

YOUTHBUILD LAKE COUNTY, INC.

Consolidated Financial Statements

Years Ended June 30, 2020 and 2019



WIPFLI

Independent Auditor's Report

To the Board of Directors
Youthbuild Lake County, Inc.
North Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Youthbuild Lake County, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Youthbuild Lake County, Inc. as of June 30, 2020, and the changes in its consolidated net assets and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Prior Period Financial Statements

The consolidated financial statements of Youthbuild Lake County, Inc. as of June 30, 2019, were audited by other auditors whose report dated March 20, 2020, expressed an unmodified opinion on those statements.

Wipfli LLP

July 19, 2021
Lincolnshire, Illinois

Youthbuild Lake County, Inc.

Consolidated Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 285,450	\$ 160,508
Restricted cash	30,165	30,140
Grants and contracts receivable	491,217	614,825
Contributions receivables	15,750	2,700
Other receivables	1,721	1,863
Property held for sale	12,232	14,732
Prepaid expenses	17,681	21,266
Total current assets	854,216	846,034
Property and equipment:		
Computers and software	87,966	87,966
Leasehold improvements	8,848	8,848
Furniture and equipment	34,668	32,668
Vehicles	80,442	52,032
Total property and equipment	211,924	181,514
Less: Accumulated depreciation and amortization	(170,657)	(152,589)
Net property and equipment	41,267	28,925
Other assets:		
Unallocated in-kind construction materials	-	2,500
Construction projects in progress	18,000	18,000
Total other assets	18,000	20,500
Total assets	\$ 913,483	\$ 895,459

Youthbuild Lake County, Inc.

Consolidated Statements of Financial Position (Continued)

<i>June 30,</i>	2020	2019
Liabilities and Net Assets		
Current liabilities:		
Line of credit	\$ -	\$ 67,636
Accounts payable	43,778	37,714
Accrued salaries and vacation	14,378	6,616
Accrued expenses	86,217	62,786
Recoupment payable	-	75,850
Deferred revenue	10,000	30,140
Refundable advance	88,631	-
Total current liabilities	243,004	280,742
Net assets:		
Without donor restrictions	643,946	576,544
With donor restrictions	26,533	38,173
Total net assets	670,479	614,717
Total liabilities and net assets	\$ 913,483	\$ 895,459

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Consolidated Statement of Activities and Changes in Net Assets

<i>Year Ended June 30,</i>	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Public support:			
Contributions and grants	\$ 161,958	\$ 366,620	\$ 528,578
In-kind contributions	106,243	-	106,243
Special event revenues - Net of direct benefit donor expenses	132,694	10,990	143,684
Government grants and contracts	635,284	-	635,284
Total public support	1,036,179	377,610	1,413,789
Loss on sale of property held for sale	(2,220)	-	(2,220)
Other revenue	26,101	-	26,101
Net assets released from restrictions	389,250	(389,250)	-
Total support and revenue	1,449,310	(11,640)	1,437,670
Operating expenses:			
Program services	871,652	-	871,652
Management and general	312,783	-	312,783
Fundraising	197,473	-	197,473
Total operating expenses	1,381,908	-	1,381,908
Change in net assets	67,402	(11,640)	55,762
Net assets - Beginning of year	576,544	38,173	614,717
Net assets - End of year	\$ 643,946	\$ 26,533	\$ 670,479

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Consolidated Statement of Activities and Changes in Net Assets

<i>Year Ended June 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Public support:			
Contributions and grants	\$ 173,438	\$ 216,750	\$ 390,188
In-kind contributions	89,967	-	89,967
Special event revenues - Net of direct benefit donor expenses	97,825	32,918	130,743
Government grants and contracts	854,764	-	854,764
Total public support	1,215,994	249,668	1,465,662
Gain on sale of property	16,763	-	16,763
Other revenues	15,247	-	15,247
Net assets released from restrictions	270,512	(270,512)	-
Total support and revenue	1,518,516	(20,844)	1,497,672
Operating expenses:			
Program services	1,028,693	-	1,028,693
Management and general	304,509	-	304,509
Fundraising	188,295	-	188,295
Total operating expenses	1,521,497	-	1,521,497
Other (income) expense:			
Loss on sale or disposition of stock	105	-	105
Change in net assets	(3,086)	(20,844)	(23,930)
Net assets - Beginning of year	579,630	59,017	638,647
Net assets - End of year	\$ 576,544	\$ 38,173	\$ 614,717

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Consolidated Statement of Functional Expenses

<i>For the Year Ended June 30, 2020</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 393,167	\$ 163,072	\$ 124,832	\$ 681,071
Employee benefits	8,003	3,319	2,541	13,863
Payroll taxes	34,228	13,282	10,813	58,323
Background checks	3,715	-	-	3,715
Bank charges and credit card fees	-	2,644	2,188	4,832
Carrying costs	-	4,455	-	4,455
Computer expense	9,270	3,143	2,766	15,179
Conferences, meetings, and events	6,937	30	585	7,552
Counseling and wellness services	147,525	-	-	147,525
Depreciation and amortization	15,670	2,623	234	18,527
Dues, subscriptions, and licenses	2,276	3,589	84	5,949
Entertainment	-	-	13,062	13,062
Instructional materials	6,081	465	221	6,767
Insurance	26,912	16,300	4,129	47,341
Interest	-	1,384	-	1,384
Miscellaneous	2,563	1,941	1,743	6,247
Occupancy	30,553	5,023	1,284	36,860
Office expense, supplies, and postage	2,506	5,666	2,816	10,988
Outreach and recruitment	933	515	183	1,631
Printing	-	-	114	114
Professional fees	41,440	79,084	36,396	156,920
Telephone	7,619	6,234	-	13,853
Trainee service gear	19,646	-	-	19,646
Trainee stipends and meals	62,869	-	-	62,869
Training	6,045	-	89	6,134
Transportation assistance	1,395	-	-	1,395
Travel	11,307	14	214	11,535
Tuition and books	27,245	-	-	27,245
Vehicles expense	3,747	-	-	3,747
Total functional expenses	871,652	312,783	204,294	1,388,729
Less: Direct benefit donor expenses	-	-	(6,821)	(6,821)
Total expenses	\$ 871,652	\$ 312,783	\$ 197,473	\$ 1,381,908

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Consolidated Statement of Functional Expenses

<i>For the Year Ended June 30, 2019</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 440,245	\$ 186,357	\$ 102,629	\$ 729,231
Employee benefits	7,800	2,264	1,692	11,756
Payroll taxes	38,775	16,414	9,039	64,228
Background checks	4,632	-	-	4,632
Bank charges and credit card fees	-	2,243	3,756	5,999
Carrying costs	-	7,027	-	7,027
Computer expense	5,096	4,680	2,106	11,882
Conferences, meetings, and events	14,804	2,916	700	18,420
Counseling and wellness services	135,350	-	-	135,350
Depreciation and amortization	19,269	3,699	350	23,318
Dues, subscriptions, and licenses	3,583	1,813	619	6,015
Entertainment	-	-	15,094	15,094
Instructional materials	5,385	-	-	5,385
Insurance	25,442	13,363	3,466	42,271
Interest	-	9,277	-	9,277
Miscellaneous	-	2,339	4,182	6,521
Occupancy	29,546	5,879	2,392	37,817
Office expense, supplies, and postage	5,308	6,448	1,629	13,385
Outreach and recruitment	15,719	-	414	16,133
Printing	-	92	8,618	8,710
Professional fees	32,147	33,472	52,653	118,272
Special event food and beverages	-	-	22,661	22,661
Telephone	852	5,990	1,497	8,339
Trainee service gear	29,927	26	574	30,527
Trainee stipends and meals	120,873	-	-	120,873
Training	13,318	20	187	13,525
Transportation assistance	2,835	-	-	2,835
Travel	19,817	190	1,337	21,344
Tuition and books	55,265	-	-	55,265
Vehicles expense	2,705	-	-	2,705
Total functional expenses	1,028,693	304,509	235,595	1,568,797
Less: Direct benefit donor expenses	-	-	(47,300)	(47,300)
Total expenses	\$ 1,028,693	\$ 304,509	\$ 188,295	\$ 1,521,497

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30,	2020	2019
Increase (decrease) in cash:		
Cash flows from operating activities:		
Change in net assets	\$ 55,762	\$ (23,930)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,527	23,318
Donated property and equipment	-	(4,600)
Donated stock	(2,452)	(2,919)
Loss on sale of donated stock	-	105
(Gain) loss on sale of property held for sale	2,500	(16,763)
Changes in operating assets and liabilities:		
Grants and contracts receivable	123,608	(62,183)
Contributions receivables	(13,050)	17,300
Other receivables	142	(1,863)
Prepaid expenses	3,585	(1,451)
Accounts payable	6,064	(5,626)
Accrued salaries and vacation	7,762	985
Accrued expenses	23,431	41,282
Recoupment payable	(75,850)	-
Refundable advance	88,631	(40,000)
Deferred revenue	(20,140)	(8,440)
Net cash provided (used) by operating activities	218,520	(84,785)
Cash flows from investing activities:		
Proceeds on sales of properties, net of closing costs	-	106,466
Proceeds on sale of in-kind construction material	2,500	4,900
Proceeds from sales of donated stock	2,452	2,814
Purchases of property and equipment	(30,869)	(15,822)
Net cash provided (used) in investing activities	(25,917)	98,358
Cash flows from financing activities:		
Proceeds from line of credit	16,412	96,121
Repayments of line of credit	(84,048)	(244,066)
Net cash used in financing activities	(67,636)	(147,945)
Net change in cash	124,967	(134,372)
Cash and restricted cash, at beginning of year	190,648	325,020
Cash and restricted cash, at end of year	\$ 315,615	\$ 190,648

Youthbuild Lake County, Inc.

Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 1,384	\$ 9,277
Noncash activities		
Donated goods	\$ 13,843	\$ 15,325
Donated services	92,400	70,042
Donated stock	2,452	2,919

See accompanying notes to consolidated financial statements.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

YBLC, Inc. d/b/a Youthbuild Lake County, Inc. (YBLC) provides education and career training services to help at-risk and underserved young adults complete their education, learn the necessary skills to become gainfully employed or enter post-secondary training. YBLC provides career training in the areas of construction, healthcare and transportation. The Organization also builds and rehabilitates affordable homes in Lake County, Illinois, to help youth build a hopeful future for themselves and their families. YBLC Services, LLC d/b/a YouthBuild Lake County Services, LLC, a wholly-owned subsidiary of YBLC, provides internships for members. Collectively, these entities are referred to as “the Organization.” YBLC’s primary sources of revenues are government grants, private grants, and contributions.

Basis of Accounting

The financial statements of YBLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of YBLC, Inc. d/b/a YouthBuild Lake County, Inc. and its wholly-owned subsidiary, YBLC Services, LLC, d/b/a YouthBuild Lake County Services, LLC. YBLC Services, LLC provides student internships and projects. All significant inter-organizational transactions have been eliminated in consolidation.

Basis of Presentation

The financial statement presentation follows accounting principles generally accepted in the United States for financial presentation of not-for-profit organizations. Such principles provide that the YBLC is required to report information regarding its consolidated financial position and activities according to two classes of net assets. A definition and description of each class follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in accordance with 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants, Contracts, and Contributions Receivable

Grants, contracts and contributions are recorded at fair value and are recognized in the period in which the grant, contract, or contribution is received. Amounts expected to be collected in future years are recorded at the present value of the expected future cash flows. The allowance for doubtful accounts represents estimated losses expected to be incurred in the collection of all receivables based on management's evaluation of outstanding receivables at the end of each year. YBLC considers these receivables to be collectible, and, therefore, no allowance for uncollectible amounts has been recorded.

Property Held for Sale

YBLC holds various properties available for sale due to the completion of construction projects. Fair value for these properties are determined by the fair value of similar properties in the same neighborhood area based on market appraisal.

Property and Equipment

Property and equipment are carried at cost. YBLC capitalizes purchases with a cost of \$1,000 or more. Depreciation is calculated on straight-line method over their estimated useful lives, which range from three to five years. Leasehold improvements are amortized over the lesser of the useful lives of the assets or the term of the lease. Software is amortized over three years. Gains and losses from the sale of property and equipment are included in changes in net assets. Maintenance and repairs are charged to operations. Depreciation expense for the years ended June 30, 2020 and 2019, was \$18,527 and \$23,318, respectively. Amortization expense was \$2,774 and \$7,240 for the years ended June 30, 2020 and 2019, respectively, and is included in depreciation and amortization expense on the consolidated statements of functional expenses.

Construction Projects in Progress

Construction projects in progress include both direct costs incurred and in-kind contributions of materials related to the properties under construction in North Chicago and Zion, Illinois.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Public Support

Contributions and Grants

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction expires or the purpose restriction is accomplished) 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 consolidated statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as assets and as revenue in the period promised. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Grants are recorded either as contributions or exchange transactions based on criteria contained in the grant award.

- *Grant Awards That Are Contributions* - Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as deferred revenue.
- *Grant Awards That Are Exchange Transactions* - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a refundable advance contract liability.

In-Kind Contributions

Gifts of property and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, YBLC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Public Support (Continued)

Special Event Revenues

YBLC records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. YBLC typically receives payment for the event in advance, based on a set ticket price. Special event revenue received in advance is recorded as deferred revenue and is recognized at the point in time when the event occurs.

Government Grants and Contracts

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function based on time and effort. YBLC charges direct program expenses directly to each program. YBLC uses a salary allocation based on time and effort to allocate all shared costs to program, management and general, or fundraising.

Income Taxes

YBLC are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are similarly exempt for Illinois income taxes. YBLC is also exempt from Illinois sales tax.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. YBLC adopted this guidance effective July 1, 2019, as it felt it was the most faithful depiction of the timing of revenue reasonably expected to be collected in exchange for goods or services. - YBLC applied Topic 606 on a modified retrospective basis. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Principles (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. YBLC adopted this guidance as of July 1, 2019, under a modified prospective basis with no effect on its net assets.

Future Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases, as well as finance leases. This new standard is effective for financial statements issued for annual periods beginning after December 15, 2020. YBLC is evaluating what impact this new standard will have on its consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through July 19, 2021, the date the consolidated financial statements were available to be issued.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of June 30,</i>	2020	2019
Cash	\$ 285,450	\$ 160,508
Grants and contracts receivable	491,217	614,825
Contributions receivable	15,750	2,700
Other receivables	1,721	1,863
Total financial assets	792,417	778,033
Less: Donor restricted	(26,533)	(38,173)
Financial assets available to meet general expenditures within one year	\$ 765,884	\$ 739,860

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

YBLC does not have a formal liquidity policy, but generally strives to maintain liquid financial assets sufficient to cover operating expenses for government grants. YBLC has an available balance of \$250,000 on its line of credit which it could draw upon should the need arise.

Note 3: Concentration of Contributions or Grants

YBLC received approximately 23% of its annual budget for the year ended June 30, 2020, from two funders. Receivables from these two funders at June 30, 2020, represented 40% of total grants and contracts receivable.

YBLC received approximately 57% of its total revenue for the year ended June 30, 2019, from four funders. Receivables from these four funders at June 30, 2019, represented 98% of total grants and contracts receivable.

Note 4: Restricted Cash

Restricted cash of \$30,140 at June 30, 2019, is comprised of amounts contributed by the Illinois Department of Commerce and Economic Opportunity. The grantor stipulated that the funds and any interest thereon be segregated from YBLC's unrestricted bank accounts.

Note 5: Property Held for Sale

Property held for sale as of June 30, 2020 and 2019, included the following:

	2020	2019
1700 16th Street, North Chicago, Illinois - Land	\$ -	\$ 2,500
2015 Elim	12,232	12,232
Total	\$ 12,232	\$ 14,732

In 2020, 1700 16th Street was sold for \$300 net of closing costs.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 6: Construction Projects in Progress

A summary of construction projects in process and in-kind contributions by property as of June 30, 2020 and 2019, were as follows:

	In Kind	Total
2121 Honore	\$ 14,625	\$ 9,000
2127 Honore	14,625	9,000
Total	\$ 29,250	\$ 18,000

During the years ended June 30, 2020 and 2019, no additions were made to the properties. In prior years, the properties were written down to their estimated fair values of \$9,000.

Note 7: Line of Credit

YBLC has a \$250,000 line of credit with First Midwest Bank with a current maturity date of April 15, 2022. The line is collateralized by a commercial security agreement on the assets of the YBLC. The outstanding balance at June 30, 2020 and 2019, was \$0 and \$67,636, respectively.

Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, consisted of the following:

<i>June 30,</i>	2020	2019
Purpose restricted:		
Mission Moment for Spring Benefit - Programs	\$ 10,990	\$ 32,918
PGIM Programs	-	4,061
Lake County Community Foundation - Salesforce Database	-	1,194
Pantry	899	-
Shower Construction	2,431	-
Support Pathways to PSE & Careers	4,838	-
Wellness Program	7,375	-
Total net assets with donor restrictions	\$ 26,533	\$ 38,173

Net assets released from donor restrictions by fulfillment of donor restricted purposes were \$389,250 and \$270,512 for the years ended June 30, 2020 and 2019, respectively.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 9: Government Grants and Contracts

<i>Years Ended June 30,</i>	2020	2019
AmeriCorps	\$ 142,382	\$ 109,920
Department of Commerce and Economic Opportunity	30,165	295,365
Department of Housing and Urban Development - Community Development		
Block Grants/Entitlement Grants	27,745	53,588
Department of Labor - YouthBuild	168,610	365,222
SBA - PPP Loan Forgiveness	59,374	-
Waukegan Township, Illinois	-	1,000
WIOA - Workforce Development Dept. of Lake County	37,790	29,669
Illinois State Board of Education	169,218	-
Total	\$ 635,284	\$ 854,764

In the year ended June 30, 2017, YBLC was notified by the Lake County Consortium Housing Fund that the U.S. Department of Housing and Urban Development was recouping \$181,545 from the Home Investment Partnerships Program grants from fiscal years 2006, 2007, 2009, and 2011. The amount calculated as a percentage of the proceeds from the home sales based on YBLC's and grantor's investment as a percent of the total. The amount has been reflected on the statements of activities as an additional loss on sales of property as it relates to reimbursed expenditures incurred in prior years that were used in calculating the original loss on sales of properties. Additionally, \$75,850 of this amount was outstanding as of June 30, 2019, and paid during 2020.

Note 10: Donated Services

The value of donated goods and services is included as contributions in the financial statements as of June 30, 2020 and 2019 are as follows:

<i>Years Ended June 30,</i>	2020	2019
Donated services	\$ 92,400	\$ 70,042
Donated goods	13,843	15,325
Donated vehicle	-	4,600
Total	\$ 106,243	\$ 89,967

A substantial number of unpaid volunteers have made significant contributions of their time to the operations of YBLC. The value of these donated services and time is not recognized in the accompanying financial statements because they do not meet the criteria for recognition.

Youthbuild Lake County, Inc.

Notes to Consolidated Financial Statements

Note 11: Operating Lease

YBLC has a lease agreement with the Board of Education of North Chicago Community Unit School District No. 187 Lake County, Illinois, for office and classroom space that expires on May 31, 2025. YBLC moved to their current school location in April 2015 at the request of the School District when it was requested that they relocate. Although YBLC was not contractually obligated to relocate, management and the Board decided to do so for the best interest of the community and renegotiated the new lease with no terms for involuntary early exit that existed in the prior lease. In lieu of rent, YBLC pays operating expenses for the property. Occupancy expenses on this lease were \$36,861 and \$36,837 for the years ended June 30, 2020 and 2019, respectively.

Note 12: Paycheck Protection Program

At June 30, 2020, YBLC had a refundable advance liability of \$88,631. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. YBLC has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

YBLC has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized in stages over the covered period of either 8 or 24 weeks. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will bear interest at 1% be repayable in one lump sum payment of principal and interest, commencing upon receipt of notification of the unforgiven amount by the SBA, and would be required to be paid no later than a month after the deferral period. The Organization has applied for and anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.