

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

*Financial Statements  
For the Years Ended June 30, 2025 and 2024*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

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

***Opinion***

We 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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis of Opinion***

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Southern Center for Children and Families, Inc. and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southern Center for Children and Families, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern Center for Children and Families, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southern Center for Children and Families, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

#### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director and schedule of expenditures of federal awards, as required by Title 23 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of the Southern Center for Children and Families, Inc.'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 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. North, CPA (APAC)*

West Monroe, Louisiana  
September 24, 2025

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

ASSETS

	June 30,	
	2025	2024
Current Assets:		
Cash and Cash Equivalents	\$ 532,708	\$ 127,579
Grants Receivable	630,806	304,520
Therapeutic Services Receivable	1,130,679	1,095,093
Payroll Retention Credit Receivable	602,338	1,111,495
Other Receivables	25,000	80,000
Other Assets	23,727	1,885
Total Current Assets	2,945,258	2,720,572
Property and Equipment:		
Buildings	2,169,817	2,159,124
Furniture and Equipment	206,991	206,991
Computers	90,416	90,416
Vehicles	84,177	84,177
ROU Asset	1,332,056	1,243,269
Less: Accumulated Depreciation	(1,494,511)	(1,250,493)
Net Property and Equipment	2,388,946	2,533,484
<u>TOTAL ASSETS</u>	\$ 5,334,204	\$ 5,254,056

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 82,949	\$ 59,704
Payroll Liabilities	-	-
Deferred Revenue	50,281	4,603
Short Term Lease Obligations	160,188	165,869
Line of Credit	-	20,000
Total Current Liabilities	293,418	250,176
Long Term Liabilities:		
Long Term Lease Obligations	455,417	533,827
Total Liabilities	748,835	784,003
Net Assets:		
Without Donor Restrictions	4,585,369	4,470,053
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 5,334,204	\$ 5,254,056

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,	
	2025	2024
Government Grants and Contracts	\$ 2,885,647	\$ 1,934,297
Medicaid Reimbursement Revenue	6,635,351	7,396,484
Commercial and Private Payor Insurance	411,063	178,495
Fundraising	68,209	79,571
Contributions Without Donor Restrictions	23,450	550
Community Support	640,044	748,920
Interest Income	153,891	7,756
Other Income	168,376	93,130
 <u>TOTAL PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	 10,986,031	 10,439,203
 <u>EXPENSES</u>		
Program Services:		
CASA	812,764	819,958
VOCA	825,581	827,592
Therapeutic Services	5,336,147	4,597,458
Brokers of Hope	331,459	298,514
Family Support & Youth Transitions	536,500	261,051
Total Program Services	7,842,451	6,804,573
Management and General	2,732,497	3,824,925
Fundraising	34,199	48,434
 <u>TOTAL EXPENSES</u>	 10,609,147	 10,677,932
 <u>INCREASE (DECREASE) IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>	 376,884	 (238,729)
 <u>NET ASSETS AT BEGINNING OF YEAR (Restated)</u>	 4,208,485	 4,708,782
 <u>NET ASSETS AT END OF YEAR</u>	 \$ 4,585,369	 \$ 4,470,053

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, 2025

	PROGRAM SERVICES				
	CASA	CAC	Therapeutic Services	Family Support and Youth Transitions	Brokers of Hope
Salaries	\$ 477,594	\$ 569,653	\$ 1,449,546	\$ 395,139	221,769
Fringe Benefits & Payroll Taxes	36,369	20,075	92,541	27,999	17,575
Contracts	3,600	34,800	3,454,349	-	23,557
Legal and Professional Development	3,989	12,365	4,087	2,279	1,495
Advertising	35,282	3,218	7,957	3,357	2,205
Recruiting	6,557	495	8,463	299	41
Office Supplies and Expense	45,493	21,443	4,418	950	2,347
Utilities	22,705	12,979	17,356	1,450	5,149
Rent	48,175	39,600	101,535	-	8,250
Client Support	-	-	176	-	1,566
Computer	13,908	43,788	-	-	-
Repairs and Maintenance	13,057	2,371	12,856	-	4,883
Depreciation	-	-	-	-	-
Dues	275	-	-	-	-
Audit	6,000	-	-	-	-
Fees and Licenses	1,011	2,663	3,506	390	245
Interest	-	-	-	-	-
Insurance	76,578	41,874	101,907	27,825	23,417
Miscellaneous	86	-	1,432	-	-
Travel/Meeting	13,065	13,524	21,606	75,765	18,527
Training Meeting	9,020	6,733	54,412	1,047	433
Total Expenses, year ended June 30, 2025	<u>\$ 812,764</u>	<u>\$ 825,581</u>	<u>\$ 5,336,147</u>	<u>\$ 536,500</u>	<u>331,459</u>

<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS 2025</u>
\$ 3,113,701	\$ 1,160,100	\$ -	\$ 4,273,801
194,559	141,904	-	336,463
3,516,306	169,838	-	3,686,144
24,215	112,926	242	137,383
52,019	59,616	580	112,215
15,855	88,216	25	104,096
74,651	58,644	128	133,423
59,639	119,595	-	179,234
197,560	90,066	-	287,626
1,742	733	25,382	27,857
57,696	167,241	2,147	227,084
33,167	87,506	-	120,673
-	62,695	-	62,695
275	-	-	275
6,000	8,000	-	14,000
7,815	124,773	4,516	137,104
-	247	-	247
271,601	234,378	-	505,979
1,518	1,041	-	2,559
142,487	25,284	1,175	168,946
71,645	19,694	4	91,343
<u>\$ 7,842,451</u>	<u>\$ 2,732,497</u>	<u>\$ 34,199</u>	<u>\$ 10,609,147</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, 2024

	PROGRAM SERVICES				
	CASA	CAC	Therapeutic Services	Family Support and Youth Transitions	Brokers of Hope
Salaries	\$ 506,566	\$ 559,751	\$ 1,014,427	\$ 193,334	196,612
Fringe Benefits & Payroll Taxes	41,157	37,170	72,884	17,579	15,257
Contracts	-	29,584	3,271,358	2,088	38,888
Legal and Professional Development	10,638	1,750	7,797	4,132	2,007
Advertising	10,380	148	2,352	-	40
Recruiting	5,155	41	8,332	287	123
Office Supplies and Expense	29,397	20,424	20,671	995	2,607
Utilities	25,547	11,499	15,935	450	4,635
Rent	47,414	39,600	49,036	-	-
Christmas Project	-	-	-	-	-
Computer	15,207	48,506	210	-	-
Repairs and Maintenance	33,742	16,993	9,196	-	141
Depreciation	-	-	-	-	-
Dues	275	-	-	-	-
Fees and Licenses	761	19,892	4,509	439	520
Interest	-	-	-	-	-
Insurance	74,244	39,049	38,370	-	20,449
Miscellaneous	51	-	365	-	-
Travel/Meeting	11,479	3,006	48,657	41,269	17,181
Training Meeting	7,945	179	33,359	478	54
Total Expenses, year ended June 30, 2024	<u>\$ 819,958</u>	<u>\$ 827,592</u>	<u>\$ 4,597,458</u>	<u>\$ 261,051</u>	<u>298,514</u>

<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS 2024</u>
\$ 2,470,690	\$ 1,889,426	\$ -	\$ 4,360,116
184,047	165,903	-	349,950
3,341,918	244,718	-	3,586,636
26,324	158,566	1,968	186,858
12,920	80,156	1,184	94,260
13,938	146,045	-	159,983
74,094	67,903	1,122	143,119
58,066	134,833	-	192,899
136,050	131,365	-	267,415
-	1,784	40,612	42,396
63,923	159,070	-	222,993
60,072	110,103	547	170,722
-	78,848	-	78,848
275	-	-	275
26,121	165,323	1,011	192,455
-	3,120	-	3,120
172,112	218,852	-	390,964
416	4,134	625	5,175
121,592	16,387	865	138,844
42,015	48,389	500	90,904
<u>\$ 6,804,573</u>	<u>\$ 3,824,925</u>	<u>\$ 48,434</u>	<u>\$ 10,677,932</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,	
	2025	2024
<u>Cash Flows from Operating Activities:</u>		
Increase (Decrease) in Net Assets	\$ 376,888	\$ (238,729)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	244,018	350,291
Loss on Sale of Assets	-	6,862
Increase in ROU Assets	(88,787)	
(Increase) Decrease in Grants Receivable	(222,751)	(74,160)
(Increase) Decrease in Therapeutic Services Receivable	(400,693)	(34,492)
(Increase) Decrease in Other Receivables	564,157	(74,866)
(Increase) Decrease in Other Assets	(21,842)	(1,885)
Increase (Decrease) in Accounts Payable	23,245	(8,097)
Increase (Decrease) in Payroll Liabilities	-	(54,492)
Increase (Decrease) in Deferred Revenue	45,678	(198,185)
Net Cash Provided (Used) by Operating Activities	519,913	(327,753)
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(10,693)	(670)
Disposal of Property	-	88,100
Net Cash Used by Investing Activities	(10,693)	87,430
<u>Cash Flows from Financing Activities:</u>		
Increase (Decrease) in Lease Obligations	(84,091)	(279,056)
Proceeds (Decrease) from Line of Credit	(20,000)	20,000
Net Cash Provided (Used) by Financing Activities	(104,091)	(259,056)
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	405,129	(499,379)
<u>Cash at Beginning of Year</u>	127,579	626,958
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 532,708	\$ 127,579

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, 2025 AND 2024

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, 2025 AND 2024

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, 2025 AND 2024

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, 2025.

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, 2025 AND 2024

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

Medicaid Revenue

Medicaid revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled for providing care. These amounts are due from third-party payors and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits as well as supplemental payments related to current period operations. Generally, the Center bills the third party payors after the services are performed or shortly after. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Center.

Revenue for performance obligations satisfied over time is recognized based on actual charges incurred, which is reduced by an amount that reflects the consideration expected to be received for the services provided based on historic collection patterns. The Center believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Center measures the performance obligation from the original visit to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides an accurate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

The Center recognizes revenue for performance obligations satisfied at a point in time, which generally relate to clients receiving services, when (1) services are provided and (2) the patient no longer requires additional services.

Because its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to the services at the end of the reporting period. As provided for under the guidance, the Center does not adjust the expected net revenue from clients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a client and the time that the client or a third-payor pays for that service will be one year or less.

Settlements with third-payors for retroactive adjustments due to review and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing care in the period the related services are provided using the most likely outcome method.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

Medicaid Revenue (Continued)

The Center records retroactive Medicaid settlements based upon estimates of amounts that are ultimately determined through annual cost reports filed with and audited by the fiscal intermediary, correspondence from the payor and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant revenue reversal in the amount of the cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved

Grants, Contributions and Gifts With Donor Restrictions

From time to time, the Center receives grants from individuals, private and public entities. Revenues from grants (including contributions of capital assets) are recognized when all of the eligibility requirements, including time requirements, are met, and when there is reasonable assurance that the grants will be received. Grants may be restricted for either specific operating purposes or for capital purposes. Amounts are recorded as either operating or non-operating revenue based upon their nature.

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.

Leases

Through June 30, 2025 rent expense was recognized on a straight-line basis over the term of the lease.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The Center adopted the standard and recognized and measured leases existing at, or entered into after July 1, 2022, using the modified retrospective approach, with certain practical expedients available. The adoption of ASC 842 did not result in any adjustments to net assets or changes in the timing or amounts of lease costs. Comparable periods continue to be presented under the guidance of the previous standard.

The Center determines if an arrangement is a lease at the inception of the contract. For leases with terms greater than twelve months, ROU assets and lease liabilities are recognized at the contract commencement date based on the present value of lease payments over the lease term. ROU assets represent the Center's right to use the underlying asset for the lease term.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

Lease liabilities present the Center's obligation to make lease payments arising from these contracts. The Center used the risk-free rate at July 1, 2024, in determining the present value of lease payments. The Center's operating leases in effect prior to July 1, 2024, were recognized at the present value of the remaining payments on the remaining lease term as of July 1, 2024.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. The estimated useful life of ROU assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Center's lease agreements generally do not contain any material residual value guarantees, restrictions or covenants.

The Center has elected to apply the short-term lease exemption to all classes of assets where leases that have a term of 12 months or less are excluded from the measurement of the right-of-use asset and lease liability. There was one short-term lease costs during 2025.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2025 and 2024, the bank balances were \$579,969 and \$149,447, 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, 2025. The earliest income tax year that is subject to examination is 2021.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
CASA AP Grant	\$ 92,445	\$ 77,886
Family Support & Youth Transition	226,847	58,055
VOCA (Victims of Criminal Acts)	92,775	71,596
Other Grants Receivable	<u>218,739</u>	<u>96,983</u>
Total Grants Receivable	<u>\$ 630,806</u>	<u>\$ 304,520</u>
Payroll Retention Credit	602,338	1,111,495
Insurance Refunds	25,000	80,000
Therapeutic Services (Medicaid)	<u>1,130,679</u>	<u>1,095,093</u>
Total Other Receivables	<u>1,758,017</u>	<u>2,286,588</u>
Total Accounts Receivable	<u>\$2,388,823</u>	<u>\$2,591,108</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Furniture & Equipment	\$ 206,991	\$ 206,991
Buildings	2,169,814	2,159,124
Computers	90,416	90,416
Vehicles	84,177	84,177
Accumulated Depreciation	<u>( 749,933)</u>	<u>( 687,238)</u>
Net Property and Equipment	<u>\$1,801,465</u>	<u>\$1,853,470</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$62,695 and \$78,848, respectively.

Right of Use Assets (Leases)	\$1,332,056	\$1,243,269
Accumulated Amortization	<u>( 744,578)</u>	<u>( 275,655)</u>
Net Right of Use Assets (Leases)	<u>\$ 587,478</u>	<u>\$ 967,614</u>

Note 6 - Leases

During the fiscal year, the Center is leasing offices in Monroe, Ruston, Farmerville, Shreveport and Crowley, LA and in Clinton, MS. The monthly lease payments for the buildings in Monroe are \$3,300 and \$3,173 and are multi year leases. The leases for the offices in Ruston and Shreveport are also multi year leases and have monthly lease payments of \$970 and \$3,688, respectively. The lease for the office in Crowley is a multi year lease with a monthly lease payment of \$4,500.

During the fiscal year The Center began a multi-year lease on a second office space in Crowley for \$2,600 per month. The Center also began a twelve month lease of a building in Farmerville for \$750 per month and executed a twelve-month extension on the office in Clinton, MS for \$6,100 per month.

The Center's operating leases are for building space. Through implementation of prior leases amounts recognized at July 1, 2024 related to ROU assets and related lease liabilities were approximately \$587,000. There was no significant impact to the 2025 statement of activities and changes in net assets as a result of the adoption of this standard.

At June 30, 2025, amounts recognized included ROU assets totaling \$1,332,056 and lease liabilities totaling \$615,605. Operating lease cost was \$278,625 for the year ended June 30, 2024. Under the prior lease standard, lease expense was \$79,181 for the year ended June 30, 2025. Other information related to leases is as follows at June 30, 2025:

Operating cash flows from operating leases	\$ 200,933
ROU assets obtained in exchange for lease obligations	768,801
Amortization of ROU asset	181,323
Weighted average remaining lease term (years)	4.32
Weighted average discount rate	3.27%

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 6 - Leases

Operating lease liabilities under non-cancellable leases (excluding short-term) leases are as follows:

<u>Years Ending June 30,</u>	
2026	\$ 160,188
2027	165,899
2028	126,917
2029	51,110
2030	56,221
Thereafter	<u>100,128</u>
Total Lease Payments	\$ 660,463
Less: Interest	<u>( 44,858)</u>
TOTAL	<u>\$ 615,605</u>

Note 7 - Letters of Credit and Notes Payable

During the year the Center was extended a line of credit in the amount of \$1,250,000 at 9.0% interest per year. As of June 30, 2025 and 2024, the Center owed \$0 and \$20,000, respectively, on the line of credit.

Note 8 - Deferred Revenue

Medicaid revenue received the last few days of the fiscal year is considered deferred revenue in the amount of \$8,336 and \$4,603, respectively. 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. The difference between the balance in each year is related to the increased efforts to reconcile the amounts collected to the amounts owed on the last day of the fiscal year.

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.

Concentrations of Credit Risk

The Center has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2025 and 2024, cash balance (bank balance) exceeded the federally insured limit by approximately \$329,969 and \$0. 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.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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	\$ 532,708
Grants Receivable	630,806
Other Receivables	25,000
Therapeutic Services Receivable	1,130,679
Payroll Retention Credit Receivable	<u>602,338</u>
Total	<u>\$ 2,921,531</u>

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

Note 12 - Prior Period Adjustment

During the year, the Center cleaned up old outstanding receivables from prior to 2018 from the system that were no longer receivable as of June 30, 2025. This resulted in a decrease to net assets as follows:

July 1, 2024, as Previously Reported	\$ 4,470,053
Error Correction	<u>( 261,568)</u>
July 1, 2024, as Restated	<u>\$ 4,208,485</u>

Note 13 - Subsequent Events

In accordance with ASC 855, the Center evaluated subsequent events through September 24, 2025, 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, 2025

Federal Grants/Pass Through Grantor/Program Title	CFDA Number	Agency or Pass - Through Number	Expenditures
<b>Department of Health and Human Services</b>			
Temporary Assistance for Needy Families	93.558	None	* \$ 398,821
<b>Department of Justice</b>			
Passed Through the Louisiana			
Commission on Law Enforcement:			
Victims of Criminal Acts (VOCA)	16.575	2023-VA-01/03-8372	250,414
Victims of Criminal Acts (VOCA)	16.575	2022-VA-01/03/04 7799	141,970
Victims of Criminal Acts (VOCA)	16.575	2023-VA-03/04-8070	77,399
Victims of Criminal Acts (VOCA)	16.575	2022-VA-03/04 7455	7,869
Victims of Criminal Acts (VOCA)	16.575	2022-VA-01/03/04 7495	41,852
Victims of Criminal Acts (VOCA)	16.575	2023-VA-03/04-8175	22,981
Victims of Criminal Acts (VOCA)	16.575	15POVC-22-GG-00770-ASSI	40,800
Total Department of Justice			583,285
			\$ 982,106

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, 2025.

\*Denotes Major Federal Assistance Program.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025 (continued)

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

CASA Program Services

Salaries	\$ 459,856
Fringe Benefits & Payroll Taxes	35,017
Contracts	3,600
Advertising	34,925
Background Checks	6,557
Office Supplies & Expense	45,757
Utilities	22,144
Rent	48,175
Computer & Equipment	20,368
Dues	138
Audit	6,000
Fees & Licenses	913
Insurance	73,882
Travel/Meeting	19,535
	776,867
 <u>Total Expenditures Requested for Reimbursement</u>	 \$ 776,867

Reconciliation of Federal Expenditures to Total Program Expenditures:

Federal Grant Expenditures	\$ 398,821
State Portion of Grant Expenditures	378,046
General Operating Fund Expenditures	-
 <u>Total Grant Funds for CASA Program Services</u>	 \$ 776,867

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.

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 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, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2025.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we 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.

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. 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.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Center’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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*.

***Organizations’ Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Southern Center for Children and Families, Inc.’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*David M. Nant, CPA (APAC)*

West Monroe, Louisiana  
September 24, 2025

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

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

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

***Opinion on Each Major Federal Program***

We have audited the Southern Center for Children and Families, Inc. (a nonprofit organization), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2025. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

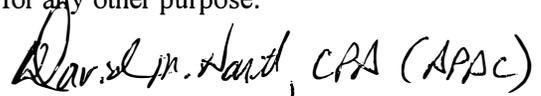
Board of Directors of  
Southern Center for Children and Families, Inc.  
Monroe, Louisiana

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

David M. Smith, CPA (APPC)

West Monroe, Louisiana  
September 24, 2025

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

**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 instances of 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. was 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>
Temporary Assistance for Needy Families (TANF)	93.558
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, 2025.

**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, 2025

**Findings and Questioned Costs – Financial Statements Audit**

**2024-01 Employee Theft of Funds**

Condition: During the year, it was discovered that the accountant of the Center, Tori Bayles, engaged in deliberate actions to misappropriate Organization funds. Actions include activities such as the unauthorized use of the bank debit card. Also, analysis of transaction records such as payroll checks and accounts payable checks showed multiple instances of unauthorized fund transfers to her personal account. Supporting documents, including transfer confirmations, were linked to the employee. Total amount of the theft was discovered to be approximately \$170,000 and the period of time is believed to be over the last five-six years.

Criteria: An effective set of internal controls must be maintained to ensure errors or irregularities (whether intentional or unintentional) would be discovered and addressed immediately upon their discovery.

Effect: By not maintaining and monitoring the effectiveness of the internal controls that are in place, errors or irregularities could occur, which also did not detect the theft in a timely manner. The former employee was able to circumvent existing controls.

Recommendation: Review and strengthen internal controls put in place by the Organization and should be monitored as to their effectiveness for approvals and authorizations to prevent future incidents of theft. Conduct training for employees on ethics and reporting suspicious activities. The process to initiate recovery procedures for the misappropriated funds should also occur.

Management's Corrective Action: Upon discovery of the employee theft by the accountant, CFCF contacted the fiscal auditor to verify employee theft. Once verified, the suspected employee was placed on administration leave while the internal investigation was complete. It was then determined that the suspected employee made unauthorized purchases using the company debit card and issued additional payroll checks to herself. It was also determined that the employee acted alone. The employee was then terminated. The CFO conducted a full revision of the internal controls. These controls were then reviewed by the Executive Team and approved by the Board of Directors. CFCF also filed a theft report with the Legislative Auditor and contacted all federal and state funding sources. CFCF also filed a police report with the city of Monroe which was referred to the Fourth Judicial District Attorney for prosecution and restitution. As of the date of this audit report, her trial is still pending in Fourth District Court. Based on the recommendation of the auditor, a training will be conducted to staff on ethics and the whistle blowing policy.

**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, 2025

	<u>Matthew Thornton</u> <u>CEO</u>
<i><b>Purpose:</b></i>	
Salary	\$ 173,494
Benefits - Insurance	6,434
Travel Reimbursements	-
Total	<u>\$ 179,928</u>