

Single Audit Reports

For the Year Ended December 31, 2019

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Clark Nuber PS

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

Independent Auditor's Report

To the Board of Directors YouthCare Seattle, Washington

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 YouthCare (the Organization), which comprise the statement of financial position as of December 31, 2019, 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 July 28, 2020.

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) to determine the 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 over financial reporting.

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.



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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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants

Clark Nuber P.S.

July 28, 2020



Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors YouthCare Seattle, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited YouthCare's (the Organization's) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



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Opinion on Each Major Federal Program

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 federal programs for the year ended December 31, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 federal program 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 federal program 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the Organization as of and for the year ended December 31, 2019, and have issued our report thereon dated July 28, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants

Clark Nuber P.S.

July 28, 2020

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award/ Pass-Through Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture:				
Passed Through State of Washington - Office of Superintendent of Public Instruction Child and Adult Care Food Program	10.558	17-160279	\$ -	\$ 17,145
Total Department of Agriculture				17,145
Department of Housing and Urban Development: Passed Through City of Seattle Department of Housing and Human Services- Community Development Block Grants/Entitlement Grants	14.218	Note 3		666,775
Total CFDA 14.218 / CDBG - Entitlement Grants Cluster				666,775
Direct program- Continuum of Care Program	14.267 14.267 14.267 14.267	WA0057L0T001310 WA0057L0T001311 WA0046L0T001310 WA0046L0T001311		83,761 18,145 89,453 61,536
				252,895
Passed Through King County Department of Community and Human Services- Continuum of Care Program	14.267	5989644 Exh IV		416,006
Passed Through City of Seattle Department of Housing and Human Services-				416,006
Continuum of Care Program Continuum of Care Program Continuum of Care Program Continuum of Care Program	14.267 14.267 14.267 14.267	DA17-1065 DA18-1065 DA17-1611 DA18-1611		113,902 41,522 49,980 28,968
Total CFDA 14.267				903,273
Total Department of Housing and Urban Development				1,570,048
Department of Justice: Passed Through International Rescue Committee- Services for Trafficking Victims Services for Trafficking Victims	16.320 16.320	2016-VT-BX-K038 2018-VT-BK-K035		129,759 45,600
Total CFDA 16.320				175,359
Passed Through International Rescue Committee- Crime Victim Assistance Crime Victim Assistance	16.575 16.575	19-312219-206 F17-31219-551		41,626 44,537
Total CFDA 16.575				86,163
Passed Through King County Sexual Assault Resource Center- Consolidated And Technical Assistance Grant Program	16.888	MOU-0VW-2016-9002		31,986
Total CFDA 16.888				31,986
Total Department of Justice				293,508

Schedule of Expenditures of Federal Awards (Continued) For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award/ Pass-Through Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Transportation:				
Passed Through King County Dept of Transportation - Metro Transit- Job Access And Reverse Commute Program	20.516	5956409		17,368
Total Department of Transportation/CFDA 20.516/ Transit Services Program Cluster				17,368
Department of Health and Human Services:				
Passed through Planned Parenthood- Teenage Pregnancy Prevention Program	93.297	None available		24,916
Direct program-				
Transitional Living for Homeless Youth	93.550	90CX7064/05		121,092
Transitional Living for Homeless Youth	93.550	90CX7141/02		152,132
Transitional Living for Homeless Youth	93.550	90CX7141/03		46,713
Total CFDA 93.550				319,937
Passed Through Youth Development Bureau-				
Basic Center Grant	93.623	90CY6830/03		153,186
Basic Center Grant	93.623	90CY7105/01		49,989
Total CFDA 93.623				203,175
Direct program-				
Unaccompanied Alien Children Program	93.676	90ZU0221/02		92,688
Unaccompanied Alien Children Program	93.676	90ZU0221/03		1,748,277
Total CFDA 93.676				1,840,965
Direct program-				
Education and Prevention Grants to Reduce Sexual Abuse of				
Runaway, Homeless and Street Youth	93.557	90YO2237/03		145,047
Education and Prevention Grants to Reduce Sexual Abuse of				
Runaway, Homeless and Street Youth	93.557	90YO2343/01		15,821
Total CFDA 93.557				160,868
Total Department of Health and Human Services				2,549,861
Total Federal Expenditures			\$ -	\$ 4,447,930

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of YouthCare under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of YouthCare, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YouthCare.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. YouthCare has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Loans

YouthCare has one federal loan outstanding that is forgivable or can be extended after 50 years at the expiration of the term of the loan if YouthCare complies with all of the terms and conditions of the loan documents. YouthCare is required to report compliance with the continuing use requirement that the facilities financed with the loans provide services to low and moderate income persons in the specific category of homeless youth. Following is information related to the loan outstanding:

Location	Expiration Date	Original Loan	utstanding at ber 31, 2019
		_	
6610 and 6622 62nd Ave NE, Seattle, WA	July 31, 2067	\$ 666,775	\$ 666,775

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

Section I - Summary of Auditor's Results				
<u>Financial Statements</u>				
Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
- Material weaknesses identified?	Yes	⊠ No		
- Significant deficiencies identified?	Yes	None reported.		
Noncompliance material to financial statements noted?	Yes	⊠ No		
Federal Awards				
Internal control over major programs:				
- Material weaknesses identified?	Yes	⊠ No		
- Significant deficiencies identified?	Yes	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 2 CFR 200.516(a)?	☐ Yes	⊠ No		
Identification of Major Programs				
CFDA Numbers	Name of Federal Program or Cluster			
93.676	Unaccompanied Alien Children Program			
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000			
Auditee qualified as low-risk auditee?		No		

Schedule of Findings and Questioned Costs (Continued) For the Year Ended December 31, 2019

Section II - Financial Statement Findings

No matters were reported.

Section III - Findings and Questioned Costs for Federal Awards

No matters were reported.



BOARD OF DIRECTORS

Board Chair

Karen F. Jones, JD

Community Advocate Section I - Prior Year Financial Statement Findings

Guidance but did not update its written policy.

Board Secretary

No matters were reported.

Erin Coomer Community Advocate

Section II - Prior Year Federal Award Findings and Questioned Costs

Board Treasurer

J.D. Kritser Ranch Creek Partners Finding 2018-001: Significant Deficiency in Compliance and Internal Controls Over Compliance for Eligibility

Requirements, Cost Principles and Audit Requirement for Federal Awards (Uniform Guidance) Subpart D -

Organization had appropriate procedures for procurement to conform to the requirements in the Uniform

Post Federal Award Requirements Section 200.318, "nonfederal entities must use its own documented

procurement procedures which reflect applicable State, local and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part." The

Metzler Real Estate

Condition/Context for Evaluation Beau August Per procurement standards contained in Title 2 US Code of Federal Regulations Uniform Administrative

Current Year Status

Correction action was taken.

Justice Bobbe Bridge (retired) Center for Children & Youth Justice

> Richard de Sam Lazaro Expedia Group

Rep. Mary Lou Dickerson (retired)

Community Advocate

Stephanie Fiano Forum Solutions LLC

Carmen Hudson Recruiting Toolbox

> Microsoft Mellicia Marx

Ann Johnson

Poplin Style Direction Alyssa Mehl Alcantara

Seneca Group

Robert W. Overell, PhD FBV Consulting

Francesca Peri Starbucks Coffee Company

> Pashtana Rahman Seattle Bank

Ken Robertson One Eighty/Leisure Care

Mark Solomon Seattle Police Department

> Hugh Straley, MD Community Advocate

Matthew Turetsky, JD Matt Turetsky Mediation/Arbitration PLLC

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