

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

**FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**



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**Florida Network of Youth and Family Services, Inc.**  
**Table of Contents**  
**June 30, 2019 and 2018**

**REPORT**

Independent Auditors' Report	1
------------------------------	---

**FINANCIAL STATEMENTS**

Statements of Financial Position	3
----------------------------------	---

Statements of Activities	4
--------------------------	---

Statements of Functional Expenses	5
-----------------------------------	---

Statements of Cash Flows	7
--------------------------	---

Notes to Financial Statements	8
-------------------------------	---

**SUPPLEMENTARY INFORMATION**

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 <i>Government Auditing Standards</i>	16
---	----

Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required Chapter 10.650, <i>Rules of the Auditor General</i>	18
--	----

Schedule of Expenditures of State Financial Assistance	20
--	----

Notes to Schedule of Expenditures of State Financial Assistance	21
---	----

Schedule of Findings and Questioned Costs – State Financial Assistance	22
--	----



# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Management  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Network of Youth and Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Network of Youth and Family Services, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 10 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

February 7, 2020



# FINANCIAL STATEMENTS

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

<i>June 30,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,071,783	\$ 3,033,174
Contracts receivable	300,800	1,193,204
Dues receivable	20,201	98,055
Other receivable	30,685	51,013
Prepaid expenses	42,462	16,067
Total current assets	4,465,931	4,391,513
Investments	348,913	328,136
Property and equipment, net	332,670	347,944
Total assets	\$ 5,147,514	\$ 5,067,593
<b>Liabilities and Net Assets</b>		
Current liabilities		
Contracts payable	\$ 3,150,798	\$ 3,486,415
Accounts payable	92,063	153,209
Due to Department of Juvenile Justice	56,381	1,115
Deferred revenue	393,301	-
Accrued liabilities	311,230	224,766
Total current liabilities	4,003,773	3,865,505
Net assets		
Without donor restrictions	1,143,741	1,202,088
Total liabilities and net assets	\$ 5,147,514	\$ 5,067,593

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

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

<i>Years ended June 30,</i>	<b>2019</b>	2018
<b>Revenue and support</b>		
Contract revenue	\$ 41,084,538	\$ 39,226,201
Member agency dues	413,844	418,009
Lease income	-	5,611
Interest income	12,495	5,844
Other income	21,312	5,874
Total revenue and support	<b>41,532,189</b>	39,661,539
<b>Expenses</b>		
Program services	41,048,189	39,178,503
Supporting services - general and administrative	542,347	472,383
Total expenses	<b>41,590,536</b>	39,650,886
<b>Change in net assets without donor restrictions</b>	<b>(58,347)</b>	10,653
<b>Net assets, beginning of year</b>	<b>1,202,088</b>	1,191,435
<b>Net assets, end of year</b>	<b>\$ 1,143,741</b>	\$ 1,202,088

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

**Florida Network of Youth and Family Services, Inc.**  
**Statement of Functional Expenses**

<i>Year ended June 30, 2019</i>	Program Services	Supporting Services - General and Administrative	Total
<b>Direct service funds distributed to agencies:</b>			
Children/families in need of services	\$ 35,861,305	\$ -	\$ 35,861,305
Staff retention	442,387	-	442,387
Title IV-E	747,095	-	747,095
Respite	1,287,234	-	1,287,234
<b>Total direct service funds distributed to agencies</b>	<b>38,338,021</b>	<b>-</b>	<b>38,338,021</b>
Salaries and related benefits	1,142,603	173,943	1,316,546
Medcards	408,647	-	408,647
Contract management	353,492	-	353,492
Contractual and professional	70,224	170,175	240,399
Board events and travel	148,339	68,888	217,227
Specialty training	173,761	-	173,761
Payroll taxes	71,069	10,711	81,780
Retirement	63,038	8,198	71,236
Dues	41,174	22,133	63,307
Direct services - physically secure youth	60,500	-	60,500
Miscellaneous	23,681	28,181	51,862
Furniture and equipment	32,861	10,821	43,682
Office supplies and other office expenses	22,752	5,692	28,444
Printing and publications	25,099	1,723	26,822
Organizational support	19,127	2,169	21,296
Telecommunications	18,329	4,492	22,821
Repairs and maintenance	11,811	3,001	14,812
Insurance	15,219	1,686	16,905
Depreciation	-	15,274	15,274
Conference expenses	-	5,448	5,448
Donations and conference contribution	-	8,695	8,695
Utilities	7,759	918	8,677
Postage	683	199	882
<b>Total expenses</b>	<b>\$ 41,048,189</b>	<b>\$ 542,347</b>	<b>\$ 41,590,536</b>

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

**Florida Network of Youth and Family Services, Inc.**  
**Statement of Functional Expenses**  
**(Continued)**

<i>Year ended June 30, 2018</i>	Program Services	Supporting Services - General and Administrative	Total
<b>Direct service funds distributed to agencies:</b>			
Children/families in need of services	\$ 34,532,702	\$ -	\$ 34,532,702
Title IV-E	749,999	-	749,999
Respite	1,281,767	-	1,281,767
<b>Total direct service funds distributed to agencies</b>	<b>36,564,468</b>	<b>-</b>	<b>36,564,468</b>
Salaries and related benefits	1,050,899	72,066	1,122,965
Medcards	395,574	-	395,574
Contract management	353,819	-	353,819
Contractual and professional	111,428	156,019	267,447
Board events and travel	165,907	91,716	257,623
Direct services - physically secure youth	123,750	-	123,750
Specialty training	79,831	-	79,831
Payroll taxes	60,064	8,403	68,467
Retirement	58,511	4,476	62,987
Miscellaneous	24,377	33,452	57,829
Dues	27,666	28,204	55,870
Organizational support	46,499	3,570	50,069
Office supplies and other office expenses	21,171	15,781	36,952
Printing and publications	34,014	221	34,235
Telecommunications	14,076	5,939	20,015
Repairs and maintenance	10,462	9,099	19,561
Insurance	14,771	3,207	17,978
Furniture and equipment	11,355	5,123	16,478
Depreciation	-	13,800	13,800
Conference expenses	-	12,635	12,635
Utilities	7,416	1,628	9,044
Postage	2,445	3,794	6,239
Donations and conference contribution	-	3,250	3,250
<b>Total expenses</b>	<b>\$ 39,178,503</b>	<b>\$ 472,383</b>	<b>\$ 39,650,886</b>

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

**Florida Network of Youth and Family Services, Inc.**  
**Statements of Cash Flows**

<i>Years ended June 30,</i>	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Change in net assets	\$ (58,347)	\$ 10,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,274	13,800
(Increase) decrease in:		
Contracts receivable	892,404	(434,720)
Dues receivable	77,854	(79,025)
Other receivable	20,328	(15,486)
Prepays	(26,395)	1,265
Increase (decrease) in:		
Accounts payable	(61,146)	92,468
Contracts payable	(335,617)	593,616
Accrued liabilities	86,464	48,084
Deferred revenue	393,301	(130,986)
Due to Department of Juvenile Justice	55,266	1,115
<b>Net cash provided by operating activities</b>	<b>1,059,386</b>	<b>100,784</b>
<b>Investing activities</b>		
Purchase of investments	(83,777)	(69,062)
Proceeds from sale of investments	63,000	128,250
Purchase of property and equipment	-	(14,992)
<b>Net cash (used in) provided by investing activities</b>	<b>(20,777)</b>	<b>44,196</b>
<b>Net change in cash and cash equivalents</b>	<b>1,038,609</b>	<b>144,980</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,033,174</b>	<b>2,888,194</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,071,783</b>	<b>\$ 3,033,174</b>

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

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

### NOTE 1 – NATURE OF BUSINESS

Florida Network of Youth and Family Services, Inc. (Florida Network) is a statewide organization providing assistance and guidance to member agencies through youth advocacy, information sharing, technical assistance and resource development. Florida Network, through a contract with the Florida Department of Juvenile Justice, also performs contract management services for the Children/Families in Need of Services (CINS/FINS) program and provides funding to CINS/FINS provider agencies. Florida Network is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and has not been classified as a private foundation under Section 509(a).

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies and reporting practices followed by Florida Network in the preparation of its financial statements is set forth below:

#### ***Financial Statement Presentation***

Florida Network'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.

Florida Network reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are revenues available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Florida Network, the environment in which it operates, the purpose specified in its corporate documents and its application for exempt-status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations. Net assets with donor restrictions are limited by donor-imposed time and/or purpose restrictions. As of June 30, 2019 and 2018, there were no net assets with donor restrictions. There are no net assets with donor restrictions as of June 30, 2019 and 2018.

#### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, Florida Network considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is maintained in a financial institution located in Tallahassee, Florida. Cash balances are collateralized by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019 and 2018, cash balances exceeded the FDIC limit by \$4,014,533 and \$2,968,045, respectively; however, Florida Network manages these risks by maintaining deposits in high quality financial institutions.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

Contracts receivable consist of reimbursements due from the State of Florida, Department of Juvenile Justice (DJJ). Dues and other receivables consist of amounts due for monthly dues and services provided. Receivables are stated at the amount management expects to collect. Management determines the allowance for doubtful accounts based on factors including experience and the current economic environment. Bad debts are charged against the allowance when deemed uncollectible. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. There was no bad debt expense for the years ended June 30, 2019 and 2018.

***Property and Equipment, Net***

Florida Network capitalizes acquisitions of property, plant and equipment having a useful life of more than one year and a cost of at least \$3,000. Property and equipment are recorded at cost if purchased, and at fair market value if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from three to five years for furniture and equipment and thirty-seven to forty years for buildings. Expenditures for maintenance and repairs are expensed as incurred; betterments which extend the useful life of the related assets are capitalized.

***Income Taxes***

The Florida Network utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of June 30, 2019 and 2018, the Florida Network had no uncertain tax provisions that qualify for either recognition or disclosure in the financial statements.

Florida Network operates as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on income that is related to its exempt purposes.

There were no unrelated business income taxes for the years ended June 30, 2019 and 2018.

***Grant Revenue***

Florida Network performs administrative and coordination services for specified agencies under a contract with DJJ and provides for training, quality assurance and information system programs to these agencies. These services are provided by Florida Network under a fixed price contract based on units of service delivered with DJJ. The contracts are performance-based with specified program outputs and evaluation measures; therefore, revenues are recognized as services are provided.



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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Grant Revenue (Continued)***

Amounts earned but not received are reported as grants receivable. Amounts received but not yet spent are reported as deferred revenue. Any unused funds at the end of the grant contract period must be returned to DJJ.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The allocation is based on a combination of direct and indirect allocation of expenses as detailed in the Cost Allocation Plan (CAP). Indirect and/or shared expenses are allocated using either employee time records or square footage of the building, which is management's best estimate of level of effort.

***Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

***Investments***

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, investments in equity and debt securities with readily determinable market values are measured at fair value in the statements of financial position. Investment income, including realized and unrealized gains and losses, interest and dividends, is included in the statements of activities as a change in net assets without donor restrictions.

At June 30, 2019 and 2018, investments in fixed income securities are recorded at fair market value.

***Reclassifications***

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

***Subsequent Events***

Florida Network has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

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

**NOTE 3 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following:

<i>June 30,</i>	<b>2019</b>	<b>2018</b>
Building	\$ <b>352,670</b>	\$ 347,443
Furniture and equipment	<b>38,931</b>	45,578
Total depreciable property and equipment	<b>391,601</b>	393,021
Less accumulated depreciation	<b>(244,681)</b>	(230,827)
Depreciable property and equipment, net	<b>146,920</b>	162,194
Land	<b>185,750</b>	185,750
Property and equipment, net	<b>\$ 332,670</b>	\$ 347,944

Depreciation expense for the years ended June 30, 2019 and 2018 was \$15,274 and 13,800, respectively.

**NOTE 4 – SUPPORT FROM GOVERNMENTAL AGENCIES**

Florida Network received 99% of its support and revenue from government contracts during each of the years ended June 30, 2019 and 2018. Contracts are generally renewed and/or renegotiated annually. Income is earned on a performance/expenditure or time period basis; that is, income is recognized to the extent services are provided or expenditures are made in the specified timeframe. Contracts receivable as of June 30, 2019 and 2018 were \$300,800 and \$1,193,204, respectively.

**NOTE 5 – RETIREMENT**

The Florida Network offers a 401(k) Safe Harbor Plan. Employees are fully vested upon joining the Plan. The Network will match the employees' retirement contributions up to 3%. Amounts contributed over 3%, but not over 5%, will be matched by the Florida Network at 50% of the contribution between 3% and 5%. At the Board's discretion an additional 3.5% may be contributed without employee matching. The contributions for the years ended June 30, 2019 and 2018 were \$71,236 and \$62,987, respectively, and are accrued and funded on a current basis.

**NOTE 6 – CONTINGENCIES**

Grant revenue consists of federal and state assisted grant programs that are subject to review and audit by the grantor agency. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the grant agreement and applicable federal and state regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal and state audit may result in repayment of funds received by Florida Network from the grantor agency.

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

**NOTE 7 – COMMITMENTS**

The Florida Network leases office equipment and medcarts under operating lease agreements. The lease agreements end at different times through September 2021.

Future minimum rental payments under lease commitments are as follows:

<i>Years ending June 30,</i>	
2020	\$ 369,152
2021	366,230
2022	91,314
<b>Total minimum rentals</b>	<b>\$ 826,696</b>

Lease expense totaled \$420,296 and \$416,066 for the years ended June 30, 2019 and 2018, respectively.

In the normal course of business, the Florida Network enters into contracts and agreements. As of June 30, 2019 and 2018, the Florida Network had an open contractual service agreement related to on-site monitoring of subrecipients that expires June 30, 2020. Management does not intend to terminate the agreement.

**NOTE 8 – INVESTMENTS**

Investments consisted of the following:

<i>June 30,</i>	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>FMV</b>	<b>Cost</b>	<b>FMV</b>
Fixed income securities	<b>\$ 345,701</b>	<b>\$ 348,913</b>	\$ 333,502	\$ 328,136
<b>Total</b>	<b>\$ 345,701</b>	<b>\$ 348,913</b>	\$ 333,502	\$ 328,136

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That 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 FASB ASC 820 are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

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

**NOTE 8 – INVESTMENTS (CONTINUED)**

Level 3 – Significant unobservable inputs.

The asset’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 inputs and minimize the use of unobservable inputs.

Fair values of investments measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Level 1	Level 2	Level 3
<b>Fixed income securities</b>	\$ 348,914	\$ -	\$ 289,436	\$ 59,478
<b>Total</b>	<b>\$ 348,914</b>	<b>\$ -</b>	<b>\$ 289,436</b>	<b>\$ 59,478</b>

Fair values of investments measured on a recurring basis at June 30, 2018 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Fixed income securities	\$ 328,136	\$ -	\$ 270,482	\$ 57,654
<b>Total</b>	<b>\$ 328,136</b>	<b>\$ -</b>	<b>\$ 270,482</b>	<b>\$ 57,654</b>

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Florida Network’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

<i>June 30,</i>	2019	2018
Cash and cash equivalents	\$ 4,071,783	\$ 3,033,174
Contracts receivable	300,800	1,193,204
Dues receivable	20,201	98,055
Other receivable	30,685	51,013
Investments	348,913	328,136
Financial assets available to meet cash needs for general expenditure within one year	<b>\$ 4,772,382</b>	<b>\$ 4,703,582</b>

Florida Network has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations as they come due. As part of its liquidity management, Florida Network invests cash in excess of daily requirements in certificates of deposit, which are available to be drawn upon in the event of financial need.



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

### NOTE 10 – RECENTLY ADOPTED ACCOUNTING GUIDANCE

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which addresses financial reporting for not-for-profit organizations. The key elements of the ASU are as follows:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions will be required.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.
- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the statement of financial position date.
- The indirect or direct method of presenting the statement of cash flows will be allowed. However, the presentation or disclosure of indirect method reconciliation is not required when using the direct method.

When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.

Several reporting requirements related to expenses are included, as follows:

- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
- Disclosure of expenses netted with investment return
- Enhanced disclosures regarding cost allocations

ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

The ASU was effective for Florida Network beginning July 1, 2018, and applicable portions of the guidance have been applied to the Florida Network's financial statements for the year ended June 30, 2019.

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

**NOTE 11 – ACCOUNTING GUIDANCE NOT YET ADOPTED**

***Accounting Standards Update 2014-09***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. Florida Network is currently evaluating the impact of the guidance on its financial statements.

***Accounting Standards Update 2016-02***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. Florida Network is currently evaluating the impact of the guidance on its financial statements.

***Accounting Standards Update 2016-01***

In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-01, *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. For non-public entities, the ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Florida Network is currently evaluating the impact of the guidance on its financial statements.

***Accounting Standards Update 2018-13***

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The guidance modifies the disclosure requirements on fair value by removing some requirements, modifying others, adding changes in unrealized gains and losses included in other comprehensive income (loss) (“OCI”) for recurring Level 3 fair value measurements, and providing the option to disclose certain other quantitative information with respect to significant unobservable inputs in lieu of a weighted average. Florida Network is currently evaluating the impact of the guidance on its financial statements.



**SUPPLEMENTARY INFORMATION**



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

To the Board of Directors  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Network of Youth and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 February 7, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florida Network of Youth and Family Services, Inc.'s internal control over financial reporting (internal control) 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 Florida Network of Youth and Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Network of Youth and Family Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Florida Network of Youth and Family Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

February 7, 2020



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

To the Board of Directors  
Florida Network of Youth and Family Services, Inc.  
Tallahassee, Florida

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

We have audited Florida Network of Youth and Family Services, Inc.'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on Florida Network of Youth and Family Services, Inc.'s major state project for the year ended June 30, 2019. Florida Network of Youth and Family Services, Inc.'s major state project is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the State statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state project.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for Florida Network of Youth and Family Services, Inc.'s major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Rules of the Auditor General). Those standards and the Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Florida Network of Youth and Family Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of Florida Network of Youth and Family Services, Inc.'s compliance.

## Opinion on the Major State Project

In our opinion, Florida Network of Youth and Family Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of Florida Network of Youth and Family Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Network of Youth and Family Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with the Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Network of Youth and Family Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
February 7, 2020

**Florida Network of Youth and Family Services, Inc.  
 Schedule of Expenditures of State Financial Assistance  
 Year Ended June 30, 2019**

Grantor/Pass Through Grantor/ Project Title	CSFA Number	Contract Number	Expenditures	Transfers to subrecipients
<u>STATE</u>				
State of Florida, Department of Juvenile Justice				
Children and Families in Need of Services	80.005	10128/D2055	\$ 40,301,094	\$ 37,590,926
Total expenditures of state financial assistance			\$ 40,301,094	\$ 37,590,926

*See Independent Auditors' Report and the accompanying notes to  
 the Schedule of Expenditures of State Financial Assistance.*

**Florida Network of Youth and Family Services, Inc.**  
**Notes to Schedule of Expenditures of**  
**State Financial Assistance**  
**Year Ended June 30, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the Florida Network of Youth and Family Services, Inc. The information in the schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. Certain programs of Florida Network of Youth and Family Services, Inc. have federal as well as state-funded components; however, total federal expenditures were less than the threshold that requires a single audit under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 – BASIS OF ACCOUNTING**

The schedule was prepared on the accrual basis of accounting.

**NOTE 3 – CONTINGENCIES**

Grant monies received and disbursed by the Florida Network of Youth and Family Services, Inc. are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Florida Network of Youth and Family Services, Inc. does not believe that such disallowance, if any, would have a material effect on the financial position of the Florida Network of Youth and Family Services, Inc. As of June 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 4 – NONCASH ASSISTANCE**

The Florida Network of Youth and Family Services, Inc. did not receive any state noncash assistance for the year ended June 30, 2019.

**NOTE 5 – SUBRECIPIENTS**

Transfers to subrecipients are included in the expenditures shown on the Schedule of Expenditures of State Financial Assistance.

**Florida Network of Youth and Family Services, Inc.  
 Schedule of Findings and Questioned Costs-  
 State Financial Assistance  
 Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | No         |

*State Financial Assistance:*

- |  |  |                      |        |  |  |
|--|--|----------------------|--------|--|--|
| 1. Type of auditors’ report issued on compliance for major project   | Unmodified                               |                      |        |  |  |
| 2. Internal control over major project:  |  |                      |        |  |  |
| a. Material weaknesses identified?   | No                                       |                      |        |  |  |
| b. Significant deficiencies identified not considered to be material weaknesses?   | None noted                               |                      |        |  |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ?  | None noted                               |                      |        |  |  |
| 4. Identification of major projects:   |  |                      |        |  |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%;"><u>CSFA Number</u></td> <td style="text-align: center; width: 50%;"><u>State Project</u></td> </tr> <tr> <td style="text-align: center;">80.005</td> <td style="text-align: center;">Children and Families in Need of Service</td> </tr> </table> | <u>CSFA Number</u>                       | <u>State Project</u> | 80.005 | Children and Families in Need of Service |  |
| <u>CSFA Number</u>   | <u>State Project</u>                     |                      |        |  |  |
| 80.005   | Children and Families in Need of Service |                      |        |  |  |
| 5. Dollar threshold used to distinguish between type A and type B projects:  | \$1,208,733                              |                      |        |  |  |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS**

None noted



**Florida Network of Youth and Family Services, Inc.  
Schedule of Findings and Questioned Costs-  
State Financial Assistance  
Year Ended June 30, 2019  
(Continued)**

**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

None noted

**SECTION V – OTHER MATTERS**

(a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).