



Genesee County Youth Corporation

Audited Financial Statements

September 30, 2022

*Prepared by Taylor & Morgan, P.C.*

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## GENESEE COUNTY YOUTH CORPORATION

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Genesee County Youth Corporation

### Opinion

We have audited the accompanying financial statements of Genesee County Youth Corporation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statement of activities and functional expenses for the year ended September 30, 2022 and the statements of cash flows for the years ended September 30, 2022 and 2021, and the related notes to the financial statements.

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, 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Genesee County Youth Corporation and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Genesee County Youth Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.

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- Obtain an understanding of internal control relevant to the audit 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 Genesee County Youth Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Genesee County Youth Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Genesee County Youth Corporation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **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 March 1, 2023, 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  
Flint, Michigan

March 1, 2023

## Financial Statements

**GENESEE COUNTY YOUTH CORPORATION**

Statements of Financial Position

September 30, 2022 and 2021

|   | <u>September 30,<br/>2022</u> | <u>September 30,<br/>2021</u> |
|---|-------------------------------|-------------------------------|
| <b>ASSETS</b>                           |                               |                               |
| Cash and cash equivalents               | \$ 118,523                    | \$ 349,587                    |
| Grants receivable                       | 508,204                       | 263,995                       |
| Deposits                                | -                             | 1,000                         |
| Prepaid expenses                        | -                             | 1,932                         |
| Property and equipment -                |                               |                               |
| Net of depreciation                     | <u>403,213</u>                | <u>275,479</u>                |
| <b>Total assets</b>                     | <u>\$ 1,029,940</u>           | <u>\$ 891,993</u>             |
| <b>LIABILITIES</b>                      |                               |                               |
| Accrued payroll and related liabilities | \$ 29,002                     | \$ 26,794                     |
| Advance from granters                   | <u>42,056</u>                 | <u>17,539</u>                 |
| <b>Total liabilities</b>                | <b>71,058</b>                 | <b>44,333</b>                 |
| <b>NET ASSETS</b>                       |                               |                               |
| Without donor restrictions              | <u>958,882</u>                | <u>847,660</u>                |
| <b>Total net assets</b>                 | <b><u>958,882</u></b>         | <b><u>847,660</u></b>         |
| <b>Total liabilities and net assets</b> | <b><u>\$ 1,029,940</u></b>    | <b><u>\$ 891,993</u></b>      |

See accompanying notes to basic financial statements.

**GENESEE COUNTY YOUTH CORPORATION**  
 Statement of Activities  
 For the Year Ended September 30, 2022  
 With Summarized Information for the Year Ended September 30, 2021

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>September 30,<br/>2022</u> | <u>September 30,<br/>2021</u> | <b>Totals</b> |
|--|---------------------------------------|------------------------------------|-------------------------------|-------------------------------|---------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>        |                                       |                                    |                               |                               |               |
| Support                                  |                                       |                                    |                               |                               |               |
| State of Michigan Contract               | \$ -                                  | 637,004                            | \$ 637,004                    | \$ 656,311                    |               |
| County Probate Court                     | - -                                   | - -                                | - -                           | 4,720                         |               |
| Community Development Block Grant        | - -                                   | - -                                | - -                           | 9,975                         |               |
| HUD - TP Grant                           | - -                                   | 125,657                            | 125,657                       | 140,479                       |               |
| HUD - SOP Grant                          | - -                                   | 120,241                            | 120,241                       | 70,616                        |               |
| HUD - RRH Grant                          | - -                                   | 154,860                            | 154,860                       | 150,264                       |               |
| HHS - TP Grant                           | - -                                   | 194,726                            | 194,726                       | 194,726                       |               |
| HHS - SOP Grant                          | - -                                   | 175,220                            | 175,220                       | - -                           |               |
| MSHDA Grants                             | - -                                   | - -                                | - -                           | 22,856                        |               |
| Federal Basic Center Grant               | - -                                   | 200,000                            | 200,000                       | 200,000                       |               |
| ESG Grants                               | - -                                   | 626,843                            | 626,843                       | 135,197                       |               |
| EFSP Grant                               | - -                                   | 5,552                              | 5,552                         | 8,961                         |               |
| Private Grants                           | - -                                   | 62,877                             | 62,877                        | 25,000                        |               |
|  | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | - -                                   | 2,302,980                          | 2,302,980                     | 1,619,105                     |               |
| Revenue                                  |                                       |                                    |                               |                               |               |
| Interest                                 | 26                                    | - -                                | 26                            | 74                            |               |
| Contributions                            | 11,148                                | - -                                | 11,148                        | 20,892                        |               |
|  | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | 11,174                                | - -                                | 11,174                        | 20,966                        |               |
| Total support and revenue                | 11,174                                | 2,302,980                          | 2,314,154                     | 1,640,071                     |               |
| Net assets released from restrictions    | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | 2,302,980                             | (2,302,980)                        | - -                           | - -                           | - -           |
|  | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | 2,314,154                             | - -                                | 2,314,154                     | 1,640,071                     |               |
| <b>EXPENSES</b>                          |                                       |                                    |                               |                               |               |
| Program services                         | 2,047,583                             | - -                                | 2,047,583                     | 1,419,920                     |               |
| Supporting services                      | 155,349                               | - -                                | 155,349                       | 287,590                       |               |
|  | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
| Total expenses                           | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
| <b>Increase/(decrease) in net assets</b> | 111,222                               | - -                                | 111,222                       | (67,439)                      |               |
| Net assets, beginning of year            | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | 847,660                               | - -                                | 847,660                       | 915,099                       |               |
| Net assets, end of year                  | <hr/>                                 | <hr/>                              | <hr/>                         | <hr/>                         | <hr/>         |
|  | \$ 958,882                            | \$ - -                             | \$ 958,882                    | \$ 847,660                    |               |

See accompanying notes to basic financial statements.

**GENESEE COUNTY YOUTH CORPORATION**  
 Statement of Functional Expenses  
 For the Year Ended September 30, 2022  
 With Summarized Information for the Year Ended September 30, 2021

|  | Program Services     |                                      |                   |                     | Supporting Services | September 30, 2022  | September 30, 2021  |
|--|----------------------|--------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
|  | Basic Center - REACH | Transitional Living - Traverse Place | Street Outreach   | Total Expenses      |                     |                     |                     |
| Salaries                                   | \$ 444,363           | \$ 374,706                           | \$ 243,368        | \$ 1,062,437        | \$ 108,197          | \$ 1,170,634        | \$ 960,598          |
| Employee benefits                          | 68,635               | 41,655                               | 26,306            | 136,596             | 15,181              | 151,777             | 131,000             |
| Payroll taxes                              | 33,675               | 28,483                               | 18,685            | 80,843              | 8,225               | 89,068              | 78,249              |
| <b>Total salaries and related expenses</b> | <b>546,673</b>       | <b>444,844</b>                       | <b>288,359</b>    | <b>1,279,876</b>    | <b>131,603</b>      | <b>1,411,479</b>    | <b>1,169,847</b>    |
| Rent                                       | 8,087                | 15,050                               | 4,479             | 27,616              | -                   | 27,616              | 22,212              |
| Utilities                                  | 10,497               | 20,664                               | 512               | 31,673              | 1,166               | 32,839              | 22,068              |
| Maintenance                                | 20,815               | 26,392                               | 246               | 47,453              | 2,313               | 49,766              | 66,144              |
| Home furnishings                           | 3,513                | 2,766                                | 1,943             | 8,222               | -                   | 8,222               | 7,161               |
| Telephone and internet                     | 17,230               | 9,918                                | 3,438             | 30,586              | 3,398               | 33,984              | 32,954              |
| Postage                                    | 1,287                | 119                                  | 31                | 1,437               | 159                 | 1,596               | 761                 |
| Printing                                   | 3,452                | 1,156                                | 2,525             | 7,133               | 793                 | 7,926               | 4,070               |
| Office supplies                            | 9,226                | 2,333                                | 6,233             | 17,792              | 1,025               | 18,817              | 11,903              |
| Copier supplies                            | 876                  | -                                    | -                 | 876                 | 97                  | 973                 | 694                 |
| Education supplies                         | 1,665                | 393                                  | -                 | 2,058               | -                   | 2,058               | 4,164               |
| Food and consumables                       | 24,906               | 39,042                               | 18,369            | 82,317              | -                   | 82,317              | 86,005              |
| Marketing                                  | 6,797                | 2,270                                | 1,568             | 10,635              | 1,182               | 11,817              | 8,851               |
| Travel/vehicle                             | 3,160                | 8,229                                | 25,190            | 36,579              | 250                 | 36,829              | 22,297              |
| Insurance                                  | 19,466               | 6,300                                | 4,332             | 30,098              | 2,787               | 32,885              | 24,349              |
| Medical supplies and services              | 479                  | 235                                  | -                 | 714                 | -                   | 714                 | 5,764               |
| Professional services                      | 43,336               | 2,705                                | 2,313             | 48,354              | 5,609               | 53,963              | 14,218              |
| Miscellaneous                              | 5,617                | 1,359                                | 193               | 7,169               | 796                 | 7,965               | 7,023               |
| Training                                   | 3,496                | 1,053                                | 1,213             | 5,762               | 637                 | 6,399               | 5,497               |
| Specific assistance - rent and utilities   | 112,711              | 188,709                              | -                 | 301,420             | -                   | 301,420             |                     |
| Specific assistance - other                | 2,326                | 8,054                                | 3,220             | 13,600              | -                   | 13,600              | 128,709             |
| Bus passes                                 | 1,750                | 1,110                                | -                 | 2,860               | -                   | 2,860               | 2,002               |
| Youth activities                           | 4,461                | 4,951                                | -                 | 9,412               | -                   | 9,412               | 6,601               |
| <b>Total expenses before depreciation</b>  | <b>851,826</b>       | <b>787,652</b>                       | <b>364,164</b>    | <b>2,003,642</b>    | <b>151,815</b>      | <b>2,155,457</b>    | <b>1,653,294</b>    |
| Depreciation                               | 31,803               | 12,138                               | -                 | 43,941              | 3,534               | 47,475              | 54,216              |
| <b>Total expenses</b>                      | <b>\$ 883,629</b>    | <b>\$ 799,790</b>                    | <b>\$ 364,164</b> | <b>\$ 2,047,583</b> | <b>\$ 155,349</b>   | <b>\$ 2,202,932</b> | <b>\$ 1,707,510</b> |

See accompanying notes to basic financial statements.

**GENESEE COUNTY YOUTH CORPORATION**  
 Statements of Cash Flows  
 For the Years Ended September 30, 2022 and 2021

|   | <u>September 30,<br/>2022</u> | <u>September 30,<br/>2021</u> |
|---|-------------------------------|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                               |                               |
| Increase/(decrease) in net assets   | \$ 111,222                    | \$ (67,439)                   |
| Adjustments to reconcile decrease in net assets to net cash provided by operating activities: |                               |                               |
| Depreciation  | 47,475                        | 54,216                        |
| (Increase)/decrease in operating assets   | (244,209)                     | 53,599                        |
| Grants receivable   | 1,932                         | 6,068                         |
| Prepaid expenses  | 1,000                         | 43,148                        |
| Deposits  | 2,208                         | (17,354)                      |
| Increase/(decrease) in operating liabilities  |                               |                               |
| Advance from granters   | 24,517                        | 17,539                        |
| Accrued payroll and related expenses  | (55,855)                      | 89,777                        |
| <b>Net cash provided by (used in) operating activities</b>                                    | <b>(55,855)</b>               | <b>89,777</b>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                               |                               |
| Purchases of property and equipment   | (175,209)                     | (14,088)                      |
| <b>Net cash provided by (used in) investing activities</b>                                    | <b>(175,209)</b>              | <b>(14,088)</b>               |
| Net increase (decrease) in cash   | (231,064)                     | 75,689                        |
| Beginning cash  | 349,587                       | 273,898                       |
| Ending cash   | <u>\$ 118,523</u>             | <u>\$ 349,587</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, 2022**

**1. Organization and summary of significant accounting policies**

**Organization:**

Genesee County Youth Corporation (the “Organization”) is a nonprofit organization providing services to runaway youth in the Flint, Shiawassee, and Lapeer County area. The Organization receives a majority of its funding from government contracts and grants.

The Organization provides the following programs to youth and their families without fees:

**Basic Center – REACH**

REACH serves 10-17 year old runaway, homeless and youth at-risk of homelessness and their families who are experiencing crisis situations and need assistance. Services include 24-hour telephone or face to face crisis intervention, 90-day prevention counseling, information and referral, and 21-day emergency shelter, aftercare counseling and follow-up care. Designed with a goal of family reunification, all services are provided to youth voluntarily.

**Transitional Living – Traverse Place**

Traverse Place provides transitional living opportunities in a supervised congregate facility and through scattered site graduated housing. Program services are built upon four foundational principals – Housing, Education, Employment and Life Skills. Youth ages 17 through 21 may remain in shelter and/or in the graduated housing for a combined period of up to 21 months with the goal of graduation to permanent, safe, and stable housing.

**Street Outreach**

The street outreach team’s focus is aimed at street youth, adults, and families who are both uninformed and in need of basic assistance such as food, clothing, case management, safety planning, hygiene needs, transportation and/or emergency and long-term shelter care. Street outreach makes regular contact with schools, law enforcement, community organizations, local businesses, the faith community, and health care providers with the goal of ending homelessness.

**Method of Accounting:**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred regardless of when the related cash is received or paid.

**Tax Exempt Status:**

The Organization has been classified as an other-than-private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties. The Organization is subject to a tax on income from any unrelated business (the Organization has no unrelated business income) as defined by Section 509(a) (1) of the Code.

The Organization evaluates all significant tax positions under a more likely than not threshold as required by U.S. generally accepted accounting principles. As of September 30, 2022, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization’s tax returns are subject to examination by the appropriate taxing jurisdictions. At September 30, 2022, the Organization’s federal tax returns remain open for the last three years.

**GENESEE COUNTY YOUTH CORPORATION**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Organization and summary of significant accounting policies (continued)**

**Financial Statement Presentation:**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to grantor or donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some grantor or donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. The organization does not have any net assets with donor or grantor restrictions.

Donor and grantor restricted contributions are reported as increases in net assets with donor restrictions on the statement of activity. When a restriction expires, the corresponding net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

**Contributions:**

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

**Functional expenses:**

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to their natural classification. Other expenses that are common to both program services and supporting services 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**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. Cash and Cash Equivalents**

At September 30, 2022, the carrying amount of deposits was \$118,523 and the bank balance was \$181,892. The difference was due to outstanding checks and deposits. The entire bank balance was covered by Federal depository insurance.

**GENESEE COUNTY YOUTH CORPORATION**  
**Notes to Financial Statements**  
**September 30, 2022**

**4. Building and Equipment, and Depreciation:**

A summary of building and equipment at September 30, 2022 and 2021, is as follows:

|                                | <u>2022</u>       | <u>2021</u>       |
|--------------------------------|-------------------|-------------------|
| Equipment                      | \$ 308,445        | \$ 233,926        |
| Buildings                      | 907,335           | 806,645           |
|                                | <u>1,215,780</u>  | <u>1,040,571</u>  |
| Less: Accumulated depreciation | (812,567)         | (765,092)         |
|                                | <u>\$ 403,213</u> | <u>\$ 275,479</u> |

Buildings and equipment are stated at cost. Depreciation is accumulated 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 an individual cost exceeding \$5,000.

Depreciation expense for the years ending September 30, 2022 and 2021, was \$47,475 and \$54,216, respectively.

**5. Liquidity**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following summarizes the Organization's financial assets at September 30, 2022 and 2021:

|  | <u>2022</u>    | <u>2021</u>    |
|--|----------------|----------------|
| Cash and cash equivalents  | \$ 118,523     | \$ 349,587     |
| Grants and other receivables   | 508,204        | 263,995        |
|  | <u>626,727</u> | <u>613,582</u> |
| Restricted by donors with<br>time or purpose restrictions                                    | -              | -              |
| Financial assets available to<br>meet cash needs for general<br>expenditures within one year | \$ 626,727     | \$ 613,582     |

**6. Contingencies**

The Organization has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grant, management believes that any required reimbursements would not be material.

**7. Subsequent Events**

Management has reviewed subsequent events through March 1, 2023, which is the date the financial statements were available to be issued.

**Uniform Guidance Information**



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**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**

Board of Directors  
Genesee County Youth Corporation

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, 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 March 1, 2023.

***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 Genesee County Youth Corporation'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 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 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*.

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**CHARLOTTE, NORTH CAROLINA**

***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  
Flint, MI

March 1, 2023

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

Board of Directors  
Genesee County Youth Corporation

***Report on Compliance for Major Federal Program***

***Opinion on Major Federal Program***

We have audited Genesee County Youth Corporation'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 Genesee County Youth Corporation's major federal programs for the year ended September 30, 2022. Genesee County Youth Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Genesee County Youth Corporation 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 federal programs for the year ended September 30, 2022.

***Basis for Opinion on the Major Federal Program***

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). 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 Genesee County Youth Corporation 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 the major federal program. Our audit does not provide a legal determination of Genesee County Youth Corporation's compliance with the compliance requirements referred to above.

***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 Genesee County Youth Corporation'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 Genesee County Youth Corporation'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 generally accepted auditing standards, *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 Genesee County Youth Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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- 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 Genesee County Youth Corporation'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 Genesee County Youth Corporation'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 Genesee County Youth Corporation'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.

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 Corporation's compliance.

#### **Other Matters**

The results of our auditing *procedures* disclosed no instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance.

#### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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.

*Taylor & Morgan, P.C.*

TAYLOR & MORGAN, P.C.  
Certified Public Accountants  
Flint, MI

March 1, 2023

**GENESEE COUNTY YOUTH CORPORATION**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

| <u>Federal Grantor/Pass-Through<br/>Grantor/Program Title/Grant Identifier</u> |   | <u>Federal<br/>A.L.N.<br/>Number</u> | <u>Current<br/>Year<br/>Expenditures</u> |
|--|---|--------------------------------------|--|
| <u><b>U.S. Department of Health and Human Services</b></u>                     |   |                                      |  |
| Basic Center Program<br>2021/22  | 90CY7321-01-00                              | 93.623                               | 200,000                                  |
| Street Outreach Program<br>2021/22   | 90YO2454-01-00                              | 93.557                               | 150,000                                  |
| Transitional Living for Homeless Youth<br>2020/21                              | 90CX7098-04-00                              | 93.550                               | <u>194,726</u>                           |
| Total Direct Funding   |   |                                      | 544,726                                  |
| Passed through Michigan Department of Health and Human Services:               |   |                                      |  |
| Social Services Block Grant<br>2021/22   | E20221380-00                                | 93.667                               | 255,491                                  |
| Temporary Assistance to Needy Families (TANF)                                  |   |                                      |  |
| 2021/22  | E20221381-00                                | 93.558                               | <u>296,965</u>                           |
| Total passed through Michigan Department<br>of Health and Human Services       |   |                                      | 552,456                                  |
| Total U.S. Department of Health<br>and Human Services                          |   |                                      | <u>1,097,182</u>                         |
| <u><b>U.S. Department of Housing and Urban Development</b></u>                 |   |                                      |  |
| Continuum of Care<br>2021/22   | MI 0144 L5F 05 2013                         | 14.267                               | 115,220                                  |
| 2021/22  | MI 0147 L5F 05 2012                         | 14.267                               | 120,241                                  |
| 2021/22  | MI 0670 L5F 05 2001                         | 14.267                               | <u>169,997</u>                           |
| Total Direct Funding   |   |                                      | 405,458                                  |
| Passed through Michigan State Housing Development Authority                    |   |                                      |  |
| Emergency Solutions Grant<br>2020/22- COVID                                    | HML-2020-Shelter-3101-C19                   | 14.231                               | 7,246                                    |
| 2020/22- COVID   | HML-2020-Shelter-5101-C19                   | 14.231                               | 70,321                                   |
| 2020/22 - COVID  | HML-2020-9963-C19                           | 14.231                               | 24,942                                   |
| 2020/22 - COVID  | HML-2020-Capital-267-C19                    | 14.231                               | 42,812                                   |
| 2021/22  | HML-2021-Catholic-9963-ESF                  | 14.231                               | <u>20,452</u>                            |
| Total passed through Michigan State Housing Development Authority              |   |                                      | 165,773                                  |
| Passed through City of Flint:  |   |                                      |  |
| Emergency Solutions Grant<br>2020/2021 - COVID                                 | Cares Rapid Rehousing (21-090)              | 14.231                               | 153,590                                  |
| 2020/21  | Emergency Shelter (21-090)                  | 14.231                               | 30,648                                   |
| 2020/21  | Emergency Shelter (21-132)                  | 14.231                               | 33,355                                   |
| 2020/21  | Emergency Shelter (21-070)                  | 14.231                               | <u>36,025</u>                            |
| Total passed through City of Flint   |   |                                      | 253,618                                  |
| Passed through Genesee County  |   |                                      |  |
| Emergency Solutions Grant<br>2021  | Emergency Shelter                           | 14.231                               | 30,178                                   |
| 2022   | Emergency Shelter                           | 14.231                               | 4,197                                    |
| 2020/2021  | Rapid Rehousing                             | 14.231                               | 32,689                                   |
| 2020 - COVID   | Emergency Shelter Operations & Improvements | 14.231                               | <u>85,658</u>                            |
| Total passed through Genesee County  |   |                                      | 152,722                                  |
| Total U.S. Department of Housing<br>and Urban Development                      |   |                                      | <u>977,571</u>                           |
| Passed through the United Way National Board:                                  |   |                                      |  |
| Federal Emergency Management Agency<br>2020/21                                 | Phase 39                                    | 97.024                               | 940                                      |
| 2020/21  | Phase Cares                                 | 97.024                               | <u>759</u>                               |
| Total passed through United Way National Board                                 |   |                                      | 1,699                                    |
| <b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>                             |   | \$                                   | <b><u>2,076,452</u></b>                  |

**GENESEE COUNTY YOUTH CORPORATION**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2022

- 1) The Schedule of Expenditures of Federal Awards has been prepared under the accrual basis of accounting.
- 2) The Organization has elected to not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**GENESEE COUNTY YOUTH CORPORATION**  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**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?   | No |
| 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? | No |
| Audit findings required to be reported in accordance with the Uniform Guidance?           | No |

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 *No*

Identification of major programs:

| <u>A.L.N.</u> | <u>Name of Federal Program or Cluster</u> |
|---------------|---|
| 14.231        | <i>Emergency Solutions Grant</i>          |

Dollar threshold used to distinguish between Type A and Type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *Yes*

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**GENESEE COUNTY YOUTH CORPORATION**

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2022

2021-001 Cash Management (Emergency Solutions Grant - A.L.N. # 14.231

During the year ended September 30, 2021 The Organization drew down grant monies from a pass through entity in advance of when the cash was disbursed for eligible grant expenses. A total of \$54,085 was requested for reimbursement and recorded as a grant receivable at September 30, 2021, but was not spent timely on eligible grant costs. Drawdowns were not disbursed timely as supply chain and licensing and permit approvals were delayed mainly due to COVID related issues. During the year ended September 30, 2022, the supply chain and licensing issues were resolved and the drawdowns were expended shortly after the goods and services were delivered. The finding is considered closed.