

# Youthbuild Lake County, Inc. and Subsidiary

Consolidated Financial Statements and  
Supplementary Information

Years Ended June 30, 2022 and 2021



**WIPFLI**

## **Independent Auditor's Report**

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Youthbuild Lake County, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements

In our opinion, the accompanying 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, 2022 and 2021, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The financial statements of YBLC Services, LLC d/b/a YouthBuild Lake County Services, LLC were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Youthbuild Lake County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Youthbuild Lake County, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

## ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Youthbuild Lake County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youthbuild Lake County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

## ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 basic consolidated 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 basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated 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 April 21, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youthbuild Lake County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Milwaukee, Wisconsin  
April 21, 2023

# Youthbuild Lake County, Inc.

## Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 384,764	\$ 288,818
Grants and contributions receivable	475,414	493,469
Prepaid expenses	18,552	13,336
Total current assets	878,730	795,623
Property and equipment:		
Computers and software	95,643	93,974
Leasehold improvements	8,848	8,848
Furniture and equipment	35,721	34,668
Vehicles	80,442	80,442
Total property and equipment	220,654	217,932
Less: Accumulated depreciation and amortization	(198,434)	(184,892)
Net property and equipment	22,220	33,040
Other assets:		
Property held for sale	12,232	12,232
Construction projects in progress	18,000	18,000
Restricted cash	30,126	30,171
Total other assets	60,358	60,403
Total assets	\$ 961,308	\$ 889,066

**Youthbuild Lake County, Inc.**  
**Consolidated Statements of Financial Position (Continued)**

<i>June 30,</i>	2022	2021
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 28,500	\$ 29,349
Accrued salaries and vacation	13,556	12,522
Accrued expenses	58,701	47,045
Deferred revenue	8,500	10,000
<b>Total current liabilities</b>	<b>109,257</b>	<b>98,916</b>
Net assets:		
Without donor restrictions	757,370	741,152
With donor restrictions	94,681	48,998
<b>Total net assets</b>	<b>852,051</b>	<b>790,150</b>
<b>Total liabilities and net assets</b>	<b>\$ 961,308</b>	<b>\$ 889,066</b>

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>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Public support:			
Contributions and private grants	\$ 203,376	\$ 172,656	\$ 376,032
Government grants	1,051,068	-	1,051,068
In-kind contributions	96,123	-	96,123
Special event revenues - Net of direct benefit donor expenses	248,008	-	248,008
Total public support	1,598,575	172,656	1,771,231
Other revenues	7,160	-	7,160
Net assets released from restrictions	126,973	(126,973)	-
Total support and revenue	1,732,708	45,683	1,778,391
Operating expenses:			
Program services	1,115,518	-	1,115,518
Management and general	387,414	-	387,414
Fundraising	213,558	-	213,558
Total operating expenses	1,716,490	-	1,716,490
Change in net assets	16,218	45,683	61,901
Net assets - Beginning of year	741,152	48,998	790,150
Net assets - End of year	\$ 757,370	\$ 94,681	\$ 852,051

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>	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Public support:			
Contributions and private grants	\$ 154,215	\$ 180,706	\$ 334,921
Grant - Paycheck Protection Program	88,631	-	88,631
Government grants	1,001,529	-	1,001,529
In-kind contributions	101,733	-	101,733
Special event revenues - Net of direct benefit donor expenses	157,013	11,154	168,167
Total public support	1,503,121	191,860	1,694,981
Other revenues	21,261	-	21,261
Net assets released from restrictions	169,395	(169,395)	-
Total support and revenue	1,693,777	22,465	1,716,242
Operating expenses:			
Program services	1,059,458	-	1,059,458
Management and general	370,204	-	370,204
Fundraising	166,909	-	166,909
Total operating expenses	1,596,571	-	1,596,571
Change in net assets	97,206	22,465	119,671
Net assets - Beginning of year	643,946	26,533	670,479
Net assets - End of year	\$ 741,152	\$ 48,998	\$ 790,150

See accompanying notes to consolidated financial statements.



# Youthbuild Lake County, Inc.

## Consolidated Statement of Functional Expenses

<i>For the Year Ended June 30, 2022</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 531,903	\$ 221,235	\$ 157,276	\$ 910,414
Employee benefits	24,428	7,618	8,494	40,540
Payroll taxes	44,672	17,505	12,444	74,621
Background checks	4,931	-	-	4,931
Bank charges and credit card fees	-	6	10,659	10,665
Carrying costs	-	4,156	-	4,156
Computer expense	11,219	3,816	3,195	18,230
Conferences, conventions and meetings	15,211	14,382	71	29,664
Counseling and wellness services	199,208	-	-	199,208
Depreciation	9,581	2,737	1,224	13,542
Dues, subscriptions, and licenses	6,288	2,373	3,449	12,110
Entertainment	-	-	78,394	78,394
Instructional materials	13,885	634	-	14,519
Insurance	25,709	9,611	2,795	38,115
Interest expense	-	1,720	-	1,720
Miscellaneous	709	(479)	-	230
Occupancy	24,228	5,558	5,004	34,790
Office expense, supplies, and postage	4,135	5,214	2,563	11,912
Outreach and recruitment	6,185	600	-	6,785
Professional fees	34,084	81,037	-	115,121
Telephone	2,613	8,469	-	11,082
Trainee service gear	8,227	-	-	8,227
Trainee stipends and meals	85,828	-	-	85,828
Training	21,845	574	-	22,419
Transportation assistance	1,301	100	-	1,401
Travel	512	404	-	916
Tuition and books	35,642	-	-	35,642
Vehicle expense	3,174	144	-	3,318
<b>Total functional expenses</b>	<b>1,115,518</b>	<b>387,414</b>	<b>285,568</b>	<b>1,788,500</b>
Less: Direct benefit donor expenses	-	-	(72,010)	(72,010)
<b>Total expenses</b>	<b>\$ 1,115,518</b>	<b>\$ 387,414</b>	<b>\$ 213,558</b>	<b>\$ 1,716,490</b>

See accompanying notes to consolidated financial statements.

# Youthbuild Lake County, Inc.

## Consolidated Statement of Functional Expenses

<i>For the Year Ended June 30, 2021</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 565,814	\$ 226,664	\$ 122,783	\$ 915,261
Employee benefits	14,927	8,396	2,472	25,795
Payroll taxes	48,327	18,998	10,291	77,616
Background checks	2,748	-	-	2,748
Bank charges and credit card fees	-	8	7,789	7,797
Carrying costs	-	1,363	-	1,363
Computer expense	15,125	3,702	2,036	20,863
Conferences, conventions and meetings	11,834	-	159	11,993
Counseling and wellness services	156,325	-	-	156,325
Depreciation	12,164	2,071	-	14,235
Dues, subscriptions, and licenses	6,568	2,097	2,500	11,165
Entertainment	-	-	64,233	64,233
Instructional materials	6,325	-	-	6,325
Insurance	20,475	15,188	1,780	37,443
Interest expense	-	2,482	-	2,482
Miscellaneous	381	7,015	-	7,396
Occupancy	26,760	4,697	1,202	32,659
Office expense, supplies, and postage	2,346	1,916	2,390	6,652
Outreach and recruitment	11,568	4,429	-	15,997
Printing	-	-	1,177	1,177
Professional fees	56,123	63,651	8,950	128,724
Telephone	11,471	6,772	-	18,243
Trainee service gear	6,227	-	-	6,227
Trainee stipends and meals	53,882	-	-	53,882
Training	9,200	719	-	9,919
Transportation assistance	45	-	-	45
Travel	82	36	7	125
Tuition and books	19,492	-	-	19,492
Vehicles expense	1,249	-	-	1,249
<b>Total functional expenses</b>	<b>1,059,458</b>	<b>370,204</b>	<b>227,769</b>	<b>1,657,431</b>
Less: Direct benefit donor expenses	-	-	(60,860)	(60,860)
<b>Total expenses</b>	<b>\$ 1,059,458</b>	<b>\$ 370,204</b>	<b>\$ 166,909</b>	<b>\$ 1,596,571</b>

See accompanying notes to consolidated financial statements.

# Youthbuild Lake County, Inc.

## Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 61,901	\$ 119,671
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	13,542	14,235
Changes in operating assets and liabilities:		
Grants and contributions receivable	18,055	13,498
Other receivables	-	1,721
Prepaid expenses	(5,216)	4,345
Accounts payable	(849)	(14,429)
Accrued salaries and vacation	1,034	(1,856)
Accrued expenses	11,656	(39,172)
Refundable advance	-	(88,631)
Deferred revenue	(1,500)	-
<b>Net cash from operating activities</b>	<b>98,623</b>	<b>9,382</b>
Cash flows from investing activities:		
Purchases of property and equipment	(2,722)	(6,008)
<b>Net change in cash</b>	<b>95,901</b>	<b>3,374</b>
<b>Cash, cash equivalents, and restricted cash, at beginning of year</b>	<b>318,989</b>	<b>315,615</b>
<b>Cash, cash equivalents, and restricted cash, at end of year</b>	<b>\$ 414,890</b>	<b>\$ 318,989</b>
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	\$ 1,720	\$ 2,482
Reconciliation of cash, cash equivalents, and restricted cash		
Cash	\$ 384,764	\$ 288,818
Restricted cash	30,126	30,171
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 414,890</b>	<b>\$ 318,989</b>

See accompanying notes to consolidated financial statements.

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

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### 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. YBLC also builds and rehabilitates affordable homes in Lake County, Illinois, to help youth build a hopeful future for themselves and their families. YBLC's primary sources of revenues are government grants, private grants, and contributions. 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."

#### 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. The Organizations are consolidated due to financial interest, and the Organizations have common management. All significant inter-organizational transactions have been eliminated in consolidation.

#### Basis of Accounting

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

#### Basis of Presentation

The consolidated financial statement presentation follows GAAP for financial presentation of not-for-profit organizations. Such principles provide that the Organization 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

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### **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.

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### **Grants and Contributions Receivable**

Grants and contributions are recorded at fair value and are recognized in the period in which the grant 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. The Organization considers these receivables to be collectible, and, therefore, no allowance for uncollectible amounts has been recorded.

#### **Property Held for Sale**

The Organization holds property available for sale with the intention of either selling or building on in the future. 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. The Organization 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, 2022 and 2021, was \$13,542 and \$14,235, respectively.

#### **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, Illinois.

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Public Support

##### Contributions and Grants

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received. 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.

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

- *Grant Awards That Are Contributions* - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. 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 liability.

##### In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Public Support** (Continued)

##### Special Event Revenues

The Organization 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. The Organization can receive 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.

#### **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. The Organization charges direct program expenses directly to each program. The Organization uses a salary allocation based on time and effort to allocate all shared costs to program, management and general, or fundraising.

#### **Income Taxes**

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

The wholly-owned or majority-owned subsidiaries are corporations or LLCs that are treated as disregarded entities for tax purposes. The activity of the corporations and LLCs is included in the Organization's tax return.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

#### **Change in Accounting Policy**

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958). The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets and expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The Organization adopted this guidance as of July 1, 2021. There was no change in opening balances of net assets, and no prior period results were restated.

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

Management has evaluated subsequent events through April 21, 2023, 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 consolidated statement of financial position date, comprise the following:

<i>As of June 30,</i>	2022	2021
Cash and cash equivalents	\$ 384,764	\$ 288,818
Grants and contributions receivable	475,414	493,469
<b>Total financial assets</b>	<b>860,178</b>	<b>782,287</b>
<b>Less: Net assets with donor restrictions</b>	<b>(94,681)</b>	<b>(48,998)</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 765,497</b>	<b>\$ 733,289</b>

The Organization does not have a formal liquidity policy, but generally strives to maintain liquid financial assets sufficient to cover operating expenses for government grants. The Organization has an available balance of \$250,000 on its line of credit which it could draw upon should the need arise (see Note 7).

### Note 3: Concentration of Contributions or Grants

The Organization received approximately 42% of its annual budget for the year ended June 30, 2022, from two funders. Receivables from these two funders at June 30, 2022, represented 51% of total grants and contracts receivable.

The Organization received approximately 46% of its total revenue for the year ended June 30, 2021, from two funders. Receivables from these two funders at June 30, 2021, represented 58% of total grants and contracts receivable.

### Note 4: Restricted Cash

Restricted cash of \$30,126 and \$30,171 at June 30, 2022 and 2021, respectively, 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 The Organization's operating bank accounts.



# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

### Note 5: Property Held for Sale

Property held for sale of \$12,232 as of June 30, 2022 and 2021, is located at 2015 Elim Avenue, Zion, Illinois.

### Note 6: Construction Projects in Progress

A summary of construction projects in process and in-kind contributions by property as of June 30, 2022 and 2021, were as follows:

	In Kind	Estimated Fair Value
2121 Honore	\$ 14,625	\$ 9,000
2127 Honore	14,625	9,000
<b>Totals</b>	<b>\$ 29,250</b>	<b>\$ 18,000</b>

During the years ended June 30, 2022 and 2021, 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

The Organization has a \$250,000 line of credit with First Midwest Bank with a current maturity date of April 15, 2023. The line is collateralized by a commercial security agreement on the assets of the Organization. Interest on the outstanding balance is due monthly, based on prime rate, but not less than 3.75%. The interest rate at June 30, 2022 was 4%. There was no outstanding balance on the line of credit and no borrowings during fiscal year ended June 30, 2022 and 2021.

### 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>	2022	2021
Purpose restricted:		
Mission Moment for Spring Benefit - Programs	\$ -	\$ 42,900
Career Access Program	11,051	-
Support Pathways to PSE & Careers	-	6,098
Wellness Program	19,442	-
Women Program	2,000	-
Various Programs	37,188	-
Time restricted	25,000	-
<b>Total net assets with donor restrictions</b>	<b>\$ 94,681</b>	<b>\$ 48,998</b>

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

### Note 8: Net Assets with Donor Restrictions (Continued)

Net assets released from donor restrictions by fulfillment of donor restricted purposes were \$126,973 and \$169,395 for the years ended June 30, 2022 and 2021, respectively.

### Note 9: Government Grants

<i>Years Ended June 30,</i>	2022	2021
AmeriCorps	\$ 215,836	\$ 74,479
Department of Commerce and Economic Opportunity	25,000	-
Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants	69,445	22,572
Department of Labor - YouthBuild	520,342	605,982
Grant - Paycheck Protection Program	-	88,631
United Way	-	5,000
Illinois State Board of Education	220,445	293,496
<b>Totals</b>	<b>\$ 1,051,068</b>	<b>\$ 1,090,160</b>

### Note 10: In-Kind Contributions

In-kind contributions consisted of the following:

<i>Years Ended June 30,</i>	2022	2021
Donated services	\$ 92,400	\$ 94,200
Program supplies	3,723	7,533
<b>Total In-kind contributions</b>	<b>\$ 96,123</b>	<b>\$ 101,733</b>

The Organization recognizes contributed nonfinancial assets within revenue, including donated services and program supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The donated services are donated licensed clinical psychologist, advanced doctor and doctorate level students time. These professionals provide services that include psychological assessments, group therapy time, individual therapy time and consultants for participants of the Organization's wellness program. In valuing the donated services, The Organization estimated the fair value on the basis of billable rates these professionals would charge for their time.

Contributed program supplies were utilized in the the Organization's program to provide holiday baskets to clients that they serve. The Organization estimated the fair value of program supplies based on market level prices.

# Youthbuild Lake County, Inc.

## Notes to Consolidated Financial Statements

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### **In-Kind Contributions** (Continued)

A substantial number of unpaid volunteers have made significant contributions of their time to the operations of the Organization. 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.

### **Note 11: Commitments and Contingencies**

The Organization has an 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. The Organization moved to their current school location in April 2015. In lieu of rent, The Organization pays operating expenses for the property. Occupancy expenses on this agreement were \$34,790 and \$32,659 for the years ended June 30, 2022 and 2021, respectively.

### **Note 12: Paycheck Protection Program**

At June 30, 2020, the Organization 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. The Organization 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.

The Organization 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 eight or 24 weeks. For the year ended June 30 2021, the Organization recorded revenue from this award of \$88,631 which is included in Grant - Paycheck Protection Program on the statements of activities and changes in net assets. The loan was forgiven on May 25, 2021.

## **Supplementary Information**

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**Youthbuild Lake County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
<i>Pass-Through</i>			
City of Waukegan, Illinois - CDBG	14.218	B-20-MC-17-0025	\$ 10,000
City of North Chicago, Illinois - CDBG	14.218	B-20-UC-17-0003	14,285
County of Lake County, Illinois - CDBG	14.218	B-20-UC-17-0003	45,160
Subtotal 14.218, Community Development Block Grants Cluster			69,445
Total U.S. Department of Housing and Urban Development			69,445
U.S. Department of Labor:			
<i>Direct</i>			
YouthBuild	17.274	YB-34308-19-60-A-17	520,342
Total U.S. Department of Labor			520,342
Corporation for National and Community Service:			
<i>Direct</i>			
AmeriCorps 20/21	94.006	19NDHMA0030042	76,734
AmeriCorps 21/22	94.006	19NDHMA0030042	139,103
Subtotal 94.006, AmeriCops State and National			215,837
Total Corporation for National and Community Services			215,837
Total Expenditures of Federal Awards			\$ 805,624

See Independent Auditor's Report.  
See Notes to the Schedule of Expenditures of Federal Awards.

# Youthbuild Lake County, Inc.

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2022

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#### **Note 1: General**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Youthbuild Lake County, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Youthbuild Lake County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Youthbuild Lake County, Inc.

#### **Note 2: Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### **Note 3: Indirect Cost Rate**

Youthbuild Lake County, Inc. has not elected to use the 10-percent de minimus cost rate allowed under the Uniform Guidance.

#### **Note 4: Sub-Recipients**

Youthbuild Lake County, Inc. does not have any sub-recipients of federal or state awards.

## **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***

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Youthbuild Lake County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 April 21, 2023. The financial statements of YBLC Services, LLC d/b/a YouthBuild Lake County Services, LLC were not audited in accordance with *Government Auditing Standards*.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Youthbuild Lake County, Inc.'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 Youthbuild Lake County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Milwaukee, Wisconsin  
April 21, 2023



## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Youthbuild Lake County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2022. Youthbuild Lake County, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Youthbuild Lake County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibility for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Youthbuild Lake County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Youthbuild Lake County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Youthbuild Lake County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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.

*Wipfli LLP*

Wipfli LLP

Milwaukee, Wisconsin

April 21, 2023

**Youthbuild Lake County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes     x  no

Significant deficiency(ies) reported? \_\_\_ yes     x  no

Noncompliance material to financial statements noted? \_\_\_ yes     x  no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes     x  no

Significant deficiency(ies) reported? \_\_\_ yes     x  no

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? \_\_\_ yes     x  no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
17.274	Youthbuild

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
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Auditee qualified as low-risk auditee? No

**Youthbuild Lake County, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

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**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Year Audit Findings**

None noted