

**Florida Network of Youth and  
Family Services, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**



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**Florida Network of Youth and Family Services, Inc.**  
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# REPORT





**Carr, Riggs & Ingram, LLC**  
2633 Centennial Boulevard  
Suite 200  
Tallahassee, Florida 32308  
  
(850) 878-8777  
(850) 878-2344 (fax)  
CRIcpa.com

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Management  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Network of Youth and Family Services, Inc. (a nonprofit organization), 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; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Network of Youth and Family 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 Florida Network of Youth and Family Services, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2020. 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.

## **Emphasis of Matters**

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; this new standard provides additional guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Additionally, management has adopted Financial Accounting Standards Board ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*; this new standard requires changes to be made in how revenue is recognized and has added multiple new disclosures. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules 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 information 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 18, 2021, on our consideration of Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
March 18, 2021



# FINANCIAL STATEMENTS

**Florida Network of Youth and Family Services, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2020</b>	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,485,711	\$ 4,175,008
Grants receivable	133,740	300,800
Dues receivable	25,825	20,201
Other receivable	22,855	30,685
Prepaid expenses	56,116	42,462
Total current assets	6,724,247	4,569,156
Investments	37,835	245,688
Property and equipment, net	317,396	332,670
Total assets	\$ 7,079,478	\$ 5,147,514
<b>Liabilities and Net Assets</b>		
Current liabilities		
Contracts payable	\$ 4,792,338	\$ 3,150,798
Accounts payable	25,102	92,063
Due to Department of Juvenile Justice	-	56,381
Refundable advances	787,425	393,301
Accrued liabilities	312,781	311,230
Total current liabilities	5,917,646	4,003,773
Net assets without donor restrictions	1,161,832	1,143,741
Total liabilities and net assets	\$ 7,079,478	\$ 5,147,514

*The accompanying notes are an integral part of these financial statements.*



**Florida Network of Youth and Family Services, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	<b>2020</b>	2019
<b>Revenue and Support</b>		
Grants	\$ 40,991,969	\$ 41,074,538
Member agency dues	420,519	407,844
Other fees	24,699	24,292
Interest income	7,636	12,495
Donations	6,385	13,020
<b>Total revenue and support</b>	<b>41,451,208</b>	41,532,189
<b>Expenses</b>		
Program services	40,953,608	41,048,189
Supporting services - general and administrative	479,509	542,347
<b>Total expenses</b>	<b>41,433,117</b>	41,590,536
<b>Change in Net Assets</b>	<b>18,091</b>	(58,347)
Net assets at beginning of year	1,143,741	1,202,088
Net assets at end of year	\$ 1,161,832	\$ 1,143,741

*The accompanying notes are an integral part of these financial statements.*

**Florida Network of Youth and Family Services, Inc.**  
**Statement of Functional Expenses**

<i>For the year ended June 30,</i>	Program Services	Supporting Services - General and Administrative	Total 2020	Summarized Total 2019
Direct service funds distributed to agencies:				
CINS/FINS	\$ 32,398,938	\$ -	\$ 32,398,938	\$ 32,022,793
SNAP	4,108,697	-	4,108,697	3,838,512
Respite	1,420,501	-	1,420,501	1,287,234
Title IV-E	184,702	-	184,702	747,095
Staff retention	169,856	-	169,856	442,387
Total direct service funds distributed to agencies	38,282,694	-	38,282,694	38,338,021
Salaries and related benefits	1,130,363	160,683	1,291,046	1,316,546
Medcars	415,542	-	415,542	408,647
Contract management	382,950	-	382,950	353,492
Contractual and professional	110,053	183,286	293,339	240,399
Board events and travel	137,231	24,322	161,553	217,227
Specialty training	110,209	-	110,209	173,761
Retirement	75,328	11,948	87,276	71,236
Payroll taxes	71,255	11,438	82,693	81,780
Printing and publications	61,016	1,657	62,673	26,822
Dues	33,136	18,521	51,657	63,307
Furniture and equipment	30,849	2,794	33,643	43,682
Miscellaneous	10,357	20,475	30,832	51,862
Office supplies and other office expenses	24,811	2,374	27,185	28,444
Organizational support	21,031	5,493	26,524	21,296
Telecommunications	18,221	3,121	21,342	22,821
Repairs and maintenance	16,988	2,163	19,151	14,812
Insurance	15,355	1,741	17,096	16,905
Depreciation	-	15,274	15,274	15,274
Donations and conference contribution	-	12,223	12,223	8,695
Utilities	5,904	740	6,644	8,677
Conference expenses	-	1,152	1,152	5,448
Postage	315	104	419	882
Direct services - physically secure youth	-	-	-	60,500
<b>Total</b>	<b>\$ 40,953,608</b>	<b>\$ 479,509</b>	<b>\$ 41,433,117</b>	<b>\$ 41,590,536</b>

*The accompanying notes are an integral part of these financial statements.*

**Florida Network of Youth and Family Services, Inc.**  
**Statements of Cash Flows**

<i>For the years ended June 30,</i>	<b>2020</b>	2019
<b>Operating Activities</b>		
Change in net assets	\$ 18,091	\$ (58,347)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,274	15,274
Changes in operating assets and liabilities:		
Contracts receivable	167,060	892,404
Dues receivable	(5,624)	77,854
Other receivable	7,830	20,328
Prepaid expenses	(13,654)	(26,395)
Accounts payable	(66,961)	(61,146)
Contracts payable	1,641,540	(335,617)
Accrued liabilities	1,551	86,464
Refundable advances	394,124	393,301
Due to Department of Juvenile Justice	(56,381)	55,266
<b>Net cash provided by (used in) operating activities</b>	<b>2,102,850</b>	1,059,386
<b>Investing Activities</b>		
Purchase of investments	(119,712)	(83,263)
Proceeds from sale of investments	327,565	63,000
<b>Net cash provided by (used in) investing activities</b>	<b>207,853</b>	(20,263)
Net change in cash and cash equivalents	2,310,703	1,039,123
Cash and cash equivalents at beginning of year	4,175,008	3,135,885
Cash and cash equivalents at end of year	\$ 6,485,711	\$ 4,175,008

*The accompanying notes are an integral part of these financial statements.*

## Florida Network of Youth and Family Services, Inc. Notes to Financial Statements

### **Note 1: NATURE OF THE ORGANIZATION**

Florida Network of Youth and Family Services, Inc. (the Florida Network) is a statewide organization providing assistance and guidance to member agencies through youth advocacy, information sharing, technical assistance and resource development. The Florida Network, through a grant agreement with the Florida Department of Juvenile Justice (DJJ), also performs contract management services for the Children/Families in Need of Services (CINS/FINS) program and provides funding to CINS/FINS provider agencies. The Florida Network is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and has not been classified as a private foundation under Section 509(a).

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Florida Network's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

## Florida Network of Youth and Family Services, Inc. Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Accounts Receivable***

Grants receivable consist of reimbursements due from the DJJ. Dues and other receivables consist of amounts due for monthly dues and services provided. Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Florida Network provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Florida Network's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. There was no bad debt expense for the years ended June 30, 2020 and 2019.

#### ***Investments***

The Florida Network reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### ***Property and Equipment***

All acquisitions of property and equipment in excess of \$3,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

#### ***Net Assets***

The Florida Network reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

## Florida Network of Youth and Family Services, Inc. Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Net Assets (continued)***

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. There are no net assets with donor restrictions as of June 30, 2020 and 2019.

#### ***Revenue Recognition***

Member agency dues and other fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Florida Network recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Florida Network performs administrative and coordination services for specified agencies under a grant agreement with DJJ and provides for training, quality assurance and information system programs to these agencies. These services are provided by the Florida Network under a fixed price agreement with DJJ based on units of service delivered. The contracts are performance-based with specified program outputs and evaluation measures. No commensurate value is received by DJJ in return as the Florida Network's services are provided to the agencies and ultimately the general public. Based on these factors, the grant is considered a conditional contribution and revenues are recognized as allowable costs for services are provided.

#### ***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Florida Network is exempt from taxes on income other than unrelated business income. There were no unrelated business income taxes for the years ended June 30, 2020 and 2019.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional Allocation of Expenses***

The Florida Network’s allocation of costs among programs and supporting services is based on a combination of direct and indirect allocation of expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Event costs are allocated based on the estimated applicability of the costs to each event. Other indirect and/or shared costs are allocated using payroll allocations of specified employees, or by percentage of total expenses incurred.

The Florida Network’s programs include:

- Children/Families in Need of Services (CINS/FINS)
- Stop Now and Plan (SNAP)
- Domestic Violence Respite (Respite)
- Foster Care Title IV-E (Title IV-E)

Expenses by program consisted of:

<i>June 30,</i>	<b>2020</b>	2019
CINS/FINS	<b>\$34,548,777</b>	\$34,596,705
SNAP	<b>4,687,989</b>	4,287,014
Respite	<b>1,532,140</b>	1,417,375
Title IV-E	<b>184,702</b>	747,095
<b>Total program expenses</b>	<b>\$40,953,608</b>	<b>\$41,048,189</b>

***Reclassifications***

Certain reclassifications were made to prior year balances to conform with current year presentation.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 18, 2021, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recent Accounting Pronouncements***

Accounting Standards Update 2018-08

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU was effective for the Florida Network beginning July 1, 2019, and applicable portions of the guidance have been applied to the Florida Network's financial statements for the year ended June 30, 2020. The ASU has been applied on the modified prospective basis, meaning it has been applied to the unrecognized portion of agreements that were not completed as of the effective date, and agreements entered into after the effective date. This resulted in no change in how revenue is being recognized, and no adjustment was needed; however, deferred revenue related to grant agreements is now considered a refundable advance in the statements of financial position.

Accounting Standards Update 2014-09

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. Effective July 1, 2019, the Florida Network adopted ASC 606 using the modified retrospective method to all contracts. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. Therefore, the 2019 financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. A cumulative adjustment was not needed upon adoption; however, additional disclosures have been added.

Accounting Standards Update 2018-13

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance modifies the disclosure requirements on fair value by removing some requirements, modifying others, adding changes in unrealized gains and losses included in other comprehensive income (loss) (OCI) for recurring Level 3 fair value measurements, and providing the option to disclose certain other quantitative information with respect to significant unobservable inputs in lieu of a weighted average. The guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Florida Network is currently evaluating the impact of the guidance on its financial statements.



**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recent Accounting Pronouncements (continued)***

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Florida Network is currently evaluating the impact of the guidance on its financial statements.

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Florida Network maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as its expenditures come due. The following reflects the Florida Network's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	<b>2020</b>	2019
Total assets at year-end	<b>\$ 7,079,478</b>	\$ 5,147,514
Less non-financial assets		
Prepaid expenses	<b>(56,116)</b>	(42,462)
Property and equipment, net	<b>(317,396)</b>	(332,670)
Financial assets available to meet cash needs for		
general expenditures within one year	<b>\$ 6,705,966</b>	\$ 4,772,382

The Florida Network is principally supported by grants and member agency dues. The goal of the Florida Network is to maintain available financial assets to meet its next 90 days of operating expenses of approximately \$864,000. Investment maturities are staggered to correspond to anticipated cash needs. In the event of unanticipated liquidity needs, the Florida Network can use advanced funds from DJJ to support the agencies for program expenses, and can easily obtain a loan to fund general and administrative expenses.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 4: INVESTMENTS**

Investments in marketable securities consisted of the following:

<i>June 30, 2020</i>	Cost	Market Value
Negotiable certificates of deposit	35,070	37,835
<b>Total</b>	<b>\$ 35,070</b>	<b>\$ 37,835</b>

<i>June 30, 2019</i>	Cost	Market Value
Negotiable certificates of deposit	242,476	245,688
<b>Total</b>	<b>\$ 242,476</b>	<b>\$ 245,688</b>

**Note 5: PROPERTY AND EQUIPMENT**

Property and equipment, net, consisted of the following:

<i>June 30,</i>	Estimated useful lives (in years)	<b>2020</b>	2019
Building	37 - 40	<b>\$ 352,670</b>	\$ 352,670
Furniture and equipment	3 - 5	<b>38,931</b>	38,931
Property and equipment subject to depreciation		<b>391,601</b>	391,601
Less accumulated depreciation		<b>(259,955)</b>	(244,681)
Property and equipment subject to depreciation, net		<b>131,646</b>	146,920
Land		<b>185,750</b>	185,750
<b>Property and equipment, net</b>		<b>\$ 317,396</b>	<b>\$ 332,670</b>

Depreciation expense was \$15,274 for each of the years ended June 30, 2020 and 2019.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 6: REVENUE**

The Florida Network's customers are primarily its member agencies within the State of Florida.

Revenue for member agency dues is recognized as services are provided over the membership term. Membership benefits include advocacy, legislative updates, marketing and promotion, networking opportunities, affinity purchasing, training and technical assistance, fund development, and other support.

Other fees include contract services, for which revenue is recognized as services are provided to customers over the contract period, as well as fees for training and events, where revenue is recognized for the goods or services at the point when the related training or event takes place.

***Disaggregated Revenue***

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers		
<i>Recognized over time</i>		
Member agency dues	\$ 420,519	\$ 407,844
Other fees	13,600	20,675
<i>Recognized at a point in time</i>		
Other fees	11,099	3,617
Other revenue and support		
Grants	40,991,969	41,074,538
Interest income	7,636	12,495
Donations	6,385	13,020
<b>Total revenue and other support</b>	<b>\$ 41,451,208</b>	<b>\$ 41,532,189</b>

***Contract Balances***

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
Receivables from contracts at beginning of year	\$ 50,886	\$ 149,068
Receivables from contracts at end of year	\$ 48,680	\$ 50,886

## Florida Network of Youth and Family Services, Inc. Notes to Financial Statements

### Note 7: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Negotiable certificates of deposit:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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 Florida Network believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2020 and 2019:

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 7: FAIR VALUE MEASUREMENTS (Continued)**

<i>June 30, 2020</i>	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 37,835	\$ -	\$ 37,835
<b>Total</b>	<b>\$ -</b>	<b>\$ 37,835</b>	<b>\$ -</b>	<b>\$ 37,835</b>

<i>June 30, 2019</i>	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 186,210	\$ 59,478	\$ 245,688
<b>Total</b>	<b>\$ -</b>	<b>\$ 186,210</b>	<b>\$ 59,478</b>	<b>\$ 245,688</b>

***Changes in Fair Value Levels***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

**Note 8: CONCENTRATIONS OF CREDIT RISK**

The Florida Network maintains cash with a financial institution which exceeds the FDIC limit of \$250,000 by \$5,881,884 and \$3,764,533 at June 30, 2020 and 2019, respectively. The Florida Network manages these risks by maintaining deposits in high quality financial institutions.

The Florida Network received 99% of its support and revenue from government contracts during each of the years ended June 30, 2020 and 2019. Agreements are generally renewed and/or renegotiated annually. Income is earned on a performance/expenditure or time period basis; that is, income is recognized to the extent services are provided or expenditures are made in the specified timeframe. Grants receivable as of June 30, 2020 and 2019 were \$133,740 and \$300,800, respectively.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 9: COMMITMENTS**

The Florida Network leases office equipment and medcarts under operating lease agreements. The lease agreements end at various times through September 2021.

Minimum lease payments under noncancellable operating leases are as follows:

<i>Year ending June 30,</i>	
2021	\$ 92,288
Total future minimum lease payments	\$ 92,288

Lease expense totaled \$425,253 and \$420,296 for the years ended June 30, 2020 and 2019, respectively.

In the normal course of business, the Florida Network enters into contracts and agreements. As of June 30, 2020 and 2019, the Florida Network had an open contractual service agreement related to on-site monitoring of subrecipients for \$354,800 annually that expires in June 2024. Management does not intend to terminate the agreement.

**Note 10: CONTINGENCIES**

Grant revenue consists of federal and state assisted grant programs that are subject to review and audit by the grantor agency. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreement and applicable federal and state regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal and state audit may result in repayment of funds received by the Florida Network from the grantor agency.

**Note 11: RETIREMENT PLAN**

The Florida Network offers a 401(k) Safe Harbor Plan. Employees are fully vested upon joining the Plan. The Florida Network will match the employees' retirement contributions up to 3%. Amounts contributed over 3%, but not over 5%, will be matched by the Florida Network at 50% of the contribution between 3% and 5%. At the Board's discretion an additional 3.5% may be contributed without employee matching. The contributions for the years ended June 30, 2020 and 2019 were \$87,276 and \$71,236, respectively, and are accrued and funded on a current basis.

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Financial Statements**

**Note 12: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Florida Network. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**SUPPLEMENTARY INFORMATION**



**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  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

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 Florida Network of Youth and Family Services, Inc. (a nonprofit organization), 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 18, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florida Network of Youth and Family 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 Florida Network of Youth and Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Network of Youth and Family 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 entity'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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Florida Network of Youth and Family 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
March 18, 2021



**Carr, Riggs & Ingram, LLC**  
2633 Centennial Boulevard  
Suite 200  
Tallahassee, Florida 32308  
  
(850) 878-8777  
(850) 878-2344 (fax)  
CRlcpa.com

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

To the Board of Directors  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

**Report on Compliance for the Major State Project**

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

***Management's Responsibility***

Management is responsible for compliance with the State statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state project.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Florida Network of Youth and Family 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 the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Rules of the Auditor General). Those standards and the Rules of the Auditor General 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 Florida Network of Youth and Family 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 Florida Network of Youth and Family Services, Inc.'s compliance.

### ***Opinion on the Major State Project***

In our opinion, Florida Network of Youth and Family 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.

### **Report on Internal Control over Compliance**

Management of Florida Network of Youth and Family 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 Florida Network of Youth and Family 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 to determine the 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 the Rules of the Auditor General, 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 Florida Network of Youth and Family 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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 the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
March 18, 2021

**Florida Network of Youth and Family Services, Inc.  
 Schedule of Expenditures of State Financial Assistance  
 Year Ended June 30, 2020**

Grantor/Pass Through Grantor/ Project Title	CSFA Number	Contract Number	Expenditures	Transfers to subrecipients
<u>STATE</u>				
State of Florida, Department of Juvenile Justice Children and Families in Need of Services	80.005	10128	\$ 39,229,619	\$ 36,677,491
<u>Total expenditures of state financial assistance</u>			<u>\$ 39,229,619</u>	<u>\$ 36,677,491</u>

*See Independent Auditors' Report and the accompanying notes to  
 the Schedule of Expenditures of State Financial Assistance.*

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Schedule of Expenditures of**  
**State Financial Assistance**  
**Year Ended June 30, 2020**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the schedule) includes the state grant activity of the Florida Network of Youth and Family Services, Inc. The information in the schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. Certain programs of Florida Network of Youth and Family Services, Inc. have federal as well as state-funded components; however, total federal expenditures were less than the threshold that requires a single audit under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and were not included in the schedule.

**Note 2: BASIS OF ACCOUNTING**

The schedule has been prepared on the accrual basis of accounting.

**Note 3: CONTINGENCIES**

Grant monies received and disbursed by the Florida Network of Youth and Family Services, Inc. are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Florida Network of Youth and Family Services, Inc. does not believe that such disallowance, if any, would have a material effect on the financial position of the Florida Network of Youth and Family Services, Inc. As of June 30, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**Note 4: NONCASH ASSISTANCE**

The Florida Network of Youth and Family Services, Inc. did not receive any state noncash assistance for the year ended June 30, 2020.

**Note 5: SUBRECIPIENTS**

Transfers to subrecipients are included in the expenditures shown on the schedule.

**Florida Network of Youth and Family Services, Inc.**  
**Schedule of Findings and Questioned Costs-**  
**State Financial Assistance**  
**Year Ended June 30, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors’ report issued                                               | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?                                               | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | No         |

*State Financial Assistance:*

- |                                                                                                                                                                                                                                                                                                                                                             |                                           |                      |        |                                           |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------|--------|-------------------------------------------|--|
| 1. Type of auditors’ report issued on compliance for major project                                                                                                                                                                                                                                                                                          | Unmodified                                |                      |        |                                           |  |
| 2. Internal control over major project:                                                                                                                                                                                                                                                                                                                     |                                           |                      |        |                                           |  |
| a. Material weaknesses identified?                                                                                                                                                                                                                                                                                                                          | No                                        |                      |        |                                           |  |
| b. Significant deficiencies identified not considered to be material weaknesses?                                                                                                                                                                                                                                                                            | None noted                                |                      |        |                                           |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ?                                                                                                                                                                                                                   | None noted                                |                      |        |                                           |  |
| 4. Identification of major projects:                                                                                                                                                                                                                                                                                                                        |                                           |                      |        |                                           |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CSFA Number</u></td> <td style="width: 50%; text-align: center;"><u>State Project</u></td> </tr> <tr> <td style="text-align: center;">80.005</td> <td style="text-align: center;">Children and Families in Need of Services</td> </tr> </table> | <u>CSFA Number</u>                        | <u>State Project</u> | 80.005 | Children and Families in Need of Services |  |
| <u>CSFA Number</u>                                                                                                                                                                                                                                                                                                                                          | <u>State Project</u>                      |                      |        |                                           |  |
| 80.005                                                                                                                                                                                                                                                                                                                                                      | Children and Families in Need of Services |                      |        |                                           |  |
| 5. Dollar threshold used to distinguish between type A and type B projects:                                                                                                                                                                                                                                                                                 | \$1,176,889                               |                      |        |                                           |  |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS**

None noted

**Florida Network of Youth and Family Services, Inc.**  
**Schedule of Findings and Questioned Costs-**  
**State Financial Assistance**  
**Year Ended June 30, 2020**  
**(Continued)**

**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

None noted

**SECTION V – OTHER MATTERS**

(a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).





# REQUIRED COMMUNICATIONS

## Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Florida Network. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Florida Network's financial statements for the year ended June 30, 2020;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

## Required Communications

We have audited the financial statements of the Florida Network of Youth and Family Services, Inc. for the year ended June 30, 2020, and have issued our report thereon dated March 18, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Auditors' responsibility under Generally Accepted Auditing Standards and Government Auditing Standards</b></p>	<p>As stated in our engagement letter dated <b>April 11, 2019</b>, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Florida Network. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p><b>Client's responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b> <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p><b>Potential effect on the financial statements of any significant risks and exposures</b> <i>Major risks and exposures facing the Florida Network and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Florida Network's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Florida Network in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></li> <li>• <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	<p>See Note 2 of the Notes to Financial Statements and the section entitled "Accounting Policies, Judgments and Sensitive Estimates &amp; CRI Comments on Quality."</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	None.
<p><b>Other findings or issues</b>  <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None.
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b>  <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None.
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by the Florida Network, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Major issues discussed with management prior to retention</b></p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p><b>Consultations with other accountants</b></p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None of which we are aware.
<p><b>Written representations</b></p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p><b>Internal control deficiencies</b></p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	See "Internal Controls" section.
<p><b>Fraud and illegal acts</b></p> <p><i>Fraud involving the Florida Network's management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving the Florida Network's management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p><b>Other information in documents containing audited financial statements</b></p> <p><i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

## Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Florida Network's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS AND SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY and APPLICATION
Expenses	The Florida Network allocates expenses between program and supporting services as required by the AICPA Audit and Accounting Guide for Not-for-Profit Entities.	Yes	The allocation of costs among programs and supporting services is based on a combination of direct and indirect allocation of expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Event costs are allocated based on the estimated applicability of the costs to each event. Other indirect and/or shared costs are allocated using payroll allocations of specified employees, or by percentage of total expenses incurred.	The Florida Network's policies are in accordance with all applicable accounting guidelines.

## Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS AND SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY and APPLICATION
Capital Assets	The Florida Network depreciates capital assets using the straight-line method as required by generally accepted accounting principles.	Yes	Capital assets are depreciated over their estimated useful lives. Useful lives are estimated based on experience with similar assets and guidance provided by the AICPA Auditing & Accounting Guide.	The Florida Network's policies are in accordance with all applicable accounting guidelines.
Investments	The Florida Network follows the provisions of ASC 820, <i>Fair Value Measurements</i> , when reporting investments.	Yes	The Florida Network relies on valuations from its brokers for 100% of the asset values.  The allocation between levels 1-3 under ASC 820 is based on a detailed management review of the underlying investments.	The Florida Network's policies are in accordance with all applicable accounting guidelines.
Allowance for Doubtful Accounts	The Florida Network estimates an allowance for doubtful accounts.	Yes	Management estimates the allowance for doubtful accounts based on experience and the current economic environment.	The Florida Network's policies are in accordance with all applicable accounting guidelines.



## Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the Florida Network and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Florida Network or passed (uncorrected).

There were no adjustments proposed during the audit for misstatements.

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Florida Network's operating environment that has been identified as playing a significant role in the Florida Network's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

## Management Representation Letter



### BOARD OF DIRECTORS

*Chairman*  
Carl Weinrich

*Vice Chairman*  
Dennis Jones

*Secretary*  
Sam Morley

*Treasurer*  
David Griffin

*Immediate Past Chairman*  
Sheriff Don Eslinger

Maggie Bowles

Dominic Calabro

Chris Dudley

Rev. Dr. Rosby Glover

Allison Hill

Laurie Jackson

Matthew Meadows

Mike Miller

Vivian Myrtetus

Jim Pearce

Tracy Salem, Ph. D

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Stacy Gromatski, Ed. S.  
President/CEO

March 18, 2021

Carr, Riggs & Ingram, LLC  
2633 Centennial Boulevard, Suite 200  
Tallahassee, Florida

This representation letter is provided in connection with your audit of the financial statements of Florida Network of Youth and Family 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, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 18, 2021, the following representations made to you during your audit.

#### Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 11, 2019 and addendum dated October 20, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3) The financial statements include certain prior-year summarized comparative information in total but not by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

4) Upon implementation of ASU 2014-09, revenue from contracts with customers has been appropriately accounted for and disclosed in accordance with *FASB ASC 606, Revenue from Contracts with Customers* ([link](#)). All contracts underlying revenue recognized in the financial statements have commercial substance and have been approved by appropriate parties. We have considered side agreements, implied promises, and unstated customary business practices in identifying performance obligations in the contracts. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amount and timing of revenue recognized in the financial statements.

5) We have implemented ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* during the audit period. We have implemented the new accounting standard in accordance with the transition guidance prescribed in the ASU. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements.

6) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Management Representation Letter

- 7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 8) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 13) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 14) As part of your audit, you assisted with the preparation of the financial statements and related notes, schedule of expenditures of state financial assistance and related notes, tax returns, maintenance of the fixed assets schedule, and preparing journal entries (other than proposed adjustments) related to maintaining the fixed assets schedule. We acknowledge our responsibility as it relates to those nonattest services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services (Karen Sanchez, CFO). We have reviewed, approved, and accepted responsibility for those financial statements and related notes, schedule of expenditures of state financial assistance and related notes, tax returns, fixed assets schedule, and assistance in preparing certain journal entries.

### Information Provided

- 15) We have provided you with—
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 16) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of state financial assistance.
- 17) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 18) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves—
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 19) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 20) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.

## Management Representation Letter

- 21) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 22) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 23) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 26) Florida Network of Youth and Family Services is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 27) We acknowledge our responsibility for presenting the schedule of expenditures of state financial assistance and related notes (supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 28) With respect to state financial assistance projects:
  - a) We are responsible for understanding and complying with, and have complied with the requirements of Chapter 10.650, *Rules of the Auditor General* and the Department of Financial Services' *State Projects Compliance Supplement (Rules of the Auditor General)*, relating to preparation of the schedule of expenditures of state financial assistance.
  - b) We acknowledge our responsibility for presenting the schedule of expenditures of state financial assistance (SESFA) and related notes in accordance with the requirements of Rules of the Auditor General, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Rules of the Auditor General. The methods of measurement or presentation of the SESFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.
  - c) If the SESFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SESFA no later than the date we issue the SESFA and the auditors' report thereon.
  - d) We have identified and disclosed to you all of our government programs and related activities subject to the Rules of the Auditor General compliance audit, and have included in the SESFA, expenditures made during the audit period for all financial assistance provided by state agencies in the form of state financial assistance, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
  - e) We are responsible for understanding and complying with, and have complied with, the requirements of state statutes, regulations, the terms and conditions of state financial assistance related to each of our state projects and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state financial assistance that are considered to have a direct and material effect on each major project.
  - f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state projects that provides reasonable assurance that we are managing our state financial assistance in compliance with state statutes, regulations, and the terms and conditions of state financial assistance that could have a material effect on our state projects. We believe the internal control system is adequate and is functioning as intended.

## Management Representation Letter

- g) We have made available to you all state financial assistance (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state projects and related activities.
- h) We have received no requests from a state agency to audit one or more specific projects as a major project.
- i) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the Department of Financial Services' State Projects Compliance Supplement, related to state financial assistance and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of state financial assistance.
- j) We have disclosed any communications from state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in Rules of the Auditor General.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state project financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- r) State project financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of state project financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Rules of the Auditor General.
- u) We have issued management decisions for audit findings that relate to state financial assistance made to subrecipients. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the state financial assistance provided to the subrecipient.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w) We have charged costs to state financial assistance in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Rules of the Auditor General, and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions. There are no prior audit findings required to be disclosed.

## Management Representation Letter

- y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
  - z) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- 29) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 30) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

Signature: Karen E. Church

Title: CFO



**INTERNAL CONTROL  
RECOMMENDATIONS**

The Board of Directors and Management of  
Florida Network of Youth and Family Services, Inc.

In planning and performing our audit of the financial statements of Florida Network of Youth and Family Services, Inc. (the Florida Network) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Florida Network'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 the Florida Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Network'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 Florida Network's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We included in the accompanying table internal control recommendations for management and the Board of Directors' consideration.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Florida Network, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

March 18, 2021



## Internal Controls

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

<b>IP = Improvement Point</b>	<b>D = Control Deficiency</b>	<b>SD = Significant Deficiency</b>	<b>MW = Material Weakness</b>
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ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2020-1	IP	IT	<p>All staff have access to documents maintained in Sharepoint, including utilization spreadsheets, which are significant for accounting purposes. These spreadsheets are not secured aside from passwords being required to access the Sharepoint site.</p> <p>Additionally, Sharepoint can be accessed by staff remotely on any device and the session time-out feature is not enabled.</p>	<p>We recommend that spreadsheets significant to accounting purposes maintained in Sharepoint be password protected and/or have logical controls built in (such as locked cells) to prevent unwanted changes.</p> <p>We also recommend the session time-out feature be enabled for better security if staff leave their computer or other device unattended.</p>	Management will consider implementing the control procedure.
2020-2	IP	IT	Sufficient password protection is not in place for the network (Windows). Password length and history are sufficient; however, password expiration, complexity, and reverse encryption settings have been disabled.	We recommend all password requirement settings be enabled to keep the network more secure and prevent unwanted access.	Management will consider implementing the control procedure.
2020-3	IP	IT	Application data and file server backups are performed daily; however, these backups are not tested periodically.	We recommend backups be tested at least annually to ensure data integrity and recovery.	Management will consider implementing the control procedure.

**Internal Controls**

<b>ITEM</b>	<b>RATING</b>	<b>AREA</b>	<b>ITEM NOTED</b>	<b>SUGGESTION</b>	<b>MANAGEMENT ACTION</b>
2020-4	IP	Grant reporting	The annual Continuity of Operations Plan (COOP) was prepared but not submitted to DJJ for the FY19-20 year timely, prior to delivery of services.	We recommend a reporting checklist or other reminder be created to submit the report once it has been approved.	Management will consider implementing the control procedure.