



Single Audit Reports

For the Year Ended December 31, 2020

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**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
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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2021.

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.

Clark Nuber P.S.

Certified Public Accountants
November 30, 2021

**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
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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we did identify a deficiency in internal control over compliance, described in the accompanying schedules of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2020, and have issued our report thereon dated November 30, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of 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.

Clark Nuber P.S.

Certified Public Accountants
November 30, 2021

YOUTH CARE

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing 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	\$ -	\$ 16,338
Total Department of Agriculture				16,338
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 4		666,775
COVID - 19 Community Development Block Grants/Entitlement Grants	14.218	DA20-1267		196,433
Total CFDA 14.218 / CDBG - Entitlement Grants Cluster				863,208
Direct program-				
Continuum of Care Program	14.267	WA0057L0T001311		86,674
Continuum of Care Program	14.267	WA0057L0T001312		26,707
Continuum of Care Program	14.267	WA0046L0T001311		61,777
Continuum of Care Program	14.267	WA0046L0T001312		66,396
Passed Through King County Department of Community and Human Services- Continuum of Care Program	14.267	6117247 Exh IV		133,145
Passed Through City of Seattle Department of Housing and Human Services- Continuum of Care Program	14.267	DA17-1065		110,112
Continuum of Care Program	14.267	DA18-1065		44,307
Continuum of Care Program	14.267	DA17-1611		48,791
Continuum of Care Program	14.267	DA18-1611		44,500
Total CFDA 14.267				622,409
Passed Through King County Dept of Community & Human Services- King County Dept of Community & Human Services Continuum of Care Program	14.276	5989644 Exh IV		459,043
Total Department of Housing and Urban Development				1,944,660
Department of Justice:				
Passed Through International Rescue Committee- Services for Trafficking Victims	16.320	2019-VT-BX-0104		91,789
Services for Trafficking Victims	16.320	2018-VT-BK-K035		38,489
Total CFDA 16.320				130,278
Passed Through International Rescue Committee- Crime Victim Assistance	16.575	19-312219-206		23,040
Crime Victim Assistance	16.575	F17-31219-551		36,929
Crime Victim Assistance	16.575	F19-31219-511		21,891
Total CFDA 16.575				81,860
Total Department of Justice				212,138

See independent auditor's report and notes to schedule of expenditures of federal awards.

YOUTHCARE

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing 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		17,233
Total Department of Transportation/CFDA 20.516/ Transit Services Program Cluster				17,233
Department of the Treasury:				
Passed Through King County Department of Community and Human Services- COVID-19 Coronavirus Relief Fund	21.019	6065164 Exh IX		17,749
Passed Through City of Seattle Department of Human Services- COVID-19 Coronavirus Relief Fund	21.019	DA20-1271		75,769
COVID-19 Coronavirus Relief Fund	21.019	DA20-1268		108,495
				184,264
Passed Through YMCA of Greater Seattle- COVID-19 Coronavirus Relief Fund	21.019	21-4614C-213		576,997
Total Department of Treasury/CFDA 21.019				779,010
Department of Health and Human Services:				
Passed through Planned Parenthood- Teenage Pregnancy Prevention Program	93.297	None Available		641
Direct program- Demonstration Grants for Domestic Victims of Human Trafficking	93.327	90TV0030/01		27,595
Direct program- Transitional Living for Homeless Youth	93.550	90CX7141/03		177,229
Transitional Living for Homeless Youth	93.550	90CX7141/04		53,617
Total CFDA 93.550				230,846
Passed Through Youth Development Bureau- Basic Center Grant	93.623	90CY7105/01		150,011
Basic Center Grant	93.623	90CY7105/02		41,418
Total CFDA 93.623				191,429
Direct program- Unaccompanied Alien Children Program	93.676	90ZU0221/02		191,914
Unaccompanied Alien Children Program	93.676	90ZU0221/03		1,304,182
Total CFDA 93.676				1,496,096
Direct program- Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90YO2343/01		45,435
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90YO2343/02		19,791
Total CFDA 93.557				65,226
Total Department of Health and Human Services				2,011,833
Total Federal Expenditures			\$ -	\$ 4,981,212

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report.

YOUTHCARE

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

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, 2020. 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:

<u>Location</u>	<u>Expiration Date</u>	<u>Original Loan</u>	<u>Outstanding at December 31, 2020</u>
6610 and 6622 62nd Ave NE, Seattle, WA	July 31, 2067	\$ 666,775	\$ 666,775

YOUTHCARE

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020**

Section I - Summary of Auditor's Results

Financial Statements

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
12.019 93.550 14.218	Coronavirus Relief Fund Transitional Living for Homeless Youth CDBG Entitlement Grants Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

YOUTHCARE

Schedule of Findings and Questioned Costs (Continued) For the Year Ended December 31, 2020

Section II - Financial Statement Findings

No matters were reported.

Section III - Findings and Questioned Costs for Federal Awards

Finding 2020-001

Significant deficiency in internal controls related to allowable costs.

Federal Agencies: Department of Housing and Urban Development
Program Title: CDBG Entitlement Grants Cluster
CFDA Number: 14.218
Award Title: COVID-19 Pandemic Outbreak Response
Award Numbers: DA10-1267

Criteria

Per allowable cost principle requirements contained in Uniform Guidance, Chapter 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 200.403, costs must “be adequately documented” in order to be allowable under federal awards.

Condition/Context

The Organization’s internal control over allowable costs management includes a review and approval of all costs by the appropriate program manager or supervisor. During our testing, we noted 3 out of 25 selections did not have documentation supporting the review and approval. Our sample was not a statistical sample.

The Organization implemented a new credit card program and the 3 selections that did not have documentation were related to these transactions.

Questioned Costs

\$600

Cause

The Organization’s internal controls over allowable costs were not sufficient in order to ensure compliance with the standards.

Effect/Potential Effect

The effect is that the review and approval of costs charged to the federal award cannot be verified by supporting documentation.

Repeat Finding

Not applicable.

Recommendation

We recommend management ensure adequate documentation is retained to verify the review and approval process for all costs charged to federal awards.

Views of Responsible Officials

Management agrees with the finding and has provided the accompanying corrective action plan.

YOUTHCARE

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020**

Section I - Prior Year Financial Statement Findings

No matters were reported.

Section II - Prior Year Federal Award Findings and Questioned Costs

No matters were reported.



ENGAGEMENT



EARLY INTERVENTION & SPECIALIZED SERVICES



SHELTER & HOUSING



EDUCATION



EMPLOYMENT

Management's Corrective Action Plan For the Year Ended December 31, 2020

Finding Number 2020-001

Contact Person(s) and responsible person:

Mariam Abarientos

Director of Finance

Mariam.Abarientos@youthcare.org

Explanation and specific reasons for disagreement with the audit finding or that corrective action is not required (if applicable):

No disagreement.

Corrective action planned:

- 1) Implement annual mandatory training for managers of the new credit card approval process to prevent missing the check box that indicates approval documentation in the credit card portal.
- 2) Additional internal review by a separate accounting staff to ensure all manager approvals are documented prior to processing.
- 3) Monthly internal audit of prior period transactions to ensure completeness of approval documentation.

Anticipated completion date: April 2022

SUPPORTED BY

