YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2024
(With Summarized Information for the Year Ended June 30, 2023)

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TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Youth Service Bureau of Illinois Valley, Inc.
Ottawa, Illinois

Opinion

We have audited the accompanying financial statements of Youth Service Bureau of Illinois Valley, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Matters

Report on Prior Year Summarized Information

The financial statements of the Organization as of June 30, 2023 were audited by Sikich LLP, whose report dated December 13, 2023, expressed an unmodified opinion of those financial statements. Effective as of April 30, 2024, Sikich LLP reorganized and transferred its attest practice to Sikich CPA LLC, a Virginia limited liability company. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, 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 the Organization'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.

Sikich CPA LLC

Naperville, Illinois
November 21, 2024

FINANCIAL STATEMENTS

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2024
(With Summarized Information for June 30, 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,353,077	$ 1,489,370
Accounts receivable	2,607,516	2,012,537
Contributions receivable	13,749	12,749
Government grants receivable	258,323	18,958
Prepaid insurance	14,079	23,902
Other prepaid expenses	21,295	23,785
Total current assets	4,268,039	3,581,301
PROPERTY AND EQUIPMENT		
Land	36,000	36,000
Buildings and building improvements	1,099,759	1,099,759
Vehicles	286,224	286,224
Furniture and equipment	102,904	194,932
Subtotal	1,524,887	1,616,915
Less accumulated depreciation	(1,067,635)	(1,066,106)
Net property and equipment	457,252	550,809
OTHER ASSETS		
Investments	1,470	1,470
Lease deposits	8,615	5,115
Operating lease right-of-use (ROU) assets, net	2,933,129	1,758,586
Certificates of deposit designated for endowment	172,586	172,240
Total other assets	3,115,800	1,937,411
TOTAL ASSETS	$ 7,841,091	$ 6,069,521

(This statement is continued on the following page.)

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2024
(With Summarized Information for June 30, 2023)

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 569,642	$ 423,487
Accrued payroll and related expenses	712,531	920,074
Current portion of operating lease liabilities	391,117	314,503
Refundable grant advance	134,352	-
Deferred revenue	17,170	18,087
Total current liabilities	1,824,812	1,676,151
Operating lease liabilities, net of current portion	2,574,156	1,461,669
Total liabilities	4,398,968	3,137,820
NET ASSETS		
Without donor restrictions		
Board designated for endowment	172,586	172,240
Net investment in property and equipment	457,252	550,809
Undesignated	2,801,285	2,198,652
Total without donor restrictions	3,431,123	2,921,701
With donor restrictions	11,000	10,000
Total net assets	3,442,123	2,931,701
TOTAL LIABILITIES AND NET ASSETS	$ 7,841,091	$ 6,069,521

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024
(With Summarized Information for the Year Ended June 30, 2023)

	2024			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2023 Total**
REVENUES, GAINS, AND OTHER SUPPORT				
Fees for services	$ 16,707,926	$ -	$ 16,707,926	$ 14,422,878
Grants	1,489,990	22,000	1,511,990	1,301,991
Contributions	75,242	-	75,242	117,568
Interest income	13,345	-	13,345	3,332
Special events	11,404	-	11,404	-
Other income	289,977	-	289,977	26,639
Net assets released from restrictions	21,000	(21,000)	-	-
Total revenues, gains, and other support	18,608,884	1,000	18,609,884	15,872,408
EXPENSES				
Program services				
Foster care	13,067,640	-	13,067,640	11,082,954
Parenting	149,229	-	149,229	123,679
Runaway and homeless youth counseling	613,008	-	613,008	452,842
Homeless prevention	426,764	-	426,764	393,231
Redeploy	675,481	-	675,481	628,218
Treatment	369,039	-	369,039	428,412
Hispanic services	256,901	-	256,901	209,053
Other family cash assistance	148,435	-	148,435	85,905
Intact family	2,117,563	-	2,117,563	1,472,554
Total program expenses	17,824,060	-	17,824,060	14,876,848
Support services				
Fundraising	78,949	-	78,949	44,477
Management and general	196,453	-	196,453	671,802
Total support services	275,402	-	275,402	716,279
Total expenses	18,099,462	-	18,099,462	15,593,127
CHANGE IN NET ASSETS	509,422	1,000	510,422	279,281
NET ASSETS, BEGINNING OF YEAR	2,921,701	10,000	2,931,701	2,652,420
NET ASSETS, END OF YEAR	$ 3,431,123	$ 11,000	$ 3,442,123	$ 2,931,701

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024
(With Summarized Information for the Year Ended June 30, 2023)

	Program Services						
	Foster Care	Parenting	Runaway and Homeless Youth Counseling	Homeless Prevention	Redeploy	Treatment	Hispanic Services
EXPENSES							
Salaries and wages	$ 5,460,916	$ 109,458	$ 434,677	$ 281,003	$ 436,328	$ 231,283	$ 180,098
Fringe benefits	1,321,097	21,231	62,491	35,886	137,810	57,012	38,187
Consultants	753,020	18	73	76	539	2,325	30
Consumable supplies	58,310	2,716	2,000	8,939	5,324	6,948	4,438
Occupancy	78,450	1,337	14,972	7,852	17,243	17,735	3,743
Local transportation	827,093	717	18,845	11,259	29,879	16,303	20,829
Noncapitalized equipment	80,588	519	14,712	3,434	2,846	3,820	-
Specific assistance to individuals	3,992,019	-	36,775	64,268	3,631	(430)	-
Lease/rent	282,966	8,222	15,441	3,660	21,720	18,696	4,800
Mortgage interest	-	-	-	-	-	-	-
Other operating expenses	137,900	4,138	10,837	8,888	16,829	14,190	4,776
Depreciation	75,281	873	2,185	1,499	3,332	1,157	-
TOTAL FUNCTIONAL EXPENSES	$ 13,067,640	$ 149,229	$ 613,008	$ 426,764	$ 675,481	$ 369,039	$ 256,901

(This statement is continued on the following page.)

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2024
(With Summarized Information for the Year Ended June 30, 2023)

	Program Services			Supporting Services			
	Other Family Cash Assistance	Intact Family	Total Program Services	Fundraising	Management and General	2024 Total	2023 Total
EXPENSES							
Salaries and wages	$ -	$ 1,490,823	$ 8,624,586	$ 34,632	$ 54,677	$ 8,713,895	$ 7,673,004
Fringe benefits	-	319,973	1,993,687	15,942	10,672	2,020,301	2,145,614
Consultants	-	4,280	760,361	15	66,512	826,888	555,868
Consumable supplies	-	9,080	97,755	4,708	10,473	112,936	86,392
Occupancy	-	19,495	160,827	10	11,753	172,590	131,170
Local transportation	-	102,310	1,027,235	861	4,742	1,032,838	939,321
Noncapitalized equipment	-	25,928	131,847	-	15,328	147,175	48,967
Specific assistance to individuals	148,435	35,477	4,280,175	1,262	60	4,281,497	3,301,514
Lease/rent	-	79,681	435,186	-	-	435,186	382,753
Mortgage interest	-	-	-	-	-	-	6,414
Other operating expenses	-	22,453	220,011	21,519	21,069	262,599	236,216
Depreciation	-	8,063	92,390	-	1,167	93,557	85,894
TOTAL FUNCTIONAL EXPENSES	$ 148,435	$ 2,117,563	$ 17,824,060	$ 78,949	$ 196,453	$ 18,099,462	$ 15,593,127

See accompanying notes to financial statements.

YOUTH SERVICE BUREAU OF ILLINOIS VALLEY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024
(With Summarized Information for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 510,422	$ 279,281
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	93,557	85,894
Noncash operating lease expense	14,558	17,586
Change in		
Accounts receivable	(594,979)	11,653
Contributions receivable	(1,000)	(150)
Government grants receivable	(239,365)	18,399
Prepaid insurance	9,823	81,571
Other prepaid expenses	2,490	(1,437)
Lease deposits	(3,500)	-
Accounts payable	146,155	81,772
Refundable grant advance	134,352	-
Accrued payroll and related expenses	(207,543)	(62,342)
Deferred revenue	(917)	724
Total adjustments	(646,369)	233,670
Net cash from operating activities	(135,947)	512,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest on certificates of deposit designated for endowment	(346)	(794)
Purchase of property and equipment	-	(177,227)
Net cash from investing activities	(346)	(178,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	-	(159,364)
Net cash from financing activities	-	(159,364)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(136,293)	175,566
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,489,370	1,313,804
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,353,077	$ 1,489,370
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Right-of-use assets exchanged for lease liabilities	$ 1,420,381	$ 2,075,249
Interest paid during the year	$ -	$ 6,414

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

Youth Service Bureau of Illinois Valley, Inc. (the Organization) is an Illinois nonprofit corporation organized in 1976 for the purpose of providing counseling and foster care services. The principal office is located in Ottawa, Illinois, with additional offices in Streator, Crystal Lake, Princeton, LaSalle, Rockford, and Aurora. The Organization's primary sources of revenue are fees and grants from the Illinois Department of Children and Family Services (DCFS) and the Illinois Department of Human Services (DHS).

A description of the Organization's major program services is as follows:

Foster Care: A program for children in state custody who are unable to remain safely in their home. Children in foster care stay with a family who provides safety, nurturing, support, and role models for change. Foster care is meant to be a temporary, short-term solution to an emergency situation.

Parenting: Provides parents the opportunity to enhance their parenting skills and set appropriate expectations and limits.

Runaway and Homeless Youth Counseling: Serves youth ages 9-17 providing crisis intervention, short-term counseling, and linkage to appropriate services for runaway and homeless youth that are at risk of running away or becoming homeless.

Homeless Prevention: Homeless youth (ages 16-22) are helped in finding safe and stable living accommodations and services that provide basic life skills, job searching, mental health services, and educational opportunities to make a successful transition to self-sufficient living.

Redeploy: Redeploy provides services to youth at risk of commitment to the Illinois Department of Corrections. The Organization provides intensive services to these youth and their families, thus reducing the incidence of criminal recidivism in our community and incarceration of adolescents in the Illinois prison system.

Treatment: Offers intensive out-patient and mental health therapy treatment by Master degreed and licensed therapists trained in child and family centered intervention; includes individual, marital, and family counseling.

Hispanic Services: Provides families with information in Spanish and links them to services in Spanish; includes collaboration with Illinois Valley Community College literacy programs.

1. NATURE OF ACTIVITIES (Continued)

Other Family Cash Assistance: A program providing specific cash assistance to individuals meeting eligibility criteria.

Intact Family: A program established by DCFS meant to provide reasonable efforts to preserve families to enable children to remain safely at home and avoid separation and/or placement of the children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Cash and Cash Equivalents

The Organization considers highly liquid investments with an initial maturity of less than three months to be cash equivalents.

The Organization maintains cash balances at various institutions that at times exceed federally insured limits. Uninsured cash balances were $957,455 and $1,257,558 for the years ended June 30, 2024 and 2023, respectively. Management believes the Organization is not exposed to any significant credit risk on its balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit Designated for Endowment

Certificates of deposit are held for long term investment purposes and carried at amortized cost. Certificates of deposit designated for endowment are not considered to be cash equivalents.

Accounts Receivable

Accounts receivable include amounts due under fee-for-service contracts with state and local government agencies, are recorded at net realizable value, and are due within one year or less. Balances that are still outstanding after management has used reasonable collection efforts are considered past due and are written off through a charge to the allowance for credit losses and a credit to accounts receivable. The Organization considers accounts receivable to be fully collectible based on historical collection activity, management's assessment of current conditions, and its reasonable and supportable expectation of future conditions. Therefore, no allowance for credit losses is recorded in the accompanying financial statements as of June 30, 2024 and 2023.

Contributions Receivable

Contributions receivable consist of amounts to be received in one year or less and are reported at net realizable value. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. The Organization considers all contributions receivable to be fully collectible at June 30, 2024 and 2023, and therefore, did not provide for an allowance for doubtful accounts.

Government Grants Receivable

Government grants receivable consist of amounts due in one year or less and are reported at net realizable value. The Organization considers all government grants receivable to be fully collectible at June 30, 2024 and 2023, and therefore, did not provide for an allowance for doubtful accounts.

A portion of the Organization's revenue is derived from grants which are conditional upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable grant advance in the in the statement of financial position. The Organization had conditional contributions of $22,809 and $5,110 that have not been recognized as of June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses - Held-to-Maturity Securities

Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type. The held-to-maturity securities held by the Organization consist of certificates of deposit with maturity dates greater than 90 days. The certificates of deposit exceed the amount insured by FDIC. The Organization estimates an allowance for credit losses based on past credit history with the financial institution, historical experience, the current economic environment, and management's expectations of future economic conditions based on reasonable and supportable forecasts. The Organization has not experienced historical losses on its certificates of deposit and believes that it is not exposed to any significant credit risk with respect to certificates of deposit. Therefore, the Organization expects zero credit loss and believes no allowance for credit losses is required.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value, if donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Generally, acquisitions of property and equipment in excess of $2,500 are capitalized, and maintenance, repairs, or minor improvements, which neither materially add to the value of the property nor appreciably prolong its life, are expensed as incurred. Gains or losses on dispositions of property and equipment are included in income.

Depreciation is computed under the straight-line method over the estimated useful lives of the assets as follows:

Buildings and building improvements	25 years
Furniture and equipment	3-5 years
Vehicles	5 years

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to office space and equipment. In 2024 and 2023, there are only a small number of leases within this class of underlying asset that qualify for the exemption. The remaining lease payments due in 2025 are not material.

Revenue Recognition

Fee for Service: Fee-for-service revenue is primarily generated from foster care services, intact family services, redeploy services, as well as other services. Fee-for-service revenue is recorded at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These services are provided under contracts with DCFS, LaSalle County Court Services, and other agencies. Rates are set by the contracting agency. The performance obligations are the individual services outlined in the respective contracts and are fulfilled as those services are provided to the individuals served under the contracted programs. Progress for each service provided is measured based on the time elapsed method as the services are being provided on an hourly or daily basis and billed at an hourly or daily rate.

The services provided to DCFS include providing foster care homes for children who are medically fragile or have developmental disabilities. Children are provided specialized medical and mental health care services. The Organization trains foster parents in child development, behavioral management, alternative communication, and crisis prevention.

The performance obligation is fulfilled as the foster care specialized service is provided to the individuals under the DCFS Foster Care program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The services provided to DCFS through the intact family services program include professional assessment of family issues that lead to DCFS's involvement, short term arrangement of appropriate safety plans, and provision of direct intervention to program participants and linkage to community services.

The services provided to LaSalle County Court Services through the redeploy program include professional assessment of clients for program acceptance, therapy and caseworker sessions, development of individualized treatment/service plans, and transportation for program participants as required.

For foster care services, DCFS is billed for each day the child is in foster care services. For intact family services, DCFS is billed for both monthly and daily intervals, depending on level of service required for individuals served through the program. LaSalle County Court Services are invoiced monthly based on a predetermined fee schedule.

Generally, the Organization submits fee-for-service claims to the appropriate payors monthly; however the Organization may receive advance payments, which are then reconciled upon receipt of the monthly billing. When fees are collected in advance, a contract liability is recorded as deferred revenue, and revenue is subsequently recognized over time as the services are provided.

Timing of revenue recognition may differ from the timing of invoicing to customers. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined that these contracts generally do not include a significant financing component. Progress for fee-for-service billing is measured based on the time elapsed method, as the services are being provided on an hourly or per diem basis and billed at an hourly or per diem rate.

Throughout the year, rates may vary as determined by the State of Illinois, and the Organization records additional revenue resulting from a rate increase and records a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions or contractual adjustments, and the Organization considers these amounts in the determination of the transaction price. Significant judgements involved in the recognition of revenue include estimates of variable consideration based upon historical experience with contracts with the State of Illinois.

The key economic factors that affect the recognition of revenue is the availability of funding from contracting agencies, case load, geography, and type of program service. If for any reason funding was curtailed or cut it would have a significant impact on the Organization. See Note 8 for further disclosure of concentrations existing as of June 30, 2024 and 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants: Government agency grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses, and revenue is recognized when the conditions are met.

Contributions received and unconditional promises to give are measured at fair value. Gifts of cash and other assets received that are restricted to support future periods or a specific purpose are reported as support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and government grants considered to be contributions whose restrictions are met in the same reporting periods are reported as contributions without donor restrictions.

Contributed Services

Unpaid volunteers have made contributions of their time to develop and administer the Organization's programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America (US GAAP).

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses are charged to each function based on direct expenditures incurred when possible. Consumable supplies, occupancy, lease/rent, other operating expenses, and depreciation are allocated based upon the program or supporting service's full-time equivalent staff positions within the respective facility.

Income Tax Status

Youth Service Bureau of Illinois Valley, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Youth Service Bureau of Illinois Valley, Inc. is not classified as a private foundation.

The Organization follows guidance issued by the Financial Accounting Standards Board (FASB) on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's return for tax years 2020 and later remain subject to examination by taxing authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with US 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

New Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Board (ASU) No. *2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and loan receivables, and some off-balance sheet credit exposures such as financial guarantees and loan commitments. It also applies to net investments in leases recognized by a lessor under Topic 842. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. ASU No. 2016-13, as amended by ASU No. 2019-10, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Financial assets held by the Organization that are subject to the guidance in ASU No. 2016-13 were certificates of deposit and accounts receivable. The Organization adopted the standard effective July 1, 2023. There was no material effect on the financial statements upon implementation of this new standard.

3. LIQUIDITY AND AVAILABILITY

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:

	2024	2023
Cash and cash equivalents	$ 1,353,077	$ 1,489,370
Accounts receivable	2,607,516	2,012,537
Contributions receivable	13,749	12,749
Government grants receivable	258,323	18,958
Total financial assets	4,232,665	3,533,614
Less amounts not available to be used for general expenditures within one year due to donor-imposed restrictions	(11,000)	(10,000)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	$ 4,221,665	$ 3,523,614

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit as described in Note 5. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and services as well as the conduct of services undertaken to support those activities to be general expenditures.

4. LINE OF CREDIT

The Organization has $400,000 available on a line of credit with a local bank. The interest rate on the line of credit is the greater of 4.00% or the prime rate plus 0.50% (the prime rate was 8.5% and 8.25% at June 30, 2024 and 2023, respectively). The line of credit agreement is collateralized by mortgage and assignment of rents, security agreement, and certificates of deposit. Monthly payments of accrued interest calculated on the amount of credit outstanding are required. The outstanding balance on line of credit is due on demand. The outstanding balance was $0 as of June 30, 2024 and June 30, 2023.

5. ENDOWMENTS

The Organization has designated a portion of its net assets without donor restrictions for an endowment fund to help the Organization meet future financial needs. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2024 and 2023, all endowment assets were board designated and without donor restrictions. The Organization's investment policy provides for short-term investment in certificates of deposit to provide safety, liquidity, and return. The Organization's spending policy provides that the Organization may withdraw endowment funds as needed for operations.

The Organization had the following activities with respect to its board designated endowment fund:

	Net Assets Without Donor Restrictions
ENDOWMENT NET ASSETS, JULY 1, 2022	$ 171,446
Investment income	794
Appropriation of endowment assets for expenditure	-
ENDOWMENT NET ASSETS, JUNE 30, 2023	172,240
Investment income	346
Appropriation of endowment assets for expenditure	-
ENDOWMENT NET ASSETS, JUNE 30, 2024	$ 172,586

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023, consist of the following program and purpose restrictions:

	2024	2023
Runaway and homeless youth counseling	$ 5,500	$ 5,000
Treatment	5,500	5,000
TOTAL	$ 11,000	$ 10,000

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the year ended June 30, 2024, the Organization entered into an agency participation agreement with United Way of LaSalle County for the period December 1, 2023 through November 30, 2024. In connection with this agreement, the Organization will receive $11,000 for outreach and $11,000 for treatment and counseling programs. As of June 30, 2024, net assets with donor restrictions include $5,500 and $5,500 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

During the year ended June 30, 2023, the Organization entered into an agency participation agreement with United Way of Streator for the period January 1, 2023 through December 31, 2023. In connection with this agreement, the Organization will receive $10,000 for outreach and $10,000 for treatment and counseling programs. As of June 30, 2024, net assets with donor restrictions include $5,000 and $5,000 due to time restrictions for youth outreach counseling and for homeless and runaway youth programs, respectively.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's disaggregated revenue by major customers for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
DCFS	$ 15,819,952	$ 13,489,090
LaSalle County Court Services	561,190	566,910
Other	326,784	366,878
TOTAL	$ 16,707,926	$ 14,422,878

The Organization's revenue from contracts with customers, totaling $16,707,926 and $14,422,878, is recognized over time during the years ended June 30, 2024 and 2023, respectively, as described in Note 2.

The opening balances for contract assets (accounts receivable) from contracts with customers at the beginning of the year were $2,012,537 at July 1, 2023 and $2,024,190 at July 1, 2022.

The opening balances for contract liabilities (deferred revenue) from contracts with customers at the beginning of the year were $18,087 at July 1, 2023 and $17,363 at July 1, 2022.

8. CONCENTRATIONS

Approximately 91% and 89% of the Organization's outstanding accounts receivable at June 30, 2024 and 2023, respectively, is due from DCFS, and approximately 86% and 86% of the Organization's total revenue was received from DCFS for the years ended June 30, 2024 and 2023, respectively. A significant reduction in the level of this support, if this were to occur, would have an effect on the Organization's programs.

9. LEASES

The Organization conducts the major part of its operations from leased facilities which include office and residential space, with expiration dates through April 30, 2044. Most of these operating leases contain varying renewal provisions, renewable at the option of the Organization, which enables the Organization to retain use of the facilities in desirable operating areas. In most cases, management expects in the normal course of business, leases will be renewed or replaced by other leases.

The components of lease cost for operating leases at June 30, 2024 and 2023:

	2024	2023
Operating lease costs	$ 408,515	$ 372,115
Short-term lease costs	26,671	10,638
TOTAL LEASE COST	$ 435,186	$ 382,753

Supplemental cash flows information:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 393,958	$ 354,529

The Organization utilizes a risk-free rate in determining the present value of lease payments.

	2024	2023
Weighted-average remaining lease term (years)	11.1	6
Weighted-average discount rate	4.00%	2.90%

9. LEASES (Continued)

Future minimum annual lease payments at June 30, 2024, are as follows:

Years Ending June 30,	
2025	$ 497,701
2026	488,926
2027	470,635
2028	457,404
2029	247,692
Thereafter	1,619,337
Total future undiscounted lease payments	3,781,695
Less interest	(816,422)
PRESENT VALUE OF LEASE LIABILITIES	$ 2,965,273

10. RETIREMENT PLAN

The Organization has a profit sharing plan for employees who work at least 1,000 hours per year, who have completed at least one year of service, and are at least 21 years of age. Participants are 50% vested in the employer contributions after one year of service, 75% after two years, and 100% after three years. Contributions to the plan are determined annually by the Board of Directors. Contributions of $382,636 and $714,291 were made to the plan for the years ended June 30, 2024 and 2023, respectively.

11. RELATED PARTY TRANSACTIONS

Contributions from board members totaled $600 and $50 during the years ended June 30, 2024 and 2023, respectively. The Organization leases one of the facilities described in Note 9 from a partnership co-owned by a board member, for which rent expenses totaled $113,313 and $109,400 for the years ended June 30, 2024 and 2023, respectively. The facility lease predated the appointment of that individual to the Board of Directors of the Organization.

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 21, 2024, the date on which the financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.