

**Northwest Youth Services**

Single Audit Reports  
Year Ended December 31, 2021

DRAFT

## Northwest Youth Services

### Contents

---

	Page
<b>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 <i>Government Auditing Standards</i>.....</b>	1-2
<b>Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance .....</b>	3-5
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs .....	8-9

**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***

To the Board of Directors  
Northwest Youth Services  
Bellingham, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Youth Services, which comprise the statement of financial position as of December 31, 2021, 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 July XX, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northwest Youth Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Youth Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Youth Services' 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 preceding paragraph 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 or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northwest Youth Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could

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

**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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bellingham, Washington  
July XX, 2022

DRAFT

**Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Northwest Youth Services  
Bellingham, Washington

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

***Opinion on the Major Federal Program***

We have audited Northwest Youth Services' 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 Northwest Youth Services' major federal program for the year ended December 31, 2021. Northwest Youth Services' 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, Northwest Youth Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Northwest Youth Services 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 Northwest Youth Services' 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 Northwest Youth Services' federal program.

***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 Northwest Youth Services' compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Youth Services' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Youth Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwest Youth Services' 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 Northwest Youth Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Northwest Youth Services as of and for the year ended December 31, 2021, and have issued our report thereon dated July XX, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bellingham, Washington  
July XX, 2022

DRAFT

Northwest Youth Services

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award/ Pass-Through Number	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Pass through from City of Bellingham Community Development Block Grant (CDBG - Entitlement Grants Cluster)	14.218	2019-0373	\$ 49,084
Pass through from Whatcom County Emergency Solutions Grant Program	14.231	201611017-6/202001014-1	105,987
Continuum of Care Program	14.267	WA0101LOT011912	248,824
Pass through from Opportunity Council Continuum of Care Program	14.267	WA0393LOT011902	41,629
			<u>290,453</u>
Youth Homelessness Demonstration Program	14.276	WA0436Y0T011700	235,091
Pass through from Washington Department of Commerce Youth Homelessness Demonstration Program	14.276	20-46306-005	42,561
			<u>277,652</u>
Total - U.S. Department of Housing and Urban Development			723,176
<b>U.S. Department of the Treasury</b>			
Pass through from Skagit County COVID-19 - Coronavirus Relief Fund	21.019	C20210535	17,066
Pass through from Washington Department of Commerce COVID-19 - Coronavirus Relief Fund	21.019	21-4614C-224/21-4614C-220	131,415
			<u>148,481</u>
Pass through from Skagit County COVID-19 - Emergency Rental Assistance Program	21.023	21-4616C-123	276,736
Pass through from Opportunity Council COVID-19 - Emergency Rental Assistance Program	21.023	N/A	81,740
			<u>358,476</u>
Total - U.S. Department of the Treasury			506,957
<b>U.S. Department of Health and Human Services</b>			
Pass through from WA Health Care Authority Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K5469	52,281
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, and Street Youth	93.557	90YO2413-01-00	134,255
Basic Center Grant	93.623	90CY7146-02-00	222,421
Pass through from Whatcom County Health Department Block Grants for Prevention and Treatment of Substance Abuse	93.959	202009034-2	153,251
			<u>562,208</u>
Total - U.S. Department of Health and Human Services			562,208
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,792,341</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Notes to Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2021

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Northwest Youth Services (the Organization) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

DRAFT

Northwest Youth Services

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2021

**I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes       X       None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes       X       No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
- Significant deficiency (ies) identified? \_\_\_\_\_ Yes       X       None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes       X       No

**Identification of Major Federal Program and Type of Auditor's Report Issued on Compliance for Major Federal Program**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Auditor's Report Issued on Compliance for Major Federal Programs</u>
21.023	U.S. Department of the Treasury – COVID-19 - Emergency Rental Assistance Program	Unmodified

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

Auditee qualified as low-risk auditee?       X       Yes \_\_\_\_\_ No

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2021

**II. Financial Statement Findings**

None reported for the year ended December 31, 2021.

**III. Federal Award Findings and Questioned Costs**

None reported for the year ended December 31, 2021.

DRAFT