

THE YOUTH CAMPUS

***FINANCIAL
STATEMENTS***

***FOR THE
YEARS ENDED
JUNE 30,
2011 AND 2010***

THE YOUTH CAMPUS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Youth Campus
Park Ridge, Illinois

We have audited the accompanying statement of financial position of The Youth Campus (an Illinois not-for-profit corporation) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of June 30, 2010 were audited by Ahlbeck & Company, who merged with SS&G, Inc. on October 8, 2010, and whose report dated November 29, 2010, expressed an unqualified opinion on those statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Youth Campus as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of The Youth Campus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and

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The Leading Edge Alliance

grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

SS&G, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2011

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THE YOUTH CAMPUS

STATEMENTS OF FINANCIAL POSITION

	<u>JUNE 30,</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 335,989	\$ 429,345
Investments	2,014,560	1,324,672
Contracts receivable	223,391	229,780
Other receivables	23,061	13,959
Pledges receivable	19,500	7,900
Prepaid expenses	<u>54,438</u>	<u>128,053</u>
TOTAL CURRENT ASSETS	2,670,939	2,133,709
PROPERTY AND EQUIPMENT, net		
Land	8,685	8,685
Land improvements	11,412	8,385
Buildings	1,169,550	1,211,281
Building improvements	728,764	776,781
Furniture and equipment	118,623	79,877
Vehicles	<u>12,037</u>	<u>19,595</u>
TOTAL PROPERTY AND EQUIPMENT, net	2,049,071	2,104,604
OTHER ASSETS		
Long-term investments	<u>93,441</u>	<u>368,495</u>
TOTAL ASSETS	<u>\$ 4,813,451</u>	<u>\$ 4,606,808</u>

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENTS OF FINANCIAL POSITION

	<u>JUNE 30,</u>	
	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital lease obligation	\$ 16,296	\$ 1,873
Current portion of IDFA bonds payable	100,000	100,000
Line of credit	1,225,000	1,250,000
Accounts payable	197,053	250,287
Accrued payroll and benefits	347,824	358,104
Accrued retirement plan liability	-	67,107
Deferred revenue	3,072	16,500
Due to DCFS	119,983	119,983
Other current liabilities	<u>25,000</u>	<u>240</u>
TOTAL CURRENT LIABILITIES	2,034,228	2,164,094
LONG-TERM LIABILITIES		
Capital lease obligation	48,012	1,873
IDFA bonds payable	900,000	1,000,000
Less current portion	<u>(116,296)</u>	<u>(101,873)</u>
	<u>831,716</u>	<u>900,000</u>
TOTAL LIABILITIES	2,865,944	3,064,094
NET ASSETS		
Unrestricted	1,854,070	1,171,687
Temporarily restricted	62,850	201,282
Permanently restricted	<u>30,587</u>	<u>169,745</u>
TOTAL NET ASSETS	<u>1,947,507</u>	<u>1,542,714</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,813,451</u>	<u>\$ 4,606,808</u>

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Program service fees:				
Government contracts: Illinois Department of Children and Family Services	<u>\$ 7,735,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,735,203</u>
Total program service fees	7,735,203	-	-	7,735,203
Public support:				
Contributions	181,728	30,604	-	212,332
Contributions in kind	18,379	-	-	18,379
Special events revenue	<u>260,810</u>	<u>-</u>	<u>-</u>	<u>260,810</u>
Total public support	460,917	30,604	-	491,521
Other revenues:				
Miscellaneous	23,407	-	-	23,407
Rental income	<u>57,105</u>	<u>-</u>	<u>-</u>	<u>57,105</u>
Total other revenues	80,512	-	-	80,512
Investment income:				
Interest and dividend income	44,646	-	-	44,646
Net gain on investments	299,265	1,958	-	301,223
Net appreciation on endowment funds	<u>-</u>	<u>4,899</u>	<u>-</u>	<u>4,899</u>
Total investment income	343,911	6,857	-	350,768
Total revenues	8,620,543	37,461	-	8,658,004
Released from restriction	<u>315,051</u>	<u>(175,893)</u>	<u>(139,158)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	8,935,594	(138,432)	(139,158)	8,658,004

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING EXPENSES				
Program:				
Residential	\$ 2,719,687	\$ -	\$ -	\$ 2,719,687
Group Home	269,896	-	-	269,896
Caregiver	232,414	-	-	232,414
Specialized Foster Care - Medical	312,054	-	-	312,054
Specialized Foster Care - Behavioral	2,331,704	-	-	2,331,704
Traditional Foster Care	392,742	-	-	392,742
Adolescent Foster Care	454,139	-	-	454,139
Adoption	4,464	-	-	4,464
Total program	<u>6,717,100</u>	-	-	<u>6,717,100</u>
Management and general	1,225,705	-	-	1,225,705
Fundraising	310,406	-	-	310,406
Total operating expenses	<u>8,253,211</u>	-	-	<u>8,253,211</u>
CHANGE IN NET ASSETS	682,383	(138,432)	(139,158)	404,793
NET ASSETS, BEGINNING OF YEAR	<u>1,171,687</u>	<u>201,282</u>	<u>169,745</u>	<u>1,542,714</u>
NET ASSETS, END OF YEAR	<u>\$ 1,854,070</u>	<u>\$ 62,850</u>	<u>\$ 30,587</u>	<u>\$ 1,947,507</u>

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Program service fees:				
Government contracts: Illinois Department of Children and Family Services	\$ 7,887,836	\$ -	\$ -	\$ 7,887,836
Total program service fees	7,887,836	-	-	7,887,836
Public support:				
Contributions	209,687	8,150	-	217,837
Contributions in kind	85,648	-	-	85,648
Special events revenue	245,833	-	-	245,833
Total public support	541,168	8,150	-	549,318
Other revenues:				
Miscellaneous	33,745	-	-	33,745
Rental income	66,230	-	-	66,230
Total other revenues	99,975	-	-	99,975
Investment income:				
Interest and dividend income	47,049	-	-	47,049
Net gain on investments	139,393	15,490	-	154,883
Net appreciation on endowment funds	-	2,643	-	2,643
Total investment income	186,442	18,133	-	204,575
Total revenues	8,715,421	26,283	-	8,741,704
Released from restriction	328,572	(132,108)	(196,464)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	9,043,993	(105,825)	(196,464)	8,741,704

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING EXPENSES				
Program:				
Residential	\$ 3,231,343	\$ -	\$ -	\$ 3,231,343
Caregiver	283,711	-	-	283,711
Specialized Foster Care - Medical	299,241	-	-	299,241
Specialized Foster Care - Behavioral	2,444,152	-	-	2,444,152
Traditional Foster Care	415,102	-	-	415,102
Adolescent Foster Care	446,551	-	-	446,551
Adoption	4,464	-	-	4,464
Total program	7,124,564	-	-	7,124,564
Management and general	1,262,975	-	-	1,262,975
Fundraising	331,389	-	-	331,389
Total operating expenses	<u>8,718,928</u>	<u>-</u>	<u>-</u>	<u>8,718,928</u>
CHANGE IN NET ASSETS	325,065	(105,825)	(196,464)	22,776
NET ASSETS, BEGINNING OF YEAR	<u>846,622</u>	<u>307,107</u>	<u>366,209</u>	<u>1,519,938</u>
NET ASSETS, END OF YEAR	<u>\$ 1,171,687</u>	<u>\$ 201,282</u>	<u>\$ 169,745</u>	<u>\$ 1,542,714</u>

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM										SUPPORT		
	015787-3021 Residential	015787-3031 Group Home	141828-9031 Catergiver	141828-4081 Spec FC Medical	141828-4101 Spec FC Behavioral	141828-4041 Traditional Foster Care	141828-4091 Adolescent Foster Care	141828-4021 Adoption	Total	Management and General	Fundraising	Total	Organization Total
Salaries and wages	\$ 1,696,629	\$ 176,647	\$ 132,642	\$ 120,788	\$ 709,127	\$ 126,673	\$ 165,751	\$ 4,150	\$ 3,132,407	\$ 761,483	\$ 77,222	\$ 838,705	\$ 3,971,112
Payroll taxes	129,411	14,432	13,832	8,915	52,953	9,244	12,329	314	241,430	49,281	6,465	55,746	297,176
Employee benefits	251,930	19,170	14,346	21,446	122,735	22,073	28,871	-	480,571	66,582	5,944	72,526	553,097
Administrative expenses	18	-	-	-	-	-	-	-	18	14,726	12,188	26,914	26,932
Bad debts	-	-	-	-	950	401	150	-	1,501	-	-	-	1,501
Communication	38,257	3,834	5,178	3,898	25,069	4,746	6,530	-	87,512	14,522	802	15,324	102,836
Conferences and meetings	579	82	30	60	320	62	51	-	1,184	2,324	25	2,349	3,533
Cost of foster care	-	-	-	95,514	1,016,793	158,352	129,463	-	1,400,122	-	-	-	1,400,122
Depreciation	101,421	9,986	1,500	1,836	8,712	1,898	2,072	-	127,425	29,342	2,031	31,373	158,798
Dues and subscriptions	-	-	-	-	-	-	-	-	-	11,521	382	11,903	11,903
Insurance	8,572	779	834	562	3,548	677	903	-	15,875	3,589	147	3,736	19,611
Occupancy	136,316	12,727	39,070	22,767	152,095	27,110	34,413	-	424,498	42,676	1,645	44,321	468,819
Other expenses	-	-	-	-	-	-	-	-	-	24,186	-	24,186	24,186
Other operating interest	-	-	-	-	-	-	-	-	-	66,006	-	66,006	66,006
In-kind contributions	-	-	-	-	-	-	-	-	-	-	18,379	18,379	18,379
Postage	183	10	253	393	2,745	494	649	-	4,727	5,586	4,693	10,279	15,006
Printing and reproduction	538	50	9	5	34	6	9	-	651	2,230	10,860	13,090	13,741
Professional fees	126,563	10,601	11,410	17,133	105,482	16,423	20,794	-	308,406	98,255	31,627	129,882	438,288
Recruitment	10,516	786	433	131	835	157	206	-	13,064	4,753	-	4,753	17,817
Repairs and maintenance	19,802	1,711	433	894	5,596	1,012	1,403	-	30,851	10,810	525	11,335	42,186
Special activities / assistance	65,978	7,865	500	760	15,998	2,668	18,161	-	111,930	359	11,458	11,817	123,747
Special events	-	-	-	-	-	-	-	-	-	-	124,582	124,582	124,582
Supplies	96,487	7,386	867	1,620	8,542	1,922	2,651	-	119,475	7,797	1,184	8,981	128,456
Training and development	348	-	-	93	633	118	157	-	1,349	2,000	-	2,000	3,349
Loss on disposal of equipment	-	-	-	-	-	-	-	-	-	5,056	-	5,056	5,056
Vehicle expense	36,139	3,830	11,077	15,239	99,537	18,706	29,576	-	214,104	2,621	247	2,868	216,972
Total functional expenses	2,719,687	269,896	232,414	312,054	2,331,704	392,742	454,139	4,464	6,717,100	1,225,705	310,406	1,536,111	8,253,211
Administration allocation	496,677	51,253	30,948	47,758	341,892	42,358	74,272	-	1,085,158	(1,115,674)	30,516	(1,085,158)	-
Total expenses	\$ 3,216,364	\$ 321,149	\$ 263,362	\$ 359,812	\$ 2,673,596	\$ 435,100	\$ 528,411	\$ 4,464	\$ 7,802,258	\$ 110,031	\$ 340,922	\$ 450,953	\$ 8,253,211

THE YOUTH CAMPUS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	PROGRAM										SUPPORT			Organization Total
	015787-3020 Residential	141828-3031 Group Home	141828-9030 Caregiver	141828-4080 Spec FC Medical	141828-4100 Spec FC Behavioral	141828-4040 Traditional Foster Care	141828-4090 Adolescent Foster Care	141828-4020 Adoption	Management and General	Fundraising	Total	Organization Total		
Salaries and wages	\$ 1,971,557	\$ -	\$ 172,974	\$ 103,026	\$ 667,899	\$ 129,246	\$ 141,735	\$ 4,150	\$ 711,884	\$ 76,017	\$ 787,901	\$ 3,978,488		
Payroll taxes	190,974	-	14,904	10,225	66,551	12,855	14,391	314	61,517	6,906	68,423	378,637		
Employee benefits	247,416	-	29,799	20,126	127,171	24,575	26,575	-	88,791	10,968	99,759	575,431		
Administrative expenses	-	-	-	-	-	-	-	-	17,980	66	18,046	18,046		
Bad debts	99,766	-	-	-	-	-	-	-	-	-	-	99,766		
Communication	36,805	-	5,012	3,324	20,429	4,324	5,812	-	13,896	752	14,648	90,354		
Conferences and meetings	155	-	1,765	17	113	24	31	-	1,860	-	1,860	3,965		
Cost of foster care	-	-	-	98,823	1,128,279	151,711	131,542	-	42,813	-	-	1,510,355		
Depreciation	114,833	-	2,256	1,925	14,069	3,496	3,742	-	24,021	1,750	44,563	184,884		
Dues and subscriptions	-	-	-	-	-	-	-	-	3,628	28	24,049	24,049		
Insurance	8,688	-	1,044	579	3,475	773	965	-	45,087	154	3,782	19,306		
Occupancy	145,218	-	36,386	22,945	153,668	32,886	42,830	-	28,882	1,788	46,875	480,808		
Other expenses	-	-	-	-	-	-	-	-	63,001	-	63,001	28,882		
Other operating interest	-	-	-	-	-	-	-	-	-	-	-	63,001		
In-kind contributions	-	-	-	-	-	-	-	-	-	85,648	85,648	85,648		
Postage	75	-	294	415	2,936	613	828	-	7,020	1,056	8,076	13,237		
Printing and reproduction	274	-	70	39	182	47	102	-	3,636	740	4,376	5,090		
Professional fees	126,401	-	3,945	19,395	122,217	23,104	30,718	-	121,397	18,755	140,152	465,932		
Recruitment	15,975	-	56	143	1,007	196	547	-	5,260	5	5,265	23,189		
Repairs and maintenance	15,722	-	470	722	3,903	890	1,393	-	5,495	63	5,558	28,658		
Special activities / assistance	83,473	-	461	964	21,831	6,879	9,519	-	-	27,798	27,798	150,925		
Special events	-	-	-	-	-	-	-	-	-	97,231	97,231	97,231		
Supplies	142,941	-	502	1,443	8,553	2,046	2,665	-	10,407	1,509	11,916	170,066		
Training and development	3,000	-	-	-	-	-	-	-	3,000	-	3,000	6,000		
Vehicle expense	28,070	-	13,773	15,130	101,869	21,437	33,156	-	3,400	155	3,555	216,990		
Total functional expenses	3,231,343	-	283,711	299,241	2,444,152	415,102	446,551	4,464	1,262,975	331,389	1,594,364	8,718,928		
Administration allocation	585,072	-	30,960	49,379	387,798	60,048	69,176	-	(1,207,429)	24,996	(1,182,433)	-		
Total expenses	\$ 3,816,415	\$ -	\$ 314,671	\$ 348,620	\$ 2,831,950	\$ 475,150	\$ 515,727	\$ 4,464	\$ 55,546	\$ 356,385	\$ 411,931	\$ 8,718,928		

See accompanying notes to financial statements.

THE YOUTH CAMPUS

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 404,793	\$ 22,776
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	158,799	184,884
Net gain on investments	(306,122)	(157,526)
Donated securities	-	(10,524)
Loss (gain) on disposal of property and equipment	5,056	(2,845)
(Increase) decrease in:		
Receivables	(14,313)	(81,307)
Prepaid expenses	73,615	18,720
Decrease in:		
Accounts payable	(53,234)	(78,949)
Other current liabilities	(66,055)	(66,568)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	202,539	(171,339)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	24,649	488,240
Purchases of investments	(133,361)	(99,237)
Proceeds from sale of property and equipment	-	2,845
Purchase of property and equipment	(48,770)	(101,396)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(157,482)	290,452
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) borrowings on line of credit	(25,000)	300,000
Repayment of long-term debt	(113,413)	(115,730)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(138,413)	184,270
NET (DECREASE) INCREASE IN CASH	(93,356)	303,383
CASH, beginning of year	<u>429,345</u>	<u>125,962</u>
CASH, end of year	<u>\$ 335,989</u>	<u>\$ 429,345</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid during the year for:		
Interest	\$ 66,006	\$ 63,001

NONCASH INVESTING AND FINANCING TRANSACTIONS

During the year ended June 30, 2011, the Organization purchased five copiers with a cost of \$59,552 by assuming a capital lease obligation of \$59,552.

See accompanying notes to financial statements.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies

Nature of activities

The Youth Campus (the Organization) works to enable children, youth, and families who have emotional, social, behavioral, and developmental problems to function on their own as productive members of society. The Organization received 91% and 93% of its total revenues excluding investment income in the years ended June 30, 2011 and 2010, respectively, from the State of Illinois Department of Children and Family Services (DCFS).

Basis of presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as recommended in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations.

The net assets of the Organization are classified as follows:

Unrestricted, which represent the portion of expendable net assets that are available for operations and are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted, which represent grants, contributions, or other inflows where the use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization. Upon termination of the restriction, a reclassification is made to unrestricted net assets. Temporarily restricted net assets include the investment income earned on certain permanently restricted net assets, which can only be spent according to donor purpose. Investment income that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the income is recognized.

Permanently restricted, which represent endowment contributions and investments that are permanently restricted by the donor. Investment earnings are recorded as income to temporarily restricted net assets.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies, continued

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments in marketable equity and debt securities are reported at fair value based upon market quotations. Money market accounts held with a brokerage firm are considered investments. Investments in money market accounts are reported at cost which approximate fair value. Donated investments are recorded at the fair value as of the date of contribution. Unrealized gains and losses are included in the accompanying statements of activities. Investments that are available for current operations are classified in the statements of financial position as current assets, while those held for noncurrent uses are classified as other assets.

Receivables

The Organization reports receivables at net realizable value. Management determines an allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings. As of June 30, 2011 and 2010, management has determined that no allowance for doubtful accounts is deemed necessary.

Property and equipment

Property and equipment are carried at cost if purchased or fair value if contributed. The Organization capitalizes property and equipment purchases over \$500. Depreciation is computed using the straight-line method over 5-40 years for improvements, 45 years for buildings, 3-5 years for computer equipment, furniture and office equipment, and 5 years for vehicles.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies, continued

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Federal grant awards are not recorded until expended for the purpose of the grants since they are conditional promises to give.

Subsequent events

Subsequent events were evaluated through December 14, 2011, which is the date the financial statements were available to be issued.

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a).

The Organization is not exempt from taxes due to net income derived from unrelated business activities. During the years ended June 30, 2011 and 2010, the Organization did not have any unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, including its tax exempt status, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Exempt Organization Business Income Tax Returns (Form 990-T) for the years ended June 30, 2010, 2009, and 2008 are subject to examination by the IRS, generally for three years after they were filed.

It is the Organization's policy to include any penalties and interest related to income taxes in management and general expenses, however, the Organization has no penalties or interest related to income taxes.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies, continued

Functional allocation of expenses

In the statements of functional expenses, expenses are allocated to programs, fundraising, and management and general according to actual use whenever practical. Indirect expenses are allocated to the benefited programs based on allocation formulas developed in accordance with OMB Circular A-122, *Cost Principles for Nonprofit Organizations*.

Reclassifications

Certain items in the financial statements as of and for the year ended June 30, 2010 have been reclassified for presentation purposes.

NOTE B – Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE B – Fair value measurements, continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values for money market funds and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values of assets measured on a recurring basis were as follows:

	<u>Fair Value Measurements at June 30, 2011 Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Money market	\$ 196,339	\$ -	\$ -	\$ 196,339
Mutual funds:				
Exchange-traded index funds	<u>1,911,662</u>	<u>-</u>	<u>-</u>	<u>1,911,662</u>
	<u>\$ 2,108,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,108,001</u>

Fair values of assets measured on a recurring basis were as follows:

	<u>Fair Value Measurements at June 30, 2010 Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Money market	\$ 21,804	\$ -	\$ -	\$ 21,804
Mutual funds:				
Exchange-traded index funds	<u>1,671,363</u>	<u>-</u>	<u>-</u>	<u>1,671,363</u>
	<u>\$ 1,693,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,167</u>

Fair values for exchange-traded index funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE C – Concentration of credit risk

The Organization maintains its cash at several financial institutions. Non-interest bearing transaction accounts at each institution are fully insured by the Federal Deposit Insurance Corporation (FDIC). All other deposit accounts at FDIC-insured institutions are insured up to \$250,000 per institution. At times during the year, the Organization's bank balances may have exceeded the federally insured limits; however, it has not experienced any losses with respect to its bank balances in excess of government provided insurance. As of June 30, 2011 and 2010, the Organization's uninsured cash balances totaled \$137,378 and \$236,752, respectively.

As of June 30, 2011 and 2010, the Organization maintains the majority of its investments at a single financial institution with a Securities Investors Protection Corporation (SIPC) member broker. Securities, including mutual funds, are not insured against loss in value. The value of investments can increase or decrease depending on the demand for them in the market. The SIPC replaces missing stocks and other securities in customer accounts held by its members up to \$500,000, including up to \$100,000 in cash, if a member brokerage or bank brokerage subsidiary fails. The broker provides supplemental protection on assets over \$500,000 through certain underwriters at Lloyd's of London, subject to an aggregate loss limit of \$1 billion. There is a per-client limit for cash of \$1,900,000. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk. The Organization places its investments in various types of financial instruments as outlined in Note B.

As of both June 30, 2011 and 2010, 100% of the total contracts receivable was due from DCFS.

NOTE D – Pledges receivable

The Organization has received many letters of intent to contribute to the general operations. These amounts are classified as temporarily restricted until received. The total amount of these pledges receivable was \$19,500 and \$7,900 as of June 30, 2011 and 2010, respectively. Pledges receivable as of June 30, 2011 were as follows:

Receivables in less than one year	\$	12,000
Receivables in one to five years		7,500

No allowance for doubtful accounts deemed necessary as of June 30, 2011 and 2010.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE E – Property and equipment

The costs of the Organization's property and equipment as of June 30 were as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 8,685	\$ 8,685
Land improvements	84,583	80,839
Buildings	1,911,572	1,911,572
Building improvements	1,831,873	1,812,438
Furniture and equipment	1,491,245	1,460,468
Vehicles	<u>114,918</u>	<u>113,423</u>
	5,442,876	5,387,425
Less accumulated depreciation	<u>(3,393,805)</u>	<u>(3,282,821)</u>
	<u>\$ 2,049,071</u>	<u>\$ 2,104,604</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$158,799 and \$184,884, respectively.

NOTE F – Line of credit

As of June 30, 2011 and 2010, the Organization had a revolving line of credit with Wheaton Bank & Trust secured by a lien on the Park Ridge property. The maximum amount available under this agreement is \$1,250,000. The line of credit bears interest at a rate of 4.5% per annum, with interest due monthly. This agreement expired on February 28, 2011 and was renewed until December 1, 2011. As of June 30, 2011 and 2010, the outstanding balance on the line of credit was \$1,225,000 and \$1,250,000, respectively.

The line of credit requires an 80% borrowing base. During the year ended June 30, 2010, this borrowing base was exceeded. With the bank's consent, on November 9, 2009, the Organization received a waiver of the existing defaults associated with the 80% borrowing base. In addition, the 80% borrowing base requirement is suspended while the line of credit is secured by the lien. During the year ended June 30, 2011, the Organization met all requirements.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE G – Bonds payable

On August 1, 1998, the Organization entered into an agreement for \$2,000,000 in bonds with the Illinois Development Finance Authority (IDFA). This was an uncollateralized arrangement. The bond principle is payable at \$100,000 per year over 20 years.

Effective with transferring its banking relationship to Wheaton Bank & Trust, the Organization also entered into a reimbursement and irrevocable letter of credit agreement with Wheaton Bank & Trust as security for the IDFA 1998 bond issuance. The aforementioned agreement contains a financial covenant relating to the ratio of cash and investments to outstanding debt as measured as of March 31 and September 30 each year. The covenant was not met as of March 31, 2009, September 30, 2009 or March 31, 2010. On November 9, 2009, the Organization received a waiver of the two 2009 defaults in exchange for a lien on the Park Ridge property. On August 5, 2010, the Organization received a waiver of the March 31, 2010 default as Wheaton Bank forbore from pursuing its rights and remedies under the reimbursement and irrevocable letter of credit agreement. As of September 30, 2010 and March 31, 2011, the Organization met its financial covenants.

The variable interest rate on the bonds is set weekly by Bank of America Securities LLC remarketing agent based on the lowest interest rate the market can bear which range from 0.22% to 1.60% during the years ended June 30, 2011 and 2010. As of June 30, 2011 and 2010, the principal balance of the outstanding bonds was \$900,000 and \$1,000,000, respectively.

The letter of credit agreement is for the approximate amount of \$900,000 as collateral for bond principal. The agreement expires on December 1, 2011.

Maturities of the bonds payable are as follows:

Years ended	
<u>June 30,</u>	
2012	\$ 100,000
2013	100,000
2014	100,000
2015	100,000
2016 and thereafter	<u>500,000</u>
	<u>\$ 900,000</u>

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE H – Compensated absences

The Organization has a vesting vacation policy. The amount of vacation time available as of June 30, 2011 and 2010 was \$162,630 and \$164,108, respectively.

NOTE I – Conditional pledges receivable

The Organization is the recipient of conditional pledges receivable from the Angela D. Stearns Trust, the Elizabeth Ann Straut Trust, and the Julius Fred Butler Trust.

The Angela D. Stearns Trust has multiple beneficiaries. Under terms of the trust, after all other beneficiaries have received their bequests, the remaining trust assets were first to be used to pay for the education of two individuals. The amount these individuals received was dependent on the level of education they acquired. The remaining trust assets are distributable half to the Organization to be used as it sees fit and half to another beneficiary.

The Elizabeth Ann Straut Trust has multiple beneficiaries. Under terms of the trust, the Organization was to receive \$5,000 upon the death of the donor. The other beneficiaries were to be paid a fixed sum. Once these beneficiaries have received their bequests and costs have been paid, the remaining trust assets are distributable one-third to the Organization in monthly installments and the other two-thirds to two other beneficiaries.

The Julius Fred Butler Trust has three beneficiaries. Under terms of the trust, the beneficiaries receive all of the trust's income. The trustee may also pay them any or all of the principal as deemed necessary for their various needs. Upon the death of the last of the three beneficiaries, the remaining trust assets are distributable one-seventh to the Organization and the rest to six other named charitable associations.

No receivable has been recorded for any of the aforementioned trusts. These contributions are conditional, because the Organization will only receive the contribution either on the condition that the funds in the trust are not exhausted through payments to other beneficiaries and costs or on the condition that the funds in the trust are not exhausted prior to the death of the beneficiaries. Therefore, the contributions will be recorded as revenues in the periods in which they are received.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE J – Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2011</u>	<u>2010</u>
Clothing for clients	\$ -	\$ 33,619
Educational scholarships for clients	8,349	7,287
Endowment earnings	16,083	20,937
Playground equipment	8,500	-
Pledges receivable	19,500	7,900
Support and maintenance of various cottages	-	99,037
Other temporarily restricted purposes	<u>10,418</u>	<u>32,502</u>
	<u>\$ 62,850</u>	<u>\$ 201,282</u>

The following items were released from time and/or donor restrictions during the years ended June 30, 2011 and 2010 by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows:

	<u>2011</u>	<u>2010</u>
Clothing for clients	\$ 33,317	\$ 4,146
Endowment earnings	9,753	29,752
Pledges receivable	7,250	-
Support and maintenance of various cottages	99,036	56,504
Other temporarily restricted purposes	<u>26,537</u>	<u>41,706</u>
	<u>\$ 175,893</u>	<u>\$ 132,108</u>

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE K – Permanently restricted net assets

The following endowments were permanently restricted as of June 30 due to use restrictions:

	<u>2011</u>	<u>2010</u>
Clothing for clients	\$ -	\$ 16,660
Annual scholarships	30,587	30,587
Support and maintenance of Noyes cottage	-	40,572
General operations	<u>-</u>	<u>81,926</u>
	<u>\$ 30,587</u>	<u>\$ 169,745</u>

During the year ended June 30, 2010, \$226,216 of endowment funds were released from restriction by the Office of the Attorney General State of Illinois. This amount included \$29,752 in earnings from the endowments included in temporarily restricted net assets. On September 1, 2010, additional \$148,911 of endowment funds were released by the Chancery Division of the Circuit Court of Cook County. This amount included \$9,753 in earnings from the endowments included in temporarily restricted net assets.

NOTE L – Endowment

The Organization's endowment as of June 30, 2011 and 2010 consisted of donor-restricted endowment funds. As required by GAAP, 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.

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (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

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE L – Endowment, continued

temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 16,083	\$ 30,587	\$ 46,670

Endowment net asset composition by type of fund as of June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 20,937	\$ 169,745	\$ 190,682

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE L – Endowment, continued

Change in endowment net assets for the years ended of June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2009	\$ -	\$ 43,091	\$ 366,209	\$ 409,300
Investment return:				
Net appreciation (realized and unrealized)	-	7,598	-	7,598
Other changes:				
Transfers to remove donor restrictions	<u>-</u>	<u>(29,752)</u>	<u>(196,464)</u>	<u>(226,216)</u>
Endowment net assets, July 1, 2010	-	20,937	169,745	190,682
Investment return:				
Net appreciation (realized and unrealized)	-	4,899	-	4,899
Other changes:				
Transfers to remove donor restrictions	<u>-</u>	<u>(9,753)</u>	<u>(139,158)</u>	<u>(148,911)</u>
Endowment net assets, June 30, 2011	<u>\$ -</u>	<u>\$ 16,083</u>	<u>\$ 30,587</u>	<u>\$ 46,670</u>

Investment policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a longer-term capital appreciation. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that allows for a higher risk tolerance for its investments. Therefore, the Organization established a target equity allocation for the assets at 65%. The remaining 35% is

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE L – Endowment, continued

invested primarily in U.S. Fixed Income securities. The Organization deems this asset allocation as the most appropriate diversified balance between longer-term capital appreciation focused investments and relatively more stable income producing investments. For purposes of diversification within the equity allocation, assets are invested in various segments of global equity markets. Specifically, the assets are divided amongst Large Capitalization U.S. Stocks, with a 33% target allocation, Small and Mid Capitalization U.S. Stocks with a 13% target allocation, and International Stocks with a 19% target allocation.

Based on the size of the pool of assets and the Organization's desire for a well-diversified investment structure, individual investments in the various asset classes are allocated to passively managed index-based commingled funds. Investments in the various asset classes are expected to remain around their target allocations. However, in the event that actual allocations to the asset classes fall outside a target range for the asset class, the investment manager is instructed to re-balance the asset classes back to the target allocation. Each fund's investment performance (before the deduction of investment management fees) should equal the performance of the underlying index.

Spending policies

The Organization has components of spending that are included in its investment policies. Unless needed, the purpose of the endowment assets is not to provide near-term income. Instead, the primary purpose of the investments is to provide longer-term capital appreciation. There is not a specific spending policy which requires the investments be used to meet near-term operational needs.

NOTE M – Contributions in kind

Donations of materials are recorded at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Conditional transfers of assets are recognized when the conditions upon which they depend are substantially met. During the years ended June 30, 2011 and 2010, the Organization received donated materials valued at \$11,881 and \$20,517, respectively.

Donations of services are recorded if they create or enhance a non-financial asset or are specialized skills that would be purchased if they were not donated. During the years ended June 30, 2011 and 2010, the Organization received donated legal and other professional services valued at \$6,498 and \$65,131, respectively.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE N – Rental income

The Organization leases two buildings located at 733 N. Prospect in Park Ridge to an unrelated party for the education of its residential clients. The lease term expired on June 30, 2011 and the lease was subsequently renewed for another year with the lease term expiring on June 30, 2012.

The Organization also leases a building it owns also located at 733 N. Prospect in Park Ridge to an unrelated not-for-profit organization. The lease term is for ten years, expiring on April 20, 2019. The unrelated organization will pay for renovations and all expenses associated with this property for the first four years of the lease in lieu of rent and will pay rent during the years five through ten of the lease. The unrelated organization will continue to pay for renovations and all expenses of the property in years five through ten of the lease.

If the Organization terminates the lease, they will pay a renovation reimbursement to the unrelated party equal to a schedule as follows:

Year 1	90%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	60%
Year 6	50%
Year 7	40%
Year 8	40%
Year 9	30%
Year 10	30%

The leased buildings are fully depreciated as of June 30, 2011.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE N – Rental income, continued

The estimated future minimum rental income to be recognized for the succeeding years under non-cancelable operating leases in effect as of June 30, 2011 are as follows:

<u>Year ended June 30,</u>	
2012	\$ 56,230
2013	-
2014	1,800
2015	10,800
2016	10,900
2017 and thereafter	<u>44,900</u>
	<u>\$ 124,630</u>

NOTE O – Capital lease obligation

In October 2006, the Organization entered into a capital lease for five copier machines for a total of \$53,375 to be paid over 48 months. Interest on this agreement was 8.25% and monthly payments were \$1,383. This lease ended in October 2010. In July 2010, the Organization entered into a capital lease for five different copier machines for a total of \$59,552 to be paid over 48 months. Interest on this agreement is 4.5% and monthly payments are \$1,358. Amortization is included in depreciation expense in the financial statements. The accumulated depreciation on this equipment was \$7,444 and \$46,703 as of June 30, 2011 and 2010, respectively. Future expected depreciation expense is \$14,888.

Future minimum lease payments under capital leases are as follows:

<u>Year ended June 30,</u>	
2012	\$ 16,296
2013	16,296
2014	16,296
2015	2,716
Less amount representing interest	<u>(5,632)</u>
Present value of minimum lease payments	<u>\$ 45,972</u>

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE P – Lease obligation and rental expense

The Organization entered into an operating lease agreement effective October 1, 2001 for a building at 901 W. Jackson, Chicago, Illinois that expires on August 31, 2011. The Organization is also obligated to pay a portion of the property taxes as additional rent and there is an annual 3% increase in rent each September. Monthly rent expense was \$20,121 for the year ended June 30, 2010. On April 1, 2011, the lease agreement was amended and renewed until March 16, 2016. Monthly rent expense is \$16,559 for the year ended June 30, 2011. Rental expense on all leases for the years ended June 30, 2011 and 2010 was \$234,840 and \$249,506, respectively.

The estimated future minimum rental and lease obligation for the succeeding years under non-cancelable operating leases in effect as of June 30, 2011 are as follows:

<u>Year ended June 30,</u>	
2012	\$ 200,199
2013	206,208
2014	212,397
2015	218,769
2016	<u>167,742</u>
	<u>\$ 1,005,315</u>

NOTE Q – Retirement plan

The Organization has a 403(b) retirement plan, which allows eligible employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. The Organization contributes a percentage of the compensation of each participant to the plan at the discretion of the Board of Directors. The Organization made no contributions to the Organization's 403(b) retirement plan for the years ended June 30, 2011 and 2010.

THE YOUTH CAMPUS

NOTES TO FINANCIAL STATEMENTS

NOTE R – Special events

Revenues and expenses from special events are shown at the gross amounts in the statements of activities. Gross revenue and expense for each event for the years ended June 30 was as follows:

	2011			2010		
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Golf outing	\$ 165,195	\$ 80,498	\$ 84,697	\$ 132,135	\$ 55,343	\$ 76,792
Gala	<u>95,615</u>	<u>44,084</u>	<u>51,531</u>	<u>113,698</u>	<u>41,888</u>	<u>71,810</u>
	<u>\$ 260,810</u>	<u>\$ 124,582</u>	<u>\$ 136,228</u>	<u>\$ 245,833</u>	<u>\$ 97,231</u>	<u>\$ 148,602</u>

NOTE S – Subsequent event

Subsequent to June 30, 2011, the Organization obtained approval from DCFS to make a change in its operations. The Organization is looking to become a "foster care village," housing a maximum of 30 foster children of all ages across its current campus' six cottages. In order to implement these changes, the Organization needs to obtain new special use classifications for the property and other approvals from the city of Park Ridge. The Organization is in the process of obtaining these approvals.



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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
The Youth Campus
Park Ridge, Illinois

Our report on our audit of the basic financial statements of The Youth Campus for June 30, 2011 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in on pages 31 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SS&G, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2011

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The Leading Edge Alliance

THE YOUTH CAMPUS

SCHEDULE OF PROGRAMS, REVENUES AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM							Total
	015787-3021 Residential	015787-3031 Group Home	141828-9031 Caregiver	141828-4081 Spec FC Medical	141828-4101 Spec FC Behavioral	141828-4041 Traditional Foster Care	141828-4091 Adolescent Foster Care	
REVENUES								
Government contracts:								
State of Illinois - DCFS	\$ 3,159,258	\$ 319,536	\$ 263,362	\$ 359,812	\$ 2,673,596	\$ 426,764	\$ 528,411	\$ 4,464
School district rental income	57,106	-	-	-	-	-	-	-
TOTAL REVENUES	3,216,364	319,536	263,362	359,812	2,673,596	426,764	528,411	4,464
EXPENSES								
Salaries and wages	\$ 1,696,629	\$ 176,647	\$ 132,642	\$ 120,788	\$ 709,127	\$ 126,673	\$ 165,751	\$ 4,150
Payroll taxes	129,411	14,432	13,832	8,915	52,953	9,244	12,329	314
Employee benefits	251,930	19,170	14,346	21,446	122,735	22,073	28,871	-
Administrative expenses	18	-	-	-	-	-	-	-
Bad debts	-	-	-	-	950	401	150	-
Communication	38,257	3,834	5,178	3,898	25,069	4,746	6,530	-
Conferences and meetings	579	82	30	60	320	62	51	-
Cost of foster care	-	-	-	95,514	1,016,793	158,352	129,463	-
Depreciation	101,421	9,986	1,500	1,836	8,712	1,898	2,072	-
Insurance	8,572	779	834	562	3,548	677	903	-
Occupancy	136,316	12,727	39,070	22,767	152,095	27,110	34,413	-
Postage	183	10	253	393	2,745	494	649	-
Printing and reproduction	538	50	9	5	34	6	9	-
Professional fees	126,563	10,601	11,410	17,133	105,482	16,423	20,794	-
Recruitment	10,516	786	433	131	835	157	206	-
Repairs and maintenance	19,802	1,711	433	894	5,596	1,012	1,403	-
Special activities / assistance	65,978	7,865	500	760	15,998	2,668	18,161	-
Supplies	96,487	-	867	1,620	8,542	1,922	2,651	-
Training and development	348	7,386	-	93	633	118	157	-
Vehicle expense	36,139	3,830	11,077	15,239	99,537	18,706	29,576	-
TOTAL FUNCTIONAL EXPENSES	2,719,687	269,896	232,414	312,054	2,331,704	392,742	454,139	4,464
Administration allocation	496,677	51,253	30,948	47,758	341,892	42,358	74,272	-
TOTAL EXPENSES	3,216,364	321,149	263,362	359,812	2,673,596	435,100	528,411	4,464
EXCESS REVENUES OVER EXPENSES	\$ -	\$ (1,613)	\$ -	\$ -	\$ -	\$ (8,336)	\$ -	\$ -
								\$ (9,949)

See accompanying notes to financial statements.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Youth Campus
Park Ridge, Illinois

We have audited the financial statements of The Youth Campus as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Youth Campus's internal control over financial reporting as a basis for designing our auditing procedures 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 Youth Campus's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the The Youth Campus's internal control over financial reporting.

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 a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the Illinois Department of Children and Family Services and is not intended to be and should not be used by anyone other than these specified parties.

SS&G, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2011

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