

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

*Financial Statements
For the Years Ended June 30, 2021 and 2020*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

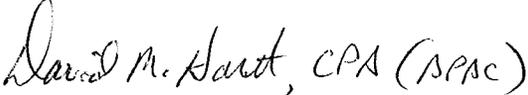
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southern Center for Children and Families, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 23, 2021, 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. Sant, CPA (SPAC)

West Monroe, Louisiana
September 23, 2021

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

ASSETS

	June 30,	
	2021	2020
Current Assets:		
Cash and Cash Equivalents	\$ 1,753,633	\$ 969,741
Grants Receivable	381,779	297,193
Therapeutic Services (Medicaid) Receivable	1,031,146	1,074,271
Other Receivables	-	-
Total Current Assets	3,166,558	2,341,205
Property and Equipment:		
Buildings	1,408,843	1,394,978
Furniture and Equipment	206,991	206,991
Computers	90,416	90,416
Vehicles	84,177	84,177
Less: Accumulated Depreciation	(494,560)	(437,200)
Net Property and Equipment	1,295,867	1,339,362
<u>TOTAL ASSETS</u>	\$ 4,462,425	\$ 3,680,567

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 93,225	\$ 84,917
Payroll Liabilities	63,166	51,704
Obligations Under Line of Credit	-	-
Notes Payable	-	802,400
Deferred Revenue	233,246	176,833
Vehicle Loan	11,358	41,333
Total Current Liabilities	400,995	1,157,187
Net Assets:		
Without Donor Restrictions	4,061,430	2,523,380
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 4,462,425	\$ 3,680,567

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

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

<u>PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	For the Years Ended June 30,	
	2021	2020
Government Grants and Contracts	\$ 3,297,428	\$ 3,312,153
Medicaid Reimbursement Revenue	6,521,645	6,847,744
Covid Relief Income	1,121,476	-
Fundraising	47,350	62,643
Interest Income	1,872	302
Other Income	94,365	55,633
<u>TOTAL PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	11,084,136	10,278,475
<u>EXPENSES</u>		
Program Services:		
TANF	778,375	754,113
VOCA	616,805	778,687
Therapeutic Services	3,856,542	4,541,699
Living Well Foundation	13,554	2,365
Delta Initiative	109,426	256,796
Brokers of Hope	236,708	494,121
Family Support & Youth Transitions	511,759	264,256
Total Program Services	6,123,169	7,092,037
Management and General	3,402,352	2,826,929
Fundraising	4,429	28,742
<u>TOTAL EXPENSES</u>	9,529,950	9,947,708
<u>INCREASE IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>	1,554,186	330,767
<u>NET ASSETS AT BEGINNING OF YEAR - RESTATED</u>	2,507,244	2,192,613
<u>NET ASSETS AT END OF YEAR</u>	\$ 4,061,430	\$ 2,523,380

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					
	TANF	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
	<u>\$ 778,375</u>	<u>\$ 616,805</u>	<u>\$ 3,856,542</u>	<u>\$ 13,554</u>	<u>\$ 109,426</u>	<u>236,708</u>
Total Expenses, year ended June 30, 2020	<u>\$ 778,375</u>	<u>\$ 616,805</u>	<u>\$ 3,856,542</u>	<u>\$ 13,554</u>	<u>\$ 109,426</u>	<u>236,708</u>

<u>PROGRAM SERVICES</u>					
<u>Family Support and Youth Transitions</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS 2020</u>	
\$ 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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Brokers of Hope
Salaries	\$ 487,554	\$ 537,656	\$ 1,103,035	\$ -	\$ 188,513	135,866
Fringe Benefits & Payroll Taxes	47,163	33,844	84,959	-	13,055	10,417
Contracts	-	2,208	225,984	-	1,800	-
Legal and Professional	6,000	-	-	-	-	-
Client Support	-	26,389	2,849,414	-	1,051	68,754
Advertising	-	588	13,653	-	325	448
Recruiting	17,661	-	-	-	-	-
Office Supplies and Expense	49,259	26,316	14,561	-	-	1,232
Utilities	6,148	9,408	27,335	-	7,793	7,800
Rent	33,246	72,010	885	-	-	-
Christmas Project	-	-	6,043	-	-	473
Computer	24,069	35,747	-	-	-	136
Repairs and Maintenance	-	-	5,359	-	10,963	-
Depreciation	-	-	109	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	425	-	21,729	-	100	50
Interest	-	-	-	-	-	-
Insurance	71,264	33,837	28	-	20,000	12,800
Miscellaneous	-	-	3,694	-	-	-
Travel/Meeting	10,549	684	171,007	2,365	-	25,426
Fuel	-	-	51	-	-	-
Training Meeting	-	-	2,904	-	12,760	-
Bad Debts	-	-	-	-	-	-
Professional Development	-	-	10,949	-	436	854
Total Expenses, year ended June 30, 2020	<u>\$ 754,113</u>	<u>\$ 778,687</u>	<u>\$4,541,699</u>	<u>\$ 2,365</u>	<u>\$ 256,796</u>	<u>\$ 264,256</u>

PROGRAM SERVICES					TOTALS
Family Support and Youth Transitions	Total Program Services	Management and General	Fundraising	2020	
\$ 403,034	\$ 2,855,658	\$ 1,466,936	\$ -	\$ 4,322,594	
31,364	220,802	120,449	-	341,251	
-	229,992	61,470	-	291,462	
-	6,000	18,114	-	24,114	
4,757	2,950,365	9,749	-	2,960,114	
127	15,141	4,832	-	19,973	
451	18,112	25,331	-	43,443	
-	91,368	88,520	1,075	180,963	
-	58,484	96,266	-	154,750	
-	106,141	113,353	-	219,494	
-	6,516	546	-	7,062	
2,191	62,143	182,773	-	244,916	
-	16,322	45,054	-	61,376	
-	109	55,701	-	55,810	
-	775	-	-	775	
124	22,428	52,467	75	74,970	
-	-	11,507	-	11,507	
-	137,929	286,071	-	424,000	
63	3,757	5,965	-	9,722	
48,093	258,124	12,363	-	270,487	
48	99	1,943	-	2,042	
32	15,696	27,904	-	43,600	
-	-	35,278	-	35,278	
3,837	16,076	104,337	27,592	148,005	
<u>\$ 494,121</u>	<u>\$ 7,092,037</u>	<u>\$ 2,826,929</u>	<u>\$ 28,742</u>	<u>\$ 9,947,708</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,	
	2021	2020
		Restated
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 1,554,186	\$ 330,767
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	57,361	55,810
(Increase) Decrease in Grants Receivable	(61,009)	199,609
(Increase) Decrease in Therapeutic Services Receivable	19,548	45,217
(Increase) Decrease in Other Receivables	-	68,810
Increase (Decrease) in Accounts Payable	8,308	26,596
Increase (Decrease) in Payroll Liabilities	11,462	14,726
Increase (Decrease) in Deferred Revenue	56,413	(94,246)
Net Cash Provided (Used) by Operating Activities	1,646,269	647,289
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(13,865)	(19,978)
Disposal of Vehicles	-	-
Net Cash Used by Investing Activities	(13,865)	(19,978)
<u>Cash Flows from Financing Activities:</u>		
Proceeds from Notes Payable	(802,400)	802,400
Proceeds (Decrease) from Line of Credit	-	(511,000)
Proceeds (Decrease) from Note on Automobile	(29,975)	(15,008)
Net Cash Provided (Used) by Financing Activities	(832,375)	276,392
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	800,029	903,703
<u>Cash at Beginning of Year</u>	953,604	49,901
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 1,753,633	\$ 953,604

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, 2021 AND 2020

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
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SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021.

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, 2021 AND 2020

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, 2021 and 2020, the bank balances were \$1,753,633 and \$980,875, 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, 2021. The earliest income tax year that is subject to examination is 2017.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
TANF Grant	\$ 163,740	\$ 81,647
Family Support & Youth Transition	120,009	102,927
VOCA (Victims of Criminal Acts)	62,294	70,437
Other Grants	<u>35,736</u>	<u>44,699</u>
Total Grants Receivable	<u>\$ 381,779</u>	<u>\$ 297,193</u>
Therapeutic Services (Medicaid)	<u>\$1,031,146</u>	<u>\$1,071,754</u>

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Furniture & Equipment	\$ 206,991	\$ 206,991
Buildings	1,408,843	1,394,978
Computers	90,416	90,416
Vehicles	84,177	84,177
Accumulated Depreciation	<u>(494,560)</u>	<u>(437,200)</u>
Net Property and Equipment	<u>\$1,295,867</u>	<u>\$1,339,362</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 5 - Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2021 and 2020 was \$57,361 and \$55,810, 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, 2021 and 2020, 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, 2021, is as follows:

June 30, 2022	\$159,339
June 30, 2023	\$ 50,393
June 30, 2024	\$ 39,600
June 30, 2025	\$ 39,600
June 30, 2026	\$ 13,200

Note 7 - Letters of Credit and Notes Payable

The Center received a \$802,400 loan from the Paycheck Protection Program. The loan was issued to the Center on April 14, 2020 and is accounted for as a notes payable. The loan was forgiven in full on January 8, 2021.

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, 2021 and 2020, the Center owed \$0, respectively, on the line of credit. The Center also has a vehicle loan outstanding in the amount of \$11,358 that will be paid off during the year ended June 30, 2022.

Note 8 - Deferred Revenue

Medicaid revenue received the last few days of the fiscal year is considered deferred revenue in the amount of \$233,246. 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, 2021 AND 2020

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, 2021, cash balance (bank balance) exceeded the federally insured limit by approximately \$1,503,298. 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	\$ 1,753,633
Grants Receivable	358,202
Therapeutic Services Receivable	<u>1,054,723</u>
Total	<u>\$ 3,166,558</u>

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

Note 12 - Restatement of Beginning Net Assets

During the year, the Center had to rebill insurance which was allowed by the VOCA grant for amounts not billed in prior year for \$10,596. Also, the Center had to rebill the Living Well Foundation for May 2020 expenses for \$5,540 that were previously disallowed. Both of these events resulted in a reduction of beginning net assets of \$16,136.

Note 13 - Subsequent Events

In accordance with ASC 855, the Center evaluated subsequent events through September 23, 2021, the date these financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	* \$ 464,014
Department of Justice			
Passed Through the Louisiana			
Commission on Law Enforcement:			
Victims of Criminal Acts (VOCA)	16.575	2018-VA-03-5109	168,355
Victims of Criminal Acts (VOCA)	16.575	2018-VA-01/03/04-5120 *	488,324
Victims of Criminal Acts (VOCA)	16.575	2019-VA-01/03/04-5781	139,078
Victims of Criminal Acts (VOCA)	16.575	2018-VA-03-5173	51,583
Total			847,340
Office for Victims of Crime	16.575		44,655
Total Department of Justice			891,995
			\$ 1,356,009

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, 2021 (continued)

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

CASA Program Services

Salaries	\$ 492,736
Fringe Benefits & Payroll Taxes	44,628
Advertising	25,830
Background Checks	2,895
Office Supplies & Expense	44,363
Utilities	23,408
Rent	47,130
Computer & Equipment	24,696
Dues	775
Audit	6,000
Fees & Licenses	525
Insurance	61,778
Travel/Meeting	3,610
	<u>778,374</u>
 <u>Total Expenditures Requested for Reimbursement</u>	 <u>\$ 778,374</u>
 <u>Federal Grant Revenue</u>	 464,014
 <u>State Portion of Grant Revenue</u>	 <u>314,360</u>
 <u>Total Grant Funds for CASA Program Services</u>	 <u>\$ 778,374</u>

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, 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 my report thereon dated September 23, 2021.

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. Haut, CPA (APAC)

West Monroe, Louisiana
September 23, 2021

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

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

Report on Compliance for Each Major Federal Program

I have audited the Southern Center for Children and Families, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2021. The Center's major program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the Center's major federal program based on my audit of the types of compliance requirements referred to above. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

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 its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Nard, CPA (SPAC)

West Monroe, Louisiana
September 23, 2021

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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>
TANF (Temporary Assistance for Needy Families)	93.558
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, 2021.

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, 2021

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, 2021

Matthew Thornton
 CEO

Purpose:

Salary	\$	150,000
Benefits - Insurance		4,992
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
 Total		 <u>\$ 154,992</u>