

Genesee County Youth Corporation
Audited Financial Statements
September 30, 2018

Prepared by Taylor & Morgan, P.C.

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GENESEE COUNTY YOUTH CORPORATION

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INDEPENDENT AUDITOR'S REPORT

May 21, 2019

Board of Directors
Genesee County Youth Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Genesee County Youth Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Genesee County Youth Corporation as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Genesee County Youth Corporation's 2017 financial statements, and our report dated February 4, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 8 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 May 21, 2019, on our consideration of Genesee County Youth Corporation'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 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 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 Genesee County Youth Corporation's internal control over financial reporting and compliance.

Sincerely,

Taylor & Morgan, P.C.

Taylor & Morgan, P.C.
Certified Public Accountants

Financial Statements

GENESEE COUNTY YOUTH CORPORATION
Statement of Financial Position
September 30, 2018
With Summarized Information for September 30, 2017

ASSETS	September 30, 2018	September 30, 2017
Cash and cash equivalents	\$ 360,216	\$ 344,497
Grants receivable	348,136	244,371
Prepaid expenses	10,123	10,123
Property and equipment Net of depreciation	<u>294,529</u>	<u>328,222</u>
Total assets	<u>\$ 1,013,004</u>	<u>\$ 927,213</u>
 LIABILITIES		
Accounts payable	\$ 7,600	\$ 7,600
Accrued payroll and related liabilities	<u>17,008</u>	<u>16,520</u>
Total liabilities	24,608	24,120
 NET ASSETS		
Temporarily restricted	-	-
Unrestricted	<u>988,396</u>	<u>903,093</u>
Total net assets	<u>988,396</u>	<u>903,093</u>
Total liabilities and net assets	<u>\$ 1,013,004</u>	<u>\$ 927,213</u>

See accompanying notes to basic financial statements.

GENESEE COUNTY YOUTH CORPORATION
Statement of Activities
For the Year Ended September 30, 2018
With Summarized Information for September 30, 2017

			Totals	
	Unrestricted	Temporarily Restricted	September 30, 2018	September 30, 2017
PUBLIC SUPPORT AND REVENUE				
Support				
State of Michigan Contract	\$ -	\$ 550,339	\$ 550,339	\$ 556,696
County Probate Court	9,000	-	9,000	13,800
Community Development Block Grant	-	20,571	20,571	-
United Way	18,750	-	18,750	18,750
HUD - TLP Grant	-	111,021	111,021	89,940
HHS - TLP Grant	-	141,161	141,161	-
MSHDA Grants	-	-	-	38,415
Federal Basic Center Grant	-	200,000	200,000	200,000
ESG Grants	-	82,146	82,146	74,663
EFSP Grant	-	10,000	10,000	12,775
SOP Grant	-	169,495	169,495	162,277
GISD	284	-	284	300
	<u>28,034</u>	<u>1,284,733</u>	<u>1,312,767</u>	<u>1,167,616</u>
Revenue				
Interest	356	-	356	331
Contributions	9,482	-	9,482	21,098
Miscellaneous	9,720	-	9,720	2,373
	<u>19,558</u>	<u>-</u>	<u>19,558</u>	<u>23,802</u>
Total support and revenue	47,592	1,284,733	1,332,325	1,191,418
Net assets released from restrictions	<u>1,284,733</u>	<u>(1,284,733)</u>	<u>-</u>	<u>-</u>
	1,332,325	-	1,332,325	1,191,418
EXPENSES				
Program services	1,013,154	-	1,013,154	961,240
Supporting services	<u>233,868</u>	<u>-</u>	<u>233,868</u>	<u>223,051</u>
Total expenses	<u>1,247,022</u>	<u>-</u>	<u>1,247,022</u>	<u>1,184,291</u>
Increase/(decrease) in net assets	85,303	-	85,303	7,127
Net assets, beginning of year	<u>903,093</u>	<u>-</u>	<u>903,093</u>	<u>895,966</u>
Net assets, end of year	<u>\$ 988,396</u>	<u>\$ -</u>	<u>\$ 988,396</u>	<u>\$ 903,093</u>

See accompanying notes to basic financial statements.

GENESEE COUNTY YOUTH CORPORATION
Statement of Cash Flows
For the Year Ended September 30, 2018
With Summarized Information for September 30, 2017

	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 85,303	\$ 7,127
Adjustments to reconcile decrease in net Assets to net cash provided by operating Activities:		
Depreciation	40,089	40,841
(Increase) decrease in operating assets		
Grants receivable	(103,765)	69,771
Prepaid expenses	-	-
Increase (decrease) in operating liabilities		
Accrued payroll and related expenses	488	(153)
Net cash provided by operating activities	22,115	117,586
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,396)	(1,997)
Net cash provided by investing activities	(6,396)	(1,997)
Net increase (decrease) in cash	15,719	115,589
Beginning cash	344,497	228,908
Ending cash	<u>\$ 360,216</u>	<u>\$ 344,497</u>
Amount paid for Interest	\$ -	\$ -
Amount paid for Taxes	\$ -	\$ -

See accompanying notes to basic financial statements.

Notes to Financial Statements

GENESEE COUNTY YOUTH CORPORATION
Notes to Financial Statements
September 30, 2018

1. Organization and summary of significant accounting policies

Organization:

Genesee County Youth Corporation is a nonprofit organization providing services to runaway youth in the Greater Flint area. The accompanying financial statements are presented on the accrual basis of accounting.

Tax Exempt Status:

Genesee County Youth Corporation is recognized by the Internal Revenue Services as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxation.

Financial Statement Presentation:

Genesee County Youth Corporation prepares its financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions:

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Functional expenses and revenues:

Genesee County Youth Corporation allocates its expenses and revenues on a functional basis among its various programs and support services. Expenses and revenues that can be identified with a specific program and support service are allocated directly to their natural classification. Other expenses and revenues that are common to several functions are allocated on various statistical bases.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates.

Grants Receivable:

Grants receivable consist of amounts due primarily from granting agencies.

GENESEE COUNTY YOUTH CORPORATION
Notes to Financial Statements
September 30, 2018

2. Donated Services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

3. Building and Equipment, and Depreciation:

A summary of building and equipment at September 30, 2018 and 2017 is as follows:

	<u>2018</u>		<u>2017</u>
Equipment	\$ 203,267	\$	193,817
Buildings	<u>704,019</u>		<u>707,073</u>
	907,286		900,890
Less: Accumulated depreciation	<u>(612,757)</u>		<u>(572,668)</u>
	\$ <u>294,529</u>	\$	<u>328,222</u>

Buildings and equipment are stated at cost. Depreciation is accumulated using the accelerated cost recovery method at annual rates, which are sufficient to amortize the gross carrying amounts over the estimated useful lives. The organization's policy is to capitalize all assets with a cost exceeding \$500.

Depreciation expense for the years ending September 30, 2018 and 2017 was \$40,089 and \$40,841, respectively.

4. Supplemental Cash Flow Information:

Cash paid during the year ended September 30, 2018 and 2017 for interest was \$0 and \$0, respectively.

5. Cash and Investments

At September 30, 2018, the carrying amount of deposits was \$360,216 and the bank balance was \$420,958. The difference was due to outstanding checks. Of the bank balance, \$250,000 was covered by Federal depository insurance, and \$170,958 was uninsured.

6. Subsequent Events

Management has reviewed subsequent events through May 21, 2019, which is the date the financial statements were available to be issued.

Supplemental Information

GENESEE COUNTY YOUTH CORPORATION
Supplemental Information
Statement of Functional Expenses - For the Year Ended
September 30, 2018
With Summarized Information for September 30, 2017

			(Memorandum Only)	
			September 30,	
	Program Services	Supporting Services	2018	2017
	Services to Runaway Youth	Management and General	Total Expenses	Total Expenses
Salaries	\$ 608,178	\$ 152,045	\$ 760,223	\$ 712,400
Employee benefits	90,744	22,686	113,430	115,893
Payroll taxes	50,147	12,537	62,684	59,237
Total salaries and related expenses	749,070	187,267	936,337	887,530
Rent	9,368	2,342	11,710	4,000
Utilities	20,465	5,116	25,581	24,252
Maintenance	18,766	4,692	23,458	19,737
Home furnishings	9,445	2,361	11,806	3,171
Telephone	9,318	2,329	11,647	12,236
Postage	1,174	293	1,467	2,930
Printing	4,282	1,071	5,353	1,800
Office supplies	3,666	917	4,583	2,733
Copier supplies	1,550	388	1,938	244
Education supplies	530	-	530	130
Food and consumables	54,483	-	54,483	45,635
Travel/vehicle	39,054	9,764	48,818	37,252
Insurance	14,750	3,687	18,437	31,172
Medical supplies and services	238	60	298	597
Payroll services	3,168	792	3,960	3,388
Professional services	7,780	1,945	9,725	10,010
Administrative expenses	6,203	1,551	7,754	27,354
Training	5,102	1,276	6,378	6,006
Specific assistance	2,514	-	2,514	3,854
Shelter	603	-	603	(1,420)
Bus passes	6,801	-	6,801	5,003
Youth activities	5,800	-	5,800	6,017
Bad debt	-	-	-	-
Marketing	6,952	-	6,952	9,819
Total operating expenses	232,013	38,583	270,596	255,920
Total expenses before depreciation	981,083	225,850	1,206,933	1,143,450
Depreciation	32,071	8,018	40,089	40,841
Total expenses	\$ 1,013,154	\$ 233,868	\$ 1,247,022	\$ 1,184,291

Uniform Guidance Information

INDEPENDENT AUDITOR'S 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

May 21, 2019

To the Board of Directors
Genesee County Youth Corporation
Flint, MI

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 Genesee County Youth Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Genesee County Youth Corporation'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 Genesee County Youth Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs under finding 2018-01, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Genesee County Youth Corporation'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

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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*.

We noted certain other matters that we reported to management of Genesee County Youth Corporation in a separate letter dated May 21, 2019.

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.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

May 21, 2019

To the Board of Directors
Genesee County Youth Corporation
Flint, MI

Report on Compliance for Each Major Federal Program

We have audited Genesee County Youth Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Genesee County Youth Organization's major federal programs for the year ended September 30, 2018. Genesee County Youth 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 the 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 Genesee County Youth 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 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 Genesee County Youth 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 Genesee County Youth Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Genesee County Youth 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 September 30, 2018.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as item 2018-02. Our opinion on each major federal program is not modified with respect to these matters.

Genesee County Youth Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Genesee County Youth Corporation'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 Genesee County Youth 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 Genesee County Youth 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 Genesee County Youth Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did however identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-02 that we consider to be significant deficiencies.

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.

Taylor & Morgan, P.C.

TAYLOR & MORGAN, P.C.
Certified Public Accountants

GENESEE COUNTY YOUTH CORPORATION

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Paid to Subrecipients	Current Year Expenditures
<u>U.S. Department of Health and Human Services</u>			
Runaway Homeless Youth			
2017/18 90CY 6765-03-00	93.623	\$	\$ 200,000
		-	200,000
Street Outreach Program			
2017/18 90YO 2286-01-00	93.557	-	169,495
		-	169,495
Transitional Living			
2017/18 90CX 7098-01-00	93.550		141,161
		-	141,161
Total Direct Funding		-	510,656
Passed through Michigan Dept. of Human Services			
Temporary Assistance for Needy Families			
2017/18 HYR13-25001 2	93.558	-	253,902
Social Services Block Grant			
2017/18 HYR13-25001 2	93.667		113,136
Total Passed Through Michigan Dept. of Human Services		-	367,038
Total Department of Health and Human Services		-	877,694
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Flint			
Emergency Shelter Grant			
2017/18 17-095	14.231	-	65,278
Community Development Block Grant			
2017/18 17-076	14.218	-	20,571
Total passed through City of Flint		-	85,849
Passed through Metro Housing			
Supportive Housing Program			
2018/19 MIO 144L5F051407	14.235	-	105,886
Total Passed Through Metro Housing		-	105,886
Passed through Genesee County			
Emergency Shelter Grant			
2018-19 18-149	14.231	-	21,321
Total Passed through Genesee County		-	21,321
Total U.S. Department of Housing and Urban Development		-	213,056
<u>U.S. Department of Homeland Security</u>			
Passed through United Way			
Emergency Food and Shelter Nat. Board Program			
2017/18 468400-035	97.024	-	10,000
Total Passed through United Way		-	10,000
Total U.S. Department of Homeland Security		-	10,000
TOTAL EXPENDITURES OF FEDERAL AWARDS	\$	-	\$ 1,100,750

GENESEE COUNTY YOUTH CORPORATION
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Audit findings required to be reported in accordance with the Uniform Guidance?	Yes

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 the Uniform Guidance	Yes
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance to Needy Families
93.623	Runaway Homeless Youth

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section 2-Financial Statement Findings

See page 15-16

Section 3-Federal Award Findings and Questioned Costs

See page 15-16

GENESEE COUNTY YOUTH CORPORATION
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Section II - Financial Statement Findings

2018-01 - Material audit adjustment

The organization's closing procedures at month and year end did not include a reconciliation of grant revenue and receivables. As a result, the year-end trial balance did not include significant amounts of grant accounts receivable, necessitating a material audit adjustment to correct understated receivable and revenue accounts.

Auditor Recommendation:

We recommend the organization modify its closing procedures to include these reconciliations, to help ensure balance sheet and revenue amounts are reported in accordance with generally accepted accounting principles.

Organization's Response:

The Organization will update its current accounting month and year-end closing procedures to ensure that all grant revenues and receivables general ledger accounts are reconciled to underlying support documentation, and to ensure grants receivable balances tie to subsequent receipts.

Section III - Federal Award Findings and Questioned Costs

2018-02 - Control policies and procedures

The organization's written internal control policies and procedures do not meet the requirements of Uniform Guidance 2CFR 200. Specifically, written policies should exist for procurement, allowability of costs charged to federal programs, payments, compensation, suspension and disbarment, internal controls, conflict of interest, travel, and method of technical evaluations.

Auditor Recommendation:

We recommend the organization review the provisions of 2CFR 200, and develop and implement written policies that comply with its provisions.

Organization's Response:

The Organization will update its current written policies and procedures to ensure that they satisfy the compliance requirements under the Uniform Guidance 2CFR 200. These policies will include Procurement, Allowability of costs, Payments, Compensation, Suspension and debarment, Internal Controls, Conflict of Interest, Travel and Methods of Conducting technical evaluations, where applicable.

GENESEE COUNTY YOUTH CORPORATION

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2018

Findings related to the financial statements reported in accordance with Government Auditing Standards:

None

Findings related to the federal awards and questioned costs reported in accordance with the Uniform Guidance:

None