Youth & Opportunity United, Inc.

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

June 30, 2022 and 2021

CohnReznick
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Youth & Opportunity United, Inc.

Index

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, 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 Youth & Opportunity United, Inc. as of June 30, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Youth & Opportunity United, Inc. 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 these 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 Youth & Opportunity United, Inc.'s ability to continue as a going concern for 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 Youth & Opportunity United, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth & Opportunity United, Inc.'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 audits.

Supplementary 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 March 15, 2023 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.

CohnReznick LLP

Chicago, Illinois
March 15, 2023

Youth & Opportunity United, Inc.

Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	$ 2,377,171	$ 2,268,960
Cash - facility reserve fund	675,000	540,000
Cash - workplace excellence	52,580	122,122
Cash - restricted	250,893	786,758
Accounts receivable, net	818,167	822,120
Promises to give, net	-	252,640
Other current assets	60,330	90,040
Total current assets	4,234,141	4,882,640
Fixed assets		
Land	608,040	608,040
Building and building improvements, net	4,872,009	5,002,925
Furniture and equipment, net	124,444	159,890
Total fixed assets, net	5,604,493	5,770,855
Other assets		
Endowment investments	2,659,337	3,208,538
Total other assets	2,659,337	3,208,538
Total assets	$ 12,497,971	$ 13,862,033

Youth & Opportunity United, Inc.

Statements of Financial Position
June 30, 2022 and 2021

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable	$ 71,081	$ 131,012
Accrued salaries and related expenses	123,762	182,000
Other accrued expenses	3,474	12,082
Other current liabilities	5,663	-
Total current liabilities	203,980	325,094
Total liabilities	203,980	325,094
Contingency		
Net assets		
Without donor restrictions		
Board-designated	727,580	662,328
Undesignated	8,325,332	8,637,366
Total without donor restrictions	9,052,912	9,299,694
With donor restrictions	3,241,079	4,237,245
Total net assets	12,293,991	13,536,939
Total liabilities and net assets	$ 12,497,971	$ 13,862,033

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

Statement of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Operating activity			
Operating support and revenue			
Contributions	$ 683,329	$ 130,547	$ 813,876
Government grants	1,982,955	-	1,982,955
United Way grant revenue	75,000	-	75,000
Special events	211,325	-	211,325
Donated services	2,970	-	2,970
Net assets released from restrictions	439,127	(439,127)	-
Total operating support and revenue	3,394,706	(308,580)	3,086,126
Operating expenses			
Program services			
Youth and family services	2,584,423	-	2,584,423
Supporting services			
Management and general	897,659	-	897,659
Fundraising	409,924	-	409,924
Total operating expenses	3,892,006	-	3,892,006
Decrease in net assets from operating activity	(497,300)	(308,580)	(805,880)
Non-operating activity			
Non-operating support and revenue			
Net assets released from restrictions	241,946	(241,946)	-
Total non-operating support and revenue	241,946	(241,946)	-
Increase (decrease) in net assets from non-operating activity	241,946	(241,946)	-
Other income (expense)			
Net investment return	-	(445,640)	(445,640)
Miscellaneous income (expense)	-	-	
Other income (expense)	8,572	-	8,572
Total other income (expense)	8,572	(445,640)	(437,068)
Total change in net assets	(246,782)	(996,166)	(1,242,948)
Net assets - beginning of year	9,299,694	4,237,245	13,536,939
Net assets - end of year	$ 9,052,912	$ 3,241,079	$ 12,293,991

Youth & Opportunity United, Inc.

Statement of Activities
Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Operating activity			
Operating support and revenue			
Contributions	$ 802,794	$ 457,574	$ 1,260,368
Government grants	3,437,220	-	3,437,220
United Way grant revenue	149,917	-	149,917
Special events	281,766	20,000	301,766
Donated services	68,697	-	68,697
Net assets released from restrictions	190,769	(190,769)	-
Net assets released from non-operating	-	-	-
Total operating support and revenue	4,931,163	286,805	5,217,968
Operating expenses			
Program services			
Youth and family services	3,146,285	-	3,146,285
Supporting services			
Management and general	857,156	-	857,156
Fundraising	393,572	-	393,572
Total operating expenses	4,397,013	-	4,397,013
Increase (decrease) in net assets from operating activity	534,150	286,805	820,955
Non-operating activity			
Non-operating support and revenue			
Net assets released from restrictions	253,500	(253,500)	-
Total non-operating support and revenue	253,500	(253,500)	-
Increase (decrease) in net assets from non-operating activity	253,500	(253,500)	-
Other gains			
Net investment return	-	703,120	703,120
Other income (expense)	(242)	-	(242)
Total other gains	(242)	703,120	702,878
Total change in net assets	787,408	736,425	1,523,833
Net assets - beginning of year	8,512,286	3,500,820	12,013,106
Net assets - end of year	$ 9,299,694	$ 4,237,245	$ 13,536,939

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program services	Supporting services		
	Youth and family services	Management and general	Fundraising	Total
Salaries and related expenses	$ 1,880,251	$ 596,084	$ 342,614	$ 2,818,949
Direct service providers	101,149	1,755	-	102,904
Partner grants and awards	89,112	6,648	6,565	102,325
Supplies and snacks	108,321	29,274	1,366	138,961
Transportation and field trips	112,257	772	20	113,049
Trainings and conferences	11,215	21,301	188	32,704
Communications	37,679	19,001	9,925	66,605
Professional fees	35,070	157,063	15,456	207,589
Occupancy and insurance	81,108	29,898	10,009	121,015
Contributed services	2,380	590	-	2,970
Special events	-	-	9,719	9,719
Depreciation & Miscellaneous	125,881	35,273	14,063	175,216
Total functional expenses	$ 2,584,423	$ 897,659	$ 409,924	$ 3,892,006

Youth & Opportunity United, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program services	Supporting services		
	Youth and family services	Management and general	Fundraising	Total
Salaries and related expenses	$ 2,440,226	$ 538,082	$ 295,425	$ 3,273,733
Direct service providers	47,795	-	-	47,795
Partner grants and awards	158,025	-	-	158,025
Supplies and snacks	105,573	9,065	3,421	118,059
Transportation and field trips	32,379	579	-	32,958
Trainings and conferences	49,110	27,564	205	76,879
Communications	37,970	4,564	11,803	54,337
Professional fees	70,297	149,487	41,019	260,803
Occupancy and insurance	72,815	13,306	5,247	91,368
Contributed services	-	68,697	-	68,697
Special events	-	-	22,392	22,392
Depreciation	128,798	32,714	9,662	171,174
Write-down of assets held for sale		-	-	-
Miscellaneous	3,297	13,098	4,398	20,793
Total functional expenses	$ 3,146,285	$ 857,156	$ 393,572	$ 4,397,013

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (1,242,948)	$ 1,523,833
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	166,364	171,174
(Gain) loss on investments	497,606	(655,767)
Investment income, net of fees	(51,966)	(47,353)
Accounts receivable, net	3,953	(346,124)
Promises to give, net	252,640	253,500
Other current assets	29,710	(36,435)
Increase (decrease) in operating liabilities		
Accounts payable	(59,933)	67,960
Accrued expenses and other liabilities	(61,183)	(15,837)
Net cash (used in) provided by operating activities	(465,757)	914,951
Cash flows from investing activities		
Endowment proceeds/appropriations	103,561	100,540
Net cash provided by investing activities	103,561	100,540
Net increase in cash, cash equivalents, and restricted cash	(362,196)	1,015,491
Cash, cash equivalents, and restricted cash, beginning of year	3,717,840	2,702,349
Cash, cash equivalents, and restricted cash, end of year	$ 3,355,644	$ 3,717,840
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -

See Notes to Financial Statements.

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, 2022 and 2021, Y.O.U. received 64% 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.

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

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

Net assets with donor restrictions - represents the portion of net assets of the Organization that 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.

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, cash equivalents, and restricted cash

Cash, cash equivalents, and restricted cash include money market accounts and highly-liquid short-term investments purchased with maturities of three months or less. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	2022	2021
Cash and cash equivalents	$ 2,377,171	$ 2,268,960
Cash restricted for building repairs	675,000	540,000
Cash restricted for workplace excellence	52,580	122,122
Cash restricted for various purposes	250,893	786,758
Total	$ 3,355,644	$ 3,717,840

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, 2022 and June 30, 2021, the allowance was $11,201 and $11,201, respectively.

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, 2022 and 2021 was $166,364 and $171,174, respectively.

	Estimated life	Method
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:

<u>Level 1</u>: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities

<u>Level 2</u>: 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

<u>Level 3</u>: Inputs that are unobservable for the assets or liabilities

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. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance. 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.

A significant portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization incurs expenditures in compliance with specific contract or grant provisions. Grants are considered to be available for unrestricted use unless specifically restricted by donors. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position. We received cost reimbursable grants of $5,663 and $0 that have not been recognized as of June 30, 2022 and 2021, respectively, because the qualifying expenses have not yet been incurred.

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 events revenue is comprised of an exchange element based upon the direct benefits donors receive. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place.

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

Functional allocation of expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements 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 and Related	Based on employee percentage of time spent related to each functional category.
Direct Service Providers	Allocated 100% to Program.
Partner Grants and Awards	Allocated 100% to Program.
Supplies and Snacks	Assigned directly to functional category at the time it is booked, if possible; if not, based on headcount.
Transportation and Field Trips	Assigned directly to functional category at the time it is booked.
Trainings and 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 and Insurance	Based on headcount associated with each functional category except for workers' compensation, which is allocated based on the same percentages determined for salaries.
Contributed Services	Allocated 100% to Management and 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 headcount per cost pool during the time in question.
Miscellaneous	Assigned directly to functional category at the time it is booked.

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, 2022 and 2021. Management has analyzed the tax positions taken by the Organization and has concluded that, as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. 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 2019 remain open. The Organization recognizes interest and penalties associated with tax matters, if applicable, as operating expenses and includes accrued interest and penalties, if applicable, with other accrued expenses in the statements of financial position. There were no penalties or interest associated with tax matters for the years ended June 30, 2022 and 2021.

Recent accounting pronouncements

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will continue to primarily depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. ASU 2016-02 also requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Organization is currently evaluating the effect the updated standard will have on its financial statements.

Accounting Standards Update 2016-13

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (*Topic 326*) ("ASU 2016-13"), and subsequently issued various corresponding updates that will update the impairment model for financial assets measured at amortized cost, known as the Current Expected Credit Loss model. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. For available-for-sale debt securities with unrealized losses, there will be no change to the measurement of credit losses, except that unrealized losses due to credit-related factors will be recognized as an allowance on the balance sheet with a corresponding adjustment to earnings in the statement of activities. There are various transition methods available upon adoption. ASU 2016-13, as amended by ASU 2019-10, is effective for nonpublic companies for periods beginning after December 15, 2022. Early adoption is permitted. The Organization is currently evaluating the effect the updated standard will have on its financial statements.

Accounting Standards Update 2020-07

For the year ended June 30, 2022, the Organization adopted ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the Organization and will not change existing recognition and measurement requirements. The Organization has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

Note 3 - Availability and liquidity

The following represents the Organization's financial assets at June 30, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	$ 2,377,171	$ 2,268,960
Cash - facility reserve fund	675,000	540,000
Cash - workplace excellence	52,580	122,122
Cash - restricted	250,893	786,758
Endowment investments	2,659,337	3,208,538
Accounts receivable, net	818,167	822,120
Promises to give, net	-	252,640
Total financial assets	6,833,148	8,001,138
Less amounts not available to be used within one year		
Board-designated net assets	(727,580)	(662,328)
Net assets with donor restrictions	(3,241,079)	(4,237,245)
Financial assets not available to be used within one year	(3,968,659)	(4,899,573)
Financial assets available to meet general expenditures within one year	$ 2,864,489	$ 3,101,565

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.

The Organization 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 $250,893.

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, 2022 and 2021, $250,893 and $786,758, 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:

	2022	2021
Promises to give to be collected in		
Less than one year	$ -	$ 252,640
One to five years	-	-
	-	252,640
Less		
Allowance	-	-
Promises to give, net	-	252,640
Less current portion	-	(252,640)
Long-term portion	$ -	$ -

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.

Investments consist of the following at June 30, 2022 and 2021:

	2022	2021
Money market funds	$ 27,388	$ 12,152
Equity mutual funds	1,717,021	2,145,290
Fixed income mutual funds	914,928	1,051,096
	$ 2,659,337	$ 3,208,538

Net investment return for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Interest and fees	$ 51,966	$ 47,353
Realized gains	73,274	69,445
Unrealized gains (losses)	(570,880)	586,322
Net investment return	$ (445,640)	$ 703,120

Note 7 - Line of credit

On May 19, 2020, Y.O.U. renewed the line of credit with Byline Bank in the amount of $750,000 through May 19, 2021. Interest was payable monthly at the prime rate. The line of credit was collateralized by the business assets of Y.O.U. The line of credit was not renewed after May 19, 2021.

Note 8 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purpose		
Educational programs	$ 230,742	$ 335,761
Cash flow assistance	250,000	250,000
	480,742	585,761
Subject to the passage of time		
Available for general use	90,000	184,000
Annual benefit	10,000	20,000
Stewardship	1,000	1,000
Capital campaign	-	237,946
	101,000	442,946
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation		
Available for general use	2,659,337	3,208,538
	$ 3,241,079	$ 4,237,245

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Expiration of time restrictions	$ 241,946	$ 253,500
Satisfaction of purpose restrictions		
Educational programs	335,566	90,229
Endowment appropriations	103,561	100,540
	$ 681,073	$ 444,269

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

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the years ended June 30, 2022 and 2021, respectively, is as follows:

2022	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 2,659,337	$ 2,659,337
Endowment net assets, beginning of year	$ -	$ 3,208,538	$ 3,208,538
Investment return			
Investment income, net of fees	-	51,966	51,966
Net appreciation (realized and unrealized)	-	(497,606)	(497,606)
Total investment return	-	(445,640)	(445,640)
Contributions	-	-	-
Appropriations	-	(103,561)	(103,561)
Endowment net assets, end of year	$ -	$ 2,659,337	$ 2,659,337

2021	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 3,208,538	$ 3,208,538
Endowment net assets, beginning of year	$ -	$ 2,605,958	$ 2,605,958
Investment return			
Investment income, net of fees	-	47,353	47,353
Net appreciation (realized and unrealized)	-	655,767	655,767
Total investment return	-	703,120	703,120
Contributions	-	-	-
Appropriation of endowment net	-	-	-
Appropriations	-	(100,540)	(100,540)
Endowment net assets, end of year	$ -	$ 3,208,538	$ 3,208,538

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.

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 the 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, 2022 or 2021.

Note 10 - Donated property and services

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in the operations of its programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Y.O.U. received 99 and 887 hours of volunteer service for the years ended June 30, 2022 and 2021, respectively, which have not been recognized in the accompanying statements of activities for the years ended June 30, 2022 and 2021, respectively, as they do not meet the requirements for recognition.

The Organization also receives legal, architectural, consulting and design services for its program operations and supporting services. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The services are valued based on current market rates. The total amount recognized for donated services is approximately $2,970 and $68,697, respectively, for the years ended June 30, 2022 and 2021, and is allocated among program and supporting services.

Note 11 - Concentration of revenue

A substantial portion of Y.O.U.'s revenue is from one grantor during the years ended June 30, 2022 and 2021. 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, 2022 and 2021, revenue received from those grantors was $1,317,173, or 43% of total revenue, and $1,456,582, or 25% of total revenue, respectively.

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, 2022.

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, 2022, the Board elected to designate $135,000 of net assets without donor restrictions to the Facility Reserve Fund and disburse $69,748 from the Workplace Excellence Fund. During the year ended June 30, 2021, the Board elected to designate $135,000 of net assets without donor restrictions to the Facility Reserve Fund and disburse $64,292 from the Workplace Excellence Fund. The Board-designated amounts for the years ended June 30, 2022 and 2021 are $727,580 and $662,328, respectively. These funds, while designated for the purposes noted above, are categorized within net assets without donor restrictions.

Note 14 - CARES Act - Employee Retention Credit

As part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the employee retention credit ("ERC") was introduced as a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they aren't working due to the effects of the novel strain of coronavirus ("COVID-19"). Eligible employers can get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. For each eligible employee, wages up to $10,000 annually can be counted to determine the amount of the 50% credit. In 2021, this credit increased from 50% to 70% up to $10,000 per quarter. Employers are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either: (1) the full or partial suspension of operations of their trade or business during any calendar quarter due to COVID-19, or (2) a significant decline in gross receipts, defined as a 50% (20% for 2021) decline in gross revenue from one calendar quarter to the equivalent calendar quarter. For the years ended June 30, 2022 and 2021, the ERC for the Organization totaled $0 and $803,341, respectively, which is included in government grants on the accompanying statements of activities. As of June 30, 2022 and 2021, the amounts to be received from the ERC was $113,576 and $284,096, respectively, and is included in accounts receivable, net on the accompanying statements of financial position.

Note 15 - Contingency

The spread of 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.

Note 16 - 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 the Organization through March 15, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Youth & Opportunity United, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor / (Pass-through Grantor) / Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
Passed through The Harbour, Inc.				
Basic Center Program	93.623	93623001-21	$ -	$ 8,354
Basic Center Program	93.623	93623001-22	-	56,497
		Subtotal	-	64,851
Street Outreach Program	93.557	N/A	15,000	38,261
Street Outreach Program	93.557	N/A	45,000	91,377
		Subtotal	60,000	129,638
Passed through the Illinois Department of Human Services				
Comprehensive Community Based Youth Services (CCBYS)	93.667	FCSAR01044	-	202,207
		Total Department of Health and Human Services	**60,000**	**396,696**
Corporation for National and Community Service				
Passed through the Illinois Department of Public Health				
AmeriCorps	94.006	07380026H	-	22,201
Passed through the Illinois Department of Human Services				
AmeriCorps	94.006	FCSAY06265	-	99,577
		Total Corporation for National and Community Service	**-**	**121,778**
Department of Education				
Passed through the Illinois State Board of Education				
21st Century Community Learning Centers - ETHS	84.287	2021-4421-35-65-108-1220-51	-	13,411
21st Century Community Learning Centers - ETHS	84.287	2022-4421-35-65-108-1220-51	-	125,725
21st Century Community Learning Centers - Lincoln	84.287	2021-4421-13-65-108-1220-51	-	29,535
21st Century Community Learning Centers - Lincoln	84.287	2022-4421-13-65-108-1220-51	-	-
21st Century Community Learning Centers - King Arts	84.287	2021-4421-31-65-108-1220-51	-	1,300
21st Century Community Learning Centers - King Arts	84.287	2022-4421-31-65-108-1220-51	-	120,946
21st Century Community Learning Centers - Dawes	84.287	2021-4421-32-65-108-1220-51	-	19,460
21st Century Community Learning Centers - Dawes	84.287	2022-4421-32-65-108-1220-51	-	120,000
21st Century Community Learning Centers - Chute, Oakton, Walker	84.287	2021-4421-25-65-108-1220-51	-	58,431
21st Century Community Learning Centers - Chute, Oakton, Walker	84.287	2022-4421-25-65-108-1220-51	-	339,095
21st Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287	2021-4421-15-65-108-1220-51	-	104,296
21st Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287	2022-4421-15-65-108-1220-51	-	320,219
		Subtotal	-	1,252,418
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	2022-4998-CP-65-108-1220-51	-	64,754
		Total Department of Education	**-**	**1,317,172**
Department of Agriculture				
Passed through the Illinois State Board of Education				
Child and Adult Care Food Program	10.558	65-108-1220-51	-	22,211
		Subtotal	**-**	**22,211**
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	65-108-1220-51	-	6,342
		Subtotal Cluster 10.559	**-**	**6,342**
		Total Department of Agriculture	**-**	**28,553**
Total expenditures of federal awards			**$ 60,000**	**$ 1,864,199**

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2022. 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"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization. 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

The Organization has not 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, 2022, 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 March 15, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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
March 15, 2023

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Youth & Opportunity United, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Youth & Opportunity United, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Youth & Opportunity United, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Youth & Opportunity United, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Youth & Opportunity United, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Youth & Opportunity United, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Youth & Opportunity United, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Youth & Opportunity United, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Youth & Opportunity United, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item *2022-001*. Our opinion on each major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on Youth & Opportunity United, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Youth & Opportunity United, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Youth & Opportunity United, Inc.'s response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Youth & Opportunity United, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CohnReznick LLP

Chicago, Illinois
March 15, 2023

Youth & Opportunity United, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? ___yes _✓_no
- Significant deficiency(ies) identified? ___yes _✓_none reported

Noncompliance material to financial statements noted? ___yes _✓_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes _✓_ no
- Significant deficiency(ies) identified? _✓_yes _____ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _✓_yes ___no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.287	21st Century Community Learning Center

Dollar threshold used to distinguish between type A and B programs $750,000

Auditee qualified as low-risk auditee? _✓_yes ___no

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

Finding No. 2022-001

Assistance Listing Number 84.287 - 21st Century Community Learning Center Program, United States Department of Education.

Pass-PThrough Entity: Illinois State Board of Education

Award Number: 586-46-0423-4421-F

Compliance Requirements: Reporting

Criteria

Quarterly expenditure reporting is required to be submitted timely to the Illinois State Board of Education.

Condition

During the fiscal year ended June 30, 2022, quarterly expenditure reports were submitted past the due dates.

Context

Three quarterly reports were submitted past the 20-day due date.

Cause

The reports were submitted late due to staff turnover, which prevented the Organization from submitting the reports timely.

Effect

The Organization was not in compliance with the major program reporting requirements under the Uniform Guidance.

Questioned Costs

Not applicable

Identification as a Repeat Finding

No

Recommendation

The Organization should enhance their processes in place and monitoring to ensure timely submission in the future.

Views of Responsible Officials

The reports were submitted late due to staff turnover. Going forward we will make sure the reports will be submitted timely.

CohnReznick

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