

Youth & Opportunity United, Inc.

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

June 30, 2018 and 2017

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

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, 2018 and 2017, 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. 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, 2018 and 2017, 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 November 27, 2018, 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 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 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
November 27, 2018

Youth & Opportunity United, Inc.

Statements of Financial Position
June 30, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 1,150,681	\$ 661,099
Cash - facility reserve fund	111,219	-
Cash - restricted	380,427	524,102
Accounts receivable, net	315,846	479,541
Promises to give, net	315,694	298,366
Other current assets	23,528	23,304
	<u>2,297,395</u>	<u>1,986,412</u>
Total current assets		
Fixed assets		
Land	608,040	608,040
Building and building improvements, net	5,392,364	5,504,449
Furniture and equipment, net	278,954	305,850
	<u>6,279,358</u>	<u>6,418,339</u>
Total fixed assets, net		
Other assets		
Promises to give, less current portion, net	723,281	994,561
Endowment investments	2,535,049	2,387,231
	<u>3,258,330</u>	<u>3,381,792</u>
Total other assets		
Total assets	<u>\$ 11,835,083</u>	<u>\$ 11,786,543</u>

Youth & Opportunity United, Inc.

**Statements of Financial Position
June 30, 2018 and 2017**

Liabilities and Net Assets

	<u>2018</u>	<u>2017</u>
Current liabilities		
Mortgage payable, current maturities	\$ -	\$ 12,270
Accounts payable	59,395	135,527
Accrued salaries and related expenses	94,946	101,577
Accrued interest	-	1,597
Other accrued expenses	9,618	27,032
Other current liabilities	<u>3,358</u>	<u>3,235</u>
Total current liabilities	<u>167,317</u>	<u>281,238</u>
Long-term liabilities		
Mortgage payable, net of current maturities	-	387,683
Other long-term liabilities	<u>5,581</u>	<u>8,939</u>
Total long-term liabilities	<u>5,581</u>	<u>396,622</u>
Total liabilities	<u>172,898</u>	<u>677,860</u>
Net assets		
Unrestricted	7,438,410	6,572,049
Temporarily restricted	2,182,388	2,495,247
Permanently restricted	<u>2,041,387</u>	<u>2,041,387</u>
Total net assets	<u>11,662,185</u>	<u>11,108,683</u>
Total liabilities and net assets	<u>\$ 11,835,083</u>	<u>\$ 11,786,543</u>

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

**Statement of Activities
Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating activity				
Operating support and revenue				
Contributions	\$ 1,009,792	\$ 250,393	\$ -	\$ 1,260,185
Government revenue	2,301,301	-	-	2,301,301
United Way grant revenue	357,500	-	-	357,500
Special events	329,967	-	-	329,967
Donated services	18,899	-	-	18,899
Investment return	-	178,526	-	178,526
Net assets released from restrictions	562,888	(562,888)	-	-
Net assets released from non-operating	216,525	-	-	216,525
Total operating support and revenue	<u>4,796,872</u>	<u>(133,969)</u>	<u>-</u>	<u>4,662,903</u>
Operating expenses				
Program services				
Youth and family services	3,187,484	-	-	3,187,484
Supporting services				
Management and general	640,482	-	-	640,482
Fundraising	319,614	-	-	319,614
Total operating expenses	<u>4,147,580</u>	<u>-</u>	<u>-</u>	<u>4,147,580</u>
Increase (decrease) in net assets from operating activity	<u>649,292</u>	<u>(133,969)</u>	<u>-</u>	<u>515,323</u>
Non-operating activity				
Non-operating support and revenue				
Contributions - capital campaign	240,196	14,508	-	254,704
Net assets released from restrictions	145,637	(145,637)	-	-
Net assets released to operating	(168,764)	(47,761)	-	(216,525)
Total non-operating support and revenue	<u>217,069</u>	<u>(178,890)</u>	<u>-</u>	<u>38,179</u>
Non-operating expenses				
Program services				
Youth and family services	-	-	-	-
Supporting services				
Management	-	-	-	-
Fundraising	-	-	-	-
Total non-operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets from non-operating activity	<u>217,069</u>	<u>(178,890)</u>	<u>-</u>	<u>38,179</u>
Total increase (decrease) in net assets	866,361	(312,859)	-	553,502
Net assets - beginning of year	<u>6,572,049</u>	<u>2,495,247</u>	<u>2,041,387</u>	<u>11,108,683</u>
Net assets - end of year	<u>\$ 7,438,410</u>	<u>\$ 2,182,388</u>	<u>\$ 2,041,387</u>	<u>\$ 11,662,185</u>

Youth & Opportunity United, Inc.

**Statement of Activities
Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating activity				
Operating support and revenue				
Contributions	\$ 736,783	\$ 323,146	\$ 1,000	\$ 1,060,929
Government revenue	2,365,066	-	-	2,365,066
United Way grant revenue	537,500	-	-	537,500
Special events	337,167	-	-	337,167
Donated services	51,379	-	-	51,379
Investment return	3,387	248,867	-	252,254
Net assets released from restrictions	356,712	(356,712)	-	-
Net assets released from non-operating	317,237	-	-	317,237
Total operating support and revenue	<u>4,705,231</u>	<u>215,301</u>	<u>1,000</u>	<u>4,921,532</u>
Operating expenses				
Program services				
Youth and family services	3,389,408	-	-	3,389,408
Supporting services				
Management and general	678,725	-	-	678,725
Fundraising	344,797	-	-	344,797
Total operating expenses	<u>4,412,930</u>	<u>-</u>	<u>-</u>	<u>4,412,930</u>
Increase in net assets from operating activity	<u>292,301</u>	<u>215,301</u>	<u>1,000</u>	<u>508,602</u>
Non-operating activity				
Non-operating support and revenue				
Contributions - capital campaign	1,133,332	49,290	5,000	1,187,622
Donated services and property	229,697	-	-	229,697
Net assets released from restrictions	4,378,538	(4,695,775)	-	(317,237)
Total non-operating support and revenue	<u>5,741,567</u>	<u>(4,646,485)</u>	<u>5,000</u>	<u>1,100,082</u>
Non-operating expenses				
Program services				
Youth and family services	173,886	-	-	173,886
Supporting services				
Management	67,734	-	-	67,734
Fundraising	17,319	-	-	17,319
Total non-operating expenses	<u>258,939</u>	<u>-</u>	<u>-</u>	<u>258,939</u>
Increase (decrease) in net assets from non-operating activity	<u>5,482,628</u>	<u>(4,646,485)</u>	<u>5,000</u>	<u>841,143</u>
Total increase (decrease) in net assets	5,774,929	(4,431,184)	6,000	1,349,745
Net assets - beginning of year	797,120	6,926,431	2,035,387	9,758,938
Net assets - end of year	<u>\$ 6,572,049</u>	<u>\$ 2,495,247</u>	<u>\$ 2,041,387</u>	<u>\$ 11,108,683</u>

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Program services	Supporting services		
	Youth and family services	Management and general	Fundraising	Total
Salaries and related expenses	\$ 2,287,631	\$ 411,745	\$ 227,856	\$ 2,927,232
Direct service providers	133,461	1,000	-	134,461
Partner grants and awards	162,367	-	-	162,367
Supplies and snacks	200,681	31,621	1,939	234,241
Transportation and field trips	85,749	46	66	85,861
Trainings and conferences	44,212	11,599	1,825	57,636
Communications	35,672	4,962	19,842	60,476
Professional fees	31,278	130,599	1,688	163,565
Occupancy and insurance	69,329	12,421	4,340	86,090
Contributed services and supplies	-	18,899	-	18,899
Special events	-	-	43,839	43,839
Depreciation	136,708	29,001	10,112	175,821
Miscellaneous	396	1,126	8,107	9,629
	<u>\$ 3,187,484</u>	<u>\$ 653,019</u>	<u>\$ 319,614</u>	<u>\$ 4,160,117</u>
Total functional expenses	<u>\$ 3,187,484</u>	<u>\$ 653,019</u>	<u>\$ 319,614</u>	<u>\$ 4,160,117</u>

Youth & Opportunity United, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2017**

	Program services	Supporting services		Total
	Youth and family services	Management and general	Fundraising	
Salaries and related expenses	\$ 2,445,469	\$ 475,850	\$ 262,116	\$ 3,183,435
Direct service providers	120,514	1,016	-	121,530
Partner grants and awards	243,573	-	-	243,573
Supplies and snacks	316,999	82,526	15,162	414,687
Transportation and field trips	85,727	759	541	87,027
Trainings and conferences	71,254	15,811	793	87,858
Communications	40,540	13,378	17,954	71,872
Professional fees	68,253	91,190	3,301	162,744
Occupancy and insurance	61,927	27,178	3,777	92,882
Contributed services	43,314	32,134	1,429	76,877
Special events	-	-	43,853	43,853
Depreciation	61,395	15,950	4,781	82,126
Miscellaneous	4,329	1,754	8,409	14,492
Total functional expenses	\$ 3,563,294	\$ 757,546	\$ 362,116	\$ 4,682,956

Youth & Opportunity United, Inc.

**Statements of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Increase in net assets	\$ 553,502	\$ 1,349,745
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	175,821	82,126
Contributions restricted for long-term purposes	(50,000)	(481,000)
Gain on investments	(133,379)	(213,667)
Investment income, net of fees	(45,147)	(38,587)
Gain on sale of building	-	(11,030)
Donated capitalized services	-	(204,199)
(Increase) decrease in operating assets:		
Accounts receivable, net	163,695	(126,990)
Promises to give, net	253,952	266,014
Other current assets	(224)	(799)
Increase (decrease) in operating liabilities:		
Accounts payable	(76,132)	38,885
Accrued expenses and other liabilities	(28,877)	(18,582)
Net cash provided by operating activities	813,211	641,916
Cash flows from investing activities		
Construction in progress	-	(4,179,714)
Construction costs payable	-	(336,364)
Purchases of endowment investments	-	(381,300)
Endowment proceeds/appropriations	30,708	-
Purchases of fixed assets	(36,840)	(309,390)
Proceeds from sale of building	-	428,432
Net cash used in investing activities	(6,132)	(4,778,336)
Cash flows from financing activities		
Collections of contributions restricted for long-term purposes:		
Contributions restricted to long-term assets	50,000	475,000
Contributions restricted for endowments	-	6,000
Payments on mortgage payable, current	-	(223,327)
(Payments on) proceeds from mortgage payable	(399,953)	399,953
Proceeds from line of credit	-	400,000
Payments on line of credit	-	(400,000)
Net cash (used in) provided by financing activities	(349,953)	657,626
Net increase (decrease) in cash	457,126	(3,478,794)
Cash, cash equivalents, and restricted cash, beginning of year	1,185,201	4,663,995
Cash, cash equivalents, and restricted cash, end of year	\$ 1,642,327	\$ 1,185,201
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 18,642	\$ 5,321

See Notes to Financial Statements.

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

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 human service agency that assists youths and their families in developing and sustaining behavioral and emotional health through community based services. For the years ended June 30, 2018 and 2017, Y.O.U. received 49% and 41%, 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. 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:

Unrestricted represents the portion of net assets that are not subject to donor-imposed stipulations and are available for operations.

Temporarily restricted represents income that has been temporarily restricted by the donor as to its usage and/or the passage of time.

Permanently restricted represents funds that have been restricted by the donor as to it being retained in perpetuity. Generally, 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.

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

Capitalization and depreciation

Land, building, 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, 2018 and 2017 was \$175,821 and \$82,126, respectively.

	<u>Estimated life</u>	<u>Method</u>
Building	45 years	Straight-line
Building improvements	5 - 15 years	Straight-line
Furniture and equipment	5 - 30 years	Straight-line

Construction in progress

Costs incurred for construction in progress are capitalized when incurred. If at any time management determines that the costs incurred would no longer provide a future benefit to the Organization the costs are expensed in the period in which that determination is made.

Assets held for sale

Long-lived assets to be sold are classified as "held for sale" in the period in which certain criteria are met, such as the estimated timeframe in which the assets are expected to be sold. As a result, depreciation is not recorded on an asset once deemed to be held for sale, and it is recorded in the financial statements at the lower of its carrying value or fair value less cost to sell.

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 combined 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 operating and non-operating activities for the years ended June 30, 2018 and 2017, respectively. Interest income and dividends are also reflected in the accompanying statements of activities as operating and non-operating activities for the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, investment management fees of \$12,537 were incurred and are included in operating investment income on the accompanying statements of activities. For the year ended June 30, 2017, investment management fees of \$11,087, were incurred and are included in non-operating expenses on the accompanying statements of activities.

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

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

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

Revenue recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues 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 either unrestricted or temporarily restricted net assets 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, 2018 and 2017

Functional allocation of expenses

Functional expenses have been allocated based on analysis of personnel time, space utilized, historic trends and/or actual expenses for the related activities.

Operating leases

Operating lease payments are recorded at actual costs at the time the lease payments are due. Accounting principles generally accepted in the United States of America require that operating lease payments be amortized over the term of the lease using the straight-line method; however, the effect of recording lease payments at actual cost at the time the lease payments are due is not materially different from the results that would have been obtained under the straight-line method.

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, 2018 and 2017. 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 2015 remain open.

Reclassifications

Reclassifications may have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only, and do not restate the prior year financial statements.

Note 3 - Restricted cash

Certain private donations have been classified as restricted cash and temporarily restricted net assets. 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, 2018 and 2017, \$380,427 and \$524,102, respectively, has been classified as restricted cash.

Youth & Opportunity United, Inc.

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 4 - 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:

	<u>2018</u>	<u>2017</u>
Promises to give to be collected in:		
Less than one year	\$ 320,210	\$ 308,184
One to five years	758,125	1,047,000
Over five years	-	-
	<u>1,078,335</u>	<u>1,355,184</u>
Less:		
Discount to present value (1.53%)	(34,536)	(50,294)
Allowance for uncollectible amounts	<u>(4,824)</u>	<u>(11,963)</u>
Promises to give, net	1,038,975	1,292,927
Less current portion	<u>(315,694)</u>	<u>(298,366)</u>
Long-term portion	<u><u>\$ 723,281</u></u>	<u><u>\$ 994,561</u></u>

Note 5 - 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 11,403	\$ 22,230
Equity mutual funds	1,709,250	1,638,335
Fixed income mutual funds	<u>814,396</u>	<u>726,666</u>
	<u><u>\$ 2,535,049</u></u>	<u><u>\$ 2,387,231</u></u>

Net investment return for the years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest, dividend income, and fees	\$ 45,147	\$ 38,587
Realized gains	36,581	71,839
Unrealized gains	<u>96,798</u>	<u>141,828</u>
Net investment return	<u><u>\$ 178,526</u></u>	<u><u>\$ 252,254</u></u>

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

Note 6 - Fixed assets and construction in progress

During the year ended June 30, 2015, management began pursuing a capital building project of their new headquarters facility at 1911 Church Street in Evanston, IL when the Organization received a donation of land. Costs incurred in connection with this project were capitalized as incurred. During the year ended June 30, 2017, construction was completed and the building was placed in service on February 1, 2017.

Note 7 - Construction contract

On February 2, 2016, Y.O.U. entered into a construction contract with Leopardo Companies, Inc., an unrelated party, to build the new headquarters facility at 1911 Church Street in Evanston, IL. Total construction contract including change orders was \$4,608,438. During the year ended June 2017, construction costs in the amount of \$4,024,566 were incurred. All construction costs were paid as of June 30, 2017.

Note 8 - Sale of building

In 2016, due to the construction of the new facility, management committed to a plan to sell the 1027 Sherman Avenue property in Evanston, IL. On September 26, 2016, Y.O.U. entered into a purchase and sale agreement with an unrelated party to sell the aforementioned property. On December 1, 2016, the aforementioned property was sold for a sales price, net of selling costs of \$423,000. As of June 30, 2016, Y.O.U. wrote down the carrying value of the related land, building and building improvements to its fair value less costs to sell. The fair value was considered using Level 2 inputs. For the year ended June 30, 2016, the resulting loss on the write-down of the assets of \$99,114 was included in the statements of activities as an operating activity and the property was classified as held for sale on the statement of financial position. As of June 30, 2017, the Organization wrote off the remaining book value of the aforementioned property, which resulted in a gain of \$11,030.

Note 9 - Mortgage payable

A mortgage note dated December 1, 2012 was held by First Bank and Trust in the original amount of \$307,972. On October 1, 2015, the initial interest rate of 6.48% was modified to 4.95%. Monthly payments of principal and interest were required through the maturity date on December 1, 2016. The note was collateralized by the 1027 Sherman Avenue property. As of June 30, 2017, the mortgage and related interest payable balances are \$0. During the year ended June 30, 2017, interest of \$3,724 was incurred. During the year ended June 30, 2017, the mortgage note was paid in full in conjunction with the sale of the 1027 Sherman Avenue property.

On June 30, 2017, Y.O.U. entered into a mortgage note held by First Bank and Trust in the amount of \$399,953 with a maturity date of June 30, 2022. The note carries a 4.70% interest rate and monthly payments of principal and interest are due. Upon maturity, any unpaid principal and interest is due. On June 26, 2018, the Board approved payment of the remaining balance on the mortgage. As of June 30, 2018 and 2017, the mortgage payable balance is \$0 and \$399,953, respectively.

Note 10 - Line of credit

Y.O.U. had a line of credit with First Bank and Trust in the amount of \$150,000 that expired on May 21, 2017. Interest was payable monthly at the prime rate plus 0.5%, subject to a 4% minimum. On May 21, 2017, Y.O.U. renewed the line of credit with First Bank and Trust in the amount of

Youth & Opportunity United, Inc.

**Notes to Financial Statements
June 30, 2018 and 2017**

\$750,000. Interest was payable monthly at the prime rate. As of June 30, 2017, no amounts were drawn and the prime rate was 4.25%. The line of credit expired on May 21, 2018. Y.O.U. renewed the line of credit with First Bank and Trust in the same amount. Interest was payable monthly at the prime rate. As of June 30, 2018, no amounts were drawn and the prime rate was 4.75%. The lines of credit are collateralized by the business assets of Y.O.U.

Y.O.U. had a line of credit with First Bank and Trust in the amount of \$2,000,000 that expired on June 30, 2017. Interest was payable monthly at the prime rate. As of June 30, 2017, the prime rate was 4.25%. The line of credit was collateralized by the business assets of Y.O.U. During the year ended June 30, 2017, proceeds of \$400,000 were drawn and \$1,597 of interest was incurred and remained payable at year end. Upon expiration, the balance of \$399,953 was converted into the mortgage (see Note 9).

Note 11 - Temporarily restricted net assets

A summary of the temporarily restricted net assets account activity for the fiscal years ended June 30, 2018 and 2017 are as follows:

June 30, 2018	Beginning balance	Additions	Releases	Transfer	Ending balance
Net assets - temporarily restricted	\$ 2,495,247	\$ 443,427	\$ (756,286)	\$ -	\$ 2,182,388
June 30, 2017	Beginning balance	Additions	Releases	Transfer	Ending balance
Net assets - temporarily restricted	\$ 6,926,431	\$ 621,303	\$ (5,052,487)	\$ -	\$ 2,495,247

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

Note 12 - 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 permanently restricted net assets (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

Youth & Opportunity United, Inc.

**Notes to Financial Statements
June 30, 2018 and 2017**

not classified in permanently restricted net assets is classified as temporarily restricted net assets 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:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. 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, 2018 and 2017, respectively, is as follows:

2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 533,749	\$ 2,001,300	\$ 2,535,049
Endowment net assets, beginning of year	\$ -	\$ 385,931	\$ 2,001,300	\$ 2,387,231
Investment return:				
Investment income, net of fees	-	45,147	-	45,147
Net appreciation (realized and unrealized)	-	133,379	-	133,379
Total investment return	-	178,526	-	178,526
Contributions	-	-	-	-
Appropriations	-	(30,708)	-	(30,708)
Endowment net assets, end of year	\$ -	\$ 533,749	\$ 2,001,300	\$ 2,535,049
2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 385,931	\$ 2,001,300	\$ 2,387,231
Endowment net assets, beginning of year	\$ (3,387)	\$ 137,064	\$ 1,995,300	\$ 2,128,977
Investment return:				
Investment income, net of fees	3,387	35,200	-	38,587
Net appreciation (realized and unrealized)	-	213,667	-	213,667
Total investment return	3,387	248,867	-	252,254
Contributions	-	-	6,000	6,000
Endowment net assets, end of year	\$ -	\$ 385,931	\$ 2,001,300	\$ 2,387,231

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

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 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 unrestricted net assets. 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, 2018 or 2017.

Note 13 - 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, 2018 and 2017, Y.O.U. received legal, architectural, consulting and design services with a value of \$18,899 and \$281,076, respectively. The value of such services is included as donated services in the accompanying statements of activities. In addition, Y.O.U. received 2,011 and 1,649 hours of volunteer service for the years ended June 30, 2018 and 2017, respectively, which are not considered specializing or enhancing to a non-financial asset and are therefore not recorded in the financial statements.

Youth & Opportunity United, Inc.

Notes to Financial Statements June 30, 2018 and 2017

Note 14 - Cost-sharing obligation and lease expenses

Y.O.U. entered into a cost sharing agreement for program space at Grace Lutheran Church (the "Lessor") in Evanston, Illinois on September 1, 2007. The original agreement expired on October 31, 2013. The agreement was renewed for the period November 1, 2013 through October 31, 2015 and again for the period November 1, 2015 through December 31, 2016. Monthly fixed program costs were \$1,900 for the contract ending December 31, 2016. Cost-sharing expenses for each of the years ended June 30, 2018 and 2017 were \$0 and \$11,400, respectively.

Y.O.U. entered into a lease agreement for program space at Renew Management Services (the "Lessor") in Evanston, Illinois on February 20, 2015. Monthly fixed program costs are \$2,475 from March 1, 2016 through March 31, 2017. Lease expenses for each of the years ended June 30, 2018 and 2017 were \$0 and \$22,275, respectively.

Note 15 - Concentration of revenue

A substantial portion of Y.O.U.'s revenue is from one grantor during the years ended June 30, 2018 and 2017. 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, 2018 and 2017, revenue received from those grantors was \$1,506,348, or 32% of total revenue, and \$1,354,668, or 22% of total revenue, respectively.

Note 16 - 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, 2018.

Note 17 - Board-designated net assets

The Organization's Board of Directors can elect to designate a portion of the Organization's unrestricted net assets. On June 26, 2018, the Board elected to designate a portion of unrestricted net assets to the Facility Reserve Fund. The designated amount was \$111,219 for the year ended June 30, 2018. No amount was designated for the year ended June 30, 2017. These funds, while designated for the purposes noted above, are categorized within unrestricted net assets.

Note 18 - 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 November 27, 2018 (the date the financial statements were available to be issued) and concluded that no additional subsequent events other than those already discussed in the notes have occurred that would require recognition in the financial statements.

Supplementary Information

Youth & Opportunity United, Inc.

**Schedule of Expenditures of Federal Awards
June 30, 2018**

Federal Grantor / (Pass-through Grantor) / Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Basic Center Program (Note B)	93.623	N/A - Direct	\$ 58,089
Steet Outreach Program (Note B)	93.557	N/A - Direct	47,514
Steet Outreach Program (Note B)	93.557	N/A - Direct	145,722
Illinois Department of Human Services Comprehensive Community Based Youth Services (CCBYS)	93.667	FCSVR01044	12,968
		Subtotal	264,293
Corporation for National & Community Service			
Illinois Department of Public Health Americorps	94.006	77380026E	35,906
Americorps	94.006	87380026F	230,629
		Subtotal	266,535
Department of Justice			
Office on Violence Against Women Allied Against Violence (Note B)	16.888	N/A - Direct	8,493
Department of Education			
Illinois State Board of Education Loyola America Reads Program	84.033	N/A	1,186
21st Century Community Learning Centers - ETHS	84.287C	2017-4421-35-65-108-1220-51	28,948
21st Century Community Learning Centers - ETHS	84.287C	2018-4421-35-65-108-1220-51	106,734
21st Century Community Learning Centers - Lincoln	84.287C	2017-4421-13-65-108-1220-51	23,556
21st Century Community Learning Centers - Lincoln	84.287C	2018-4421-13-65-108-1220-51	109,800
21st Century Community Learning Centers - King Arts	84.287C	2017-4421-31-65-108-1220-51	18,445
21st Century Community Learning Centers - King Arts	84.287C	2018-4421-31-65-108-1220-51	131,225
21st Century Community Learning Centers - Dawes	84.287C	2017-4421-32-65-108-1220-51	17,826
21st Century Community Learning Centers - Dawes	84.287C	2018-4421-32-65-108-1220-51	101,898
21st Century Community Learning Centers - Chute, Oakton, Walker	84.287C	2017-4421-25-65-108-1220-51	74,811
22nd Century Community Learning Centers - Chute, Oakton, Walker	84.287C	2018-4421-25-65-108-1220-51	307,327
21st Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287C	2017-4421-15-65-108-1220-51	89,427
22nd Century Community Learning Centers - Nichols, Old Orchard, Washington, Edison	84.287C	2018-4421-15-65-108-1220-51	408,270
		Subtotal Cluster 84.287C	1,418,267
		Subtotal	1,419,453
Department of Agriculture			
Illinois State Board of Education Child and Adult Care Food Program	10.558	65-108-1220-51	39,037
Summer Food Service Program for Children	10.559	65-108-1220-51	47,859
		Subtotal	86,896
			\$ 2,045,670

Note A: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Youth & Opportunity United, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Grant Guidance, "Audits of States, Local Governments, and Non-Profit Organization." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B: Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, Youth & Opportunity United, Inc. provided federal awards to subrecipients as follows:

Program Name	CFDA Number	Amount Provided
Basic Center Program	93.623	\$ 32,012
Street Outreach Program	93.557	\$ 85,866

Note C: No amounts in the schedule of expenditures of federal awards above were expended in the form of non-cash assistance, insurance in force, or for loans and loan guarantee.

Note D: Y.O.U. has chosen to apply the de minimis indirect cost rate in all allowable grants.

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, 2018, 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 November 27, 2018.

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") to determine the 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 determination of financial statement amounts. 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
November 27, 2018

Independent Auditor's Report on Compliance for Each 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, 2018. 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, 2018.

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.

CohnReznick LLP

Chicago, Illinois
November 27, 2018

Youth & Opportunity United, Inc.

**Schedule of Findings and Questioned Costs
June 30, 2018**

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Youth & Opportunity United, Inc.
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 included: Illinois State Board of Education: 21st Century Community Learning Centers Program, CFDA 84.287C.
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, 2018**

No prior year findings.

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