CAPITAL CITY YOUTH SERVICES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2019

CAPITAL CITY YOUTH SERVICES, INC.
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JUNE 30, 2020

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James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Capital City Youth Services, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Capital City Youth Services, Inc., which comprise the statement of financial position as of June 30, 2020, 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; 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.

Auditors' 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 misstatement 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Youth Services, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Capital City Youth Services, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State Financial Assistance as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, is presented for purposes of additional analysis and is not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Financial Assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021 on our consideration of Capital City Youth Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Capital City Youth Services, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
March 17, 2021

CAPITAL CITY YOUTH SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 WITH SUMMARIZED
INFORMATION AS OF JUNE 30, 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 863,868	$ 476,335
Certificates of deposit	103,196	101,357
Grants and contracts receivable	308,149	223,776
Investments	283,975	218,015
Prepaid expenses	8,973	12,992
Total current assets	1,568,161	1,032,475
Property and equipment, net	1,368,937	1,445,382
Other Assets		
Investment in annuities	106,492	104,200
Total Assets	$ 3,043,590	$ 2,582,057
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 14,914	$ 26,267
Accrued expenses	123,128	112,796
Current portion of long-term debt	39,742	38,205
Refundable advance- Paycheck Protection Program	416,500	-
Total current liabilities	594,284	177,268
Long-term liabilities		
Long-term debt, net	432,095	473,035
Total Liabilities	1,026,379	650,303
Net assets		
Without donor restrictions		
Net investment in property and equipment	897,100	934,142
Board designated reserve	186,576	120,034
Operations	833,535	777,578
Total without donor restrictions	1,917,211	1,831,754
With donor restrictions	100,000	100,000
Total net assets	2,017,211	1,931,754
Total Liabilities and Net Assets	$ 3,043,590	$ 2,582,057

The accompanying notes to the financial statements
are an integral part of this statement.

CAPITAL CITY YOUTH SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Grants and contracts	$ 2,513,605	$ -	$ 2,513,605	$ 2,602,081
Contributions	361,663	-	361,663	375,195
Investment income (expense)	(3,469)	-	(3,469)	10,712
Other income	358	-	358	277
Net assets released from restrictions	-	-	-	-
Total support and revenue	2,872,157	-	2,872,157	2,988,265
Expenses				
Program services - residential and non-residential	2,654,115	-	2,654,115	2,750,626
Supporting services - general and administrative	115,801	-	115,801	153,869
Fundraising	16,784	-	16,784	105,298
Total expenses	2,786,700	-	2,786,700	3,009,793
Increase (decrease) in net assets	85,457	-	85,457	(21,528)
Net assets, beginning of year	1,831,754	100,000	1,931,754	1,953,282
Net assets, end of year	$ 1,917,211	$ 100,000	$ 2,017,211	$ 1,931,754

The accompanying notes to the financial statements
are an integral part of this statement.

CAPITAL CITY YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	2020				2019
	Program Services - Residential and Non-residential	Supporting Services - General and Administrative	Fundraising	Total	Total
Salaries and benefits	$ 2,126,914	$ 69,677	$ 8,378	$ 2,204,969	$ 2,233,424
Advertising	-	555	4,237	4,792	6,739
Bank charges	-	927	-	927	1,176
Professional fees	48,520	7,553	-	56,073	112,839
Dues and subscriptions	19,626	4,851	3,628	28,105	45,235
Office and postage	30,716	3,345	102	34,163	75,780
Printing and copying	5,241	635	-	5,876	4,239
Rent	35,937	-	-	35,937	45,514
Interest	15,969	3,992	-	19,961	21,481
Insurance	33,633	2,996	-	36,629	32,771
Licenses	3,172	374	-	3,546	2,736
Direct program	115,168	-	-	115,168	132,804
Utilities and telephone	77,832	6,246	-	84,078	79,381
Auto and travel	36,061	2,180	80	38,321	57,757
Conferences and meetings	3,924	-	-	3,924	10,104
Training	8,783	7,977	359	17,119	40,174
Maintenance and repairs	14,689	1,608	-	16,297	25,034
Depreciation and amortization	77,930	2,885	-	80,815	82,605
	$ 2,654,115	$ 115,801	$ 16,784	$ 2,786,700	$ 3,009,793

The accompanying notes to financial statements
are an integral part of this statement.

CAPITAL CITY YOUTH SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	2020	2019
Cash flows from operating activities		
Cash received from grantors, contractors, and contributors	$ 2,764,364	$ 3,039,741
Cash paid to employees and vendors	(2,656,037)	(2,890,063)
Interest paid	(19,961)	(21,481)
Investment income received	11,144	13,669
Net cash provided by operating activities	99,510	141,866
Cash flows from investing activities		
Purchases of property and equipment	(3,734)	(77,653)
Purchases of investments	(80,573)	(119,032)
Purchases of certificates of deposit	(1,839)	(1,357)
Purchases of annuities	(2,292)	(4,200)
Proceeds from sale of investments	-	12,004
Net cash used in investing activities	(88,438)	(190,238)
Cash flows from financing activities		
Proceeds from refundable advance	416,500	-
Payments on long-term debt	(40,039)	(37,883)
Net cash provided by (used in) financing activities	376,461	(37,883)
Net increase (decrease) in cash and cash equivalents	387,533	(86,255)
Cash and cash equivalents, beginning of year	476,335	562,590
Cash and cash equivalents, end of year	$ 863,868	$ 476,335
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities		
Increase (decrease) in net assets	$ 85,457	$ (21,528)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,815	82,605
Unrealized loss on investments	14,613	2,957
Increase in grants and contracts receivable	(84,373)	(19,187)
Decrease in unconditional promises to give	-	81,375
Decrease in prepaid expenses	4,019	17,272
Decrease in accounts payable	(11,353)	(786)
Increase (decrease) in accrued expenses	10,332	(842)
Total adjustments	14,053	163,394
Net cash provided by operating activities	$ 99,510	$ 141,866

The accompanying notes to financial statements
are an integral part of this statement.

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Capital City Youth Services, Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and Purpose—**The Organization is a not-for-profit Florida corporation and exists to provide short-term residential services to runaway and homeless youth, 10-17 years of age. Residential services include food, shelter, clothing, counseling for individuals, groups and families, employment assistance and assistance locating alternative living arrangements when necessary. In addition, the Organization provides non-residential services, which include counseling, mediation, arbitration, and referral services for families. Prevention outreach services are provided to the community to increase public awareness of the needs of troubled youth.

(b) **Property and Equipment—**Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of $1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of $5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than $1,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from 5 to 39 years.

(c) **Income Taxes—**The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(d) **Cash and Cash Equivalents—**For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

(e) **Use of Estimates—**The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

(f) **Basis of Accounting—**The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of Presentation—** The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions— Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(h) **Functional Allocation of Expenses—**The cost of providing the various services and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on.

(i) **Contributions—**All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as *with donor restrictions*. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as *without donor 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 contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets.

(j) **Accrued Leave—**The Organization compensates its employees for unused vacation leave upon termination of employment. The amount of the change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

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

(k) **Advertising Costs—**Advertising costs are charged to operations as incurred. Advertising cost for the year ending June 30, 2020 was $4,792.

(l) **Grants and Contracts Receivable—**Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(m) **Revenue Recognition**—The Organization receives all of its grant and contract revenue from Federal, state and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Contract revenue received but not earned is recorded as deferred revenue. Revenue recognition depends on the contract.

(n) **Investments—** Investments consist primarily of assets invested in marketable equity and debt securities, alternative investments, commodities, and money-market accounts. The Organization accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. Alternative investments are stated at the fair value of their underlying assets and allocated to the investors in proportion to the investor's ownership percentage. The realized and unrealized gain or loss on investments is reflected in the Statement of Activities.

(o) **Investment in annuities—** Investments in annuities are reported at net asset value on the Statement of Financial Position. Gains and losses in the value of annuities are accounted for as revenues without donor restrictions in the Statement of Activities.

(p) **Reclassification—** Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) **Significant Funding Sources:**

The Organization receives a substantial amount of its funding from the State of Florida, Department of Juvenile Justice as passed through the Florida Network of Youth and Family Services. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Organization's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits—**The Organization maintains demand and time deposits with several financial institutions. The Organization has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with these institutions are Federally insured up to FDIC limits.

(b) **Grants and Contracts Receivable—**The Organization's receivables are for amounts due under contracts with local, state, and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Financial Instruments—** Financial instruments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Organization holds investments with a broker that is covered by SPIC (Securities Investor Protection Corporation); however, this does not protect against loss due to market fluctuation. Due to the level of risk associated with certain financial instruments, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

(d) **Investments in annuities—** The Organization has an investment contract with an insurance company. The Organization has no policy requiring collateral or other security to support its investment contracts, although contracts are insured up to Florida Life & Health Insurance Guaranty Organization limits.

(4) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 17, 2021, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(5) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2020:

Furniture and equipment	$ 353,736
Construction in process	77,055
Buildings and improvements	1,950,843
Land	177,700
	2,559,334
Less: accumulated depreciation	1,190,397
Total	$ 1,368,937

(6) **Operating Leases:**

The Organization leases vehicles and office equipment under operating leases expiring at various years through 2023. Minimum future lease payments under the non-cancelable operating leases for each of the next five years are as follows:

Year Ending June 30,	Amount
2021	$ 11,610
2022	9,546
2023	600
2024	-
2025	-
	$ 21,756

(7) **2019 Presentation:**

The accompanying financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

(8) **Net Assets with Donor Restrictions:**

Net assets with donor restrictions at June 30, 2020 consisted of the following:

Individual contribution for new Transitional Living Program building	$ 100,000

(9) **Long-Term Debt:**

Long-term debt consisted of the following at June 30, 2020:

3.95% note payable to a financial institution, payable in monthly installments of $4,921, including interest, through December 2025, collateralized by real estate.	$ 475,336
Less: current portion of long-term debt	39,742
Less: unamortized debt issuance costs	3,499
Long-term debt, net	$ 432,095

(9) **Long-Term Debt:** (Continued)

Maturities on long-term debt are as follows:

Year Ending June 30,	Amount
2021	$ 39,742
2022	41,341
2023	43,003
2024	44,733
2025	46,533
Thereafter	259,984
Total	$ 475,336

(10) **Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Additionally, during the year ending June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of March 17, 2021, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

(11) **Line of Credit:**

The Organization maintains a line of credit with a bank in the amount of $100,000. The interest rate is Prime Rate plus 2.5%. As of June 30, 2020 there was no balance outstanding on the line of credit. The line is secured by business assets.

(12) **Board Designated Reserve:**

At June 30, 2020, the Board designated $186,576 of net assets for future endowment.

(13) **Fair Value Measurements:**

The Organization adopted the provisions of FASB ASC 820-10 which provides a framework for measuring fair value under generally accepted accounting principles. These standards define fair value, provide guidance for measuring fair value and require certain disclosures. These standards do not require any new fair value measurements, but rather apply to all other accounting pronouncements that require or permit fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following is a brief description of the three levels within the fair value hierarchy that prioritize the inputs to valuation techniques:

- **Level 1:** Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities that are not active. Such inputs may include interest rates and yield curves, volatilities, prepayment speeds, credit risks, and default rates.

- **Level 3:** Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds– Valued at quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(13) **Fair Value Measurements:** (Continued)

The following is a summary of the valuation as of June 30, for the Organization's investments based upon the three levels defined above

	2020			
	Fair Value	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual Funds:				
Equities	$ 211,713	$ 211,713	$ -	$ -
Bonds	72,262	72,262	-	-
Total investments at fair value	$ 283,975	$ 283,975	$ -	$ -

The Organization's investments at June 30, 2020 consist of marketable securities recorded at fair value as summarized below:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	$ 290,488	$ 283,975	$ (6,513)

The following schedule summarizes the investment return in the Statement of Activities for the year ended June 30, 2020:

Interest, dividend, and capital income	$ 11,144
Unrealized loss	(14,613)
Total	$ (3,469)

Investments in marketable securities with readily determinable fair values are reported at fair values in the Statement of Financial Position. Unrealized gains and losses are included in net assets.

(14) **Retirement Plan:**

The Organization funds a non-contributory, defined contribution retirement plan. Employees begin participating in the plan after completing one year of service, if they attained age 21 and worked 1,000 hours in that one-year period. Employees may allocate their portion of the retirement plan in a variety of investment accounts and are vested in the retirement plan according to the following schedule:

Years of Service	Vesting
1	25%
2	50%
3	75%
4	100%

Contributions to this Plan are made at the discretion of the board of directors for all eligible employees. Capital City Youth Services, Inc.'s contribution to the plan during the year ended June 30, 2020 was $23,216.

(15) **Recently Issued Accounting Pronouncements:**

The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(16) **Investment in Annuities:**

The Organization has invested in an age-based, fixed annuity. The annuity will mature on May 1, 2067; however, the Organization may choose to voluntarily terminate the annuity contract and collect the cash surrender value at any point prior to the maturity date. Investments in annuities are valued at the net asset value (NAV) of the investments made by the Organization at year end. The NAV, as provided by the trustee or fund manager, is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liabilities. As of June 30, 2020, the value of the annuity held by the Organization was $106,492.

(17) **Liquidity and Availability:**

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

Cash and cash equivalents	$ 863,868
Certificates of deposit	103,196
Grants, contracts and other receivables	308,149
Investments	283,975
	1,559,188
Less:	
Net assets with donor restrictions	100,000
Financial assets available to meet cash needs for general expenditures	$ 1,459,188

The Organization receives significant grant funds each year, which are available to meet annual cash needs for general and program expenditures. In the event of an unanticipated liquidity need, the Organization has $100,000 of unused line of credit.

(18) **Refundable Advance – Paycheck Protection Program:**

On April 22, 2020, the Organization received proceeds in the amount of $416,500 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides funding to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The proceeds are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP refundable advance is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the refundable advance proceeds will meet the conditions for forgiveness, forgiveness under the program can not be given until the Organization has received legal forgiveness from its financial institution and the United States Small Business Administration ("SBA").

The Organization has recorded the PPP proceeds as a refundable advance in the accompanying financial statements, since it has not received legal forgiveness as of June 30, 2020. The PPP proceeds, which was in the form of a refundable advance dated April 22, 2020, matures on April 22, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 5, 2020.

CAPITAL CITY YOUTH SERVICES, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

State Grantor / Program Title	State CSFA Number	Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Children and Families			
Passed through Big Bend Community Based Care, Inc.			
Out-of-Home Supports	60.074	238	$ 384
Passed through Big Bend Homeless Coalition, Inc.			
Homeless Challenge Grant	60.014	BPZ12	14,719
State of Florida, Department of Juvenile Justice			
Passed through Florida Network of Youth and Family Services			
Children and Families in Need of Services (CINS/FINS)	80.005	-	1,781,783
Total State Financial Assistance			$ 1,796,886

Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes State award activity of Capital City Youth Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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,
Capital City Youth Services, Inc.:

We have audited in accordance with the 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, the financial statements of Capital City Youth Services, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2021.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
March 17, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
Capital City Youth Services, Inc.

We have audited Capital City Youth Services, Inc.'s compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on Capital City Youth Services, Inc.'s major state project for the year ended June 30, 2020. Capital City Youth Services, Inc.'s major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Capital City Youth Services, Inc.'s major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General (Chapter 10.650). Those standards and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Capital City Youth Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of Capital City Youth Services, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Capital City Youth Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2020.

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Report on Internal Control over Compliance

Management of Capital City Youth Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Capital City Youth Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major state project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Capital City Youth Services, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
March 17, 2021

CAPITAL CITY YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT
FOR THE YEAR ENDED JUNE 30, 2020

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements:	*Unmodified*	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiency(ies) identified?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

State Financial Assistance

Internal control over major state projects:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiency(ies) identified?	_____ yes	__X__ none reported
Types of auditor reports issued on compliance for major state projects:	*Unmodified*	
Any audit findings disclosed that are required to be reported related to state financial assistance projects?	_____yes	__X__no

Identification of major project(s)

State Projects	State CSFA Number
Children and Families in Need of Services (CINS/FINS)	80.005
Dollar threshold used to distinguish between type A and type B State projects:	$539,066

II. **Financial Statement Findings:** None

III. **State Project Findings and Questioned Costs:** None

IV. **Management letter required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General:** Nothing to report.

CAPITAL CITY YOUTH SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Finding 2019-001: Improper Disbursement Classification

Status: Resolved.

Finding 2019-002:

Information on the State Program: CSFA 80.005. Children and Families in Need of Services (CINS/FINS). *Compliance Requirement:* Eligibility.

Status: Resolved.