CAPITAL CITY YOUTH SERVICES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2021

CAPITAL CITY YOUTH SERVICES, INC.
TABLE OF CONTENTS
JUNE 30, 2022

	Page(s)
Independent Auditors' Report	1 – 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 16
Schedule of State Financial Assistance	17
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*	18 – 19
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	20 – 22
Schedule of Findings and Questioned Costs – State Projects	23 – 25
Management's Corrective Action Plan	26

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Capital City Youth Services, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Youth Services, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capital City Youth Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Capital City Youth Services, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 January 5, 2023, 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
January 5, 2023

CAPITAL CITY YOUTH SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 WITH SUMMARIZED
INFORMATION AS OF JUNE 30, 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 909,411	$ 1,083,913
Certificates of deposit	-	104,805
Grants and contracts receivable	337,569	368,359
Investments	310,523	362,564
Prepaid expenses	24,886	25,707
Total current assets	1,582,389	1,945,348
Property and equipment, net	1,566,602	1,317,978
Other Assets		
Investment in annuities	111,012	108,835
Total Assets	$ 3,260,003	$ 3,372,161
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 40,688	$ 21,378
Accrued expenses	116,002	164,217
Current portion of long-term debt	49,752	41,341
Refundable advance- Paycheck Protection Program	-	416,500
Total current liabilities	206,442	643,436
Long-term liabilities		
Long-term debt, net	319,317	393,596
Total Liabilities	525,759	1,037,032
Net assets		
Without donor restrictions		
Net investment in property and equipment	1,197,533	883,041
Board designated reserve	210,523	262,564
Operations	1,226,188	1,089,524
Total without donor restrictions	2,634,244	2,235,129
With donor restrictions	100,000	100,000
Total net assets	2,734,244	2,335,129
Total Liabilities and Net Assets	$ 3,260,003	$ 3,372,161

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, 2022 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Grants and contracts	$ 2,479,860	$ -	$ 2,479,860	$ 2,621,998
Contributions	157,014	-	157,014	84,860
In-kind contributions	35,419	-	35,419	48,934
Loan forgiveness- Paycheck Protection Program	416,500	-	416,500	-
Investment income (loss)	(45,892)	-	(45,892)	83,251
Other income	-	-	-	175
Total support and revenue	3,042,901	-	3,042,901	2,839,218
Expenses				
Program services - residential and non-residential	2,568,316	-	2,568,316	2,400,474
Supporting services - general and administrative	75,470	-	75,470	99,648
Fundraising	-	-	-	21,178
Total expenses	2,643,786	-	2,643,786	2,521,300
Increase in net assets	399,115	-	399,115	317,918
Net assets, beginning of year	2,235,129	100,000	2,335,129	2,017,211
Net assets, end of year	$ 2,634,244	$ 100,000	$ 2,734,244	$ 2,335,129

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, 2022 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Program Services - Residential and Non-residential	Supporting Services - General and Administrative	Total	Total
Salaries and benefits	$ 1,791,674	$ 55,413	$ 1,847,087	$ 1,958,982
Advertising	-	72	72	224
Bank charges	-	1,236	1,236	1,551
Professional fees	108,012	3,341	111,353	64,793
Dues and subscriptions	41,677	1,289	42,966	30,881
Office and postage	54,187	1,676	55,863	78,366
Rent	21,603	-	21,603	29,145
Interest	15,553	481	16,034	22,163
Insurance	63,132	1,953	65,085	36,762
Licenses	1,080	33	1,113	1,147
Client charges	148,852	-	148,852	108,402
Utilities and telephone	76,085	2,353	78,438	79,679
Auto and travel	35,006	1,083	36,089	17,939
Conferences and meetings	10,318	319	10,637	960
Training	3,468	107	3,575	2,305
Maintenance and repairs	113,647	3,515	117,162	8,646
Depreciation and amortization	84,022	2,599	86,621	79,355
	$ 2,568,316	$ 75,470	$ 2,643,786	$ 2,521,300

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, 2022 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

	2022	2021
Cash flows from operating activities		
Cash received from grantors, contractors, and contributors	$ 2,703,083	$ 2,695,757
Cash paid to employees and vendors	(2,492,160)	(2,388,963)
Interest paid	(16,034)	(22,163)
Investment income received	24,403	18,491
Net cash provided by operating activities	219,292	303,122
Cash flows from investing activities		
Purchases of property and equipment	(372,785)	(27,760)
Purchases of investments	(18,254)	(25,522)
Proceeds from sale of certificates of deposit	104,805	-
Purchases of cerficates of deposit	-	(1,609)
Purchases of annuities	(2,177)	(2,343)
Proceeds from sale of investments	-	11,693
Net cash used in investing activities	(288,411)	(45,541)
Cash flows from financing activities		
Payments on long-term debt	(105,383)	(37,536)
Net cash used in financing activities	(105,383)	(37,536)
Net increase (decrease) in cash and cash equivalents	(174,502)	220,045
Cash and cash equivalents, beginning of year	1,083,913	863,868
Cash and cash equivalents, end of year	$ 909,411	$ 1,083,913
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	$ 399,115	$ 317,918
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,621	79,355
Unrealized (gain) loss on investments	70,295	(64,760)
Loss on disposal of fixed assets	77,055	-
(Increase) decrease in grants and contracts receivable	30,790	(60,210)
Decrease in refundable advance	(416,500)	-
(Increase) decrease in prepaid expenses	821	(16,734)
Increase in accounts payable	19,310	6,464
Increase (decrease) in accrued expenses	(48,215)	41,089
Total adjustments	(179,823)	(14,796)
Net cash provided by operating activities	$ 219,292	$ 303,122
Supplemental schedule of non-cash operating activities:		
Donation of supplies	$ 35,419	$ 48,934
Loan forgiveness- Paycheck Protection Program	$ 416,500	$ -
Equipment financed with a note payable	$ 38,879	$ -

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.

(k) **Advertising Costs**—Advertising costs are charged to operations as incurred. Advertising cost for the year ending June 30, 2022 was $72.

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

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

(m) **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.

(n) **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.

(o) **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.

(p) **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.

(2) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2022:

Furniture and equipment	$ 381,549
Vehicles	88,929
Construction in process	22,305
Buildings and improvements	2,221,222
Land	207,700
	2,921,705
Less: accumulated depreciation	1,355,103
Total	$ 1,566,602

(3) 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.

(4) 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 SIPC (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.

(5) Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 5, 2023, the date which the financial statements were available to be issued.

(6) **Operating Leases:**

The Organization leases vehicles and office equipment under operating leases expiring at various years through 2025. 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
2023	$ 11,623
2024	8,623
2025	6,017
2026	-
2027	-
Total	$ 26,263

(7) **2021 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, 2021 from which the summarized information was derived.

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

Net assets with donor restrictions at June 30, 2022 consisted of the following:

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

(9) **Contingent Liabilities:**

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.

(10) **Board Designated Reserve:**

At June 30, 2022, the Board designated $210,523 of net assets for future endowment.

(11) Long-Term Debt:

Long-term debt consisted of the following at June 30, 2022:

3.95% note payable to a financial institution, payable in monthly installments of $4,921, including interest, through November 2025 with a balloon payment of the remaining principle in December 2025, collateralized by real estate.	$ 334,022
8.04% note payable to a financial institution, payable in monthly installments of $792, including interest, through March 2027, collateralized by a vehicle.	37,275
Long-term debt	371,297
Less: current portion of long-term debt	49,752
Less: unamortized debt issuance costs	2,228
Long-term debt, net	$ 319,317

Maturities on long-term debt are as follows:

Year Ending June 30,	Amount
2023	$ 49,752
2024	52,045
2025	54,454
2026	208,336
2027	6,710
Total	$ 371,297

(12) In-kind Support:

The Organization receives donations of supplies to help serve clients. The value of this in-kind support is based upon the fair value of donated items. In-kind revenue totaled $35,419 for the year ended June 30, 2022, and is recognized in the Statement of Activities.

(13) 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, 2022, the value of the annuity held by the Organization was $111,012.

(14) 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.

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

	2022			
	Fair Value	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual Funds	$ 310,523	$ 310,523	$ -	$ -

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

The Organization's investments at June 30, 2022 consist of marketable securities recorded at fair value as summarized below:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	$ 308,197	$ 310,523	$ 2,326

The following schedule summarizes the investment return in the Statement of Activities for the year ended June 30, 2022:

Interest, dividend, and capital income	$ 24,403
Unrealized gain	(70,295)
Total	$ (45,892)

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.

(15) **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, 2022 was $12,858.

(16) 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 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.

(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	$ 909,411
Grants and contracts receivables	337,569
Investments	310,523
	1,557,503
Less:	
Net assets with donor restrictions	100,000
Financial assets available to meet cash needs for general expenditures	$ 1,408,909

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 sufficient reserves to cover most expenses.

(18) Loan Forgiveness – 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 as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The full amount was forgiven on September 8, 2021, and is shown as loan forgiveness on the statement of activities for the year ended June 30, 2022.

CAPITAL CITY YOUTH SERVICES, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

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	300	$ 9,957
Out-of-Home Supports	60.074	238	14,174
			24,131
Passed through Apalachee Regional Planning Council, Inc.			
Homeless Challenge Grant	60.014	BPZ12	28,733
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	-	1,334,119
Total State Financial Assistance			$ 1,386,983

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.

JAMESMOORE

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, 2022, 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 January 5, 2023.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 to be material weaknesses.

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.*

Capital City Youth Services, Inc.'s Response to Findings

Capital City Youth Services, Inc.'s response to the findings identified in our audit is described in the accompanying Corrective Action Plan. Capital City Youth Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 5, 2023

JAMESMOORE

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

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Capital City Youth Services, Inc.'s state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Capital City Youth Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Capital City Youth Services, Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Capital City Youth Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Capital City Youth Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of Capital City Youth Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

James Moore & Co., P.L.

Tallahassee, Florida
January 5, 2023

CAPITAL CITY YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECT
FOR THE YEAR ENDED JUNE 30, 2022

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?	X yes	____ 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:	$416,095

II. **Financial Statement Findings:**

Finding 2022-001: Significant Adjustments

Condition and Criteria: 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 ("GAAP"). Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

Cause: Management relied on auditors to identify balances requiring adjustment during the course of the audit.

Effect: The financial statements could be materially misstated if all adjustments are not made in accordance with GAAP.

Recommendation: We recommend that the process for identifying accounting transactions, especially year end accruals, be reviewed and updated.

Finding 2022-002: Cost Allocation

Condition and Criteria: Cost should be allocated in the accounting system among the grants according to CFR 200. During the current year, the allocation plan was based on budgeted revenues which is unallowable per CFR 200.

Cause: Management's plan is based on a cost driver that is unallowable per CFR 200.

Effect: Expenses could be improperly reimbursed by the grant program and the grantor could require payment.

Recommendation: Management should compare budgeted revenues to actual revenues throughout the fiscal year to determine if the cost allocation percentages require updating.

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

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

V. Summary Schedule of Prior Year Findings:

Finding 2021-001: Cost Allocation

Status: Unresolved

See finding 2022-02 for current year cost allocation finding in section II.

CCYS

GUIDANCE | SHELTER | SUPPORT

Our mission is to promote the healthy development of youth and families.

GWYNN COCHRAN VIROSTEK
PRESIDENT/CEO

BOARD OF DIRECTORS

ETIENNE MAZIMPAKA
BOARD CHAIR

JASON FRIMMEL
IMMEDIATE PAST CHAIR

JAMES BRADWELL
ELAINE BRYANT
SAM CARTER
AMBER FREEMAN
DET. RAY GARCIA
SCOTT HARRELL, EMERITUS
LAUREN KELLY-MANDERS

2407 Roberts Avenue
Tallahassee, FL 32310
850-576-6000
ccys.org

1/5/2023

James Moore & Co., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

To whom it may concern:

Re: **2022 Financial Statement Findings**

Please find below our responses to the June 30, 2022 financial statement findings:

Finding 2022-001: Significant Adjustments

Response: Agency has engaged external Accounting Firm, Harvard and Associates to manage all accounting activities for CCYS. For fiscal year 2023, agency accounting team will make all required adjustments identified from 2021 and 2022 audit process. In addition agency accounting team will have in place a process for posting all accounting transactions, including monthly, quarterly, and yearend accruals prior to audit process initiation.

Finding 2022-002: Cost Allocation

Response: Agency has engaged external Accounting Firm, Harvard and Associates to manage all accounting activities for CCYS. For fiscal year 2022, management is working to create a consistent budget by program and will then have an annualized allocation plan that we will document for audit purposes and for all of our funders. This allocation methodology will be updated at least annually, adjusted quarterly using actual funding trends to assign and update at least quarterly allocation percentages. All adjustment tables will be documented as part of the allocation plan methodology.

Sincerely,

Gwynn C. Virostek

Gwynn C. Virostek
President and Chief Executive Officer
Capital City Youth Services - CCYS