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RIVERO, GORDIMER & COMPANY, P.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bay Area Youth Services, Inc.

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Bay Area Youth Services, Inc. (the "Organization"), d/b/a BAYS, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Prior Period Financial Statements***

The financial statements of Bay Area Youth Services, Inc. as of and for the year ended June 30, 2022 were audited by other auditors whose report dated October 6, 2022 expressed an unmodified opinion on those statements.

***Responsibilities of Management for the Financial Statements***

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Supplementary Information***

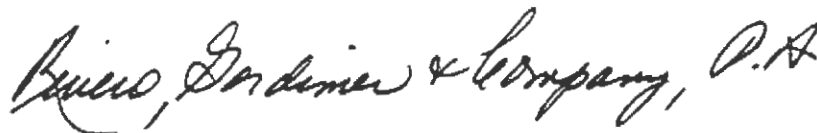
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, 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 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 Organization'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 the Organization's internal control over financial reporting and compliance.

Tampa, Florida  
February 5, 2024

A handwritten signature in black ink that reads "Buco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,405,039	\$ 999,250
Investments	1,418,990	1,343,042
Contract services receivable	1,137,818	1,586,667
Prepays and other assets	<u>570,432</u>	<u>152,994</u>
Total current assets	<u>4,532,279</u>	<u>4,081,953</u>
Deferred compensation plan asset	131,988	67,458
Property and equipment, net	116,614	100,812
Right of use asset - operating	1,029,332	-
Right of use asset - finance	<u>23,364</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,833,577</u>	<u>\$ 4,250,223</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 560,180	\$ 309,079
Accounts payable	43,984	5,980
Deferred revenue	42,222	-
Lease liability, current portion	350,481	-
Current maturities of long-term debt	<u>13,390</u>	<u>6,971</u>
Total current liabilities	<u>1,010,257</u>	<u>322,030</u>
Deferred compensation plan liability	131,988	67,458
Lease liability	671,234	-
Long-term debt, net of current maturities	<u>58,270</u>	<u>20,899</u>
Total liabilities	<u>1,871,749</u>	<u>410,387</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	3,916,874	3,766,894
Invested in property and equipment	<u>44,954</u>	<u>72,942</u>
Total net assets without donor restrictions	<u>3,961,828</u>	<u>3,839,836</u>
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>3,961,828</u>	<u>3,839,836</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,833,577</u>	<u>\$ 4,250,223</u>

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

Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Contract services	\$ 12,638,109	\$ 9,181,758
Other grant revenue	19,000	25,000
In-kind contributions	9,608	9,608
Other income	3,475	616
Total revenues	<u>12,670,192</u>	<u>9,216,982</u>
<b>EXPENSES</b>		
Program services:		
Delinquency prevention	8,195,632	6,692,199
Clinical services	2,008,115	869,921
Total program services	<u>10,203,747</u>	<u>7,562,120</u>
Management and general	2,420,401	1,920,085
Total support services	<u>2,420,401</u>	<u>1,920,085</u>
Total expenses	<u>12,624,148</u>	<u>9,482,205</u>
Change in net assets before other changes	<u>46,044</u>	<u>(265,223)</u>
Other changes		
Gain on disposal of property and equipment	-	5,966
Investment return	75,948	(156,159)
Total other changes	<u>75,948</u>	<u>(150,193)</u>
Change in net assets	<u>121,992</u>	<u>(415,416)</u>
Net assets, beginning of year	<u>3,839,836</u>	<u>4,255,252</u>
Net assets, end of year	<u>\$ 3,961,828</u>	<u>\$ 3,839,836</u>

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

Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program Services			Support Services	Total Support Services	Total
	Delinquency Prevention	Clinical Services	Total Program Services	Management and General		
Salaries and wages	\$ 5,496,325	\$ 1,339,344	\$ 6,835,669	\$ 1,638,222	\$ 1,638,222	\$ 8,473,891
Employee benefits	721,817	119,029	840,846	272,487	272,487	1,113,333
Payroll taxes	414,625	102,245	516,870	79,608	79,608	596,478
<b>Total salaries and related expenses</b>	<b>6,632,767</b>	<b>1,560,618</b>	<b>8,193,385</b>	<b>1,990,317</b>	<b>1,990,317</b>	<b>10,183,702</b>
Equipment rental and maintenance	33,798	5,616	39,414	7,701	7,701	47,115
Office expenses	96,621	19,700	116,321	13,268	13,268	129,589
Supplies	58,834	59,094	117,928	108,629	108,629	226,557
Occupancy	509,654	40,366	550,020	10,565	10,565	560,585
Communications	122,692	23,178	145,870	7,855	7,855	153,725
Professional liability insurance	49,379	8,901	58,280	1,554	1,554	59,834
Professional fees	285,310	212,799	498,109	49,973	49,973	548,082
Staff training	19,170	24,434	43,604	42,160	42,160	85,764
Mileage	313,133	47,246	360,379	30,012	30,012	390,391
Travel and meetings	71,306	2,613	73,919	99,084	99,084	173,003
Other expenses	-	2,953	2,953	-	-	2,953
<b>Total expenses before interest and depreciation</b>	<b>8,192,664</b>	<b>2,007,518</b>	<b>10,200,182</b>	<b>2,361,118</b>	<b>2,361,118</b>	<b>12,561,300</b>
Interest	2,968	597	3,565	1,046	1,046	4,611
Depreciation and amortization	-	-	-	58,237	58,237	58,237
	<b>2,968</b>	<b>597</b>	<b>3,565</b>	<b>59,283</b>	<b>59,283</b>	<b>62,848</b>
<b>TOTAL EXPENSES</b>	<b>\$ 8,195,632</b>	<b>\$ 2,008,115</b>	<b>\$ 10,203,747</b>	<b>\$ 2,420,401</b>	<b>\$ 2,420,401</b>	<b>\$ 12,624,148</b>

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

Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	Program Services			Support Services	Total Support Services	Total
	Delinquency Prevention	Clinical Services	Total Program Services	Management and General		
Salaries and wages	\$ 4,358,508	\$ 603,104	\$ 4,961,612	\$ 1,301,602	\$ 1,301,602	\$ 6,263,214
Employee benefits	661,990	58,339	720,329	237,233	237,233	957,562
Payroll taxes	308,247	44,594	352,841	90,620	90,620	443,461
<b>Total salaries and related expenses</b>	<b>5,328,745</b>	<b>706,037</b>	<b>6,034,782</b>	<b>1,629,455</b>	<b>1,629,455</b>	<b>7,664,237</b>
Equipment rental and maintenance	37,991	4,302	42,293	1,929	1,929	44,222
Office expenses	86,897	6,186	93,083	35,839	35,839	128,922
Supplies	54,376	13,601	67,977	36,697	36,697	104,674
Occupancy	539,402	33,921	573,323	4,454	4,454	577,777
Communications	101,071	7,456	108,527	2,063	2,063	110,590
Professional liability insurance	47,723	3,712	51,435	1,381	1,381	52,816
Professional fees	158,153	72,615	230,768	95,860	95,860	326,628
Staff training	8,455	5,087	13,542	6,193	6,193	19,735
Mileage	295,213	15,484	310,697	21,582	21,582	332,279
Travel and meetings	32,897	1,476	34,373	48,692	48,692	83,065
Other expenses	715	-	715	-	-	715
<b>Total expenses before interest and depreciation</b>	<b>6,691,638</b>	<b>869,877</b>	<b>7,561,515</b>	<b>1,884,145</b>	<b>1,884,145</b>	<b>9,445,660</b>
Interest	561	44	605	1,301	1,301	1,906
Depreciation	-	-	-	34,639	34,639	34,639
	<u>561</u>	<u>44</u>	<u>605</u>	<u>35,940</u>	<u>35,940</u>	<u>36,545</u>
<b>TOTAL EXPENSES</b>	<b>\$ 6,692,199</b>	<b>\$ 869,921</b>	<b>\$ 7,562,120</b>	<b>\$ 1,920,085</b>	<b>\$ 1,920,085</b>	<b>\$ 9,482,205</b>

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



Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 121,992	\$ (415,416)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	416,323	34,639
Gain on disposal of property and equipment	-	(5,966)
Realized and unrealized (gain) loss on investments	(45,468)	183,892
Decrease (increase) in contract services receivable	448,849	(817,251)
Increase in prepaids and other assets	(417,438)	(9,120)
Increase in deferred compensation plan asset	(64,530)	(60,434)
Increase in accounts payable	38,004	4,373
Increase (decrease) in accrued expenses	251,101	(158,690)
Increase in deferred revenue	42,222	-
Increase in deferred compensation plan liability	64,530	60,434
Lease liability principal payments	(393,116)	-
Total adjustments	<u>340,477</u>	<u>(768,123)</u>
Net cash provided (used) by operating activities	<u>462,469</u>	<u>(1,183,539)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(54,224)	(41,815)
Proceeds from sale of property and equipment	-	13,886
Proceeds from sale of investments	991,027	328,578
Purchases of investments	<u>(1,021,507)</u>	<u>(356,311)</u>
Net cash used by investing activities	<u>(84,704)</u>	<u>(55,662)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	53,117	36,019
Payments on financing lease	(15,766)	-
Principal payments on long-term debt	<u>(9,327)</u>	<u>(12,586)</u>
Net cash provided by financing activities	<u>28,024</u>	<u>23,433</u>
Net increase (decrease) in cash and cash equivalents	405,789	(1,215,768)
Cash and cash equivalents, beginning of year	<u>999,250</u>	<u>2,215,018</u>
Cash and cash equivalents, end of year	<u>\$ 1,405,039</u>	<u>\$ 999,250</u>

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

Bay Area Youth Services, Inc. d/b/a BAYS

STATEMENTS OF CASH FLOWS - CONTINUED

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the year - interest	<u>\$ 4,611</u>	<u>\$ 1,906</u>
Cash paid during the year - income taxes	<u>\$ -</u>	<u>\$ -</u>
Disposal of fully depreciated property and equipment	<u>\$ -</u>	<u>\$ 35,275</u>
<u>Supplemental disclosures of non-cash operating activities</u>		
Operating right of use asset and lease liability	<u>\$ 1,387,418</u>	<u>\$ -</u>
<u>Supplemental disclosures of non-cash financing activities</u>		
Financing right of use asset and lease liability	<u>\$ 43,179</u>	<u>\$ -</u>

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

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - DESCRIPTION OF ORGANIZATION

Bay Area Youth Services, Inc. (the Organization), d/b/a BAYS, 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 include the following programs:

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.

Community Supervision Program (CSP) - BAYS works with children being detained under home detention, intensive home detention, and intensive home detention with electronic monitoring with a goal of ensuring that the youth in this program do not commit any new delinquency offenses and remain compliant with the court's detention order. Our Community Supervision Specialists perform random compliance checks with clients, collaborate with local law enforcement agencies and DJJ, and work to reduce failure to appear rates from Seminole County south to Dade County Florida and along Florida's east and west coasts.

Youth Screening Program (YSP) – The BAYS Youth Screening Program provides detention screening services at five locations in Florida (Brevard, Broward, Collier, Orange, and Manatee counties at either a local Juvenile Assessment Center or Juvenile Detention Center. When a youth is taken into custody by law enforcement, detention screening staff are available to conduct a number of assessments to determine if the youth will remain in their community or be placed in secure care while pending their next court hearing. In addition, the screening staff complete substance abuse and mental health assessments and refer youth and families out for additional services. It is a critical part of the juvenile justice continuum and in some instances, may result in a direct diversion to avoid further court processing. Our Youth Screening Specialists work closely with local law enforcement, DJJ, and court systems to promote public safety while ensuring a thorough assessment through a trauma-informed lens.

Clinical Services includes the following programs:

Clinical Services - BAYS 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.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - DESCRIPTION OF ORGANIZATION - Continued

BAYS Community Care (BCC) is a multi-faceted therapeutic intervention service for children and youth exhibiting behaviors making them susceptible to becoming involved in the Juvenile Justice System. Our counseling services are also geared toward high risk/high need children already involved Florida's delinquency and/or dependency system. BAYS Community Care offers the following opportunities to youth and families with identified behavioral and/or mental health needs:

- Individual counseling
- Group counseling
- Family counseling

Services are conducted in both clinic and home settings, and can also be provided in schools, child welfare facilities, probation and parole offices/aftercare systems, and mental health facilities. Our goal is to provide high-quality therapeutic services to youth and families, that create a lasting behavioral change by increasing protective factors and decreasing the risk factors currently impacting the family.

BAYS Family Connections (BFC) is a program that provides Functional Family Therapy (FFT). FFT is a short-term, high quality intervention program with an average of 12 to 14 sessions over three to five months. FFT works primarily with 11- to 18-year-old youth who have been referred for behavioral or emotional problems by the juvenile justice, mental health, school or child welfare systems. Services are conducted in both clinical and home settings, and can also be provided in schools, child welfare facilities, probation and parole offices/aftercare systems and mental health facilities.

The Helping Others Progress with Empowerment (HOPE) program is designed to complement case management services by providing intensive in-home family engagement through therapeutic services. The Family Support Partner provides intensive in-home services to oversee the transition of children who have entered the child welfare dependency system and who are dually involved, or at risk of becoming involved in the juvenile justice system. Services are designed to reunite the family and implement preventative measures to strengthen and stabilize the family. The Family Support Partner works collaboratively with community-based partnerships to successfully prevent children from entering out-of-home care, while ensuring the safety, well-being and permanency of children and families.

Supportive Trusting Relationships with Inclusion, Vision, and Empathy (STRIVE) program are enhanced family stabilization services designed to complement case management services by providing intensive in-home family engagement through supportive and therapeutic services, in order to successfully prevent removal and/or reunite youth with their families. The Family Support Partner provides intensive in-home services to oversee and support the stabilization of youth who have entered the child welfare dependency system and who are dually involved, or at risk of becoming involved in the juvenile justice system.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE A - DESCRIPTION OF ORGANIZATION - Continued

Services are designed to unify the family and implement preventative measures to strengthen and stabilize the family. The Family Support Partner works collaboratively with community-based partnerships to successfully prevent children from entering out-of-home care, while ensuring the safety, well-being and permanency of children and families.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions. Accordingly, the Organization has classified its net assets and changes therein as follows:

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor- or grantor- imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and/or board of trustees.
- Net Assets With Donor Restrictions - Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. If a restriction is satisfied in the same period in which the contribution is received, it is reported as support without donor restrictions.

2. 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.

3. Cash and Cash Equivalents

Cash and cash equivalents include cash and money market accounts.

4. 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.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2023 and 2022.

The Organization receives a substantial amount of its revenue from the State of Florida. For the years ended June 30, 2023 and 2022, approximately 79% and 91% of the Organization's contract services revenues are from one agency.

5. 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, 2023 and 2022. 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, 2023 and 2022.

6. 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.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2023 and 2022, the Organization has not used grant funds to purchase property and equipment.

7. 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 \$1,729,289 and \$928,912 at June 30, 2023 and 2022, 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, 2023 and 2022, 82% and 90%, 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.

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.

8. 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.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. 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.

10. Functional Allocation of Expenses

Expenses are shown by natural expense classification and function in the accompanying statements 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.

11. 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, 2020.

12. Adoption of New Accounting Standards

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases*, (Topic 842), and related subsequent amendments, which supersedes the existing guidance. Under the new guidance, lessees are required to recognize right of use assets and lease liabilities for operating leases with terms longer than 12 months on the statement of financial position. Leases are classified either as operating or finance leases. The accounting for finance (formally capital) leases remained substantially unchanged.



Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

During 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received.

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.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 1,405,039	\$ 999,250
Investments	1,418,990	1,343,042
Contract services receivable	1,137,818	1,586,667
Total financial assets	3,961,847	3,928,959
Less those unavailable for general expenditure within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,961,847	\$ 3,928,959

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

FASB ASC 820 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:

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

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.

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.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Equities	\$ 444,108	\$ 444,108	\$ -	\$ -
Fixed income funds	794,187	794,187	-	-
Treasury bills	122,989	122,989	-	-
Money market funds	57,706	57,706	-	-
	<u>\$ 1,418,990</u>	<u>\$ 1,418,990</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, 2022:

	Fair Value	Level 1	Level 2	Level 3
Equities	\$ 444,202	\$ 444,202	\$ -	\$ -
Fixed income funds	820,282	820,282	-	-
Real asset EFT's	19,510	19,510	-	-
Money market funds	59,048	59,048	-	-
	<u>\$ 1,343,042</u>	<u>\$ 1,343,042</u>	<u>\$ -</u>	<u>\$ -</u>

Net investment return consists of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 40,538	\$ 39,006
Realized and unrealized gains (losses)	45,468	(183,892)
Investments expenses	(10,058)	(11,273)
Investment return	<u>\$ 75,948</u>	<u>\$ (156,159)</u>

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following for the years ended June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Computer and office equipment	\$ 78,123	\$ 78,123
Leasehold improvements	114,125	114,125
Vehicles	<u>96,039</u>	<u>41,815</u>
	288,287	234,063
Less: accumulated depreciation	<u>(171,673)</u>	<u>(133,251)</u>
	<u>\$ 116,614</u>	<u>\$ 100,812</u>

Depreciation expense was \$38,422 and \$34,639 for the years ended June 30, 2023 and 2022, respectively.

NOTE F - LEASES

1. Operating Leases

The Organization leases office space in Florida under noncancelable operating lease agreements that expire at various times through November 2028. In accordance with ASC 842, *Leases*, the Organization recorded a right of use operating asset and operating lease payable of \$1,387,418 at July 1, 2022, which is the net present value of future minimum lease payments at the time the accounting standard was implemented using a discount rate of 3.0%, the published applicable federal rate at the time the accounting standard was implemented. The weighted average remaining operating lease term is 3.76 years.

The right of use operating lease asset is amortized using the straight-line method over the lease term. The right of use operating lease assets consists of the following as of June 30, 2023:

<u>Classification</u>	
Office space	\$ 1,387,418
Less: accumulated amortization	<u>(358,086)</u>
Buildings under operating leases, net	<u>\$ 1,029,332</u>

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE F - LEASES - Continued

Future minimum lease payments under the non-cancelable operating leases are as follows:

<u>Year ending June 30,</u>	
2024	\$ 362,365
2025	278,435
2026	174,340
2027	109,367
2028	100,678
Thereafter	<u>27,040</u>
Total minimum lease payments	1,052,225
Less: amount representing interest	<u>(57,079)</u>
Operating lease obligation	<u><u>\$ 995,146</u></u>

2. Financing Leases

The Organization leases certain office equipment under finance leases expiring at various times through 2029. At July 1, 2023, the Organization adopted ASC 842, *Leases*. Prior to 2022, finance leases were operating leases, as management reevaluated the classification of certain equipment leases. At July 1, 2022, the Organization recorded right of use finance assets and finance lease liabilities of \$43,179, which is the net present value of future minimum lease payments at the time the accounting standard was implemented using a discount rate of 3.0%. The weighted average remaining finance lease term is 2.82 years. The equipment and the related liability under the finance leases are recorded at the present value of the future payments due under the leases.

The following is a summary of the leased assets included in right of use finance lease asset at June 30, 2023:

<u>Classification</u>	
Equipment	\$ 43,179
Less: accumulated amortization	<u>(19,815)</u>
Equipment under finance leases, net	<u><u>\$ 23,364</u></u>

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE F - LEASES - Continued

Minimum future lease payments under capital leases as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>		
2024	\$	12,805
2025		6,595
2026		4,586
2027		2,651
2028		<u>1,068</u>
Total minimum lease payments		27,705
Less: amount representing interest		<u>(1,136)</u>
Finance leases obligation, net	\$	<u><u>26,569</u></u>

Rent expense incurred for long-term lease facilities and equipment totaled \$501,105 and \$525,844 during the years ended June 30, 2023 and 2022, respectively.

Subsequent to fiscal year end, the Organization entered into two operating leases for building space. Minimum future lease payments from inception through July 2028 total \$577,509.

NOTE G - LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</u>
Note payable with monthly payments of \$994, including interest of 11.25%, due April 2029. The note payable is secured by a vehicle.	\$ 50,761	\$ -
Note payable with monthly payments of \$670, including interest of 4.36%, due March 2026. The note payable is secured by a vehicle.	<u>20,899</u>	<u>27,870</u>
	<u>\$ 71,660</u>	<u>\$ 27,870</u>

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE G - LONG-TERM DEBT - Continued

Current maturities of long-term debt are as follows:

<u>Year ending June 30:</u>	
2024	\$ 13,390
2025	14,796
2026	14,285
2027	9,356
2028	10,438
Thereafter	<u>9,395</u>
	<u>\$ 71,660</u>

NOTE H - DONATED MATERIALS, SERVICES AND FACILITIES

In-kind contributions of \$9,608 was received during the both fiscal years ended June 30, 2023 and 2022 relating to a donated facility. The donated facility is used in the delinquency prevention program and is included in occupancy expense in the statements of functional expenses. The value of the donated facility is estimated based on the fair market value of the rent less amounts remitted by the Organization.

NOTE I - 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. The Organization made discretionary non-elective contributions totaling \$73,460 and \$74,519, during the years ended June 30, 2023 and 2022, respectively.

NOTE J - 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 \$30,515 and \$62,265 to these non-qualified deferred compensation plans for the years ended June 30, 2023 and 2022, respectively.

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE K - 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 L - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2023 as of February 5, 2024 which is the date the financial statements were available to be issued.



SUPPLEMENTARY INFORMATION AND OTHER REPORTS

Bay Area Youth Services, Inc. d/b/a BAYS

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2023

State Grantor/Pass-Through Grantor/Program Title	State CSFA Number	Contract Number	State Expenditures	Transfers to Subrecipients
<b>Department of Juvenile Justice</b>				
Diversion Services	80.022	10433	\$ 3,546,999	\$ -
Diversion Services	80.022	10515	890,463	-
Diversion Services	80.022	10516	961,461	-
Diversion Services	80.022	10683	1,649,741	-
Subtotal Diversion Services			<u>7,048,664</u>	<u>-</u>
Total Department of Juvenile Justice			<u>7,048,664</u>	<u>-</u>
<b>Department of Children and Families</b>				
Passed through Safe Children Coalition, Inc.				
CBC - Purchase of Therapeutic Services for Children	60.183	BYSPR23	235,574	-
Total Department of Children and Families			<u>235,574</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 7,284,238</u>	<u>\$ -</u>

Bay Area Youth Services, Inc. d/b/a BAYS

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2023

NOTE A - 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, 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

Bay Area Youth Services, Inc. d/b/a BAYS

June 30, 2023



RIVERO, GORDIMER & COMPANY, P.A.

Member  
American Institute of Certified Public Accountants  
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Herman V. Lazzara	Michael E. Helton
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Stephen G. Douglas	
Marc D. Sasser, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

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  
Bay Area Youth Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bay Area Youth Services, Inc. (the "Organization"), d/b/a BAYS which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 February 5, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 or significant deficiencies may exist that were not identified.



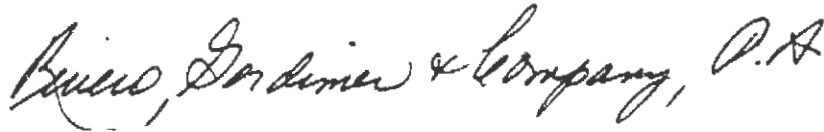
## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 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.

Tampa, Florida  
February 5, 2024

A handwritten signature in cursive script that reads "Bueco, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

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

Bay Area Youth Services, Inc. d/b/a BAYS

June 30, 2023



RIVERO, GORDIMER & COMPANY, P.A.

Member  
American Institute of Certified Public Accountants  
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Cesar J. Rivero, in Memoriam (1942-2017)	

**INDEPENDENT AUDITOR'S 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  
Bay Area Youth Services, Inc.

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

***Opinion on Each Major State Project***

We have audited Bay Area Youth Services, Inc.'s (the "Organization"), d/b/a BAYS, 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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





## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

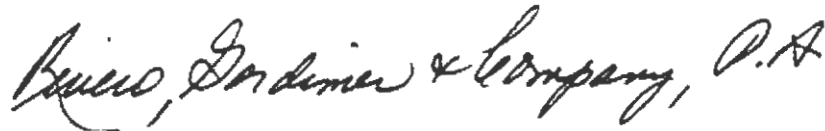
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida  
February 5, 2024

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the typed date and location.

Bay Area Youth Services, Inc. d/b/a BAYS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           yes        X   no

Significant deficiency(ies) identified?

           yes        X   none reported

Noncompliance material to financial statements noted?

           yes        X   no

State Projects

Internal control over major programs:

Material weakness(es) identified?

           yes        X   no

Significant deficiency(ies) identified?

           yes        X   none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656?

           yes        X   no

Identification of major programs:

State Project

CSFA Number

Name of State Project

80.022

Diversion Services

Dollar threshold used to distinguish between

Type A and Type B programs - State programs:

\$          750,000

Section II - Financial Statement Findings

No matters were reported for the year ended June 30, 2023.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended June 30, 2023.

Other Issues

a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).