

SOUTHEAST COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

Minda B. Raybourn

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Limited Liability Company*

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SOUTHEAST COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southeast Community Services, Inc.
PO Box 196
Tickfaw, LA 70466

Report on the Financial Statements

I have audited the accompanying financial statements of Southeast Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 we 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 Southeast Community Services, Inc., as of September 30, 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

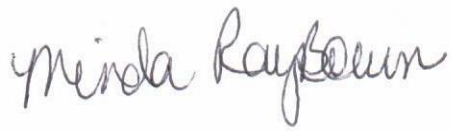
Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the audited statement of claims and schedule of meals served and program reimbursements as required by the Louisiana Department of Education and the schedule of compensation, benefits, and other payments to the agency head is also presented for purposes for additional analysis and is not part of the required 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.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued my report dated May 15, 2020, on my consideration of Southeast Community Services, 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 Southeast Community Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Minda Rayburn". The signature is written in a cursive style with a large initial "M".

Franklinton, LA
May 15, 2021

FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS	Administrative	General	Total
Current Assets			
Cash and cash equivalents	\$ 53,333	\$ 149,667	\$ 203,000
Due from Department of Education	157,058	-	157,058
Other Receivable	32	-	32
Due from Administrative Fund	-	-	-
Total Current Assets	<u>210,423</u>	<u>149,667</u>	<u>360,090</u>
Capital Assets			
Building	-	48,593	48,593
Office Equipment	-	50,325	50,325
Accumulated Depreciation	-	(34,341)	(34,341)
Net Capital Assets	<u>-</u>	<u>64,576</u>	<u>64,576</u>
 TOTAL ASSETS	 <u>210,423</u>	 <u>214,243</u>	 <u>424,667</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	1,360	-	1,360
Due to providers	152,276	-	152,276
Withholding taxes payable	3,774	-	3,774
Accrued salaries payable	19,690	-	19,690
Due to General Fund	-	-	-
Total Current Liabilities/Total Liabilities	<u>177,100</u>	<u>-</u>	<u>177,100</u>
Net Assets (Deficit)			
With donor restrictions	-	-	-
Without donor restrictions	<u>33,324</u>	<u>214,243</u>	<u>247,567</u>
Total Net Assets (Deficit)	<u>33,324</u>	<u>214,243</u>	<u>247,567</u>
 Total Liabilities and Net Assets (Deficit)	 <u>\$ 210,423</u>	 <u>\$ 214,243</u>	 <u>\$ 424,667</u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

UNRESTRICTED NET ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND OTHER GAINS			
Administrative reimbursement	\$ -	\$ 329,804	\$ 329,804
Provider reimbursement	-	1,834,635	1,834,635
Bingo revenue	155,973	-	155,973
SBA grant	9,000	-	9,000
Contributions	-	-	-
Net assets released from restrictions	<u>2,164,439</u>	<u>(2,164,439)</u>	<u>-</u>
Total support and other gains	<u>2,329,412</u>	<u>-</u>	<u>2,329,412</u>
EXPENSES			
Program services	1,834,645	-	1,834,645
Supporting services	330,328	-	330,328
Fundraising and other expenses	<u>140,491</u>	<u>-</u>	<u>140,491</u>
Total expenses	<u>2,305,464</u>	<u>-</u>	<u>2,305,464</u>
CHANGE IN NET ASSETS	23,948	-	23,948
NET ASSETS (DEFICIT), BEGINNING	<u>223,619</u>	<u>-</u>	<u>223,619</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 247,567</u>	<u>\$ -</u>	<u>\$ 247,567</u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from administrative reimbursements	\$ 1,814,490
Cash received from program reimbursements	330,175
Cash received SBA grant	9,000
Cash received from fundraising efforts & other	155,973
Cash paid for program expenses	(1,814,500)
Cash paid to or on behalf of employees for services	(282,505)
Cash paid to suppliers for goods and services	<u>(176,021)</u>
Net cash used for operating services	<u>36,612</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of capital assets	<u>-</u>
Net cash used for investing activities	<u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
 INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	 36,612
 CASH AND CASH EQUIVALENTS, BEGINNING	 166,388
 CASH AND CASH EQUIVALENTS, ENDING	 <u>\$ 203,000</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO	
NET CASH USED FOR OPERATING ACTIVITIES	\$ 23,948
 Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation	8,627
(Increase) decrease in assets:	
Due from Department of Education	(19,774)
Increase (decrease) in liabilities:	
Accounts payable	(40)
Due to providers	20,145
Withholding taxes payable	624
Accrued salaries payable	3,082
 NET CASH PROVIDED (USED) FOR OPEARATING ACTIVITIES	 <u>\$ 36,612</u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

<u>ACCOUNT</u>	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>GENERAL</u>	<u>GAMING</u>
Accounting	\$ -	\$ 5,280	\$ 500	\$ -
Advertising	-	405	-	-
Auditor	-	3,800	-	-
Bank service charges	-	2,523	120	120
Books, subscriptions, reference	-	120	-	-
Contract labor	-	520	-	-
Copier lease	-	66	-	-
Depreciation	-	-	-	8,627
Donations	-	-	2,000	-
Dues and subscriptions	-	548	-	162
Equipment rental	-	-	-	-
Fundraiser expense	-	-	58,150	-
Health insurance	-	30,964	-	-
Inspection fees	-	-	-	652
Insurance-liability	-	836	2,807	-
Insurance-worker's compensation	-	1,063	-	-
Interest	-	-	-	50
IT Contract	-	3,950	-	-
Janitorial	-	457	-	-
Lawn care maintenance	-	1,310	-	-
License and tax renewal	-	-	175	-
Minute Menu	-	14,551	-	-
Miscellaneous	-	58	-	-
Office Lease	-	-	40,360	-
Office Supplies	-	3,248	740	-
Payroll	-	217,578	13,410	-
Payroll taxes	-	19,341	1,212	-
Postage meter	-	823	-	-
Postage, mailing service	-	2,990	321	-
Printing and copying	-	-	-	-
Property insurance	-	-	-	-
Property taxes	-	-	-	-
Provider payments/support	1,834,645	-	-	101
Provider training	-	1,007	-	-
Provider underpayments	-	-	-	-
Repairs and maintenance	-	1,976	2,555	-
Sponsor	-	-	-	-
Staff training	-	626	-	-
Storage rental	-	-	-	-
Supplies	-	60	-	-
Taxes	-	-	6,100	-
Telephone	-	6,390	2,328	-
Travel and meetings	-	7,662	-	-
Uniforms	-	292	-	-
Utilities	-	1,883	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 1,834,645	\$ 330,328	\$ 130,778	\$ 9,713

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

NOTES TO FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Family Day Care Home Program of Southeast Community Services, Inc. (hereafter referred to as the Organization) was established to provide supervised provisions of meals. It serves an average of 310 homes per month to primarily low-income, disabled, elderly or other disadvantaged residents of Livingston and surrounding parishes. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226.

It operates on a fiscal year ending on September 30th and its significant accounting policies described below.

Basis of presentation

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

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

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

Receivables

Accounts receivable are stated at net realizable value. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers/vendors to make required payments. Because the collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Inventory

Inventory is stated at cost. It includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$5,000 or greater is generally capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Support and Expenses

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted reimbursements whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Advertising costs are expensed as incurred. There was \$405 in advertising expenses paid during the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The federal income tax returns of the company for fiscal years 2017, 2018, 2019 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2-AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 203,000
Accounts receivable	<u>157,090</u>
Total financial assets available for use over the next 12 months	\$ 360,090
Less amounts to be used within 12 months:	
Provider expenditures	(152,276)
Total financial assets available for use over the next 12 months	<u><u>\$ 207,814</u></u>

The Organization's goal is to maintain financial assets to meet 3 months of operating expenses. As part its liquidity plan, cash is held in checking accounts.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Demand deposits	\$ 203,000
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Of this amount, \$53,333 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The are funds of \$47,357 held by the General Fund and can be utilized at the discretion of management. There is \$102,310 maintained in a separate account in accordance with rules and regulations applicable to charitable gaming.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2020, the Organization did not have bank balances in excess of FDIC insured limits.

NOTE 4 - RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2020.

Receivables at year-end consist of the following:

Due from Department of Education	\$ 157,058
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SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 - CAPITAL ASSETS

The Organization has capital assets as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets being depreciated:				
Building and equipment	\$ 98,917	\$ -	\$ -	\$ 98,917
Less accumulated depreciation	(25,718)	(8,627)	-	(34,345)
Capital assets, net	<u>\$ 73,199</u>	<u>\$ (8,627)</u>	<u>\$ -</u>	<u>\$ 64,572</u>

The Organization recorded \$8,627 in depreciation expense. No new assets were purchased. No assets were retired.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Accounts payable	\$ 1,360
Payables to providers	152,276
Withholding taxes payable	3,774
Accrued salaries	19,690
Total	<u>\$ 177,100</u>

NOTE 7 - PAYCHECK PROTECTION PROGRAM

	Beginning Balance	Additions	Retirements	Ending Balance
Long Term Debt:				
Paycheck Protection Program	\$ -	\$45,800	\$ (45,800)	\$ -
Capital assets, net	<u>\$ -</u>	<u>\$45,800</u>	<u>\$ (45,800)</u>	<u>\$ -</u>

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

On May 7, 2020, the Organization received \$45,800 in Paycheck Protection Program funding established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization did not use the funds but instead returned them to the bank in the amount of \$45,850.19 (loan amount of \$45,800 plus interest in the amount of \$50.19). The funds were received in the general fund and returned from the general fund. Interest expense was recognized in the general fund in the amount of \$50.

NOTE 8 - RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions on net assets relate to amounts requested from the State of Louisiana, Department of Education for reimbursement to the providers of meals through the Family Day Care Home Program of the U.S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226. The amount due to providers requested but not yet received at year end has been accrued in the accompanying financial statements and is listed in the note above.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the year as follows:

Purpose restriction accomplished:	
Meals provided	\$1,834,635
Administrative costs	\$330,328

NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated between the program and support services.

NOTE 11-CHARITABLE GAMING

The Organization participates in the State's charitable gaming program. As required by applicable regulations, the funds generated are separately reported and maintained. Other than those related to the conduct of the gaming sessions, expenditures are restricted for the benefit of the Organization's charitable programs.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12 - CONCENTRATIONS

Receivables and Revenues. All receivables recorded are due from the Louisiana Department of Education, Division of Nutrition Assistance. Approximately 93% of the Organization's support is paid by the Department of Education, State of Louisiana through the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, under 7 CFR Part 226.

NOTE 13 - LITIGATION

There is no pending or threatened litigation, claims or assessments that are required to be accrued or disclosed in this financial report.

NOTE 14-COVID 19 PANDEMIC

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it have had and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

NOTE 15 - SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and May 15, 2021, the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements

**REQUIRED SUPPLEMENTARY
INFORMATION**

**SOUTHEAST COMMUNITY SERVICES, NC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
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Major Programs

US Department of Agriculture Food and Nutrition Services Child and Adult Day Care Food Program	10.558	
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Family Day Care Home Program

Pass Through
State of Louisiana, Department of Education
Division of Nutrition

Program services: meals/snacks	\$1,834,645
Supporting services	<u>330,328</u>
Total federal award expenditures	<u>\$2,164,973</u>

**Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2020**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of accounting. 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 of Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

Indirect Cost Rate

Southeast Community Services, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Sub-recipients

There was no awards passed through to sub-recipients.

See Independent Auditor's Report.

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED SEPTEMBER 30, 2020**

AGENCY HEAD:

Clara Sharkey
Executive Director

Purpose

Salary	\$ 76,735
Benefits-FICA	5,870
Benefits-insurance	21,580
Travel-monitoring visits	931
Total	<u>\$ 105,116</u>

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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Franklinton, Louisiana 70438
(985) 839-4413
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Southeast Community Services, Inc.

PO Box 196

Tickfaw, LA 70466

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeast Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 15, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeast Community Services, Inc.'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 Southeast Community Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Southeast Community Services, Inc.'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.

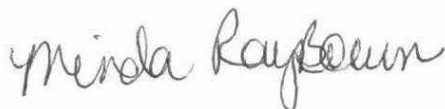
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Community Services, Inc.'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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA
Franklinton, LA
May 15, 2021

Minda B. Raybourn

Certified Public Accountant

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

To the Board of Trustees of
Southeast Community Services, Inc.

Report on Compliance for Each Major Federal Program

I have audited Southeast Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Community Services, Inc.'s major federal programs for the year ended September 30, 2020. Southeast Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 each of Southeast Community Services, Inc.'s major federal programs 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 Southeast Community Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Southeast Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Southeast Community Services, Inc. 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.

Report on Internal Control Over Compliance

Management of Southeast Community Services, Inc. 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 Southeast Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Southeast Community Services, Inc.'s internal control over compliance.

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

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.



Minda Raybourn, CPA
Franklinton, LA
May 15, 2021

**MINDA RAYBOURN CPA LLC
820 11TH AVE
FRANKLINTON, LA 70438**

INDEPENDENT AUDITOR'S REPORT ON CLAIMS FOR REIMBURSEMENT

To the Board of Trustees of
Southeast Community Services, Inc.

I have examined the accompanying claims for reimbursements (Audited Statements of Claims attached) submitted by the Family Day Care Home Program of Southeast Community Services, Inc. under the FDCH program. My examination was made in accordance with auditing standards established by the American Institute of Certified Public Accountants and with generally accepted government auditing standards established by the Comptroller General of the United States and included tests of programs and accounting records prescribed by the USDAOIG guide for audits of this program. In my opinion, the aforementioned claims present fairly the number of meals or supplements eligible for reimbursement for the period October 1, 2019 through September 30, 2020.



Minda Raybourn, CPA
Franklinton, LA
May, 15, 2020

SOUTHEAST COMMUNITY SERVICES, INC.
AUDITED STATEMENT OF CLAIMS
YEAR ENDED SEPTEMBER 30, 2020

REIMBURSEMENT PER AUDIT

Administrative	330,328
Program-meals	<u>1,834,635</u>
Total reimbursement per audit	<u><u>2,164,963</u></u>

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	330,328
Program-meals	<u>1,834,635</u>
Total reimbursement claims and received	<u><u>2,164,963</u></u>

(OVER) UNDER CLAIM	<u><u>-</u></u>
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See independent auditor's report.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS
YEAR ENDED SEPTEMBER 30, 2020

MEALS SERVED	NUMBER SERVED BY MEAL TYPE				
	BREAKFAST	LUNCH	SUPPLEMENTS	SUPPER	TOTAL
From October 1, 2019 through June 30, 2020					
Tier 1	101,599	128,686	277,967	270,199	778,451
Reimbursement rate	1.33	2.49	0.74	2.49	
Total for period	135,127	320,428	205,696	672,796	1,334,046
From July 1, 2020 through September 30, 2020					
Tier 1	35,473	51,471	95,633	92,854	275,431
Reimbursement rate	1.39	2.61	0.78	2.61	
Total for period	49,307	134,339	74,594	242,349	500,589
TOTAL MEALS SERVED	137,072	180,157	373,600	363,053	1,053,882
NET REIMBURSEMENT	\$ 184,434	\$ 454,767	\$ 280,289	\$ 915,144	\$1,834,635

See independent auditor's report.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Southeast Community Services, Inc. were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Southeast Community Services, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the United States Department of Agriculture Child and Adult Care Food Program (CACFP) expresses an unmodified opinion.
6. The program tested as a major program was the United States Department of Agriculture Child and Adult Care Food Program (CACFP) (CFDA 10.558).
7. The threshold for the distinguishing Types A and B programs is as follows:

Type A- \$750,000 or more of federal awards expended
Type B- Any program that does not meet the threshold of Type A programs.
8. For the period ending September 30, 2020, Southeast Community Services, Inc. was determined not to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020**

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None