
SOUTHEAST COMMUNITY SERVICES, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2016

**SOUTHEAST COMMUNITY SERVICES, INC.
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2016**

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**SOUTHEAST COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016**

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**WILLIAM P. GAINES, JR., CPA, APAC
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Southeast Community Services, Inc.
P. O. Box 196
Tickfaw, Louisiana 70466

Report on the Financial Statements

I have audited the accompanying financial statements of the Family Day Care Home Program of Southeast Community Services, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities 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 of 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Family Day Care Home Program of Southeast Community Services, Inc. as of September 30, 2016, 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 – Supplementary 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. Coded of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, the schedule of compensation, benefits and other payments to agency head as required by the Louisiana Legislative Auditor, the schedule of functional expenses and the audited statement of claims and schedule of meals served and program reimbursements as required by the Louisiana Department of Education are presented for purposes of additional analysis. These schedules, although not a part of the basic financial statements, is considered by these agencies to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 2, 2017, on my consideration of the Family Day Care Home Program 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, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Family Day Care Home Program of Southeast Community Services's internal control over financial reporting and compliance.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
March 2, 2017

FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

	<u>Administrative</u>	<u>General</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 40,955.15	\$ 42,156.76	\$ -	\$ 83,111.91
Due from Department of Education	114,851.76	-	-	114,851.76
Due from Administrative Fund	-	2,538.98	(2,538.98)	-
	<hr/>			
Total Current Assets	155,806.91	44,695.74	(2,538.98)	197,963.67
Property and Equipment				
Building	-	17,503.95	-	17,503.95
Office furniture/equipment	-	71,426.33	-	71,426.33
Accumulated depreciation	-	(15,452.20)	-	(15,452.20)
	<hr/>			
Total Property and Equipment	-	73,478.08	-	73,478.08
	<hr/>			
Total Assets	155,806.91	118,173.82	(2,538.98)	271,441.75
	<hr/> <hr/>			
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accrued salaries payable	16,461.10	-	-	16,461.10
Due to providers	113,729.76	-	-	113,729.76
Due to General Fund	2,538.98	-	(2,538.98)	-
	<hr/>			
Total Current Liabilities/Total Liabilities	132,729.84	-	(2,538.98)	130,190.86
Net Assets				
Unrestricted net assets	23,077.07	118,173.82	-	141,250.89
	<hr/>			
Total Liabilities and Net Assets	155,806.91	118,173.82	(2,538.98)	271,441.75
	<hr/> <hr/>			

See Accompanying Notes and Independent Auditor's Report

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

	<u>Administrative</u>	<u>General</u>	<u>Total</u>
<u>UNRESTRICTED NET ASSETS</u>			
SUPPORT AND OTHER GAINS			
Administrative reimbursements	\$ 296,022.00	\$ -	\$ 296,022.00
Contributions	-	71,451.06	71,451.06
Fundraising	-	6,226.00	6,226.00
Total Support and Other Gains	296,022.00	77,677.06	373,699.06
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	1,636,865.48	-	1,636,865.48
Total Support, Other Gains and Reclassifications	1,932,887.48	77,677.06	2,010,564.54
EXPENSES			
Program services	1,643,451.73	225.68	1,643,677.41
Supporting services	282,499.76	19,847.20	302,346.96
Total Expenses	1,925,951.49	20,072.88	1,946,024.37
Increase In Unrestricted Net Assets	6,935.99	57,604.18	64,540.17
<u>TEMPORARILY RESTRICTED NET ASSETS</u>			
Support from meal reimbursements	1,636,865.48	-	1,636,865.48
Net assets released from restrictions:			
Restrictions satisfied by payments	(1,636,865.48)	-	(1,636,865.48)
Increase In Temporarily Restricted Net Assets	-	-	-
CHANGE IN NET ASSETS	6,935.99	57,604.18	64,540.17
NET ASSETS, BEGINNING	16,141.08	60,569.64	76,710.72
NET ASSETS, ENDING	23,077.07	118,173.82	141,250.89

See Accompanying Notes and Independent Auditor's Report

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from administrative reimbursements	\$	297,816.00
Cash received from program reimbursements		1,648,828.14
Cash received from contributions		71,451.06
Cash received from fundraising		6,226.00
Cash paid to or on behalf of employees for services		(234,510.85)
Cash paid for program expenses		(1,655,640.07)
Cash paid to suppliers for goods and services		(56,015.87)
Net Cash Provided by Operating Activities		<u>78,154.41</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets		<u>(67,468.27)</u>
Net Cash Used for Investing Activities		<u>(67,468.27)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		10,686.14
CASH AND CASH EQUIVALENTS, BEGINNING		<u>72,425.77</u>
CASH AND CASH EQUIVALENTS, ENDING		<u><u>83,111.91</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets		64,540.17
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation		15,452.20
(Increase) decrease in assets:		
Receivables		13,756.66
Increase (decrease) in liabilities:		
Accounts payable		(1,527.43)
Payroll and related payables		(2,771.72)
Accrued salaries payable		667.19
Due to providers		(11,962.66)
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u><u>78,154.41</u></u>

See Accompanying Notes and Independent Auditor's Report

NOTES TO FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
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SEPTEMBER 30, 2016

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SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 300 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 are as follows:

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 collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

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 is 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

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 expenses as incurred. There was \$246.20 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.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117 "*Financial Statement of Not-For-Profit Organization.*" Under SFAS No. 117, the Organization is required to report information regarding its net assets and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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 2013, 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Demand deposits	\$ <u>83,111.91</u>
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Of this amount, \$40,955.15 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds are held by the General Fund and can be utilized at the discretion of management. There is \$42,464 maintained in a separate account in accordance with rules and regulations applicable to charitable gaming. The activity of this account is not part of the federal program and is not reported in the accompanying financial statements.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 3 – RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2016.

Receivables at year-end consist of the following:

Due from Department of Education \$ 114,851.76

NOTE 4 – CAPITAL ASSETS

Through its general fund, the Organization purchased and began renovations on a commercial building to be utilized as office space. Renovations were completed and the Organization moved its corporate office during the latter part of the current year.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Building/equipment	\$ 21,462.01	\$ 67,468.27	\$.00	\$ 88,930.28
Less: accumulated depreciation	<u>.00</u>	<u>15,452.20</u>	<u>.00</u>	<u>15,452.20</u>
Furniture/equipment, net	<u>21,462.01</u>	<u>52,016.07</u>	<u>.00</u>	<u>73,478.08</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Salaries	\$ 16,461.10
Providers	<u>113,729.76</u>
Total	<u>130,190.86</u>

NOTE 6 - 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.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 – 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	\$ <u>1,636,865.48</u>

NOTE 8 – 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 supporting services.

NOTE 9 - 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.

NOTE 10 – CONCENTRATIONS

Cash and Cash Equivalents. 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, 2016, the Organization did not have bank balances in excess of FDIC insured limits.

Receivables and Revenues. All receivables recorded are due from the Louisiana Department of Education, Division of Nutrition Assistance. Approximately 99% 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 11 – LITIGATION

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

NOTE 12– SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and March 2, 2017, 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, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Major Programs		
U. S. Department of Agriculture Food and Nutrition Services Child and Adult Care Food Program	10.558	
<i>Family Day Care Home Program</i>		
Pass-Through		
State of Louisiana, Department of Education		
Program services: meals/snacks		\$ 1,655,414.39
Supporting services		<u>270,679.52</u>
Total Federal Award Expenditures		<u><u>1,926,093.91</u></u>

Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2016

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Par 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

See Independent Auditor's Report

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED SEPTEMBER 30, 2016**

Agency Head

Clara Sharkey
Executive Director

Purpose

Salary
Benefits - retirement/insurance
Travel - monitoring visits

Amount

\$ 74,256.00
18,116.80
1,134.12

Total Compensation, Benefits and Other Payments

93,506.92

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
ADMINISTRATIVE FUND
YEAR ENDED SEPTEMBER 30, 2016

<u>Account Name</u>	<u>Program</u>	<u>Supporting</u>
Accounting fees	\$ -	\$ 5,720.00
Advertising	-	246.20
Bank charges	-	873.89
Employee benefits	-	21,695.90
Insurance - liability	-	305.97
Insurance - workers' comp	-	993.00
Janitorial/maintenance	-	1,289.62
Minute Menu	6,586.25	-
Office/operating costs	-	4,199.30
Postage/printing	-	5,998.96
Professional fees	-	3,848.42
Provider payments	1,636,865.48	-
Rent/equipment	-	4,834.37
Rent/occupancy	-	2,864.86
Salaries	-	192,895.25
Payroll taxes	-	17,577.16
Telephone	-	5,212.16
Training - providers	-	711.38
Training - staff	-	479.10
Travel	-	10,680.08
Uniforms	-	238.01
Utilities	-	1,836.13
	<hr/>	<hr/>
Total Functional Expenses	1,643,451.73	282,499.76
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See Independent Auditor's Report

**WILLIAM P. GAINES, JR., CPA, APAC
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791**

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.
P. O. Box 196
Tickfaw, Louisiana 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 the Family Day Care Home Program of Southeast Community Services, Inc. as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Family Day Care Home Program of Southeast Community Services, Inc.'s basic financial statements, and have issued our report thereon dated March 2, 2017.

Internal Control over Financial Reporting

In planning and performing our audit, I considered the Family Day Care Home Program of 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Day Care Home Program of Southeast Community Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Family Day Care Home Program of Southeast Community Services, Inc.'s internal control over financial reporting.

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 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 the 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 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 Family Day Care Home Program of 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 that is 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 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.

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 entities 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.

(William P. Gaines, Jr.) CPA

William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
March 2, 2017

**WILLIAM P. GAINES, JR., CPA, APAC
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791**

**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.
P. O. Box 196
Tickfaw, Louisiana 70466

Report on Compliance for Each Major Federal Program

I have audited the Family Day Care Home Program of 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 its major federal program for the year ended September 30, 2016. Southeast Community Services, Inc.'s major federal program is 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 the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance of the Family Day Care Home Program of Southeast Community Services, Inc.'s based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Family Day Care Home Program of 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 of the Family Day Care Home Program of Southeast Community Services, Inc. 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 its major federal program for the year ended September 30, 2016.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose 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 the 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 our testing of internal control over compliance and the results of that testing based on the requirement of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
March 2, 2017

**WILLIAM P. GAINES, JR., CPA, APAC
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791**

**INDEPENDENT AUDITOR'S REPORT
ON CLAIMS FOR REIMBURSEMENT**

To the Board of Trustees of
Southeast Community Services, Inc.
P. O. Box 196
Tickfaw, Louisiana 70466

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 USDA-OIG 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, 2015 through September 30, 2016.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
March 2, 2017

SOUTHEAST COMMUNITY SERVICES, INC.
AUDITED STATEMENT OF CLAIMS
YEAR ENDED SEPTEMBER 30, 2016

REIMBURSEMENTS PER AUDIT

Administrative	\$ 296,022.00
Program	<u>1,636,865.48</u>
Total Reimbursement Per Audit	1,932,887.48

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	296,022.00
Program	<u>1,636,865.48</u>
Total Reimbursement Claimed and Received	<u>1,932,887.48</u>
(Over) Under Claim	<u><u>-</u></u>

See Independent Auditor's Report

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS
YEAR ENDED SEPTEMBER 30, 2016

<u>MEALS SERVED</u>	<u>NUMBER SERVED BY MEAL TYPE</u>				<u>Total</u>
	<u>Breakfast</u>	<u>Lunch</u>	<u>Supplements</u>	<u>Supper</u>	
<i>FROM OCTOBER 1, 2015 TO JUNE 30, 2016</i>					
Tier 1	76,756	119,923	265,442	251,574	713,695
Reimbursement rate	1.32	2.48	0.74	2.48	
Total for period	\$ 101,317.92	\$ 297,409.04	\$ 196,427.08	\$ 623,903.52	\$ 1,219,057.56
<i>FROM JULY 1, 2016 TO SEPTEMBER 30, 2016</i>					
Tier 1	27,210	47,330	86,180	82,447	243,167
Reimbursement rate	1.31	2.46	0.73	2.46	
Total for period	\$ 35,645.10	\$ 116,431.80	\$ 62,911.40	\$ 202,819.62	\$ 417,807.92
TOTAL MEALS SERVED	103,966	167,253	351,622	334,021	956,862
TOTAL REIMBURSEMENT	\$ 136,963.02	\$ 413,840.84	\$ 259,338.48	\$ 826,723.14	\$ 1,636,865.48

See Independent Auditor's Report

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Family Day Care Home Program of Southeast Community Services, Inc. were prepared in accordance with GAAP.
2. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Family Day Care Home Program 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 major federal award programs for Southeast Community Services, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included: U.S. Department of Agriculture Food and Nutrition Services, Child and Adult Care Food Program (10.558).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Southeast Community Services, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM

None

MANAGEMENT LETTER

None

**SOUTHEAST COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2016**

Section I Financial Statement Findings

None

Section II Major Federal Awards Program Findings

None

Section III Management Letter

N/A