



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

FINANCIAL STATEMENTS

June 30, 2021 and 2020



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REPORT



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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 28, 2022, 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 28, 2022



FINANCIAL STATEMENTS

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

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 5,931,985	\$ 6,485,711
Grants receivable	127,785	127,785
Dues receivable	11,838	25,825
Other receivable	12,609	22,855
Prepaid expenses	53,325	56,116
Total current assets	6,137,542	6,718,292
Investments	10,083	37,835
Property and equipment, net	308,034	317,396
Total assets	\$ 6,455,659	\$ 7,073,523
Liabilities and Net Assets		
Current liabilities		
Contracts payable	\$ 2,992,578	\$ 4,792,338
Accounts payable	269,420	25,102
Refundable advances	1,260,582	781,470
Accrued liabilities	313,032	312,781
Total current liabilities	4,835,612	5,911,691
Net assets without donor restrictions	1,620,047	1,161,832
Total liabilities and net assets	\$ 6,455,659	\$ 7,073,523

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>	2021	2020
Revenue and Other Support		
Grants	\$ 39,656,492	\$ 40,991,969
Member agency dues	407,715	420,519
Other fees	11,249	24,699
Interest income	875	7,636
Donations	1,000	6,385
Total revenue and other support	40,077,331	41,451,208
Expenses		
Program services	39,218,491	40,953,608
Supporting services - general and administrative	400,625	479,509
Total expenses	39,619,116	41,433,117
Change in Net Assets	458,215	18,091
Net assets at beginning of year	1,161,832	1,143,741
Net assets at end of year	\$ 1,620,047	\$ 1,161,832

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 2021	Summarized Total 2020
Direct service funds distributed to agencies:				
CINS/FINS	\$ 32,166,217	\$ -	\$ 32,166,217	\$ 32,398,938
SNAP	3,405,291	-	3,405,291	4,108,697
Respite	1,003,554	-	1,003,554	1,420,501
Title IV-E	-	-	-	184,702
Staff retention	-	-	-	169,856
Total direct service funds distributed to agencies	36,575,062	-	36,575,062	38,282,694
Salaries and related benefits	1,109,917	94,765	1,204,682	1,291,046
Contractual and professional	267,288	227,781	495,069	293,339
Medcarts	397,723	-	397,723	415,542
Contract management	354,800	-	354,800	382,950
Specialty training	133,179	-	133,179	110,209
Retirement	80,144	4,780	84,924	87,276
Payroll taxes	72,011	6,494	78,505	82,693
Printing and publications	72,447	3,781	76,228	62,673
Dues	30,970	16,899	47,869	51,657
Organizational support	33,952	3,781	37,733	26,524
Telecommunications	21,011	2,653	23,664	21,342
Miscellaneous	6,312	15,271	21,583	30,832
Insurance	17,218	1,475	18,693	17,096
Office supplies and other office expenses	16,597	747	17,344	27,185
Furniture and equipment	13,691	2,484	16,175	33,643
Depreciation	-	14,452	14,452	15,274
Repairs and maintenance	6,577	457	7,034	19,151
Board events and travel	3,567	2,144	5,711	161,553
Utilities	4,807	311	5,118	6,644
Postage	1,218	342	1,560	419
Conference expenses	-	1,008	1,008	1,152
Donations and conference contribution	-	1,000	1,000	12,223
Total	\$ 39,218,491	\$ 400,625	\$ 39,619,116	\$ 41,433,117

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>	2021	2020
Operating Activities		
Change in net assets	\$ 458,215	\$ 18,091
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,452	15,274
Changes in operating assets and liabilities:		
Grants receivable	-	(9,425)
Dues receivable	13,987	(5,624)
Other receivable	10,246	7,830
Prepaid expenses	2,791	(13,654)
Accounts payable	244,318	(66,961)
Contracts payable	(1,799,760)	1,641,540
Accrued liabilities	251	1,551
Refundable advances	479,112	570,609
Due to Department of Juvenile Justice	-	(56,381)
Net cash provided by (used in) operating activities	(576,388)	2,102,850
Investing Activities		
Purchase of investments	-	(119,712)
Proceeds from sale of investments	27,752	327,565
Purchase of equipment	(5,090)	-
Net cash provided by (used in) investing activities	22,662	207,853
Net change in cash and cash equivalents	(553,726)	2,310,703
Cash and cash equivalents at beginning of year	6,485,711	4,175,008
Cash and cash equivalents at end of year	\$ 5,931,985	\$ 6,485,711

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, 2020, 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, 2021 and 2020.

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, 2021 and 2020.

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.

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, 2021 and 2020.

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 and Probation Respite (Respite)
- Foster Care Title IV-E (Title IV-E)

Expenses by program consisted of:

<i>June 30,</i>	2021	2020
CINS/FINS	\$ 34,091,891	\$ 34,548,777
SNAP	4,003,457	4,687,989
Respite	1,123,143	1,532,140
Title IV-E	-	184,702
Total program expenses	\$ 39,218,491	\$ 40,953,608

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 28, 2022, 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.

Reclassifications

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

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, 2021. 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>	2021	2020
Total assets at year-end	\$ 6,455,659	\$ 7,079,478
Less non-financial assets		
Prepaid expenses	(53,325)	(56,116)
Property and equipment, net	(308,034)	(317,396)
Financial assets available to meet cash needs for		
general expenditures within one year	\$ 6,094,300	\$ 6,705,966

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 \$760,000. 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, 2021</i>	Cost	Market Value
Negotiable certificates of deposit	\$ 9,366	\$ 10,083
Total	\$ 9,366	\$ 10,083

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

Note 5: PROPERTY AND EQUIPMENT

Property and equipment, net, consisted of the following:

<i>June 30,</i>	Estimated useful lives (in years)	2021	2020
Building and improvements	37 - 40	\$ 352,670	\$ 352,670
Furniture and equipment	3 - 5	44,021	38,931
Property and equipment subject to depreciation		396,691	391,601
Less accumulated depreciation		(274,407)	(259,955)
Property and equipment subject to depreciation, net		122,284	131,646
Land		185,750	185,750
Property and equipment, net		\$ 308,034	\$ 317,396

Depreciation expense was \$14,452 and \$15,274 for the years ended June 30, 2021 and 2020, respectively.

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>	2021	2020
Revenue from contracts with customers		
<i>Recognized over time</i>		
Member agency dues	\$ 407,715	\$ 420,519
Other fees	11,100	13,600
<i>Recognized at a point in time</i>		
Other fees	149	11,099
Other revenue and support		
Grants	39,656,492	40,991,969
Interest income	875	7,636
Donations	1,000	6,385
Total revenue and other support	\$ 40,077,331	\$ 41,451,208

Contract Balances

<i>June 30,</i>	2021	2020
Receivables from contracts at beginning of year	\$ 48,680	\$ 50,886
Receivables from contracts at end of year	\$ 24,447	\$ 48,680

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, 2021 and 2020.

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.

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

Note 7: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2021 and 2020:

<i>June 30, 2021</i>		Level 1		Level 2		Level 3		Total
Negotiable certificates of deposit	\$	-	\$	10,083	\$	-	\$	10,083
Total	\$	-	\$	10,083	\$	-	\$	10,083

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

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, 2021 and 2020, 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 \$5,328,241 and \$5,881,884 at June 30, 2021 and 2020, 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, 2021 and 2020. 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.

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

Note 8: CONCENTRATIONS OF CREDIT RISK

Grants receivable and refundable advances under the same grant are net in the statements of financial position. Refundable advances consists of the following:

<i>June 30,</i>	2021	2020
Grants receivable	\$ 1,007,482	\$ 5,955
Refundable advances	2,268,064	787,425
Net refundable advances	\$ 1,260,582	\$ 781,470

Note 9: COMMITMENTS

The Florida Network leases medcarts under an operating lease agreement which expires in August 2026. Minimum lease payments under the noncancellable operating lease are as follows:

<i>For the years ending June 30,</i>	
2022	\$ 377,866
2023	375,396
2024	375,396
2025	375,396
2026	375,396
Thereafter	62,566
Total future minimum lease payments	\$ 1,942,016

Lease expense, including that for other cancellable leases, totaled \$403,836 and \$425,253 for the years ended June 30, 2021 and 2020, respectively.

In the normal course of business, the Florida Network enters into contracts and agreements. As of June 30, 2021 and 2020, 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 or state audit may result in repayment of funds received by the Florida Network from the grantor agency.

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

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, 2021 and 2020 were \$84,924 and \$87,276, respectively, and are accrued and funded on a current basis.

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 as of March 28, 2022.



OTHER REPORTS

**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, 2021, 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 28, 2022.

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 28, 2022



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**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, 2021. 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, 2021.

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 28, 2022



OTHER FINANCIAL INFORMATION

**Florida Network of Youth and Family Services, Inc.
 Schedule of Expenditures of State Financial Assistance
 Year Ended June 30, 2021**

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	\$ 38,095,348	\$ 35,571,508
Total expenditures of state financial assistance			\$ 38,095,348	\$ 35,571,508

*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, 2021

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.

Note 2: BASIS OF ACCOUNTING

The schedule has been prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis as expenditures for fixed assets are expensed when incurred rather than capitalized and depreciated over their useful lives.

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, 2021, 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, 2021.

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, 2021**

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: | \$1,142,860 | | | | |

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, 2021
(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)).