

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

*Financial Statements  
For the Years Ended June 30, 2020 and 2019*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

INDEX

---

	<u>Page</u>
Independent Auditor's Report -----	1-2
Statements of Financial Position -----	3
Statements of Activities -----	4
Statements of Functional Expenses -----	5-6
Statements of Cash Flows -----	7
Notes to Financial Statements -----	8-13
<u>Supplemental Information</u>	
Schedule of Expenditures of Federal Awards-----	14-15
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 <i>Government Auditing Standards</i> -----	16-17
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance-----	18-19
Schedule of Findings and Questioned Costs-----	20
Schedule of Prior Audit Findings and Questioned Costs-----	21
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer -----	22

---

INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statements***

I 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, 2020 and 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 we 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 those 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.

***Opinion***

In my 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, 2020 and 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***

My audits were 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling 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 August 14, 2020, on my consideration of the Southern Center for Children and Families, 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 the Southern Center for Children and Families, Inc.'s internal control over financial reporting and compliance.

*David M. Hart, CPA (APPC)*

West Monroe, Louisiana  
August 14, 2020

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

ASSETS

	June 30,	
	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 969,741	\$ 66,038
Grants Receivable	297,193	496,802
Therapeutic Services (Medicaid) Receivable	1,074,271	1,119,488
Other Receivables	-	68,810
Total Current Assets	2,341,205	1,751,138
Property and Equipment:		
Buildings	1,394,978	1,375,000
Furniture and Equipment	206,991	206,991
Computers	90,416	90,416
Vehicles	84,177	84,177
Less: Accumulated Depreciation	(437,200)	(381,499)
Net Property and Equipment	1,339,362	1,375,085
<u>TOTAL ASSETS</u>	\$ 3,680,567	\$ 3,126,223

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 84,917	\$ 57,863
Payroll Liabilities	51,704	37,327
Obligations Under Line of Credit	-	511,000
Notes Payable	802,400	-
Deferred Revenue	176,833	271,079
Vehicle Loan	41,333	56,341
Total Current Liabilities	1,157,187	933,610
Net Assets:		
Without Donor Restrictions	2,523,380	2,192,613
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 3,680,567	\$ 3,126,223

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,	
	2020	2019
Government Grants and Contracts	\$ 3,312,153	\$ 2,625,752
Medicaid Reimbursement Revenue	6,847,744	7,276,155
Contributions	-	495
Fundraising	62,643	64,293
Interest Income	302	542
Other Income	55,633	35,826
	<u>10,278,475</u>	<u>10,003,063</u>
 <u>TOTAL PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>		
 <u>EXPENSES</u>		
Program Services:		
TANF	754,113	751,950
VOCA	778,687	521,711
Therapeutic Services	5,035,820	4,477,408
LA CASA	2,365	2,389
Delta Initiative	256,796	412,069
Brokers of Hope	264,256	121,489
Total Program Services	<u>7,092,037</u>	<u>6,287,016</u>
Management and General	2,826,929	3,204,570
Fundraising	28,742	32,984
	<u>9,947,708</u>	<u>9,524,570</u>
 <u>TOTAL EXPENSES</u>		
 <u>INCREASE IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>		
	330,767	478,493
 <u>NET ASSETS AT BEGINNING OF YEAR</u>		
	<u>2,192,613</u>	<u>1,714,120</u>
 <u>NET ASSETS AT END OF YEAR</u>		
	<u>\$ 2,523,380</u>	<u>\$ 2,192,613</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, 2020

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Brokers of Hope
Salaries	\$ 487,554	\$ 537,656	\$ 1,506,069	\$ -	\$ 188,513	135,866
Fringe Benefits & Payroll Taxes	47,163	33,844	116,323	-	13,055	10,417
Contracts	-	2,208	225,984	-	1,800	-
Legal and Professional	6,000	-	-	-	-	-
Client Support	-	26,389	2,854,171	-	1,051	68,754
Advertising	-	588	13,780	-	325	448
Recruiting	17,661	-	-	-	-	-
Office Supplies and Expense	49,259	26,316	14,561	-	-	1,232
Utilities	6,148	9,408	27,335	-	7,793	7,800
Rent	33,246	72,010	885	-	-	-
Christmas Project	-	-	6,043	-	-	473
Computer	24,069	35,747	-	-	-	136
Repairs and Maintenance	-	-	5,359	-	10,963	-
Depreciation	-	-	109	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	425	-	21,853	-	100	50
Interest	-	-	-	-	-	-
Insurance	71,264	33,837	28	-	20,000	12,800
Miscellaneous	-	-	3,757	-	-	-
Travel/Meeting	10,549	684	221,742	2,365	-	25,426
Fuel	-	-	99	-	-	-
Training Meeting	-	-	2,936	-	12,760	-
Bad Debts	-	-	-	-	-	-
Professional Development	-	-	14,786	-	436	854
Total Expenses, year ended June 30, 2020	<u>\$ 754,113</u>	<u>\$ 778,687</u>	<u>\$ 5,035,820</u>	<u>\$ 2,365</u>	<u>\$ 256,796</u>	<u>264,256</u>

Total Program Services	Management and General	Fundraising	TOTALS 2020
\$ 2,855,658	\$ 1,466,936	\$ -	\$ 4,322,594
220,802	120,449	-	341,251
229,992	61,470	-	291,462
6,000	18,114	-	24,114
2,950,365	9,749	-	2,960,114
15,141	4,832	-	19,973
17,661	25,331	-	42,992
91,368	88,520	1,075	180,963
58,484	96,266	-	154,750
106,141	113,353	-	219,494
6,516	546	-	7,062
59,952	182,773	-	242,725
16,322	45,054	-	61,376
109	55,701	-	55,810
775	-	-	775
22,428	52,467	75	74,970
-	11,507	-	11,507
137,929	286,071	-	424,000
3,757	5,965	-	9,722
260,766	12,363	-	273,129
99	1,943	-	2,042
15,696	27,904	-	43,600
-	35,278	-	35,278
16,076	104,337	27,592	148,005
<u>\$ 7,092,037</u>	<u>\$ 2,826,929</u>	<u>\$ 28,742</u>	<u>\$ 9,947,708</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, 2019

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Brokers of Hope
Salaries	\$ 516,259	\$ 395,790	\$ 947,873	\$ -	\$ 301,995	53,160
Fringe Benefits & Payroll Taxes	49,107	21,637	77,956	-	22,378	4,087
Contracts	-	13,250	3,285,105	-	3,870	38,633
Legal and Professional	12,495	-	-	-	-	-
Advertising	-	-	-	-	147	-
Recruiting	-	-	2,553	-	1,390	118
Office Supplies and Expense	25,414	928	1,504	-	2,543	1,500
Utilities	25,440	8,518	4,050	-	15,134	5,200
Rent	32,819	39,600	-	-	-	-
Christmas Project	-	-	-	-	-	-
Computer	12,807	7,350	9,133	53	2,165	136
Repairs and Maintenance	-	-	671	-	16,077	-
Depreciation	-	-	-	-	-	-
Dues	775	-	-	-	-	-
Fees and Licenses	-	5,652	11,666	-	-	-
Interest	-	-	-	-	-	-
Insurance	59,697	22,241	840	-	11,600	6,400
Miscellaneous	-	-	727	-	105	-
Travel/Meeting	17,137	5,465	124,914	2,036	23,362	830
Fuel	-	-	594	-	354	-
Training Meeting	-	1,280	4,511	300	9,212	11,378
Professional Development	-	-	5,311	-	1,737	47
Total Expenses, year ended June 30, 2019	<u>\$ 751,950</u>	<u>\$ 521,711</u>	<u>\$ 4,477,408</u>	<u>\$ 2,389</u>	<u>\$ 412,069</u>	<u>121,489</u>

Total Program Services	Management and General	Fundraising	TOTALS 2019
\$ 2,215,077	\$ 1,757,980	\$ -	\$ 3,973,057
175,165	150,300	-	325,465
3,340,858	54,603	-	3,395,461
12,495	24,720	-	37,215
147	3,381	-	3,528
4,061	18,419	-	22,480
31,889	90,424	819	123,132
58,342	89,087	-	147,429
72,419	123,965	-	196,384
-	7,333	-	7,333
31,644	207,266	-	238,910
16,748	65,872	-	82,620
-	41,185	-	41,185
775	-	-	775
17,318	30,141	-	47,459
-	27,529	-	27,529
100,778	294,751	388	395,917
832	8,900	-	9,732
173,744	45,784	-	219,528
948	2,877	-	3,825
26,681	29,318	-	55,999
7,095	130,735	31,777	169,607
<u>\$ 6,287,016</u>	<u>\$ 3,204,570</u>	<u>\$ 32,984</u>	<u>\$ 9,524,570</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
STATEMENTS OF CASH FLOWS

	For the Years Ended	
	June 30,	
	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 330,767	\$ 478,493
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	55,810	41,185
(Increase) Decrease in Grants Receivable	199,609	(222,352)
(Increase) Decrease in Therapeutic Services Receivable	45,217	(384,122)
(Increase) Decrease in Other Receivables	68,810	(68,810)
Increase (Decrease) in Accounts Payable	26,596	(4,867)
Increase (Decrease) in Payroll Liabilities	14,726	6,666
Increase (Decrease) in Deferred Revenue	(94,246)	175,885
Net Cash Provided (Used) by Operating Activities	<u>647,289</u>	<u>22,078</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(19,978)	(90,127)
Disposal of Vehicles	-	40,869
Net Cash Used by Investing Activities	<u>(19,978)</u>	<u>(49,258)</u>
<u>Cash Flows from Financing Activities:</u>		
Proceeds from Notes Payable	802,400	-
Proceeds (Decrease) from Line of Credit	(511,000)	(53,000)
Proceeds (Decrease) from Note on Automobile	(15,008)	46,126
Net Cash Provided (Used) by Financing Activities	<u>276,392</u>	<u>(6,874)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	903,703	(34,054)
<u>Cash at Beginning of Year</u>	<u>66,038</u>	<u>100,092</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 969,741</u>	<u>\$ 66,038</u>

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, 2020 AND 2019

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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, 2020.

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, 2020 AND 2019

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

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.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2020 and 2019, the bank balances were \$980,875 and \$85,729, 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, 2020. The earliest income tax year that is subject to examination is 2016.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
TANF Grant	\$ 81,647	\$ 76,370
Family Support & Youth Transition	102,927	86,341
VOCA (Victims of Criminal Acts)	70,437	334,091
Other Grants	<u>44,699</u>	<u>-</u>
Total Grants Receivable	<u>\$ 297,193</u>	<u>\$ 496,802</u>
Therapeutic Services (Medicaid)	<u>\$1,071,754</u>	<u>\$1,119,488</u>

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Furniture & Equipment	\$ 206,991	\$ 206,991
Buildings	1,394,978	1,375,000
Computers	90,416	90,416
Vehicles	84,177	84,177
Accumulated Depreciation	<u>( 437,200)</u>	<u>( 381,499)</u>
Net Property and Equipment	<u>\$1,339,362</u>	<u>\$1,375,085</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 5 - Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2020 and 2019 was \$55,810 and \$41,185, respectively.

Note 6 - Lease Expense - Operating

The Center has a twelve month lease for its Farmerville office for \$300 per month. This lease was set to expire at September 30, 2012 but is now also month to month. For the year ended June 30, 2020 and 2019, the Center had a twelve month lease for their Rayville office for \$2,400 per month.

The Center began leasing a building from St. Francis Hospital which is across the street from the Center for \$2,860 per month. During this fiscal, the Center is leasing buildings in Shreveport and Crowley for \$2,616 per month and \$4,200 per month respectively. These are also twelve month leases. The Center also began leasing another office in Monroe for 3,300 per month which is also a twelve month lease. The Center is also leasing a building in Mississippi for \$2,467 per month. This is a three year lease.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2020, is as follows:

June 30, 2021	\$121,869
June 30, 2022	\$ 46,200

Note 7 - Letters of Credit and Notes Payable

The Center received \$802,400 loan from the Paycheck Protection Program. The loan was issued to the Center on April 14, 2020 and is accounted for as a notes payable. The first interest note is due in November 2020 if the loan is not forgiven by that date. The Center is eligible to receive full forgiveness; however, the bank has not been given direction from the federal government on how to process the forgiveness as of June 30, 2020. The loan will remain a liability until the forgiveness is applied.

During the year the Center was extended a line of credit in the amount of \$1,250,000 at 6.0% interest per year. As of June 30, 2020 and 2019, the Center owed \$0 and \$511,000, 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 \$176,833. 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.

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.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 9 - Financial Instruments (Continued)

Concentrations of Credit Risk

The Center has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2020, cash balance (bank balance) exceeded the federally insured limit by approximately \$730,875. 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.

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	\$ 969,741
Grants Receivable	297,193
Therapeutic Services Receivable	<u>1,074,271</u>
Total	<u>\$ 2,374,205</u>

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

Note 12 - Subsequent Events

In accordance with ASC 855, the Center evaluated subsequent events through August 14, 2020, the date these financial statements were available to be issued and determined the following:

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

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

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	* \$ 754,113
<b>Department of Justice</b>			
Passed Through the Louisiana Commission on Law Enforcement:			
Victims of Criminal Acts (VOCA)	16.575	2017VA-04-4387	25,002
Victims of Criminal Acts (VOCA)	16.575	2018-VA-03-5109	85,058
Victims of Criminal Acts (VOCA)	16.575	2017-VA-02/03-4371	330,604
Victims of Criminal Acts (VOCA)	16.575	2018-VA-01/03/04-5120	315,914
Victims of Criminal Acts (VOCA)	16.575	2018-VA-03-5173	21,228
Total			<u>777,806</u>
			<u>\$ 1,531,919</u>

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, 2020.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020 (continued)

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

CASA Program Services

Salaries	\$ 487,554
Fringe Benefits & Payroll Taxes	47,163
Legal & Professional	-
Recruiting	17,661
Office Supplies & Expense	49,259
Utilities	6,148
Rent	33,246
Computer & Equipment	24,069
Dues	775
Audit	6,000
Fees & Licenses	425
Insurance	71,264
Travel/Meeting	10,549
	<u>754,113</u>
 <u>Total Expenditures Requested for Reimbursement</u>	 <u>\$ 754,113</u>
 <u>Federal Grant Revenue</u>	 471,360
 <u>State Portion of Grant Revenue</u>	 <u>282,753</u>
 <u>Total Grant Funds for CASA Program Services</u>	 <u>\$ 754,113</u>

**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.

I 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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 14, 2020.

***Internal Control Over Financial Reporting***

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

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 the Center'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 my 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. Hault, CPA (APAC)*

West Monroe, Louisiana  
August 14, 2020

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

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

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

I have audited the Southern Center for Children and Families, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2020. The Center's major program is identified in the summary of the 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 the Center's major federal program 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 Center's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of the Center's compliance.

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

In my 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 its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

Management of the Center 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 the Center's internal control over compliance with the 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 of expressing an opinion on compliance for its 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 the Center'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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Asst, CPA (PPAC)

West Monroe, Louisiana  
August 14, 2020

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

**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 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. were 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>
TANF (Temporary Assistance for Needy Families)	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, 2020.

**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, 2020

**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 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2020

		<u>Matthew Thornton</u> <u>CEO</u>
<b><i>Purpose:</i></b>		
Salary	\$	150,000
Benefits - Insurance		4,838
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
Total	\$	<u>154,838</u>