

SPARK Life Services
Financial Statements
For the year ended June 30, 2020

SPARK Life Services
For the year ended June 30, 2020

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		1
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Cash Flows	C	5
Notes to the Financial Statements		6

OTHER SUPPLEMENTAL DATA

	<u>Schedule</u>	<u>Page</u>
Schedule of Functional Expenses	1	14
Schedule of Compensation, Benefits and Other Payments to Agency Head	2	15
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		16
Schedule of Prior Year Findings	3	18
Current Year Findings and Questioned Costs	4	19

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SPARK Life Services ("Association"), which comprise the statement of financial position as of and for the year ended June 30, 2020, and the related statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association, as of June 30, 2020, and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2020, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 Company's internal control over financial reporting and compliance.

Wade & Perry

Ruston, Louisiana
November 6, 2020

SPARK Life Services
Statement of Financial Position
As of June 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$135,426
Accounts receivable	11,900
Inventories	1,353
Prepaid expenses	<u>0</u>
Total current assets	148,679
Noncurrent assets:	
Property, buildings, furniture & equipment, net of accumulated depreciation	112,409
Deposits	<u>704</u>
Total noncurrent assets	<u>113,113</u>
Total Assets	<u><u>\$261,792</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$1,437
Payroll withholdings payable	330
Accrued salaries	14,612
Note payable - line of credit	<u>22,922</u>
Total current liabilities	39,301
Net assets:	
Without donor restrictions	222,491
With donor restrictions	<u>0</u>
Total net assets	<u>222,491</u>
Total Liabilities and Net Assets	<u><u>\$261,792</u></u>

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Activities
For the Year Ended June 30, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS:

Public Support and Revenue

Public Support:

State contracts	\$427,582
State grants	
Contributions	<u>1,766</u>
Total Public Support	<u>429,348</u>

Revenue:

Work center sales	22,962
Group home fees	14,300
Fundraising income	120
Membership dues	
Other income	<u>914</u>
Total Revenue	<u>38,296</u>
Total Public Support and Revenue	<u>467,644</u>

Expenses and Losses

Adult services	210,983
Work center	17,605
General and administrative	<u>235,843</u>
Total Expenses	<u>464,431</u>
Operating income	3,213
Gain (loss) on sale of assets	<u>0</u>
Change in net assets	3,213
Net assets as of beginning of year	<u>219,278</u>
Net assets as of end of year	<u>\$222,491</u>

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Statement of Cash Flows
For the Year Ended June 30, 2020

<u>Cash flows from Operating activities</u>	
Increase in net assets	\$3,213
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	12,503
(Increase) decrease in operating assets:	
Accounts receivable	37,258
Inventories	1,122
Other assets	
Increase (decrease) in operating liabilities:	
Accounts payable	(1,915)
Payroll withholdings payable	(881)
Accrued liabilities	(9,639)
Net cash provided by operating activities	<u>41,661</u>
<u>Capital and related financing activities</u>	
Cash payments for principal	(13,000)
Sale of fixed assets	
Cash payments for the purchase of property	(5,887)
Net cash provided by investing activities	<u>(18,887)</u>
<u>Noncapital and related financing activities</u>	
None	<u>0</u>
Net increase (decrease) in cash and cash equivalents	22,774
Cash and cash equivalents as of beginning of year	<u>112,652</u>
Cash and cash equivalents as of end of year	<u>\$135,426</u>
Supplemental Disclosures:	
Cash paid during the year for interest	<u>\$1,751</u>

See accompanying auditor's report and notes to the financial statements.

SPARK Life Services
Notes to the Financial Statements
For the year ended June 30, 2020

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the SPARK Life Services, in Sarepta, LA. The Association was originally incorporated as a non-profit corporation in accordance with Louisiana Revised Statutes (1950) 12:101-12:155 on October 12, 1961 as the Springhill Association for Exceptional Children. The Association shall enjoy a corporate existence of ninety-nine (99) years. The Association was organized without capital stock with membership evidenced by non-transferable certificates of membership. Each holder of a certificate of membership shall be entitled to one (1) vote.

On March 19, 1965, the charter of the Association was amended changing the name of the Association to the Springhill Association of Retarded Citizens with the following stated purposes:

- * To promote the general welfare of all individuals with mental or physical disabilities.
- * To foster the development of programs in their behalf.
- * To encourage research related to mental retardation.
- * To develop a better understanding of the problems of mental retardation by the public.
- * To cooperate with all public and private groups, agencies, or organizations in the furtherance of these ends.
- * To associate with and support financially the state and national components of the Association to promote the common cause.
- * To serve locally as a clearinghouse for information on mental retardation and its associated problems.
- * To solicit funds for the accomplishment of the above purposes.

The Association shall be administered and directed by a rotating board of directors consisting of no more than fifteen (15) members, each holding office for a term of three (3) years with five (5) directors retiring each year.

On February 23, 1994, the articles of incorporation were amended to change the name of the Association to The ARC of North Webster. On November 4, 2013, the articles of incorporation were amended to change the name of the Association to SPARC Life Services. On January 4, 2016 the articles of incorporation were amended to change the name of the Association to SPARK Life Services.

The Association provides the following services:

Day Habilitation Services are provided to individuals eighteen years old and older that focus on socialization and meaningful age appropriate activities which provide enrichment and promote wellness, as indicated in their person-centered plan.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

Supported Employment Services are conducted in a variety of settings, particularly work sites in which persons without disabilities are employed. Supported employment includes activities needed to sustain paid work by individuals receiving waiver services, including supervision and training.

EPSDT - Attendant services for individuals who are under 21 years of age who are Medicaid eligible and are on the MR/DD Waiver Request for Services Registry.

Long Term Care-Personal Care Services are provided through Louisiana Medicaid for individuals who need assistance with tasks to perform activities of daily living and instrumental tasks of daily living.

Elderly and Disabled Adult Services are available to eligible individuals in their home who demonstrate an inability or impairment to perform self-care activities such as bathing, grooming, food preparation, general household tasks and other activities of daily living.

NOW Waiver Services - Individual Family Supports are direct services provided day or night and assist individuals ages three and older for the relief of the care giver, in and out of the individual's residence, to achieve and/or maintain the outcomes of increased independence, productivity, enhanced family functioning, and inclusion in the community based on his/her person-centered plan.

Supervised Independent Living is also known as companion care services which are delivered in the individual's residence.

CCW is an in-home service where care giver goes to the home and takes care of individuals.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

The System has adopted FASB Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the System is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions - based on the existence or absence of donor-imposed restrictions. It also requires all nonprofit organizations to provide information about expenses by both their natural classification and functional classification. In addition, the System is required to present a statement of cash flows.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

D. Cash Equivalents

The Association considers deposits with financial institutions that can be redeemed on demand and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are composed of certificates of deposit with financial institutions having original maturities in excess of three months when purchased and marketable equity securities. The Association accounts for investments at fair value in accordance with FASB ASC 958 (formerly SFAS 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

F. Uncollectible Receivables

The Association uses the allowance method to account for uncollectible accounts receivable.

G. Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out method.

H. Support and Revenue

Annual membership fees and gifts of goods and equipment are recorded as unrestricted support as received unless explicit donor stipulations specify how the donated assets must be used.

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values 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 in the period received.

I. Property, Buildings, Furniture, and Equipment

Property, buildings, furniture, and equipment are capitalized at cost. The Association capitalizes assets which have a material cost and a useful life of one year or greater. Lesser amounts, minor

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

replacements, maintenance and repairs are expensed as incurred. When property, buildings, furniture, and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. The Association maintains a threshold level of \$200 or more for capitalizing capital assets.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Buildings	20	years
Furniture and equipment	5-10	years

J. Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. The Association allocates functional expenses primarily by specific identification of program expenses which include salaries of personnel assigned to specific programs.

K. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts for revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

L. Advertising Costs

Advertising and sales promotion costs are expensed as incurred.

M. Financial Instruments

The Association's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and note payable. The recorded values of cash and cash equivalents, accounts receivable, accounts payable, and note payable approximate their fair values based on their short-term nature.

2. Cash and Cash Equivalents

At June 30, 2020, the Association has cash and cash equivalents (book balances) totaling \$135,426 as follows:

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

Demand deposits	\$135,373
Petty cash	<u>53</u>
Total	<u>\$135,426</u>

The Association maintains cash and cash equivalents in two accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000. At June 30, 2020, the Association had collected bank balances on deposit totaling \$137,569 which was fully secured by FDIC insurance.

3. Receivables

Trade receivables that management has the intent and ability to hold to maturity are accounted for at the outstanding principal amount, less any related allowance for doubtful receivables. Accounts receivable at June 30, 2020 are as follows:

Customer trade accounts	\$423
Adult day services - sponsoring home	0
State grants	0
State contracts	<u>11,477</u>
	11,900
Allowance for doubtful accounts	<u>0</u>
Total	<u>\$11,900</u>

4. Inventories

Inventories of \$1,353, consisting of paper, office supplies, and other miscellaneous items located at the print shop are stated at the lower of cost (first-in, first-out) or market as of June 30, 2020.

5. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid expenses.

6. Property, Buildings, Furniture and Equipment

As of June 30, 2020, property, buildings, furniture and equipment consist of:

Land	\$5,000
Automobiles	93,273
Buildings and additions	326,501
Furniture and equipment	<u>241,960</u>
Subtotal	666,734
Less accumulated depreciation	<u>(554,325)</u>
Total	<u>\$112,409</u>

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

Depreciation expense totaled \$12,503 for the year ended June 30, 2020.

7. Line of Credit and Borrowings

The Association has a revolving line of credit with a maximum borrowing limit of \$95,000. The credit line is secured by a first mortgage on property located at 24556 Highway 371 in Springhill, Louisiana. The line of credit is payable upon demand, bears a variable interest rate and matures July 4, 2020. As of June 30, 2020, the Association had an outstanding balance of \$22,922 on this obligation with interest accruing at a rate of 5.5%

8. Income Taxes

The Association is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes, except for taxes on unrelated business income. The Association is classified as other than a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

9. Contingencies and Concentrations

The Association is not currently named as defendant in any current or pending litigation. The Association's primary source of revenue (92%) is through service contracts with Medicaid and Medicare. Reductions in the rates paid for contracted services or loss of these contracts would adversely affect the Association.

10. Compensated Absences

Association employees are required to take vacation during the two weeks that SPARK is closed each year. Employees are granted 15 days every July 1 and does not accumulate after each year end and is forfeited upon termination. Therefore, no accrual for compensated absences has been reported in the financial statements.

11. Compensation paid to board members

Members of the Board of directors participate on a voluntary basis and receive no compensation for their services.

12. Related party transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended June 30, 2020.

SPARK Life Services
Notes to the Financial Statements
For the Year Ended June 30, 2020

13. Date of Management Review

Subsequent events have been evaluated through November 6, 2020, the date which the financial statements were available to be issued.

The Covid-19 outbreak in the United States and our state has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether those closings will precipitate a wider economic recession. As a result, the related financial impact on the Association and the duration cannot be estimated at this time.

OTHER SUPPLEMENTAL DATA

SPARK Life Services
 Schedule of Functional Expenses
 For the Year Ended June 30, 2020

	Program Services		Supporting Services	Total
	Work Center	Adult Services	General & administrative	
Advertising			\$1,452	\$1,452
Cost of goods sold	\$11,354			11,354
Depreciation	6,251	\$3,126	3,126	12,503
Dues and subscriptions			2,148	2,148
Insurance			42,953	42,953
Interest expense			1,751	1,751
Licenses and permits			900	900
Miscellaneous			3,968	3,968
Office expenses			894	894
Payroll taxes		14,912	9,941	24,853
Professional services			14,180	14,180
Repairs and maintenance			4,150	4,150
Salaries		186,526	124,350	310,876
Supplies			9,390	9,390
Telephone			6,414	6,414
Transportation expense		6,419	2,426	8,845
Utilities			7,800	7,800
Total Expenses	<u>\$17,605</u>	<u>\$210,983</u>	<u>\$235,843</u>	<u>\$464,431</u>

SPARK Life Services
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Schedule 2

Agency Head Name: Charlotte Thomas (former), Amy Vollmer (current)

Purpose	<u>Charlotte Thomas</u>	<u>Amy Vollmer</u>
Salary	\$6,329	\$17,399
Reimbursements	70	762

WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

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

Independent Auditor's Report

To the Officers and Board of Directors
SPARK Life Services
Sarepta, Louisiana

We 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 consolidated financial statements of SPARK Life Services as of and for the year ended June 30, 2020, and the related notes to the consolidated financial statements, which collectively comprise the Association's consolidated financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies

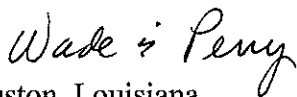
may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify certain deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Ruston, Louisiana
November 6, 2020

SPARK Life Services
Summary of Prior Year Findings
For the Year Ended June 30, 2020

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

SPARK Life Services
Schedule of Findings And Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the District.
2. No instances of noncompliance material to the financial statements of the District was disclosed during the audit.
3. No significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

None