



Single Audit Reports

For the Year Ended December 31, 2022

Table of Contents

	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 - 2
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	3 - 6
Schedule of Expenditures of Federal Awards	7 - 8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10 - 11
Corrective Action Plan	
Summary Schedule of Prior Audit Findings	

**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, 2022, 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 September 26, 2023.

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 may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022 - 001 that we consider to be a significant deficiency.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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

THE ORGANIZATION'S RESPONSE ON FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
September 26, 2023

**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

Opinion on Each Major Federal Program

We have audited YouthCare's (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. 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.

In our opinion, the Organization's complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

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 federal programs.

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 the Uniform Guidance, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, and have issued our report thereon dated September 26, 2023, 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
September 26, 2023

YOUTHCARE

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

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	\$ -	\$ 21,563
Total Department of Agriculture				21,563
Department of Housing and Urban Development:				
Passed Through City of Seattle Department of Housing and Human Services- CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	Note 3		666,775
Total CDBG-Entitlement Grants Cluster				666,775
Direct program-				
Continuum of Care Program	14.267	WA0057L0T002013		76,534
Continuum of Care Program	14.267	WA0057L0T002114		27,181
Continuum of Care Program	14.267	WA0046L0T002013		97,209
Continuum of Care Program	14.267	WA0046L0T002114		89,679
Passed Through King County Department of Community and Human Services-				
Continuum of Care Program	14.267	6207971 Exh IV		317,403
Continuum of Care Program	14.267	DA-187		43,746
Passed Through City of Seattle Department of Housing and Human Services-				
Continuum of Care Program	14.267	DA-112		120,323
Continuum of Care Program	14.267	DA-41		32,495
Total Assistance Listing No. 14.267				804,570
Total Department of Housing and Urban Development				1,471,345
Department of Justice:				
Passed Through International Rescue Committee-				
Services for Trafficking Victims	16.320	2019-VT-BX-0104		241,933
Services for Trafficking Victims	16.320	2020-VT-BX-0002		78,633
Services for Trafficking Victims	16.320	2018-VT-BK-K035		27,291
Passed Through Office for Civil Rights, Office of Justice Programs-				
Services for Trafficking Victims	16.320	15POVC-22-GG-03855-HT		22,990
Total Assistance Listing No. 16.320				370,847
Passed Through International Rescue Committee-				
Crime Victim Assistance	16.575	F19-31219-511		50,048
Total Department of Justice				420,896
Department of Transportation:				
Passed Through King County Dept of Transportation - Metro Transit- Transit Services Program Cluster				
Job Access And Reverse Commute Program	20.516	5956409		16,175
Total Department of Transportation/Assistance Listing No. 20.516/ Transit Services Program Cluster				16,175

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, 2022

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 the Treasury:				
Passed Through King County Department of Community and Human Services- Emergency Rental Assistance Program Rental Eviction Program	21.023	EPRAP01		126,131
Passed Through King County Regional Homeless Authority- Coronavirus State and Local Fiscal Recovery Funds	21.027	DA-175		36,364
Coronavirus State and Local Fiscal Recovery Funds	21.027	DA-176		236,364
Coronavirus State and Local Fiscal Recovery Funds	21.027	DA-143		454,545
Total Department of Treasury				853,404
Department of Education:				
Passed through Washington State Office of Superintendent of Public Instruction- COVID-19 Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	131073		251,100
Total Department of Education/Assistance Listing No. 84.425U				251,100
Department of Health and Human Services:				
Direct program-				
Demonstration Grants for Domestic Victims of Human Trafficking	93.327	90TV0030/02		240,661
Demonstration Grants for Domestic Victims of Human Trafficking	93.327	90TV0030/03		63,085
Total Assistance Listing No. 93.327				303,745
Direct program-				
Transitional Living for Homeless Youth	93.550	90CX7141/05		146,234
Transitional Living for Homeless Youth	93.550	90CX7457/01		62,534
Total Assistance Listing No. 93.550				208,768
Passed Through Youth Development Bureau-				
Basic Center Grant	93.623	90CY7105/03		173,750
Basic Center Grant	93.623	90CY7433/01		45,970
Total Assistance Listing No. 93.623				219,720
Direct program-				
Unaccompanied Alien Children Program	93.676	90ZU0339/02		197,883
Unaccompanied Alien Children Program	93.676	90ZU0339/03		2,112,317
Total Assistance Listing No. 93.676				2,310,200
Direct program-				
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90Y02343/03		116,567
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90Y02479/01		3,878
Total Assistance Listing No. 93.557				120,445
Total Department of Health and Human Services				3,162,878
Department of Homeland Security:				
Passed Through United Way-				
Emergency Food and Shelter National Board Program	97.024	Phase 39		62,500
Total Department of Homeland Security/Assistance Listing No. 97.024				62,500
Total Federal Expenditures			\$ -	\$ 6,259,861

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, 2022

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, 2022. 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. The expiration date of the loan is July 31, 2067. The total outstanding loan balance for the years ended December 31, 2022 was \$666,775.

YOUTHCARE

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

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

CFDA Numbers

84.425U

93.676

Name of Federal Program or Cluster

COVID-19 Education Stabilization Fund under the
Coronavirus Aid, Relief and Economic Security Act
Unaccompanied Alien Children Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

YOUTHCARE

Schedule of Findings and Questioned Costs (Continued) For the Year Ended December 31, 2022

Section II - Financial Statement Audit Findings

Finding 2022-001

Significant deficiency in internal control over financial reporting and net assets with donor restrictions reconciliation.

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Accounting principles generally accepted in the United States of America requires net assets subject to donor-imposed stipulations to be accounted for and reported as net assets with donor restrictions.

Questioned Costs

None.

Cause

The Organization's internal controls over financial reporting did not ensure that contributions with donor-imposed stipulations were included in net assets with donor restrictions as it related to donations restricted for time and the capital campaign.

Effect

Certain time and purpose restricted contributions were not included by management as part of net assets with donor restrictions as of December 31, 2022.

Repeat Finding

Not applicable.

Recommendation

We recommend management develop internal controls over contributions to ensure that all contributions subject to donor-imposed stipulations are included as part of net assets with donor restrictions.

Views of Responsible Officials and Corrective Action Plan

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

Section III - Federal Award Audit Findings and Questioned Costs

No matters reported.

**Management's Corrective Action Plan
For the Year Ended December 31, 2022**



ENGAGEMENT

Finding Number 2022-001

Contact Person(s):

**Sophia Hernandez, Chief Financial Officer
Sophia.Hernandez@youthcare.org**



**EARLY INTERVENTION &
SPECIALIZED SERVICES**

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

No disagreement.

Corrective action taken:

**Develop cross-functional partnerships with both Development and Programs to
establish a restricted funding reconciliation process. This will include monthly
procedures as well as quarterly team meetings. To be established by September
30th 2023.**

Anticipated completion date: In Process



SHELTER & HOUSING



EDUCATION



EMPLOYMENT



ENGAGEMENT



EARLY INTERVENTION & SPECIALIZED SERVICES



SHELTER & HOUSING



EDUCATION



EMPLOYMENT

Summary Schedule of Prior Audit Findings

Section II - Financial Statement Audit Findings

Finding 2021-001

Material weakness in internal control over financial reporting and general ledger account reconciliation.

Condition/Context for Evaluation

During the audit for the year ended December 31, 2021, it was determined that a \$1,000,000 unconditional promise to give in three year installments commencing December 2021 through December 2023 should have been recorded as a pledge receivable as of December 31, 2020. As a result, a prior period adjustment was recorded to properly state pledges receivable as of December 31, 2020.

Recommendation

We recommend management ensure that internal controls over include a review of all pledges from donors to determine proper accounting treatment.

Current Year Status

Management confirmed action plan on this finding has been completed. The finding is not repeated in 2022.

Section III - Federal Award Audit Findings and Questioned Costs

No matters reported.