

**SOUTHERN CENTER FOR CHILDREN AND
FAMILIES, INC.**

*Financial Statements
For the Years Ended June 30, 2022 and 2021*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

Opinion

I have audited the accompanying financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southern Center for Children and Families, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Southern Center for Children and Families, Inc. and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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 and 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 the Southern Center for Children and Families, Inc.'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

My 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 my 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, I:

- 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.
- 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 the Southern Center for Children and Families, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southern Center for Children and Families, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director and schedule of expenditures of federal awards, as required by Title 23 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Board of Directors
The Southern Center for Children and Families, Inc.
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 10, 2022, on my consideration of the Southern Center for Children and Families, Inc.'s internal control over financial reporting and on my 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 my 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 the Southern Center for Children and Families, Inc.'s internal control over financial reporting and compliance.

David M. Sarr, CPA (APPC)

West Monroe, Louisiana
October 10, 2022

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2022	2021
Current Assets:		
Cash and Cash Equivalents	\$ 1,536,796	\$ 1,753,633
Grants Receivable	353,206	381,779
Therapeutic Services (Medicaid) Receivable	1,030,027	1,031,146
Other Receivables	-	-
Total Current Assets	2,920,029	3,166,558
Property and Equipment:		
Buildings	1,933,843	1,408,843
Furniture and Equipment	206,991	206,991
Computers	90,416	90,416
Vehicles	84,177	84,177
Less: Accumulated Depreciation	(553,817)	(494,560)
Net Property and Equipment	1,761,610	1,295,867
<u>TOTAL ASSETS</u>	\$ 4,681,639	\$ 4,462,425

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 61,131	\$ 93,225
Payroll Liabilities	31,205	63,166
Obligations Under Line of Credit	-	-
Notes Payable	-	-
Deferred Revenue	224,739	233,246
Vehicle Loan	4,184	11,358
Total Current Liabilities	321,259	400,995
Net Assets:		
Without Donor Restrictions	4,360,380	4,061,430
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 4,681,639	\$ 4,462,425

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF ACTIVITIES

	For the Years Ended	
	June 30,	
<u>PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	2022	2021
Government Grants and Contracts	\$ 3,354,504	\$ 3,297,428
Medicaid Reimbursement Revenue	6,291,849	6,521,645
Covid Relief Income	241,929	1,121,476
Fundraising	65,442	47,350
Contributions Without Donor Restrictions	28,150	-
Interest Income	3,698	1,872
Other Income	23,607	94,365
	<u>10,009,179</u>	<u>11,084,136</u>
 <u>EXPENSES</u>		
Program Services:		
CASA AP	750,089	778,375
VOCA	873,869	616,805
Therapeutic Services	3,664,058	3,856,542
Living Well Foundation	30,500	13,554
Delta Initiative	-	109,426
Brokers of Hope	384,612	236,708
Family Support & Youth Transitions	487,340	511,759
Total Program Services	<u>6,190,468</u>	<u>6,123,169</u>
Management and General	3,519,761	3,402,352
Fundraising	-	4,429
	<u>9,710,229</u>	<u>9,529,950</u>
 <u>INCREASE IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>	 298,950	 1,554,186
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	 <u>4,061,430</u>	 <u>2,507,244</u>
 <u>NET ASSETS AT END OF YEAR</u>	 <u>\$ 4,360,380</u>	 <u>\$ 4,061,430</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES					
	CASA AP	VOCA	Therapeutic Services	Living Well Foundation	Family Support and Youth Transitions	Brokers of Hope
Salaries	\$ 489,161	\$ 568,556	\$ 715,160	\$ 30,500	\$ 375,058	220,544
Fringe Benefits & Payroll Taxes	38,329	35,285	53,772	-	30,093	14,338
Contracts	-	36,550	2,720,611	-	2,276	88,948
Legal and Professional	-	3,485	-	-	-	-
Client Support	-	2,595	3,434	-	1,399	3,205
Advertising	8,653	-	-	-	248	1,975
Recruiting	5,672	210	-	-	759	41
Office Supplies and Expense	32,244	14,142	-	-	3,515	6,377
Utilities	25,489	11,646	58,371	-	-	1,262
Rent	46,908	39,600	4,417	-	-	5,600
Christmas Project	-	-	-	-	-	-
Computer	15,470	79,516	1,727	-	2,281	4,000
Repairs and Maintenance	5,661	10,708	5,558	-	-	332
Depreciation	-	-	-	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	6,475	12,019	18,825	-	3,655	1,812
Interest	-	-	-	-	-	-
Insurance	64,422	44,743	1,189	-	-	24,000
Miscellaneous	-	-	-	-	-	-
Travel/Meeting	5,895	4,476	17,134	-	65,451	11,600
Fuel	-	-	-	-	-	-
Training Meeting	4,935	6,756	56,267	-	2,605	35
Bad Debts	-	-	-	-	-	-
Professional Development	-	3,582	7,593	-	-	543
					2,581	
Total Expenses, year ended June 30, 2022	<u>\$ 750,089</u>	<u>\$ 873,869</u>	<u>\$ 3,664,058</u>	<u>\$ 30,500</u>	<u>\$ 487,340</u>	<u>384,612</u>

Total Program Services	Management and General	Fundraising	TOTALS 2022
\$ 2,398,979	\$ 1,822,278	\$ -	\$ 4,221,257
171,817	124,151	-	295,968
2,848,385	70,480	-	2,918,865
3,485	-	-	3,485
10,633	22,230	-	32,863
10,876	111,345	-	122,221
6,682	47,679	-	54,361
56,278	55,533	-	111,811
96,768	93,713	-	190,481
96,525	163,553	-	260,078
-	20,562	-	20,562
102,994	137,299	-	240,293
22,259	164,669	-	186,928
-	59,257	-	59,257
775	-	-	775
42,786	122,393	-	165,179
-	-	-	-
134,354	307,680	-	442,034
-	11,263	-	11,263
104,556	21,224	-	125,780
-	-	-	-
70,598	23,800	-	94,398
-	-	-	-
11,718	140,652	-	152,370
<u>\$ 6,190,468</u>	<u>\$ 3,519,761</u>	<u>\$ -</u>	<u>\$ 9,710,229</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES					
	CASA AP	VOCA	Therapeutic Services	Living Well Foundation	Delta Initiative	Brokers of Hope
Salaries	\$ 492,736	\$ 384,198	\$ 767,842	\$ -	\$ 90,984	132,919
Fringe Benefits & Payroll Taxes	94,406	77,838	59,535	-	17,734	24,541
Contracts	-	22,083	161,242	-	-	-
Legal and Professional	6,000	-	-	-	-	-
Client Support	-	-	2,788,556	-	-	64,914
Advertising	25,830	-	-	-	-	-
Recruiting	2,895	-	881	-	82	-
Office Supplies and Expense	43,823	-	12,825	-	-	1,370
Utilities	23,408	7,040	4,806	-	-	8,086
Rent	47,130	48,825	-	-	-	-
Christmas Project	-	-	9,298	-	-	-
Computer	23,916	76,821	7,484	-	-	-
Repairs and Maintenance	1,320	-	151	-	-	350
Depreciation	-	-	-	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	525	-	35,523	13,554	-	-
Interest	-	-	-	-	-	-
Insurance	12,000	-	-	-	-	-
Miscellaneous	-	-	4,850	-	-	1,007
Travel/Meeting	3,611	-	834	-	626	2,451
Fuel	-	-	-	-	-	-
Training Meeting	-	-	-	-	-	1,000
Bad Debts	-	-	-	-	-	-
Professional Development	-	-	2,715	-	-	70
	\$ 778,375	\$ 616,805	\$3,856,542	\$ 13,554	\$ 109,426	236,708
Total Expenses, year ended June 30, 2021	\$ 778,375	\$ 616,805	\$3,856,542	\$ 13,554	\$ 109,426	236,708

PROGRAM SERVICES				
Family Support and Youth Transitions	Total Program Services	Management and General	Fundraising	TOTALS 2021
\$ 437,485	\$ 2,306,164	\$ 1,924,986	\$ -	\$ 4,231,150
33,115	307,169	405,824	-	712,993
-	183,325	56,397	-	239,722
-	6,000	16,000	-	22,000
4,328	2,857,798	398	-	2,858,196
-	25,830	49,266	3,875	78,971
272	4,130	19,889	-	24,019
1,126	59,144	98,663	554	158,361
-	43,340	126,738	-	170,078
-	95,955	144,703	-	240,658
-	9,298	-	-	9,298
553	108,774	181,542	-	290,316
-	1,821	98,596	-	100,417
-	-	57,361	-	57,361
-	775	-	-	775
100	49,702	66,881	-	116,583
-	-	2,343	-	2,343
-	12,000	39,168	-	51,168
-	5,857	15,906	-	21,763
31,832	39,354	5,307	-	44,661
-	-	1,057	-	1,057
-	1,000	15,848	-	16,848
-	-	-	-	-
2,948	5,733	75,479	-	81,212
<u>\$ 511,759</u>	<u>\$ 6,123,169</u>	<u>\$ 3,402,352</u>	<u>\$ 4,429</u>	<u>\$ 9,529,950</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended	
	June 30,	
	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 298,950	\$ 1,554,186
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	59,257	57,361
(Increase) Decrease in Grants Receivable	28,573	(61,009)
(Increase) Decrease in Therapeutic Services Receivable	1,119	19,548
(Increase) Decrease in Other Receivables	-	-
Increase (Decrease) in Accounts Payable	(32,094)	8,308
Increase (Decrease) in Payroll Liabilities	(31,961)	11,462
Increase (Decrease) in Deferred Revenue	(8,507)	56,413
Net Cash Provided (Used) by Operating Activities	<u>315,337</u>	<u>1,646,269</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(525,000)	(13,865)
Disposal of Vehicles	-	-
Net Cash Used by Investing Activities	<u>(525,000)</u>	<u>(13,865)</u>
<u>Cash Flows from Financing Activities:</u>		
Proceeds from Notes Payable	-	(802,400)
Proceeds (Decrease) from Line of Credit	-	-
Proceeds (Decrease) from Note on Automobile	(7,174)	(29,975)
Net Cash Provided (Used) by Financing Activities	<u>(7,174)</u>	<u>(832,375)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(216,837)	800,029
<u>Cash at Beginning of Year</u>	<u>1,753,633</u>	<u>953,604</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 1,536,796</u>	<u>\$ 1,753,633</u>

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Southern Center for Children and Families, Inc. (the Center) is a nonprofit public service association organized under the laws of the State of Louisiana on February 8, 1999. The Center was organized for the advocacy of children in the court and foster care systems within the Fourth District of Louisiana, and to do any and all things germane, incidental, and necessary to carry out these purposes into full effect. Revenues are derived primarily from the State of Louisiana, contributions from the general public, and fundraising efforts. On January 13, 2004, Center for Children and Families, Inc. changed its legal name from CASA of Northeast Louisiana, Inc. (Court Appointed Special Advocates) to better represent to the public its functions of helping youth and juvenile offenders and their families. On November 20, 2016, the Center changed its name to Southern Center for Children and Families, Inc. The Center's mission is to promote safe, healthy environments through advocacy, education, counseling and prevention. In August 2019, the Center began providing therapeutic services in Clinton, MS using the Functional Family Therapy evidence-based model.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Center are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash and all highly liquid debt instruments purchased with original maturities of three months or less.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Generally, an asset is capitalized at \$1,500 or more. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

Furniture, Equipment & Vehicles

5 years

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

Accounting Pronouncement Adopted

During 2018, the Center adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which finalizes Proposed ASU No. 2015-230, by the same name and topic, and simplifies and improves the manner in which a not-for-profit (NFP) classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. In particular, ASU No. 2016-14 amends the requirements for financial statements and notes in Topic 958, *Not-for-Profit Entities*, and requires an NFP to, among other things, (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets referenced above, rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows, using either the direct or the indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021.

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncement Adopted (Continued)

Net assets previously reported as temporarily restricted and permanently restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

Contributions

In accordance with FASB ASC 958-205, *Not-For-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Center has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

Donated Services

Members, agencies, businesses, volunteers and others contribute substantial services toward fulfillment of the projects initiated by the Center. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASC 958-205 have not been satisfied.

Not-For-Profit Accounting

The Center reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Center does not have any net assets with donor restrictions at June 30, 2022.

The net assets are composed of the following:

Net Assets Without Donor Restrictions – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accrued interest receivable, and bequests receivable approximates fair value because of the short maturity of these financial instruments. The carrying value, which is the fair value of investments and funds held in trust by others, is based upon quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2022 and 2021, the bank balances were \$1,536,796 and \$1,753,633, respectively.

Note 3 - Income Taxes

The Center is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the year ended June 30, 2022. The earliest income tax year that is subject to examination is 2018.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
CASA AP Grant	\$ 77,634	\$ 163,740
Family Support & Youth Transition	103,202	120,009
VOCA (Victims of Criminal Acts)	92,881	62,294
Other Grants	<u>79,489</u>	<u>35,736</u>
Total Grants Receivable	<u>\$ 353,206</u>	<u>\$ 381,779</u>
Therapeutic Services (Medicaid)	<u>\$1,030,027</u>	<u>\$1,031,146</u>

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Furniture & Equipment	\$ 206,991	\$ 206,991
Buildings	1,933,843	1,408,843
Computers	90,416	90,416
Vehicles	84,177	84,177
Accumulated Depreciation	<u>(553,817)</u>	<u>(494,560)</u>
Net Property and Equipment	<u>\$1,761,610</u>	<u>\$1,295,867</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 5 - Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2022 and 2021 was \$59,257 and \$57,361, respectively.

Note 6 - Lease Expense - Operating

The Center has a twelve month lease for its Farmerville office for \$300 per month. This lease was set to expire at September 30, 2012 but is now also month to month. For the year ended June 30, 2022 and 2021, the Center had a twelve month lease for their Rayville office for \$2,400 per month.

The Center began leasing a building from St. Francis Hospital which is across the street from the Center for \$2,947 per month. During this fiscal, the Center is leasing buildings in Shreveport and Crowley for \$3,598 per month and \$4,200 per month respectively. These are also twelve month leases. The Center also began leasing another office in Monroe for 3,300 per month which is also a twelve month lease. The Center is also leasing a building in Mississippi for \$2,867 per month. This is a three year lease.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2022, is as follows:

June 30, 2023	\$ 64,116
June 30, 2024	\$ 75,485
June 30, 2025	\$ 54,161
June 30, 2026	\$ 13,200
June 30, 2027	\$ -

Note 7 - Letters of Credit and Notes Payable

During the year the Center was extended a line of credit in the amount of \$1,250,000 at 6.0% interest per year. As of June 30, 2022 and 2021, the Center owed \$0, respectively, on the line of credit. The Center also has a vehicle loan outstanding in the amount of \$4,184 that will be paid off during the year ended June 30, 2023.

Note 8 - Deferred Revenue

Medicaid revenue received the last few days of the fiscal year is considered deferred revenue in the amount of \$224,739. The revenue is in the billing system but not yet coded to revenue. This is a clearing account which is created because of the timing differences between the collection and recording of funds.

Note 9 - Financial Instruments

Fair Values

The Center's financial instruments consist of cash, receivables, accounts payable and a line of credit. The carrying values of these instruments approximate their fair values.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 9 - Financial Instruments (Continued)

Concentrations of Credit Risk

The Center has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2022, cash balance (bank balance) exceeded the federally insured limit by approximately \$1,286,796. The Center has not experienced any loss on such deposits.

Collateralization Policy

The Center does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

Note 10 - Disclosures About Concentrations

The Center receives the majority of its revenue in the form of Medicaid billing from the State of Louisiana for behavioral health services rendered by the Center. This billing is subject to review by the State, which could result in disallowed costs. Billing rates for services rendered could be changed from year to year. The rates are determined by Louisiana's Department of Health.

Note 11 - Liquidity and Availability of Resources

The organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 1,536,796
Grants Receivable	353,206
Therapeutic Services Receivable	<u>1,030,027</u>
Total	<u>\$ 2,920,029</u>

None of the financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

Note 12 - Subsequent Events

In accordance with ASC 855, the Center evaluated subsequent events through October 10, 2022, the date these financial statements were available to be issued.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grants/Pass Through Grantor/Program Title	CFDA Number	Agency or Pass - Through Number	Expenditures
Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	None	\$ 468,900
HRSA Relief Funding	93.461	None	241,929
Total			710,829
Department of Justice			
Passed Through the Louisiana Commission on Law Enforcement:			
Victims of Criminal Acts (VOCA)	16.575	2019-VA-01/03/04 -5812 *	185,296
Victims of Criminal Acts (VOCA)	16.575	2019-VA-01/03/04 -5973 *	42,456
Victims of Criminal Acts (VOCA)	16.575	2019-VA-01/03/04-5781 *	549,454
Total			777,206
Office for Victims of Crime	16.575		47,359
Total Department of Justice			824,565
			\$ 1,535,394

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Center for Children and Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Center's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements

The following reconciliation is provided to help the reader of the Center's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2020.

*Denotes Major Federal Assistance Program.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022 (continued)

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements (continued)

CASA Program Services

Salaries	\$ 489,161
Fringe Benefits & Payroll Taxes	38,429
Advertising	8,653
Background Checks	5,672
Office Supplies & Expense	32,244
Utilities	25,489
Rent	46,908
Computer & Equipment	21,131
Dues	775
Audit	6,000
Fees & Licenses	475
Insurance	64,422
Travel/Meeting	10,830
	750,189
 <u>Total Expenditures Requested for Reimbursement</u>	 \$ 750,189
 <u>Federal Grant Revenue</u>	 468,900
 <u>State Portion of Grant Revenue</u>	 281,289
 <u>Total Grant Funds for CASA Program Services</u>	 \$ 750,189

De minimis Indirect Cost Rate - The Southern Center for Children and Families, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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
Southern Center for Children and Families, Inc.

I have audited, 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, the financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated October 10, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 the Center's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Hand, CPA (APPC)

West Monroe, Louisiana
October 10, 2022

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

Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the Southern Center for Children and Families, Inc. (a nonprofit organization), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In my opinion, the Center 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 June 30, 2022.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Center and to meet my other ethical responsibilities, in accordance with relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Center'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 the Center's federal programs.

Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on my 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 the Center's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, not such opinion is expressed.

I am 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 I identified during the audit.

Report on Internal Control over Compliance

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

Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

David M. Sand, CPA (SPAC)

Monroe, Louisiana
October 10, 2022

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Southern Center for Children and Families, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of Southern Center for Children and Families, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over compliance, relating to the audit of a major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Southern Center for Children and Families, Inc. expresses an unmodified opinion.
6. There were no findings relative to major federal award programs for Southern Center for Children and Families, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Victims of Criminal Acts (VOCA)	16.575

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Southern Center for Children and Families, Inc. was determined to be a low-risk auditee.
10. No management letter was issued related to the financial statements for the year ended June 30, 2022.

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022

		<u>Matthew Thornton</u> <u>CEO</u>
<i>Purpose:</i>		
Salary	\$	150,000
Benefits - Insurance		5,271
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
 Total	 \$	 <u>155,271</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Southern Center for Children and Families, Inc. and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Southern Center for Children and Families, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described in the attachment to this report.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

David M. Hartt, CPA (CAPAC)

West Monroe, Louisiana
October 10, 2022

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Exceptions

No exceptions noted in the above procedures.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Exceptions

No exceptions were identified in the performance of the procedures listed above.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Exceptions

Not applicable to this not for profit entity.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exceptions

The Southern Center for Children and Families, Inc. has no debt.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions

Inquired of management whether the Center had any misappropriations of public funds or assets and there was none. The entity does have posted on its premises, the notice required by R.S. 24:523.1.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Exceptions

I performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exceptions

Not applicable to this not for profit entity.