & Opportunity United, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Youth & Opportunity United, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 & Opportunity United, Inc. as of June 30, 2020 and 2019, 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.

*Other Matters*

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 audits 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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020 on our consideration of Youth & Opportunity United, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youth & Opportunity United, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Youth & Opportunity United, Inc.'s internal control over financial reporting and compliance.



Chicago, Illinois  
December 2, 2020

Youth & Opportunity United, Inc.

Statements of Financial Position  
June 30, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,618,017	\$ 1,212,736
Cash - facility reserve fund	405,000	270,000
Cash - workplace excellence	186,414	250,000
Cash - restricted	492,918	585,577
Accounts receivable, net	475,996	460,745
Promises to give, net	270,228	280,102
Other current assets	53,605	53,935
	<u>3,502,178</u>	<u>3,113,095</u>
Total current assets		
	<u>3,502,178</u>	<u>3,113,095</u>
Fixed assets		
Land	608,040	608,040
Building and building improvements, net	5,133,842	5,264,759
Furniture and equipment, net	200,148	241,784
	<u>5,942,030</u>	<u>6,114,583</u>
Total fixed assets, net		
	<u>5,942,030</u>	<u>6,114,583</u>
Other assets		
Promises to give, less current portion, net	235,912	479,552
Endowment investments	2,605,958	2,598,373
	<u>2,841,870</u>	<u>3,077,925</u>
Total other assets		
	<u>2,841,870</u>	<u>3,077,925</u>
Total assets	<u>\$ 12,286,078</u>	<u>\$ 12,305,603</u>

**Youth & Opportunity United, Inc.**

**Statements of Financial Position  
June 30, 2020 and 2019**

Liabilities and Net Assets

	<u>2020</u>	<u>2019</u>
Current liabilities		
Accounts payable	\$ 63,053	\$ 81,968
Accrued salaries and related expenses	92,855	249,854
Other accrued expenses	21,465	16,038
Other current liabilities	95,599	5,851
	<u>272,972</u>	<u>353,711</u>
Long-term liabilities		
Other long-term liabilities	-	2,095
	<u>-</u>	<u>2,095</u>
Total long-term liabilities	-	2,095
	<u>-</u>	<u>2,095</u>
Total liabilities	<u>272,972</u>	<u>355,806</u>
Contingencies	-	-
Net assets		
Without donor restrictions		
Board-designated	591,620	520,000
Undesignated	7,920,666	7,485,195
	<u>8,512,286</u>	<u>8,005,195</u>
With donor restrictions	<u>3,500,820</u>	<u>3,944,602</u>
Total net assets	<u>12,013,106</u>	<u>11,949,797</u>
Total liabilities and net assets	<u>\$ 12,286,078</u>	<u>\$ 12,305,603</u>

See Notes to Financial Statements.

**Youth & Opportunity United, Inc.**

**Statement of Activities  
Year Ended June 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activity			
Operating support and revenue			
Contributions	\$ 858,831	\$ 138,196	\$ 997,027
Government revenue	2,578,668	-	2,578,668
United Way grant revenue	246,000	-	246,000
Special events	303,386	-	303,386
Donated services	35,982	-	35,982
Net assets released from restrictions	379,171	(379,171)	-
Net assets released from non-operating	200,660	-	200,660
	<u>4,602,698</u>	<u>(240,975)</u>	<u>4,361,723</u>
Total operating support and revenue			
Operating expenses			
Program services			
Youth and family services	3,166,589	-	3,166,589
Supporting services			
Management and general	712,258	-	712,258
Fundraising	378,584	-	378,584
	<u>4,257,431</u>	<u>-</u>	<u>4,257,431</u>
Total operating expenses			
Increase (decrease) in net assets from operating activity	<u>345,267</u>	<u>(240,975)</u>	<u>104,292</u>
Non-operating activity			
Non-operating support and revenue			
Contributions - capital campaign	60,000	-	60,000
Net assets released from restrictions	265,204	(265,204)	-
Net assets released to operating	(163,380)	(37,280)	(200,660)
	<u>161,824</u>	<u>(302,484)</u>	<u>(140,660)</u>
Total non-operating support and revenue			
Other gains			
Net investment return	<u>-</u>	<u>99,677</u>	<u>99,677</u>
Total other gains	<u>-</u>	<u>99,677</u>	<u>99,677</u>
Total increase (decrease) in net assets	507,091	(443,782)	63,309
Net assets - beginning of year	<u>8,005,195</u>	<u>3,944,602</u>	<u>11,949,797</u>
Net assets - end of year	<u>\$ 8,512,286</u>	<u>\$ 3,500,820</u>	<u>\$ 12,013,106</u>

**Youth & Opportunity United, Inc.**

**Statement of Activities  
Year Ended June 30, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activity			
Operating support and revenue			
Contributions	\$ 997,423	\$ 280,720	\$ 1,278,143
Government revenue	2,179,197	-	2,179,197
United Way grant revenue	300,000	-	300,000
Special events	265,200	1,120	266,320
Donated services	19,548	-	19,548
Net assets released from restrictions	350,808	(350,808)	-
Net assets released from non-operating	163,767	-	163,767
Total operating support and revenue	<u>4,275,943</u>	<u>(68,968)</u>	<u>4,206,975</u>
Operating expenses			
Program services			
Youth and family services	3,118,016	-	3,118,016
Supporting services			
Management and general	565,190	-	565,190
Fundraising	357,634	-	357,634
Total operating expenses	<u>4,040,840</u>	<u>-</u>	<u>4,040,840</u>
Increase (decrease) in net assets from operating activity	<u>235,103</u>	<u>(68,968)</u>	<u>166,135</u>
Non-operating activity			
Non-operating support and revenue			
Contributions - capital campaign	140,572	14,088	154,660
Net assets released from restrictions	291,110	(291,110)	-
Net assets released to operating	(100,000)	(63,767)	(163,767)
Total non-operating support and revenue	<u>331,682</u>	<u>(340,789)</u>	<u>(9,107)</u>
Other gains			
Net investment return	<u>-</u>	<u>130,584</u>	<u>130,584</u>
Total other gains	<u>-</u>	<u>130,584</u>	<u>130,584</u>
Total increase (decrease) in net assets	566,785	(279,173)	287,612
Net assets - beginning of year	<u>7,438,410</u>	<u>4,223,775</u>	<u>11,662,185</u>
Net assets - end of year	<u>\$ 8,005,195</u>	<u>\$ 3,944,602</u>	<u>\$ 11,949,797</u>

See Notes to Financial Statements.

**Youth & Opportunity United, Inc.**

**Statement of Functional Expenses  
Year Ended June 30, 2020**

	Program services	Supporting services		
	Youth and family services	Management and general	Fundraising	Total
Salaries and related expenses	\$ 2,250,432	\$ 480,677	\$ 251,210	\$ 2,982,319
Direct service providers	161,156	-	-	161,156
Partner grants and awards	121,513	-	-	121,513
Supplies and snacks	167,929	30,748	4,915	203,592
Transportation and field trips	76,297	535	76	76,908
Trainings and conferences	56,767	9,535	232	66,534
Communications	36,651	7,269	7,620	51,540
Professional fees	71,407	104,048	57,129	232,584
Occupancy and insurance	78,253	13,374	4,732	96,359
Contributed services	-	35,964	-	35,964
Special events	-	-	35,595	35,595
Depreciation	136,817	29,567	9,834	176,218
Miscellaneous	9,367	541	7,241	17,149
Total functional expenses	<u>\$ 3,166,589</u>	<u>\$ 712,258</u>	<u>\$ 378,584</u>	<u>\$ 4,257,431</u>

**Youth & Opportunity United, Inc.**

**Statement of Functional Expenses  
Year Ended June 30, 2019**

	Program services	Supporting services		Total
	Youth and family services	Management and general	Fundraising	
Salaries and related expenses	\$ 2,326,669	\$ 381,240	\$ 272,942	\$ 2,980,851
Direct service providers	152,038	-	-	152,038
Partner grants and awards	84,367	-	-	84,367
Supplies and snacks	172,235	29,595	2,362	204,192
Transportation and field trips	79,767	603	106	80,476
Trainings and conferences	42,970	7,228	2,702	52,900
Communications	40,174	5,088	15,749	61,011
Professional fees	6,442	71,271	12,747	90,460
Occupancy and insurance	69,111	20,470	5,562	95,143
Contributed services	-	19,548	-	19,548
Special events	-	-	29,742	29,742
Depreciation	140,708	29,664	9,852	180,224
Miscellaneous	3,535	483	5,870	9,888
<b>Total functional expenses</b>	<b>\$ 3,118,016</b>	<b>\$ 565,190</b>	<b>\$ 357,634</b>	<b>\$ 4,040,840</b>

See Notes to Financial Statements.

**Youth & Opportunity United, Inc.**

**Statements of Cash Flows  
Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 63,309	\$ 287,612
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	176,218	180,224
Gain on investments	(33,502)	(80,475)
Investment income, net of fees	(66,175)	(50,109)
(Increase) decrease in operating assets		
Accounts receivable, net	(15,251)	(144,899)
Promises to give, net	253,514	279,321
Other current assets	330	(30,407)
Increase (decrease) in operating liabilities		
Accounts payable	(18,915)	22,573
Accrued expenses and other liabilities	(63,919)	160,335
Net cash provided by operating activities	295,609	624,175
Cash flows from investing activities		
Endowment proceeds/appropriations	92,092	67,260
Purchases of fixed assets	(3,665)	(15,449)
Net cash provided by investing activities	88,427	51,811
Net increase in cash, cash equivalents, and restricted cash	384,036	675,986
Cash, cash equivalents, and restricted cash, beginning of year	2,318,313	1,642,327
Cash, cash equivalents, and restricted cash, end of year	\$ 2,702,349	\$ 2,318,313
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ -

See Notes to Financial Statements.

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### Note 1 - Organization

Youth & Opportunity United, Inc. ("Y.O.U." or the "Organization") was organized under the Illinois General Not-For-Profit Corporation Act exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Y.O.U. is a youth developmental agency that partners with families, schools, and the community to provide academic, social, and emotional support to meet the emerging needs of young people and their families. For the years ended June 30, 2020 and 2019, Y.O.U. received 52% and 50%, respectively, of its income in grants from government agencies. The remainder of its support came from contributions by corporations, foundations, individuals, special events, and investments.

#### Note 2 - Summary of significant accounting policies

##### Basis of presentation

Y.O.U. conforms with accounting guidance for Financial Statements of Not-for-Profit Organizations. Y.O.U. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Additionally, information is required to segregate program service expenses from support service expenses. Support expenses include administrative activities such as management and general, and fundraising except for the direct conduct of program services.

The net assets of Y.O.U. are classified as follows:

Without donor restrictions - represents the portion of net assets that are not subject to donor-imposed stipulations and are available for operations.

With donor restrictions - represents income that has been temporarily restricted by the donor as to its usage and/or the passage of time, as well as funds that have been restricted by the donor as to it being retained in perpetuity. Generally, for the latter, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes.

##### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash and cash equivalents

Cash and cash equivalents include money market accounts and highly-liquid short-term investments purchased with maturities of three months or less.

##### Accounts receivable, promises to give and bad debts

Accounts receivable and promises to give are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable and promises to give. It is reasonably possible that management's estimate of the allowance will change. At June 30, 2020 and June 30, 2019, the allowance was \$16,114 and \$15,274, respectively.

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### Capitalization and depreciation

Land, building and building improvements, and furniture and equipment are recorded at cost or, if donated, at estimated fair value at date of acquisition. 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. Depreciation expense for the years ended June 30, 2020 and 2019 was \$176,218 and \$180,224, respectively.

	<u>Estimated life</u>	<u>Method</u>
Building and building improvements	5 - 45 years	Straight-line
Furniture and equipment	5 - 30 years	Straight-line

#### Impairment of long-lived assets

Y.O.U. reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

#### Investments

Investments, other than money market funds and interest-bearing deposits, are reflected in the accompanying financial statements at fair value. Investment gains and losses include net realized and unrealized gains and losses and are reflected in the accompanying statements of activities as net investment return.

#### Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and establish the following three-tier fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities
- Level 2: Inputs are other than quoted prices in active markets, which are either directly or indirectly observable. Fair value is determined through the use of models or other valuation methodologies

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

Level 3: Inputs that are unobservable for the assets or liabilities

#### **Net assets**

The Organization classifies net assets as without donor restrictions and with donor restrictions.

Net assets without donor restrictions of the Organization are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Net assets with donor restrictions of the Organization result (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

#### **Revenue recognition**

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All government grants received by the Organization are conditional promises to give and are recognized as revenue when the conditions stated in the various agreements have been met. Grants are considered to be available for unrestricted use unless specifically restricted by donors. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefit received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Special event revenue is recorded when received and is generally cash received; however, revenue under this caption could also be recognized in the form of a promise to give. This revenue is classified as net assets either with or without donor restrictions depending on donor stipulations.

In-kind services are recognized when services are performed. In-kind services are considered to be available for unrestricted use.

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

#### Functional allocation of expenses

The costs of providing the program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Functional expenses have been allocated based on analysis of personnel time, headcount, square footage utilized, and/or actual expenses for the related activities. The following details the allocation method for each category:

Category	Method of Allocation
Salaries & Related	Based on employee percentage of time spent related to each functional category.
Direct Service Providers	Allocated 100% to Program.
Partner Grants & Awards	Allocated 100% to Program.
Supplies & Snacks	Assigned directly to functional category at the time it is booked, if possible; if not, based on headcount.
Transportation & Field Trips	Assigned directly to functional category at the time it is booked.
Trainings & Conferences	Assigned directly to functional category at the time it is booked.
Communications	Printing costs are assigned directly to functional category at the time it is booked. All other costs in this category (phone, internet, postage, copier costs) are allocated based on headcount.
Professional Fees	Assigned directly to functional category at the time it is booked.
Occupancy & Insurance	Based on headcount associated with each functional category except for worker's compensation, which is allocated based on the same percentages determined for salaries.
Contributed Services	Allocated 100% to Management & General.
Special Events	Allocated 100% to Fundraising.
Depreciation	Building depreciation - based on estimated percentage of square footage associated with each functional category; non-building depreciation - based on head count per cost pool during the time in question.
Miscellaneous	Assigned directly to functional category at the time it is booked.

#### Advertising

Advertising costs are charged to operations as they are incurred.

#### Income taxes

Y.O.U. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Y.O.U. qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization other than a private foundation under Section 509(a)(1) of the Internal Revenue Code. Y.O.U. had no unrelated business income for the years ended June 30, 2020 and 2019. Income tax returns filed by the Organization are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2017 remain open.

#### Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") which had an effective date for private entities beginning for reporting periods after December 15, 2018. In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which had an effective date for private entities beginning for reporting periods after December 15, 2019. In June 2020, the FASB issued Accounting Standards Update No. 2020-05 ("ASU 2020-05"), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The Organization has elected to apply the deferrals provided by ASU 2020-05 and therefore expects to adopt (i) Topic 606 for annual reporting periods beginning after December 15, 2019 retrospectively with a cumulative effect transition adjustment to opening net assets as of the beginning of the period that includes the initial adoption of the standard; and (ii) Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis. The Organization is currently evaluating the potential impacts of adopting Topic 606 and Topic 842 on its financial statements.

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"), to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. ASU 2016-18 also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended June 30, 2020, however, there were no changes to the beginning or ending cash and restricted cash balances for 2019 and 2018.

In June 2018, the FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

#### Note 3 - Availability and liquidity

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 1,618,017	\$ 1,212,736
Cash - facility reserve fund	405,000	270,000
Cash - workplace excellence	186,414	250,000
Cash - restricted	492,918	585,577
Endowment investments	2,605,958	2,598,373
Accounts receivable, net	475,996	460,745
Promises to give, net	270,228	280,102
	<hr/>	<hr/>
Total financial assets	6,054,531	5,657,533
Less amounts not available to be used within one year		
Board-designated net assets	(591,620)	(520,000)
Net assets with donor restrictions	(3,500,820)	(3,944,602)
	<hr/>	<hr/>
Financial assets not available to be used within one year	(4,092,440)	(4,464,602)
Financial assets available to meet general expenditures within one year	<u>\$ 1,962,091</u>	<u>\$ 1,192,931</u>

#### Liquidity management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements into money market funds.

## Youth & Opportunity United, Inc.

### Notes to Financial Statements June 30, 2020 and 2019

To help manage unanticipated liquidity needs, the Organization has a line of credit agreement with Byline Bank in which the Organization can draw up to \$750,000 (see Note 7). The Organization also has a \$250,000 donor-restricted fund that was established to meet liquidity needs. This amount is currently included in the "Cash - restricted" line item totaling \$492,918.

Additionally, the Organization has Board-designated net assets without donor restrictions that could be made available for current operations if necessary, although the Organization does not currently intend to spend these for purposes other than those identified.

#### Note 4 - Restricted cash

Certain private donations have been classified as restricted cash and net assets with donor restrictions. These donations, when received, have been segregated into a separate cash account, until the stipulations surrounding their use are achieved. Restricted cash represents contributions toward specific programming, or toward specific purposes of the capital campaign. The capital campaign was a three-year effort that raised over \$16 million to expand programming, build a new facility, and further financial sustainability. While fundraising for the campaign ended on June 30, 2016, collections of contributions continue. As of June 30, 2020 and 2019, \$492,918 and \$585,577, respectively, has been classified as restricted cash.

#### Note 5 - Promises to give

Promises to give, less an appropriate allowance for uncollectable items, include promises to give from normal operations and the capital campaign on the accompanying statements of financial position. Promises to give are recorded at their estimated fair value with amounts due later than one year at the expected present value of estimated future cash flows using a risk-adjusted rate:

	2020	2019
Promises to give to be collected in:		
Less than one year	\$ 270,228	\$ 281,100
One to five years	245,872	500,000
	516,100	781,100
Less		
Discount to present value (1.53%)	(9,960)	(20,448)
Allowance for uncollectible amounts	-	(998)
	506,140	759,654
Promises to give, net	506,140	759,654
Less current portion	(270,228)	(280,102)
	235,912	479,552
Long-term portion	\$ 235,912	\$ 479,552

#### Note 6 - Endowment investments

The following table presents information about the Organization's investments. Money market funds are stated at cost. Investments are based on quoted market prices in active markets and therefore are classified as Level 1.

**Youth & Opportunity United, Inc.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

Investments consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 52,397	\$ 24,905
Equity mutual funds	1,639,476	1,739,340
Fixed income mutual funds	<u>914,085</u>	<u>834,128</u>
	<u>\$ 2,605,958</u>	<u>\$ 2,598,373</u>

Net investment return for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and fees	\$ 66,175	\$ 50,109
Realized gains	77,634	76,470
Unrealized gains (losses)	<u>(44,132)</u>	<u>4,005</u>
Net investment return	<u>\$ 99,677</u>	<u>\$ 130,584</u>

**Note 7 - Line of credit**

On May 21, 2017, Y.O.U. renewed the line of credit with Byline Bank in the amount of \$750,000. Interest was payable monthly at the prime rate. The line of credit expired on May 21, 2018 and renewed to May 19, 2019. On May 19, 2019, Y.O.U. renewed the line of credit with Byline Bank in the same amount through May 19, 2020. On May 19, 2020, Y.O.U. renewed the line of credit with Byline Bank in the same amount through May 19, 2021. Interest was payable monthly at the prime rate. As of June 30, 2020 and 2019, no amounts were drawn, and the prime rate was 3.25% and 5.50%, respectively. The lines of credit are collateralized by the business assets of Y.O.U.

**Note 8 - Net assets released from restrictions**

A summary of the activity of net assets with donor restrictions for the fiscal years ended June 30, 2020 and 2019 is as follows:

<u>June 30, 2020</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Transfer</u>	<u>Ending balance</u>
Net assets with donor restrictions	<u>\$ 3,944,602</u>	<u>\$ 237,873</u>	<u>\$ (681,655)</u>	<u>\$ -</u>	<u>\$ 3,500,820</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Transfer</u>	<u>Ending balance</u>
Net assets with donor restrictions	<u>\$ 4,223,775</u>	<u>\$ 426,512</u>	<u>\$ (705,685)</u>	<u>\$ -</u>	<u>\$ 3,944,602</u>

Net assets are released from restrictions when the passage of time and/or the stipulated conditions have been met.

**Youth & Opportunity United, Inc.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 9 - Endowment**

The Organization's endowment was formally established during 2015 and currently consists of the Finnegan Family Fund, a donor-restricted endowment fund, with the purpose of building a financial foundation that will allow the Organization to sustain and expand its impact into the future. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law**

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Organization
- g. The investment policies of the Organization

**Youth & Opportunity United, Inc.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the years ended June 30, 2020 and 2019, respectively, is as follows:

2020	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,605,958	\$ 2,605,958
Endowment net assets, beginning of year	\$ -	\$ 2,598,373	\$ 2,598,373
Investment return:			
Investment income, net of fees	-	66,175	66,175
Net appreciation (realized and unrealized)	-	33,502	33,502
Total investment return	-	99,677	99,677
Contributions	-	-	-
Appropriations	-	(92,092)	(92,092)
Endowment net assets, end of year	\$ -	\$ 2,605,958	\$ 2,605,958
2019	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,598,373	\$ 2,598,373
Endowment net assets, beginning of year	\$ -	\$ 2,535,049	\$ 2,535,049
Investment return:			
Investment income, net of fees	-	50,109	50,109
Net appreciation (realized and unrealized)	-	80,475	80,475
Total investment return	-	130,584	130,584
Contributions	-	-	-
Appropriations	-	(67,260)	(67,260)
Endowment net assets, end of year	\$ -	\$ 2,598,373	\$ 2,598,373

**Investment objectives, strategies and risk parameters**

The basic philosophy governing the investments of the endowment will be prudent long-term growth of principal with the understanding that the portfolio's values will fluctuate with the capital markets over shorter term time periods. Within this framework, Y.O.U. seeks a competitive total return consistent with historical capital market conditions and subject to risk tolerances, liquidity requirements, and investment guidelines.

## **Youth & Opportunity United, Inc.**

### **Notes to Financial Statements June 30, 2020 and 2019**

The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

To minimize risk of the portfolio as a whole the portfolio is well diversified across asset classes, economic sectors, industry groups and individual securities. The asset allocation is designed to provide a balance that will enhance total return while avoiding undue risk from concentration in any single asset class or investment style and provide funding for foreseeable liquidity events.

#### **Spending policy and how the investment objectives relate to spending policy**

Consistent with the purpose of the endowment and Organization, and subject to donor-imposed restrictions on endowment gifts, Y.O.U. may appropriate for expenditure or accumulate so much of the endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The decision to appropriate will balance the long-term growth objective of the fund with prudent spending to assist with annual programming objectives. The calculation will consider a combination of market performance of the endowment and needs of the Organization and may be adjusted, from time-to-time, by the Board as it deems reasonable and appropriate.

#### **Funds with deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies may result from unfavorable market fluctuations as well as continued appropriation for programs as deemed prudent by the Board of Trustees. There were no such deficiencies as of June 30, 2020 or 2019.

#### **Note 10 - Donated property and services**

Donations of property are recorded as financial support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Conditional transfers of assets are recognized when the conditions on which they depend are substantially met.

Donations of in-kind services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. During the years ended June 30, 2020 and 2019, Y.O.U. received legal, architectural, consulting and design services with a value of \$35,982 and \$19,548, respectively. The value of such services is included as donated services in the accompanying statements of activities. In addition, Y.O.U. received 1,894 and 2,418 hours of volunteer service for the years ended June 30, 2020 and 2019, respectively, which are not considered specializing or enhancing to a non-financial asset and are therefore not recorded in the financial statements.

#### **Note 11 - Concentration of revenue**

A substantial portion of Y.O.U.'s revenue is from one grantor during the years ended June 30, 2020 and 2019. Substantial revenue is defined as revenue earned from any individual source that is in excess of 10% of the total revenue for a given year. This revenue is comprised of federal pass-through grants from the Department of Education. During the years ended June 30, 2020 and 2019, revenue received from those grantors was \$1,264,463, or 29% of total revenue, and \$1,449,320, or 34% of total revenue, respectively.

## **Youth & Opportunity United, Inc.**

### **Notes to Financial Statements June 30, 2020 and 2019**

#### **Note 12 - Concentration of credit risk**

The Organization maintains cash and cash equivalent balances in several accounts at various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation. From time-to-time, the Organization's balances may exceed these limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2020.

#### **Note 13 - Board-designated net assets**

The Organization's Board of Directors can elect to designate a portion of the Organization's net assets without donor restrictions. During the year ended June 30, 2020, the Board elected to designate \$135,000 of net assets without donor restrictions to the Facility Reserve Fund and disburse \$63,380 from the Workplace Excellence Fund. During the year ended June 30, 2019, the Board elected to designate \$158,781 and \$250,000 of net assets without donor restrictions to the Facility Reserve Fund and Workplace Excellence Fund, respectively. The Board-designated amounts for the years ended June 30, 2020 and 2019, are \$591,620 and \$520,000, respectively. These funds, while designated for the purposes noted above, are categorized within net assets without donor restrictions.

#### **Note 14 - Contingencies**

The spread of a novel strain of coronavirus ("COVID-19") emerged globally during the first quarter of 2020. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of program revenue and government grants and other material adverse effects on the Organization's assets, liabilities, and net assets, revenue, expenses, and cash flows. The Organization is not able to reliably estimate the length or severity of this outbreak and related financial impact.

The Organization is involved in a wrongful termination charge with a former employee. The Organization denies any wrongdoing in the termination and the Illinois Department of Human Rights ("IHDR") is currently investigating the matter. On December 2, 2020, the Organization settled for an immaterial amount and the former employee withdrew the charge.

#### **Note 15 - Subsequent events**

Events that occur after the statement of financial position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Youth & Opportunity United, Inc. through December 2, 2020 (the date the financial statements were available to be issued) and, other than the events discussed in Note 14 and below, concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Youth & Opportunity United, Inc.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

The spread of a novel strain of coronavirus ("COVID-19") emerged globally during the first quarter of 2020. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of program revenue and government grants and other material adverse effects on the Organization's assets, liabilities, and net assets, revenue, expenses, and cash flows. The Organization is not able to reliably estimate the length or severity of this outbreak and related financial impact.

## **Supplementary Information**

**Youth & Opportunity United, Inc.**

**Schedule of Expenditures of Federal Awards  
June 30, 2020**

Federal Grantor / (Pass-through Grantor) / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services</b>				
Passed through The Harbour, Inc.				
Basic Center Program	93.623	93623001-19	\$ -	\$ 7,035
Basic Center Program	93.623	93623001-20	-	21,105
Street Outreach Program	93.557	N/A	45,000	117,577
Illinois Department of Human Services				
Comprehensive Community Based Youth Services (CCBYS)	93.667	FCSYRO1044	-	194,000
<b>Subtotal Department of Health and Human Services</b>			<b>45,000</b>	<b>339,717</b>
<b>Corporation for National &amp; Community Service</b>				
Illinois Department of Public Health				
Americorps	94.006	97380026G	-	15,932
Americorps	94.006	07380026H	-	241,477
<b>Subtotal Corporation for National &amp; Community Service</b>			<b>-</b>	<b>257,409</b>
<b>Department of Education</b>				
Illinois State Board of Education				
21st Century Community Learning Centers - ETHS	84.287	2019-4421-35-65-108-1220-51	-	15,694
21st Century Community Learning Centers - ETHS	84.287	2020-4421-35-65-108-1220-51	-	125,877
21st Century Community Learning Centers - Lincoln	84.287	2019-4421-13-65-108-1220-51	-	21,526
21st Century Community Learning Centers - Lincoln	84.287	2020-4421-13-65-108-1220-51	451	101,801
21st Century Community Learning Centers - King Arts	84.287	2019-4421-31-65-108-1220-51	-	24,747
21st Century Community Learning Centers - King Arts	84.287	2020-4421-31-65-108-1220-51	-	102,280
21st Century Community Learning Centers - Dawes	84.287	2019-4421-32-65-108-1220-51	-	10,056
21st Century Community Learning Centers - Dawes	84.287	2020-4421-32-65-108-1220-51	-	103,757
21st Century Community Learning Centers - Chute, Oakton, Walker	84.287	2019-4421-25-65-108-1220-51	-	55,887
21st Century Community Learning Centers - Chute, Oakton, Walker	84.287	2020-4421-25-65-108-1220-51	-	272,965
21st Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287	2019-4421-15-65-108-1220-51	-	71,621
21st Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287	2020-4421-15-65-108-1220-51	451	358,251
<b>Subtotal Department of Education</b>			<b>902</b>	<b>1,264,462</b>
<b>Department of Agriculture</b>				
Illinois State Board of Education				
Child and Adult Care Food Program	10.558	65-108-1220-51	-	16,413
<b>Subtotal</b>			<b>-</b>	<b>16,413</b>
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	65-108-1220-51	-	13,670
<b>Subtotal Cluster 10.559</b>			<b>-</b>	<b>13,670</b>
<b>Subtotal Department of Agriculture</b>			<b>-</b>	<b>30,083</b>
<b>Department of Housing and Urban Development</b>				
Passed through the Village of Skokie				
Community Development Block Grant	14.218	19-7.3	-	4,000
<b>Subtotal Department of Housing and Urban Development</b>			<b>-</b>	<b>4,000</b>
<b>Total expenditures of federal awards</b>			<b>\$ 45,902</b>	<b>\$ 1,895,671</b>

See Notes to Schedule of Expenditures of Federal Awards.

**Youth & Opportunity United, Inc.**

**Notes to Schedule of Expenditures of Federal Awards  
June 30, 2020**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Youth & Opportunity United, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. No amounts in the Schedule were expended in the form of noncash assistance, insurance in force, or for loans and loan guarantee.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect cost rate**

Youth & Opportunity United, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Board of Directors  
Youth & Opportunity United, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Youth & Opportunity United, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2020.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Youth & Opportunity United, Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Youth & Opportunity United, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Youth & Opportunity United, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youth & Opportunity United, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Chicago, Illinois  
December 2, 2020

Independent Auditor's Report on Compliance for the Major Federal Program and  
on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors  
Youth & Opportunity United, Inc.

Report on Compliance for the Major Federal Program

We have audited Youth & Opportunity United, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Youth & Opportunity United, Inc.'s major federal program for the year ended June 30, 2020. Youth & Opportunity United, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for Youth & Opportunity United, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Youth & Opportunity United, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Youth & Opportunity United, Inc.'s compliance.

*Opinion on the Major Federal Program*

In our opinion, Youth & Opportunity United, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of Youth & Opportunity United, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Youth & Opportunity United, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Youth & Opportunity United, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois  
December 2, 2020

**Youth & Opportunity United, Inc.**

**Schedule of Findings and Questioned Costs  
June 30, 2020**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Youth & Opportunity United, Inc. were prepared in accordance with accounting standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.
2. No significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Youth & Opportunity United, Inc. were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award program were disclosed in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award program for Youth & Opportunity United, Inc. expresses an unmodified opinion.
6. There are no audit findings or questioned costs relative to the major federal award program required to be reported under Section 510(a) of OMB Uniform Guidance for Youth & Opportunity United, Inc.
7. The program tested as a major program was Illinois State Board of Education: 21st Century Community Learning Centers Program, CFDA 84.287.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Youth & Opportunity United, Inc. was determined to be a low-risk auditee.

**B. Findings and Questioned Costs - Financial Statements Audit**

None.

**C. Findings and Questioned Costs - Major Federal Award Program Audit**

None.

**Youth & Opportunity United, Inc.**

**Schedule of Prior Year Findings  
June 30, 2020**

No prior year findings.



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