

CHICAGO YOUTH PROGRAMS, INC.

**Financial Statements
as of August 31, 2018
Together with Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chicago Youth Programs, Inc.

We have audited the accompanying financial statements of Chicago Youth Programs, Inc., which comprise the statement of financial position as of August 31, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Chicago Youth Programs, Inc. as of August 31, 2018 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.


KOPCZYK, OSHER, & SCOTT

Chicago, Illinois
January 14, 2019

CHICAGO YOUTH PROGRAMS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2018

ASSETS

Cash and Cash Equivalents	\$ 119,246
Accounts Receivable	15,702
Pledges Receivable	391,693
Prepaid Expenses	12,023
Investments	594,477
Net Fixed Assets	<u>1,429,989</u>

TOTAL ASSETS \$ 2,563,130

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 66,563
Accrued Expenses	5,628
Notes Payable	<u>38,000</u>

TOTAL LIABILITIES \$ 110,191

NET ASSETS

Unrestricted	\$ 1,796,756
Temporarily Restricted	153,858
Permanently Restricted	<u>502,325</u>

TOTAL NET ASSETS \$ 2,452,939

TOTAL LIABILITIES AND NET ASSETS \$ 2,563,130

The accompanying notes are an integral part of these statements.

CHICAGO YOUTH PROGRAMS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Individuals	\$ 234,227	\$ 0	\$ 0	\$ 234,227
Corporation / Foundations	154,354	193,000	0	347,354
Government Contracts	333,885	0	0	333,885
Donated Facility / Services	563,201	0	0	563,201
Investment Income	60,308	0	0	60,308
Fundraising Events (Net of \$36,427 of Expenses)	226,758	0	0	226,758
Scholarship	0	145,085	0	145,085
Net Assets Released from Restrictions	<u>359,270</u>	<u><359,270></u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>\$ 1,932,003</u>	<u>\$ <21,185></u>	<u>\$ 0</u>	<u>\$ 1,910,818</u>
EXPENSES				
Program Services	\$ 1,758,554	\$ 0	\$ 0	\$ 1,758,554
Management and General	99,452	0	0	99,452
Fundraising	<u>157,702</u>	<u>0</u>	<u>0</u>	<u>157,702</u>
TOTAL EXPENSES	<u>\$ 2,015,708</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,015,708</u>
CHANGE IN NET ASSETS BEFORE WRITE-OFF OF UNCOLLECTIBLE PLEDGES				
Write-Off of Uncollectible Pledges	<u>0</u>	<u>0</u>	<u><1,100></u>	<u><1,100></u>
CHANGE IN NET ASSETS	<u>\$ <83,705></u>	<u>\$ <21,185></u>	<u>\$ <1,100></u>	<u>\$ <105,990></u>
NET ASSETS				
Beginning of Year	<u>1,880,461</u>	<u>175,043</u>	<u>503,425</u>	<u>2,558,929</u>
End of Year	<u>\$ 1,796,756</u>	<u>\$ 153,858</u>	<u>\$ 502,325</u>	<u>\$ 2,452,939</u>

The accompanying notes are an integral part of these statements.

CHICAGO YOUTH PROGRAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Grand Total</u>
Salaries and Wages	\$ 419,788	\$ 53,100	\$ 40,050	\$ 512,938
Benefits and Payroll Taxes	89,898	11,371	8,577	109,846
Professional Fees and Services	83,405	9,812	4,906	98,123
Program Consultants	64,621	0	42,000	106,621
Scholarships and College Expenses	87,937	0	0	87,937
Materials, Supplies and Books	17,026	0	0	17,026
Health Clinic	5,882	0	0	5,882
Outings	18,019	0	0	18,019
Staff Training	5,248	583	0	5,831
Volunteer Training and Recognition	4,292	307	1,533	6,132
Nutrition	19,722	0	0	19,722
Transportation	217,596	0	0	217,596
Telephone	20,972	0	0	20,972
Postage / Delivery	1,764	223	168	2,155
Insurance	39,236	0	0	39,236
Printing	11,535	1,459	1,100	14,094
Office Supplies	9,251	1,170	883	11,304
Miscellaneous Expenses	15,473	1,957	1,476	18,906
Utilities Expense / Building Operations	62,248	7,323	3,662	73,233
Total Expenses Before Depreciation and Donated Facility and Services	\$ 1,193,913	\$ 87,305	\$ 104,355	\$ 1,385,573
Depreciation	60,240	3,347	3,347	66,934
Donated Facility and Services	504,401	8,800	50,000	563,201
Total Expenses	<u>\$ 1,758,554</u>	<u>\$ 99,452</u>	<u>\$ 157,702</u>	<u>\$ 2,015,708</u>

The accompanying notes are an integral part of this statement

CHICAGO YOUTH PROGRAMS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	<105,990>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		66,934
Unrealized Gain on Investment		74,589
Accounts Receivable		52,389
Pledges Receivable		<28,980>
Prepaid Expenses		<12,023>
Accounts Payable		<17,559>
Accrued Expenses		<u><1,370></u>
Net Cash Provided <Used> by Operating Activities	\$	<u>27,990</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	\$	<60,782>
Net Investment Activity		<u><74,754></u>
Net Cash Provided <Used> in Investing Activities	\$	<u><135,536></u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Notes Payable	\$	<u>38,000</u>
Net Cash Provided <Used> in Financing Activities	\$	<u>38,000</u>
Net Increase <Decrease> in Cash	\$	<69,546>
Cash Balance – Beginning of Year		<u>188,792</u>
Cash Balance – End of Year	\$	<u><u>119,246</u></u>

The accompanying notes are an integral part of these statements.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES

The Chicago Youth Programs, Inc. is an Illinois not-for-profit corporation incorporated in 1988 to improve life opportunities for youth through the provision of a comprehensive set of programs directed and staffed primarily by volunteers.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue. Conditional promises to give are not included in revenue until the conditions are substantially met.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations.

Functional Allocation of Expenses

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

Donated Facility and Services

Donated Facility and Services have been recorded in the accompanying financial statements based on their estimated fair market value. These donations include the usage of facilities, materials and supplies, and services that require specialized skills. In addition, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs and services, but no amounts have been recorded for the value of their services, in accordance with provisions of Accounting Standards Codification.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The financial statements were available to be issued on January 14, 2019 with subsequent events being evaluated through this date.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

Chicago Youth Programs, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Chicago Youth Programs, Inc. has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the year ended August 31, 2018. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily available for current use. Bank accounts are insured by the FDIC up to \$250,000. At August 31, 2018, the Organization did not have bank accounts whose cash balances exceeded the FDIC insured limit. At August 31, 2018, there was \$153,858 of cash restricted for temporary purposes.

The Organization also had cash invested in brokerage accounts. Securities Investor Protection Corporation (SIPC) protects customer cash balances up to \$250,000 and security positions up to an aggregate value of \$500,000 on a customer-by-customer basis. At August 31, 2018, the Organization did not have cash balances that exceeded the SIPC insured limit.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Chicago Youth Programs, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets over \$2,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building	40 Years
Building Improvements	5 Years
Furniture & Equipment	3-7 Years
Vehicles	5 Years

NOTE 3. PENSION PLAN

The Organization established a 403(B) retirement plan effective October 1, 1999. All employees who complete one year of service are eligible. Chicago Youth Programs matches participating employees' contributions at 2% of pre-tax salary. The total contributions made by the Organization for the fiscal year ended August 31, 2018 was \$4,048.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Scholarship	\$ 57,148
Program Services	<u>96,710</u>
Total	<u>\$ 153,858</u>

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to:

Scholarship	<u>\$ 502,325</u>
Total	<u>\$ 502,325</u>

The Lurie Foundation donated \$250,000 to assist in the creation of a scholarship endowment. A stipulation of the Lurie Foundation was that CYP should obtain matching funds from board members and other contributors, which CYP did. Earnings from the endowment fund are available for current operations and are used to help provide the funds needed to make higher education and training possible for CYP youth well into the future.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PLEDGES RECEIVABLE

CYP has received the following pledges and grants which are deemed to be fully collectible, and were not discounted to net present value as the difference was not material, and recognized as assets in the statements of financial position as of August 31:

	<u>Pledges Receivable</u>
Less Than One Year	\$ 237,700
One to Five Years	<u>153,993</u>
Total	<u>\$ 391,693</u>

NOTE 7. FIXED ASSETS

Land	\$ 196,000
Building	1,831,697
Building Improvements	3,654
Furniture and Equipment	310,711
Vehicles	363,092
Less: Accumulated Depreciation	<u><1,275,165></u>
Net Fixed Assets	<u>\$ 1,429,989</u>

NOTE 8. ENDOWMENT

The Accounting Standards Codification (ASC) provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds act of 2006 (UPMIFA). The ASC also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the Organization is subject to UPMIFA.

The State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing on or established after that date. CYP has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT (CONTINUED)

CYP has interpreted the Illinois Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, CYP classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by CYP in a manner consistent with the standard of prudence prescribed by IPMIFA.

In accordance with IPMIFA, CYP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments (6) other resources of CYP, and (7) CYP's investment policies.

Endowment investment and spending policies

CYP has adopted investment and spending policies, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. Endowment assets include those assets of donor-restricted funds that CYP must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that match the rate of inflation.

To satisfy its long-term conservative rate-of-return objectives, CYP invests in bond funds, index funds and mutual funds.

CYP's spending policy will be at the discretion of the Board as determined by the governing documents for the donor-restricted funds that make up the endowment and applicable federal and state law.

As required by generally accepted accounting principles, 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.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT (CONTINUED)

Endowment Net Asset Composition by Type of Fund
as of August 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 0	\$ 0	\$ 502,325	\$ 502,325
Board-designated endowment funds	0	0	0	0
Total Funds	\$ 0	\$ 0	\$ 502,325	\$ 502,325

Changes in Endowment Net Assets
for the Fiscal Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - beginning of year	\$ 0	\$ 0	\$ 503,425	\$ 503,425
Investment return:				
Interest Income	0	0	0	0
Unrealized Appreciation <Depreciation>	0	0	0	0
Contributions	0	0	0	0
Appropriation of endowment assets for expenditure	0	0	0	0
Write-Off of Uncollectible Pledges	0	0	1,100	1,100
Endowment net assets - end of year	\$ 0	\$ 0	\$ 502,325	\$ 502,325

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Chicago Youth Programs, Inc. to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2018.

CHICAGO YOUTH PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INVESTMENTS

CYP records investments at fair value with gains or losses included in the statement of activities as unrestricted revenue unless restricted by the donor. The fair value of investments is based on quoted market prices.

The cost and market value of investments are summarized below:

As of August 31, 2018

	<u>Cost</u>	<u>Market</u>
Equity Securities	\$ 208,555	\$ 332,504
Fixed Income Securities	<u>266,105</u>	<u>261,973</u>
Total	<u>\$ 474,660</u>	<u>\$ 594,477</u>

CYP records investments at market value in the statement of financial position. Investment income <loss> included in the statement of activities consists of the following:

Interest and Dividend Income	\$ 19,874
Realized Gains and Losses	2,801
Unrealized Gains and Losses	<u>37,633</u>
Total Investment Income	<u>\$ 60,308</u>

NOTE 10. NOTES PAYABLE

CYP purchased a vehicle on August 10, 2018 and obtained a \$38,000 loan to finance this purchase. The balance on the loan is \$38,000 at August 31, 2018. Interest on the loan is 7.27%. The loan requires monthly payments of \$759, and is secured by the vehicle.

A summary of scheduled principal payments for the next five years is as follows:

2018	\$ 2,120
2019	6,689
2020	7,194
2021	7,748
2022	8,339
2023	<u>5,910</u>
Total	<u>\$ 38,000</u>