



**BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS Florida**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

**BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS Florida**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Bay Area Youth Services, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 Bay Area Youth Services, Inc. d/b/a BAYS Florida, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

Reeder & Associates, PA

Certified Public Accountants
October 11, 2021

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,215,018	\$ 1,967,640
Investments	1,499,201	1,301,797
Contract services receivable	769,416	966,521
Prepays and other assets	143,874	201,094
	4,627,509	4,437,052
Deferred compensation plan asset	7,024	-
Property and equipment, net	101,556	134,330
	4,736,089	4,571,382
	\$ 4,736,089	\$ 4,571,382
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 467,769	\$ 442,369
Accounts payable	1,607	15,058
Paycheck Protection Program loan	-	1,065,400
Current maturities of long-term debt	4,437	7,264
	473,813	1,530,091
Deferred compensation plan liability	7,024	-
Long-term debt, net of current maturities	-	5,667
	480,837	1,535,758
	480,837	1,535,758
NET ASSETS		
Without donor restrictions:		
Undesignated	4,158,133	2,914,225
Invested in property and equipment	97,119	121,399
	4,255,252	3,035,624
Total Net Assets Without Donor Restrictions	4,255,252	3,035,624
With donor restrictions	-	-
	4,255,252	3,035,624
	4,255,252	3,035,624
	\$ 4,736,089	\$ 4,571,382

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

BAY AREA YOUTH SERVICES INC.
d/b/a BAYS FLORIDA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES		
Contract services	\$ 8,558,134	\$ 8,312,455
Other grant revenue	1,065,400	-
In-kind contributions	9,608	9,708
Investment return	198,092	23,908
Other income	37,014	5,630
	9,868,248	8,351,701
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS		
EXPENSES		
Program services:		
Delinquency prevention	6,288,838	6,041,683
Clinical services	707,087	528,933
	<i>Total Program Services</i>	<i>6,570,616</i>
	6,995,925	6,570,616
Management and general	1,634,969	1,560,952
Fund development	17,726	81,280
	<i>Total Support Services</i>	<i>1,642,232</i>
	1,652,695	1,642,232
TOTAL EXPENSES	8,648,620	8,212,848
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,219,628	138,853
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	-	-
CHANGE IN NET ASSETS	1,219,628	138,853
NET ASSETS, beginning of year	3,035,624	2,896,771
NET ASSETS, end of year	\$ 4,255,252	\$ 3,035,624

Read Report of Independent Certified Public Accountants.
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of these financial statements.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Delinquency Prevention</u>	<u>Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>		
Salaries and wages	\$ 4,025,988	\$ 474,991	\$ 4,500,979	\$ 1,254,499	\$ -	\$ 1,254,499	\$ 5,755,478
Employee benefits	820,674	85,864	906,538	103,821	-	103,821	1,010,359
Payroll taxes	282,341	33,740	316,081	89,705	-	89,705	405,786
Total salaries and related expenses	5,129,003	594,595	5,723,598	1,448,025	-	1,448,025	7,171,623
Equipment rental & maintenance	30,459	2,569	33,028	1,461	-	1,461	34,489
Office expenses	49,768	2,609	52,377	19,666	-	19,666	72,043
Supplies	42,008	5,175	47,183	24,431	-	24,431	71,614
Occupancy	515,260	30,615	545,875	3,882	-	3,882	549,757
Communications	112,179	6,931	119,110	1,920	-	1,920	121,030
Professional liability insurance	43,873	1,923	45,796	2,527	-	2,527	48,323
Professional fees	242,010	58,965	300,975	74,061	16,806	90,867	391,842
Staff training	9,347	1,850	11,197	4,077	-	4,077	15,274
Mileage	109,977	1,687	111,664	8,031	-	8,031	119,695
Travel and meetings	4,863	155	5,018	10,428	-	10,428	15,446
Other expenses	91	13	104	29	920	949	1,053
Total expenses before interest and depreciation	6,288,838	707,087	6,995,925	1,598,538	17,726	1,616,264	8,612,189
Interest	-	-	-	361	-	361	361
Depreciation	-	-	-	36,070	-	36,070	36,070
	-	-	-	36,431	-	36,431	36,431
TOTAL EXPENSES	\$ 6,288,838	\$ 707,087	\$ 6,995,925	\$ 1,634,969	\$ 17,726	\$ 1,652,695	\$ 8,648,620

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of these financial statements.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Delinquency Prevention</u>	<u>Clinical Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>		
Salaries and wages	\$ 3,740,536	\$ 356,113	\$ 4,096,649	\$ 1,185,791	\$ 54,280	\$ 1,240,071	\$ 5,336,720
Employee benefits	654,212	42,002	696,214	87,791	-	87,791	784,005
Payroll taxes	275,006	25,515	300,521	86,058	4,125	90,183	390,704
Total salaries and related expenses	4,669,754	423,630	5,093,384	1,359,640	58,405	1,418,045	6,511,429
Equipment rental & maintenance	33,976	1,328	35,304	1,163	-	1,163	36,467
Office expenses	36,995	2,105	39,100	15,401	-	15,401	54,501
Supplies	66,296	2,916	69,212	55,474	429	55,903	125,115
Occupancy	412,527	25,451	437,978	4,440	-	4,440	442,418
Communications	100,182	6,795	106,977	2,139	-	2,139	109,116
Professional liability insurance	38,409	1,952	40,361	2,897	-	2,897	43,258
Professional fees	153,053	46,732	199,785	35,138	20,187	55,325	255,110
Staff training	3,945	241	4,186	411	-	411	4,597
Mileage	237,723	11,940	249,663	26,341	-	26,341	276,004
Travel and meetings	13,020	3,757	16,777	35,894	-	35,894	52,671
Payments to subcontractor	271,610	-	271,610	-	-	-	271,610
Other expenses	4,193	2,086	6,279	179	2,259	2,438	8,717
Total expenses before interest and depreciation	6,041,683	528,933	6,570,616	1,539,117	81,280	1,620,397	8,191,013
Interest	-	-	-	751	-	751	751
Depreciation	-	-	-	21,084	-	21,084	21,084
	-	-	-	21,835	-	21,835	21,835
TOTAL EXPENSES	\$ 6,041,683	\$ 528,933	\$ 6,570,616	\$ 1,560,952	\$ 81,280	\$ 1,642,232	\$ 8,212,848

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
STATEMENTS OF CASH FLOWS
JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,219,628	\$ 138,853
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	36,070	21,084
Realized and unrealized (gain) loss on investments	(173,551)	2,922
Paycheck Protection Program loan forgiveness	(1,065,400)	-
(Increase) decrease in contract services receivable	197,105	(349,368)
(Increase) decrease in prepaids and other assets	57,220	(27,467)
(Increase) decrease in deferred compensation plan asset	(7,024)	-
Increase (decrease) in accounts payable	(13,451)	(6,605)
Increase (decrease) in accrued expenses	25,400	44,809
Increase (decrease) in due to subcontractor	-	(33,147)
Increase (decrease) in deferred compensation plan liability	7,024	-
	(936,607)	(347,772)
Net cash provided (used) by operating activities	283,021	(208,919)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash payments for the purchase of equipment	(3,296)	(114,125)
Proceeds from sale of investments	459,868	633,137
Purchases of investments	(483,721)	(657,642)
	(27,149)	(138,630)
Net cash provided (used) by investing activities	(27,149)	(138,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	1,065,400
Principal payments on long-term debt	(8,494)	(6,945)
	(8,494)	1,058,455
Net cash provided (used) by financing activities	(8,494)	1,058,455
Net increase (decrease) in cash and cash equivalents	247,378	710,906
CASH AND CASH EQUIVALENTS, beginning of year	1,967,640	1,256,734
CASH AND CASH EQUIVALENTS, end of year	\$ 2,215,018	\$ 1,967,640
<u>Disclosure of non-cash investing activities:</u>		
Disposal of fully depreciated property and equipment	\$ 8,160	\$ -
Cash paid for interest expense	\$ 361	\$ 751

Read Report of Independent Certified Public Accountants.
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of these financial statements.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – DESCRIPTION OF ORGANIZATION

Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, was incorporated April 9, 1982 and operates as a Florida not-for-profit corporation. The Organization provides counseling and guidance to the youth of the State of Florida and provides those services necessary to aid troubled youth and/or their families.

Delinquency Prevention services includes the following program:

Juvenile Diversion Alternative Program (JDAP) - JDAP programs provide or arrange for the provision of treatment, supervision, individual and family interventions and other needed services to youth referred for a delinquent offense, diverted from judicial handling and assessed as being a potential serious or chronic offender. The purpose of JDAP is to provide non-judicial sanctions to youth determined to be at high risk of becoming a serious or chronic offender, protect the public, and increase responsible productive behavior.

Clinical Services - BAYS Florida provides an array of clinical services at a variety of locations throughout the State. Services available include: family domestic violence groups; substance abuse prevention classes; assessments; individual, family, and group counseling. Services are based upon individual needs and are provided by credentialed professionals.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Recent Accounting Pronouncement

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations:

- may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Read Report of Independent Certified Public Accountants.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market accounts.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

Contract services revenues are derived from various fee-for-service vendor rate agreements, fixed-price unit cost contracts, and performance/cost-reimbursement contracts. Units of service are billed, and recognized as revenue, after the service is performed. Revenues from performance and cost-reimbursement contracts are recorded based upon terms of the grantor allotment, which may be conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has completed performance requirements and/or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to completing performance requirements and/or incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Revenues are subject to audit by the contractor and, if the examination results in a disallowance of any expenditure, repayment could be required. Management believes that all revenue has been earned as of June 30, 2021 and 2020.

The Organization receives a substantial amount of its revenue from State of Florida. For the years ended June 30, 2021 and 2020, approximately 91% and 94%, respectively, of the Organization's contract services revenues are from one agency.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract Services Receivable

Contract services receivable result from services which have been provided pursuant to the Organization's fee-for-service rate agreements, fixed-price unit cost contracts and cost-reimbursement contracts, but for which payment has not yet been received at June 30, 2021 and 2020. The Organization does not maintain an allowance for estimated uncollectible accounts as any amounts determined unallowable by the contractor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at June 30, 2021 and 2020.

Property and Equipment

Property and equipment include furniture, fixtures and equipment, leasehold improvements, and computer software. Furniture, fixtures, and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives of approximately 5 years. Leasehold improvements are stated at historical cost and depreciated using the straight-line method over the term of the lease. Computer software purchased for use in operations is stated at historical cost and depreciated using straight-line method over the estimated useful life of approximately 3 years. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Property and equipment acquired by the Organization is considered to be owned by the Organization, except for the property acquired with funds received from certain funding sources (i.e. grants and similar contracts.) These funding sources may have a reversionary interest in the property as well as the determination of the use of any proceeds from the sale of these assets. For the years ended June 30, 2021 and 2020, the Organization has not used grant funds to purchase property and equipment.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization places its cash with creditworthy, high quality financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts in excess of the FDIC limit totaled \$2,111,774 and \$1,827,928 at June 30, 2021 and 2020, respectively. The Organization has not experienced any losses on its deposits.

Additional financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of contract services receivables from State of Florida agencies. At June 30, 2021 and 2020, 87% and 86%, respectively, of contract services receivable were from one agency. Concentration of credit risk with respect to accounts receivable is minimized due to the amounts being backed by the government. The Organization has not experienced any losses with respect to its receivables. The Organization's State contract services revenue is subject to annual appropriation by the State legislature.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk (continued)

Investments that potentially subject the Organization to concentrations of credit risk consist principally of investments in money market, fixed income, and alternative strategy funds, and common stocks. Quarterly portfolio reviews are performed to assist in the detection of any concentrations of risk. Management does not believe that any concentrations in investments exist.

Donated Materials, Services, and Facilities

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods and property are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property or inventory.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, contract services receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value due to the short-term nature of these instruments.

Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates may be based on factors such as time and effort, square footage, clients served, or any other reasonable basis. The expenses that are allocated on the basis of estimates of time and effort are salaries, employee benefits and payroll taxes. Facilities, maintenance, insurance, utilities, and depreciation are allocated on a square footage basis.

Income Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization, and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740.

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions that it has taken that are subject to a significant degree of uncertainty. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2018.

Read Report of Independent Certified Public Accountants.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date. These financial assets are required to be reduced by those not available for general use within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 2,215,019	\$ 1,967,640
Investments	1,499,201	1,301,797
Contract services receivable	<u>769,416</u>	<u>966,521</u>
	4,483,636	4,235,958
Less those unavailable for general expenditure within one year:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,483,636</u>	<u>\$ 4,235,958</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due and strives to operate within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. Financial assets in excess of daily cash requirements may be invested in money market funds or other short-term investments.

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with Professional Standards, *Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Professional Standards are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Read Report of Independent Certified Public Accountants.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS – (continued)

Level 3

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

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

Following is a description of the valuation methodology used for the assets measured at fair value:

Investments in fixed income, alternative strategies and money market funds, equities, and real asset exchange traded funds (ETFs) are valued at the closing price on the active market which the individual securities are traded.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 564,459	\$ 564,459	\$ -	\$ -
Fixed Income Funds	869,742	869,742	-	-
Real Asset ETFs	20,941	20,941	-	-
Money Market Funds	44,059	44,059	-	-
	<u>\$ 1,499,201</u>	<u>\$ 1,499,201</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 413,418	\$ 413,418	\$ -	\$ -
Fixed Income Funds	585,775	585,775	-	-
Alternative Strategies Funds	183,046	183,046	-	-
Real Asset ETFs	53,531	53,531	-	-
Money Market Funds	66,027	66,027	-	-
	<u>\$ 1,301,797</u>	<u>\$ 1,301,797</u>	<u>\$ -</u>	<u>\$ -</u>

Read Report of Independent Certified Public Accountants.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS – (continued)

Net investment return consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 35,351	\$ 36,773
Realized and unrealized gains (losses)	173,551	(2,922)
Less: investment expenses	<u>(10,810)</u>	<u>(9,943)</u>
Total investment return	<u>\$ 198,092</u>	<u>\$ 23,908</u>

NOTE E – PROPERTY AND EQUIPMENT

	<u>2021</u>	<u>2020</u>
Computer and office equipment	\$ 78,123	\$ 82,987
Leasehold improvements	114,125	114,125
Vehicles	<u>43,195</u>	<u>43,195</u>
	235,443	240,307
Less: accumulated depreciation	<u>(133,887)</u>	<u>(105,977)</u>
	<u>\$ 101,556</u>	<u>\$ 134,330</u>

NOTE F – LONG-TERM DEBT

At June 30, 2021 and 2020, long-term debt consists of a note payable with monthly payments of \$641, including interest of 4.67%, due February 2022. The note payable is secured by a vehicle. Annual maturities of this debt are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 4,437
Thereafter	<u>-</u>
	<u>\$ 4,437</u>

NOTE G – PAYCHECK PROTECTION PROGRAM

During fiscal 2020, the Organization obtained a Paycheck Protection Program (PPP) loan under the CARES Act of \$1,065,400 to help keep their workforce employed during the COVID-19 crisis. The loan has a maturity of 2 years, an interest rate of 1% and initial loan payments are deferred for ten months. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. For the fiscal year ended June 30, 2020, the full amount of the loan was recorded as deferred revenue and stated separately in the accompanying statement of financial position. Management complied with the forgiveness provisions and received notification of forgiveness on April 28, 2021. For the fiscal year ended June 30, 2021, the Organization recognized \$1,065,400 in grant revenue.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE H – DONATED MATERIALS, SERVICES AND FACILITIES

In-kind contributions received during the years ended June 30, 2021 and 2020 were for a donated facility and totaled \$9,608 and \$9,708, respectively. The donated facility is used in the delinquency prevention program and is included in occupancy expense in the statement of functional expenses.

NOTE I – LEASES

The Organization leases certain facilities and equipment for the operation of its programs under long-term operating leases. The following is a schedule by year of future minimum lease payments required under such operating leases which have initial or remaining non-cancelable lease terms as of June 30, 2021:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 388,663
2023	289,559
2024	197,811
2025	142,404
2026	28,812
Thereafter	-
	<u>\$ 1,047,249</u>

Rent expense incurred for long term lease facilities and equipment totaled \$496,527 in 2021 and \$420,647 in 2020.

NOTE J – EMPLOYEE BENEFIT PLAN

The Organization has a 403(b) retirement plan covering substantially all employees. Annually the Organization may make a discretionary non-elective contribution to participants. Participants fully vest in their accounts immediately. During the year ended June 30, 2021, the Organization made discretionary non-elective contributions totaling \$93,251 and incurred \$2,070 for administrative expenses. For the year ended June 30, 2020, the Organization made contributions totaling \$55,275 and incurred \$2,686 for administrative expenses.

NOTE K – NON-QUALIFIED DEFERRED COMPENSATION PLANS

On June 1, 2021, the Organization established the BAYS 457(b) Plan for its executive team. This plan allows the Organization to make discretionary contributions, under the provisions of Section 457(b) of the Internal Revenue Code, to a participant's account.

On June 1, 2021, the Organization also established the BAYS Incentive Bonus Plan for its senior management team. This plan allows the Organization to make discretionary contributions, under the provisions of Section 457(f) of the Internal Revenue Code, to a participant's account.

The Organization contributed a total of \$6,970 to these non-qualified deferred compensation plans for the year ended June 30, 2021.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE L – COMMITMENTS AND CONTINGENCIES

The Organization's contracts are subject to special compliance audits by the contracting agency and other third-party agencies for which services are provided. The results of these audits may result in disallowed expense amounts. Disallowed amounts, if any, would constitute a contingent liability of the Organization. Accordingly, such liabilities are not reflected in the financial statements. The Organization does not believe any contingent liabilities, if any to be material.

NOTE M – SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact revenue and support. The Organization has maintained their major grant contracts which is allowing them to continue to provide services to youth and their families throughout the State of Florida. As the Organization continues to evaluate its response and the community's response to COVID-19, there could be additional impact which is unknown at this time.

Management has evaluated subsequent events through October 11, 2021, the date the financial statements were available to be issued.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 Bay Area Youth Services, Inc.
Tampa, 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 Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

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.

Reeder & Associates, PA

Certified Public Accountants

October 11, 2021

**SINGLE AUDIT REPORT AND
SUPPLEMENTARY INFORMATION**



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

To Bay Area Youth Services, Inc.
Tampa, Florida

Report on Compliance for Each Major State Project

We have audited Bay Area Youth Services, Inc.'s (the Organization), d/b/a BAYS Florida, compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2021. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects 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, State of Florida* (Chapter 10.650). Those standards and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.650, Rules of the Auditor General, State of Florida

We have audited the financial statements of the Organization as of and for the year ended June 30, 2021, and have issued our report thereon dated October 11, 2021, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General, State of Florida* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Reeder & Associates, PA

Certified Public Accountants
October 11, 2021

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>State Expenditures</u>	<u>Transfers to Subrecipients</u>
State of Florida Department of Juvenile Justice				
Diversion Services	80.022	10064	\$ 579,496	\$ -
Diversion Services	80.022	10433	3,145,174	-
Diversion Services	80.022	10515	809,546	-
Diversion Services	80.022	10516	890,500	-
Diversion Services	80.022	10683	<u>665,407</u>	<u>-</u>
Total State of Florida Department of Juvenile Justice			<u>6,090,123</u>	<u>-</u>
Total Expenditures of State Project Awards			<u>\$ 6,090,123</u>	<u>\$ -</u>

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Bay Area Youth Services of Florida, Inc., d/b/a BAYS Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General, State of Florida*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

BAY AREA YOUTH SERVICES, INC.
d/b/a BAYS FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the basic financial statements of Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS Florida, were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the basic financial statements and no material weaknesses are reported.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major state project and no material weaknesses are reported.
5. The auditor's report on compliance for the major state project for the Organization expresses an unmodified opinion on the major state project.
6. There were no audit findings relative to the major state project of the Organization that are required to be reported.
7. The state project tested as a major project was:

80.022 Diversion Services	\$6,090,123
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8. The threshold for distinguishing Type A and Type B projects was \$750,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT
NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS
NONE

D. OTHER ISSUES
NONE

E. PRIOR YEAR FINDINGS
NONE

**F. MANAGEMENT LETTER – CHAPTER 10.650, RULES OF THE AUDITOR GENERAL,
STATE OF FLORIDA**
NOT APPLICABLE AS NO ITEMS REPORTED

G. CORRECTIVE ACTION PLAN
NOT APPLICABLE AS NO ITEMS REPORTED