

SOUTHEAST COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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SOUTHEAST COMMUNITY SERVICES, INC.
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WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of Southeast Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Community Services, Inc., as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the audited statement of claims and schedule of meals served and program reimbursements as required by the Louisiana Department of Education and the schedule of compensation, benefits, and other payments to the agency head is also presented for purposes for additional analysis and is not part of the required financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued my report dated March 15, 2020, on my consideration of Southeast Community Services, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government*

Auditing Standards in considering Southeast Community Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Rayburn". The signature is written in dark ink on a light-colored background.

Franklinton, LA
March 15, 2020

FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

ASSETS	Administrative	General	Total
Current Assets			
Cash and cash equivalents	\$ 49,814	\$ 116,574	\$ 166,388
Due from Department of Education	137,284	-	137,284
Other Receivable	32	-	32
Due from Administrative Fund	-	-	-
Total Current Assets	<u>187,130</u>	<u>116,574</u>	<u>303,704</u>
Capital Assets			
Building	-	48,593	48,593
Office Equipment	-	50,325	50,325
Accumulated Depreciation	-	(25,714)	(25,714)
Net Capital Assets	<u>-</u>	<u>73,203</u>	<u>73,203</u>
 TOTAL ASSETS	 <u>187,130</u>	 <u>189,777</u>	 <u>376,907</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	1,400	-	1,400
Due to providers	132,131	-	132,131
Withholding taxes payable	3,150	-	3,150
Accrued salaries payable	16,607	-	16,607
Due to General Fund	-	-	-
Total Current Liabilities/Total Liabilities	<u>153,288</u>	<u>-</u>	<u>153,288</u>
Net Assets (Deficit)			
With donor restrictions	-	-	-
Without donor restrictions	33,842	189,777	223,619
Total Net Assets (Deficit)	<u>33,842</u>	<u>189,777</u>	<u>223,619</u>
 Total Liabilities and Net Assets (Deficit)	 <u>\$ 187,130</u>	 <u>\$ 189,777</u>	 <u>\$ 376,907</u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
UNRESTRICTED NET ASSETS			
SUPPORT AND OTHER GAINS			
Administrative reimbursement	\$ -	\$ 326,840	\$ 326,840
Provider reimbursement	-	1,699,479	1,699,479
Bingo revenue	171,864	-	171,864
Contributions	-	-	-
Net assets released from restrictions	2,026,319	(2,026,319)	-
Total support and other gains	<u>2,198,184</u>	<u>-</u>	<u>2,198,184</u>
EXPENSES			
Program services	1,699,479	-	1,699,479
Supporting services	296,888	-	296,888
Fundraising and other expenses	146,164	-	146,164
Total expenses	<u>2,142,531</u>	<u>-</u>	<u>2,142,531</u>
CHANGE IN NET ASSETS	55,652	-	55,652
NET ASSETS (DEFICIT), BEGINNING	<u>167,967</u>	<u>-</u>	<u>167,967</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 223,619</u>	<u>\$ -</u>	<u>\$ 223,619</u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from administrative reimbursements	\$ 1,690,443
Cash received from program reimbursements	326,234
Cash received from fundraising efforts & other	171,864
Cash paid for program expenses	(1,699,479)
Cash paid to or on behalf of employees for services	(236,489)
Cash paid to suppliers for goods and services	(192,219)
Net cash used for operating services	<u>60,354</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of capital assets	<u>(30,113)</u>
Net cash used for investing activities	<u>(30,113)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
 INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	 30,241
 CASH AND CASH EQUIVALENTS, BEGINNING	 136,147
 CASH AND CASH EQUIVALENTS, ENDING	 <u><u>\$ 166,388</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO	
NET CASH USED FOR OPERATING ACTIVITIES	\$ 55,652
 Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation	3,650
(Increase) decrease in assets:	
Due from Department of Education	(10,155)
Increase (decrease) in liabilities:	
Accounts payable	200
Due to providers	9,037
Withholding taxes payable	227
Accrued salaries payable	1,743
 NET CASH PROVIDED (USED) FOR OPEARTING ACTIVITIES	 <u><u>\$ 60,354</u></u>

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

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

<u>ACCOUNT</u>	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>GENERAL</u>	<u>GAMING</u>
Accounting	\$ -	\$ 5,280	\$ -	\$ 400
Advertising	-	2,567	-	-
Auditor	-	3,800	-	-
Bank service charges	-	2,606	160	120
Books, subscriptions, reference	-	336	-	-
Contract labor	-	932	-	3,235
Copier lease	-	-	-	-
Depreciation	-	3,650	-	-
Donations	-	-	-	956
Dues and subscriptions	-	475	30	152
Equipment rental	-	85	-	-
Fundraiser expense	-	-	25	70,706
Health insurance	-	30,107	-	-
Inspection fees	-	-	115	-
Insurance-liability	-	836	-	-
Insurance-worker's compensation	-	1,107	-	-
IT Contract	-	4,795	-	-
Janitorial	-	412	120	-
Lawn care maintenance	-	1,470	-	-
License and tax renewal	-	-	10	175
Minute Menu	-	9,310	-	-
Miscellaneous	-	(1,416)	-	-
Office Lease	-	-	-	40,614
Office Supplies	-	4,343	-	250
Payroll	-	172,960	-	15,810
Payroll taxes	-	16,202	-	1,410
Postage meter	-	1,232	-	-
Postage, mailing service	-	2,870	-	-
Printing and copying	-	193	-	-
Property insurance	-	-	-	2,619
Property taxes	-	-	-	-
Provider payments/support	1,699,479	-	-	-
Provider training	-	2,152	-	-
Provider underpayments	-	-	-	-
Repairs and maintenance	-	6,272	-	344
Sponsor	-	-	-	-
Staff training	-	4,097	-	-
Storage rental	-	-	-	-
Supplies	-	568	-	3,003
Taxes	-	-	-	5,910
Telephone	-	6,262	-	-
Travel and meetings	-	10,639	-	-
Uniforms	-	460	-	-
Utilities	-	2,286	-	-
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,699,479</u>	<u>\$ 296,888</u>	<u>\$ 460</u>	<u>\$145,704</u>

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

NOTES TO FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 311 homes per month to primarily low-income, disabled, elderly or other disadvantaged residents of Livingston and surrounding parishes. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226.

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

Basis of presentation

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

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

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

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

Measure of operations

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

Cash and Cash Equivalents

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

Receivables

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

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Inventory

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

Property and Equipment

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

Support and Expenses

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

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Advertising costs are expensed as incurred. There was \$2,567 in advertising expenses paid during the year.

Use of Estimates

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

Income Taxes

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

The federal income tax returns of the company for fiscal years 2016, 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

New Accounting Pronouncement

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

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2-AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 166,388
Accounts receivable	<u>137,316</u>
Total financial assets available for use over the next 12 months	<u><u>\$ 303,704</u></u>

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

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Demand deposits	\$ 166,388
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Of this amount, \$49,814 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$39,175 are held by the General Fund and can be utilized at the discretion of management. There is \$77,399 maintained in a separate account in accordance with rules and regulations applicable to charitable gaming.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2019, the Organization did not have bank balances in excess of FDIC insured limits.

NOTE 4 - RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2019.

Receivables at year-end consist of the following:

Due from Department of Education	\$ 137,284
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SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 - CAPITAL ASSETS

The Organization has capital assets as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets being depreciation				
Building and equipment	68,805	30,113		98,917
Less accumulated depreciation	(22,064)	(3,650)		(25,714)
Furniture/equipment, net	46,741	26,463	-	73,203

The Organization recorded \$3,650 in depreciation expense. Office furniture in the amount of \$30,113 was purchased.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Accounts payable	1,400
Payables to providers	132,131
Withholding taxes payable	3,150
Accrued salaries	16,607
Total	<u>153,288</u>

NOTE 7 - RESTRICTIONS ON NET ASSETS

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

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

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

Purpose restriction accomplished:	
Meals provided	\$1,699,479

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 10-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 11 - CONCENTRATIONS

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 12 - LITIGATION

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

NOTE 13 - SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and March 15, 2020, the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHEAST COMMUNITY SERVICES, NC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019**

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

Major Programs

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

Family Day Care Home Program

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

Program services: meals/snacks	\$ 1,699,479
Supporting services	<u>296,888</u>
Total federal award expenditures	<u>\$ 1,996,367</u>

**Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2019**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

Indirect Cost Rate

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

Sub-recipients

There was no awards passed through to sub-recipients.

See Independent Auditor's Report.

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED SEPTEMBER 30, 2019**

AGENCY HEAD:

Clara Sharkey
Executive Director

Purpose

Salary	74,256
Benefits-FICA	5,681
Benefits-insurance	21,580
Travel-monitoring visits	<u>2,616</u>
Total	<u><u>104,132</u></u>

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

Minda B. Raybourn

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

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

PO Box 196

Tickfaw, LA 70466

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeast Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 15, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeast Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Community Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Southeast Community Services, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A handwritten signature in dark ink, reading "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda Raybourn CPA
Franklinton, LA
March 15, 2020

Minda B. Raybourn

Certified Public Accountant

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

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

Report on Compliance for Each Major Federal Program

I have audited Southeast Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Community Services, Inc.'s major federal programs for the year ended September 30, 2019. Southeast Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Southeast Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year.

Report on Internal Control Over Compliance

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

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

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

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



Minda Raybourn, CPA
Franklinton, LA
March 15, 2020

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

INDEPENDENT AUDITOR'S REPORT ON CLAIMS FOR REIMBURSEMENT

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

I have examined the accompanying claims for reimbursements (Audited Statements of Claims attached) submitted by the Family Day Care Home Program of Southeast Community Services, Inc. under the FDCH program. My examination was made in accordance with auditing standards established by the American Institute of Certified Public Accountants and with generally accepted government auditing standards established by the Comptroller General of the United States and included tests of programs and accounting records prescribed by the USDAOIG guide for audits of this program. In my opinion, the aforementioned claims present fairly the number of meals or supplements eligible for reimbursement for the period October 1, 2018 through September 30, 2019.



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

SOUTHEAST COMMUNITY SERVICES, INC.
AUDITED STATEMENT OF CLAIMS
YEAR ENDED SEPTEMBER 30, 2019

REIMBURSEMENT PER AUDIT

Administrative	326,840
Program-meals	<u>1,699,479</u>
Total reimbursement per audit	<u><u>2,026,319</u></u>

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	326,840
Program-meals	<u>1,700,445</u>
Total reimbursement claims and received	<u><u>2,027,285</u></u>

(OVER) UNDER CLAIM	<u><u>(966)</u></u>
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See independent auditor's report.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS
YEAR ENDED SEPTEMBER 30, 2019

MEALS SERVED	NUMBER SERVED BY MEAL TYPE				
	BREAKFAST	LUNCH	SUPPLEMENTS	SUPPER	TOTAL
From October 1, 2018 through June 30, 2019					
Tier 1	93,992	110,248	275,654	265,946	745,840
Reimbursement rate	1.31	2.46	0.73	2.46	
Total for period	123,130	271,210	201,227	654,227	1,249,794
From July 1, 2019 through September 30, 2019					
Tier 1	32,676	43,368	94,633	92,039	262,716
Reimbursement rate	1.33	2.49	0.74	2.49	
Total for period	43,459	107,986	70,028	229,177	450,651
TOTAL MEALS SERVED	126,668	153,616	370,287	357,985	1,008,556
NET REIMBURSEMENT	\$ 166,589	\$ 379,196	\$ 271,256	\$ 883,404	\$1,700,445

See independent auditor's report.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF AUDIT RESULTS

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

Type A- \$750,000 or more of federal awards expended
Type B- Any program that does not meet the threshold of Type A programs.
8. For the period ending September 30, 2019, Southeast Community Services, Inc. was determined not to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

March 15, 2020

To the Board of Trustees
Southeast Community Services, Inc.
PO Box 196
Tickfaw, LA 70466
And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Southeast Community Services, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- j) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity does not have debt so the debt service does not apply For the other areas, no exceptions noted.

2. Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments and management's representation were obtained.

9. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The executive director, recertification specialist, or records assistance can initiate and approve a purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

The executive director can process and approve payments.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The external accountant can add or modify the vendor files but does not process payments.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Signed checks are mailed daily by another employee or picked up by the postal service at the office.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.])

10. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

3. Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards and management's representation was obtained.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

The statements and supporting documentation were obtained. The executive director reviews and approves the statement.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

None were noted.

- 13. Using the monthly statements or combined statements selected under #4 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "Linda Rayburn".

Franklinton, LA
March 15, 2020