

**SOUTHWEST SOCIAL SERVICES  
PROGRAMS, INC.**

FINANCIAL STATEMENTS,  
INDEPENDENT AUDITORS' REPORT,  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Social Services Programs, Inc.  
Miami, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Social Services Programs, Inc. (the "Organization"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and 2017, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, and 2017, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2018 statement of functional expenses on page 13 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

## ***Other Information***

Our 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Chapter 10.650, Rules of the Auditor General* of the State of Florida is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Veedy-DeAnna Trojelle". The signature is written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2018

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	<u>2018</u>	<u>Comparative Totals 2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 350,296	\$ 483,812
Grants receivable and other	608,645	362,844
TOTAL CURRENTS ASSETS	<u>958,941</u>	<u>846,656</u>
PROPERTY AND EQUIPMENT, NET	<u>261,608</u>	<u>360,006</u>
TOTAL ASSETS	<u>\$ 1,220,549</u>	<u>\$ 1,206,662</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 432,114	\$ 70,622
Accued wages and payroll taxes	49,412	44,445
TOTAL CURRENT LIABILITIES	<u>481,526</u>	<u>115,067</u>
<b>NET ASSETS</b>		
Unrestricted	739,023	1,081,595
Temporarily restricted	-	10,000
TOTAL NET ASSETS	<u>739,023</u>	<u>1,091,595</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,220,549</u>	<u>\$ 1,206,662</u>

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

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Totals	Comparative Totals
<b>SUPPORT AND REVENUE</b>				
Federal, state, local and other grant contracts	\$ 2,502,864	\$ -	\$ 2,502,864	\$ 2,802,426
Program income and donations	52,366	-	52,366	60,492
Local match funds	30,500	-	30,500	30,500
Other income	4,769	-	4,769	6,373
Net assets released from restrictions	10,000	(10,000)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,600,499</b>	<b>(10,000)</b>	<b>2,590,499</b>	<b>2,899,791</b>
<b>OPERATING EXPENSES</b>				
Program services				
Congregate meals	1,523,957	-	1,523,957	1,486,594
Home delivered meals	802,783	-	802,783	781,406
Transportation	281,787	-	281,787	270,154
Recreation	61,204	-	61,204	63,894
<b>TOTAL PROGRAM EXPENSES</b>	<b>2,669,731</b>	<b>-</b>	<b>2,669,731</b>	<b>2,602,048</b>
<b>SUPPORTING SERVICES:</b>				
General and administrative	273,340	-	273,340	260,433
<b>TOTAL SUPPORTING SERVICES</b>	<b>273,340</b>	<b>-</b>	<b>273,340</b>	<b>260,433</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,943,071</b>	<b>-</b>	<b>2,943,071</b>	<b>2,862,481</b>
<b>CHANGE IN NET ASSETS</b>	<b>(342,572)</b>	<b>(10,000)</b>	<b>(352,572)</b>	<b>37,310</b>
<b>NET ASSETS, at beginning of year</b>	<b>1,081,595</b>	<b>10,000</b>	<b>1,091,595</b>	<b>1,054,285</b>
<b>NET ASSETS, at end of year</b>	<b>\$ 739,023</b>	<b>\$ -</b>	<b>\$ 739,023</b>	<b>\$ 1,091,595</b>

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

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)**

	2018	Comparative Totals 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets:	\$ (352,572)	\$ 37,310
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	98,398	82,588
(Increase) decrease in operating assets:		
Grants receivable and other	(245,801)	34,803
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	361,492	14,405
Accrued wages and payroll taxes	4,967	(156,233)
Deferred revenue	-	(90,346)
	<u>219,056</u>	<u>(114,783)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	(133,516)	(77,473)
CASH FLOWS FROM INVESTING ACITIVITIES		
Purchase of vehicles	-	(158,095)
NET CASH USED IN INVESTING ACTIVITIES	-	(158,095)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(133,516)	(235,568)
CASH AND CASH EQUIVALENTS- beginning of year	<u>483,812</u>	<u>719,380</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 350,296</u>	<u>\$ 483,812</u>

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

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS**

Southwest Social Services Programs, Inc. (the "Organization") is a nonprofit entity incorporated under the laws of the State of Florida in February 1981. The Organization was founded for the purpose of providing services to elderly individuals in Miami-Dade County. The Organization currently offers services through various centers throughout Miami-Dade County. During the year ended June 30, 2018, the Organization operated the following programs:

Federal:

**Older Americans Act Contract (Title III-B, III-C-1 and III-C-2):** Screening/assessment, transportation, congregate meals, nutrition education and counseling and home delivered meals funded by the U.S. Department of Health and Human Services, and passed through from the Alliance for Aging, Inc.

**Community Development Block Grant:** Congregate meals and home delivered meals funded by the U.S. Department of Housing and Urban Development and passed through from the City of Miami.

**Emergency Food and Shelter National Board Program:** Food vouchers, congregate meals and home delivered meals funded by U.S. Department of Homeland Security.

**Enhanced Mobility of Seniors and Individuals with Disabilities (5310 program):** Enable increased mobility for seniors and persons with disabilities beyond the traditional public transportation services and the Americans with Disability Act (ADA) which has complementary par transit services by providing transportation utilizing funding passed through partially from the U.S. Department of Transportation and partially from the Florida Department of Transportation.

State:

**Local Services Programs:** Congregate meals, home delivered meals, transportation and recreation funded by the Florida Department of Elder Affairs and passed through from Alliance for Aging, Inc.

Local:

**United Way Programs:** Congregate meals, home delivered meals and transportation funded by United Way.

**High Risk Nutrition Project:** Breakfast and emergency meals funded by Miami-Dade County Health Education Project; Health education classes funded by the Health Foundation of South Florida.

**Elderly Services Grants:** Congregate meals, home delivered meals, transportation and recreation funded by Miami-Dade County.

Management of the Organization acknowledges that all assets received have been used for the purpose for which they were intended or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual method of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Net assets, revenues, gains, and losses are classified based on the existence or absence or donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to any donor-imposed stipulations.

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Basis of Accounting (continued)**

*Temporarily restricted net assets* - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. At June 30, 2018, the Organization did not have any temporarily restricted net assets.

*Permanently restricted net assets* - Net assets subject to donor-imposed restrictions or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors would permit the Organization to use all or part of the income earned for either general or donor-specified purposes. At June 30, 2018, the Organization did not have any permanently restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect the disclosure or contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

**Cash and Cash Equivalents**

The Organization considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

**Grants Receivable and Other**

The Organization provides for losses on grants and contracts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of debtors to meet their obligations.

Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible grants and contracts receivable when the administration determines the receivable will not be collected. No allowance for doubtful accounts was considered necessary at June 30, 2018.

**Property and Equipment**

Property and equipment are recorded at cost or at fair value it received via a contribution or a gift. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period. Depreciation and amortization is generally calculated on the straight-line method over the estimated useful lives of the related assets, which are generally as follows:

	Years
Office equipment	7
Furniture and fixtures	7
Vehicles	5
Leasehold improvements	39

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Long-Lived Assets**

In accordance with Financial Accounting Standards Board (FASB) ASC 360, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

**Revenue Recognition**

Contributions, which include conditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the statement of activities.

Revenues from federal state, and local agencies are generally reported as unrestricted contract revenue as qualifying expenditures are incurred under the respective agreements.

Federal, state, and local agency contracts are generally considered to be either 1) unit of service cost basis or 2) cost reimbursement basis. For the contracts under the unit of service cost basis, the revenue is calculated using an agreed upon formula pursuant to the respective contract agreement for providing a specified unit of service, such as meals served, or transportation provided, which is multiplied by a contractual unit rate amount. Revenue under the cost reimbursement contracts is calculated based on the Organization's invoicing for the reimbursements of costs incurred, which are allowable under the respective contracts. Both types of contracts will generally have a maximum limit on the amount of revenue that can be charged under the contract.

The Organization will record deferred revenue if the moneys received for contract advances and monthly charges exceed the revenue recognized under the respective contract.

**Contributed Services, Facilities, and Materials**

In accordance with U.S. GAAP contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services, which would be typically purchased if not provided by donation.

During the year ended June 30, 2018, many individuals volunteered their time for the congregate meals, home delivered meals and transportation programs. These contributed services are estimated to have a fair value or approximately \$168,000 and were also used towards meeting contract matching requirements. However, these contributed services are not considered revenue, since they do not meet the criteria for recognition under U.S. GAAP.

Donated materials are recorded at their fair value at the date of the gift. Gifts or long-lived assets are recorded as restricted support. This restriction is released ratably over the useful life of the asset.

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Taxes**

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, determine its filing and tax obligations, and to review other matters that may be considered tax positions. Management of the Organization believes there are no uncertain tax positions.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2014.

**Statement of Functional Expenses**

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Functional Expenses that are associated with a specific program are charged directly to that program. Functional expenses, which benefit more than one program, are allocated to the various programs on the relative benefit provided. Management and general expenses include those expenses that are not directly identifiable with any specific function for the overall support and direction of the Organization.

**Regulatory Compliance**

The Organization operates under applicable regulatory statutes. As of June 30, 2018, Management was not aware of any material noncompliance with these rules and regulations.

**Subsequent Events**

The Organization has evaluated subsequent events through December 18, 2018, the date on which these financial statements were available to be issued.

NOTE 3 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2018 were comprised of the following:

Alliance for Aging - Older Americans Act	\$ 288,357
Alliance for Aging - Local Services Program	125,901
City of Miami - HUD	21,234
Miami-Dade County	132,466
Total grants receivable	<u>\$ 567,958</u>
Other receivables	<u>40,687</u>
Total grants receivable and other	<u><u>\$ 608,645</u></u>

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2018 were comprised of the following:

Office equipment	\$ 20,055
Furniture and fixtures	58,915
Vehicles	721,516
Leasehold improvements	85,311
	<u>885,797</u>
Less accumulated depreciation	624,189
	<u><u>\$ 261,608</u></u>

Depreciation expense for the year ended June 30, 2018 was \$98,398.

**NOTE 5 – REVENUE FROM GOVERNMENT GRANTS AND CONTRACTS**

During the year ended June 30, 2018, the Organization's revenue from government grants and contracts was comprised of the following:

Federal through Alliance for Aging	\$ 1,173,896
Federal through City of Miami	67,473
Federal through Emergency Food and Shelter Program	19,642
State through Alliance for Aging	750,309
Miami-Dade County	491,544
	<u><u>\$ 2,502,864</u></u>

The above revenue makes up approximately 97% of the Organization's total revenue.

**NOTE 6 – SIGNIFICANT CONCENTRATIONS AND CREDIT RISK**

The Organization receives substantially all of its support and revenue from federal, state, and local funding sources. Continuing operation of the Organization is greatly dependent upon the continued support of these governmental agencies.

During the year ended June 30, 2018, expenditures related to the food catering vendor represented approximately 53% of the total functional expenses.

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents. The Organization maintains cash deposits with banks that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times the cash balances may temporarily be in excess of the Federal Deposit Insurance Coverage insurance limit.

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Organization’s main facility is a building constructed with funding from the City of Miami and the State of Florida. The property (land) on which the building was constructed, is a park owned by the City of Miami (the “City”). The City provided the Organization a revocable license agreement for the use of a portion of such park property (the “Revocable Agreement”). The Revocable Agreement limits the use of the park property by the Organization to 1) operate an elderly meals facility; 2) to provide educational and recreational activity, and 3) administrative offices of the Organization, and not to be used for any other purpose. The Revocable Agreement is for a period of ten years from the effective date of January 12, 2007, unless otherwise revoked by the Organization as licensee or by the City of Miami. As of June 30, 2018, the Organization was in the process of executing a new agreement Revocable Agreement with the City of Miami. Under the Revocable Agreement, the Organization is not considered to have a claim at any time of any interest or estate of any kind in the area by virtue of any expenditure of funds by the Organization for improvements, construction, repairs, partitions, or alterations to the area even if such improvements, construction, repairs, partitions or alterations are authorized by the City if Miami. Under the Revocable Agreement, the Organization is required to pay an annual use fee in the amount of one dollar. The Organization may cancel the agreement at any time by giving thirty days’ notice to the City prior to the effective date of cancellation. The City may terminate the agreement for cause, and may revoke the Revocable Agreement without consent of the Organization.

The Organization also operates its programs at three other leased facilities, which have lease terms of one year or less. Total rent expense for these facilities for the year ended June 30, 2018 was approximately \$120,000.

The Organization is liable for monthly vehicle and equipment lease payments under various leases expiring 2024. The following is a schedule of future minimum lease payments for the non-cancellable leases as of June 30, 2018:

Year Ending June 30,	
2019	\$ 34,208
2020	13,208
2021	9,944
2022	3,416
2023	3,416
Thereafter	1,708
	<u>\$ 65,900</u>

The Organization receives awards from various governmental agencies that require compliance with certain provisions stated in the corresponding contract. Failure to comply with these provisions could result in the return of the funds to the grantors. Although this is a possibility, Management deems the contingency remote because in their opinion the Organization has fully complied with the provisions of the awards. A significant reduction in the level of support received by the Organization could have a material effect on the Organization’s programs and activities.

**NOTE 8 – SUPPORT REQUIRING MATCHING**

The Organization is the sub-recipient of certain Federal awards and State financial assistance under various contracts with the Alliance for Aging, Inc. Under such contracts, the Organization has a matching requirement for each applicable agreement, which consists of a local cash match portion and a local in-kind portion. During the year ended June 30, 2018, the Organization met all of the matching requirements under the respective applicable agreements with the Alliance for Aging, Inc. in effect for the year.

SUPPLEMENTARY INFORMATION

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	2018							Comparative Totals 2017
	Program Services				Total Program Services	Supporting Services	Total Expenditures	
	Congregate Meals	Home Delivered Meals	Transporation	Recreation		Management and General		
Salaries	\$ 366,063	\$ 179,862	\$ 119,644	\$ 33,278	\$ 698,847	\$ 93,497	\$ 792,344	\$ 825,268
Payroll taxes	31,685	9,688	9,688	2,985	54,046	6,887	60,933	64,467
Employee benefits	33,450	23,513	24,595	983	82,541	15,840	98,381	92,684
Accounting and auditing	10,992	7,484	1,310	230	20,016	3,372	23,388	13,500
Building insurance	29,466	-	-	-	29,466	-	29,466	36,790
Building maintenance	2,217	-	-	-	2,217	-	2,217	10,315
Building rental	110,950	-	-	-	110,950	-	110,950	115,700
Congregate meals	854,745	-	-	-	854,745	-	854,745	774,250
Consulting	8,370	3,064	352	-	11,786	-	11,786	16,815
Depreciation	-	-	-	-	-	98,398	98,398	82,558
Donations	-	-	-	-	-	8,278	8,278	7,030
Emergency meals	-	8,886	-	-	8,886	-	8,886	-
Home delivered meals	-	540,375	-	-	540,375	-	540,375	517,286
Janitorial supplies	13,811	-	-	-	13,811	-	13,811	15,206
Match - cash	14,640	11,285	4,575	-	30,500	-	30,500	25,600
Membership & Subs	-	331	-	-	331	779	1,110	4,394
Miscellaneous	2,253	1,743	1,450	646	6,092	26,495	32,587	34,549
Office supplies	10,740	3,797	2,394	-	16,931	172	17,103	23,285
Payroll processing	4,417	2,205	773	260	7,655	-	7,655	5,863
Postage	213	-	-	-	213	-	213	29
Recreation	-	-	-	22,822	22,822	-	22,822	22,700
Repairs & Maintenance	6,579	813	-	-	7,392	-	7,392	4,345
Telephone	4,006	2,047	-	-	6,053	657	6,710	6,537
Travel	7,491	4,165	192	-	11,848	1,897	13,745	23,477
Utilities	11,869	3,525	-	-	15,394	-	15,394	17,937
Vehicle gas and oil	-	-	39,793	-	39,793	-	39,793	39,346
Vehicle insurance	-	-	52,089	-	52,089	-	52,089	23,133
Vehicle maintenance	-	-	22,067	-	22,067	10,384	32,451	48,617
Vehicle rental	-	-	2,865	-	2,865	6,684	9,549	10,800
	<u>\$ 1,523,957</u>	<u>\$ 802,783</u>	<u>\$ 281,787</u>	<u>\$ 61,204</u>	<u>\$ 2,669,731</u>	<u>\$ 273,340</u>	<u>\$ 2,943,071</u>	<u>\$ 2,862,481</u>

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

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2018**

<i>Federal Grantor/ Pass-through Grantor/ Program Title</i>	<i>CFDA/ CSFA Number</i>	<i>Passthrough or Other Identifying</i>	<i>Expenditure</i>
<b>FEDERAL AWARDS</b>			
<b>U. S. Department of Health and Human Services</b>			
<i>Pass-through Alliance for Aging, Inc.</i>			
Nutrition Services Incentive Program	93.053	US-1749	\$ 138,203
Nutrition Services Incentive Program	93.053	US-1849	138,762
Title III, Part-B	93.044	AA-1726	78,057
Title III, Part-B	93.044	AA-1826	83,477
Title III, Part C-1	93.045	AA-1726	241,220
Title III, Part C-1	93.045	AA-1826	186,479
Title III, Part C-2	93.045	AA-1726	170,553
Title III, Part C-2	93.045	AA-1826	137,145
Total U. S. Department of Health and Human Services			<u>1,173,896</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Pass-through City of Miami</i>			
Community Development Block Grant	14.218		67,473
<i>Passed through Miami-Dade County</i>			
Total U.S. Department of Housing and Development			<u>67,473</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Food and Shelter			
National Board Program	97.024		<u>19,642</u>
Total Expenditures of Federal Awards			<u>1,261,011</u>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>State of Florida, Department of Elder Affairs</b>			
<i>Pass-through Alliance for Aging, Inc.</i>			
Local Services Programs	65.009	KL- 1745	<u>750,309</u>
Total Expenditures of State Financial Assistance			<u>750,309</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 2,011,320</u>

See accompanying note to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal and state award activity of Southwest Social Services Programs, Inc. (the Organization) under programs of the federal and state government for the fiscal year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Organization.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the other cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' 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*

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Board of Directors  
Southwest Social Services Programs, Inc.  
Miami, Florida

We 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 Southwest Social Services Programs, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

## 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.

A handwritten signature in blue ink that reads "Veedy-DeAnna Touyille". The signature is written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2018



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF  
AUDITOR GENERAL OF THE STATE OF FLORIDA

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Board of Directors  
Southwest Social Services Programs, Inc.  
Miami, Florida

### **Report on Compliance for Each Major Federal Program and State Project**

We have audited the Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2018. The Organization's major federal programs and state 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs and state financial assistance projects.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Those standards and the Uniform Guidance and *Chapter 10.650, Rules of the Auditor General* of the State of Florida, require that we 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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

## *Opinion on Each Major Federal Program and State Project*

In our opinion, the Organization 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 and state project for the year ended June 30, 2018.

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

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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, we do not express an opinion on the effectiveness of the Organization'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2018

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2018**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Instances of noncompliance material to financial statements noted?  yes  no

***Federal Awards and State Projects***

Internal control over major programs:  yes  no

Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors' report issued on compliance on each major Federal Program and State Project: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a) and Chapter 10.650 Rules of the Auditor General?  yes  no

Identification of major programs:

<b>Federal Program or Cluster</b>	<b>CFDA Number</b>
U.S. Department of Health and Human Services	93.044
U.S. Department of Health and Human Services	93.045
Older American Act Aging Cluste	93.053

**State Program or Clusters**

Florida Department of Elder Affairs Local Services Programs	65.009
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Dollar threshold used to distinguish between type A and type B projects. \$750,000

Auditee qualified as low-risk auditee?  yes  no

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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**SECTION II - FINDINGS - FINANCIAL STATEMENTS**

The audit disclosed no matters that are reportable for the current year.

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AND STATE FINANCIAL ASSISTANCE**

The audit disclosed no matters that are reportable for the current year.

**SECTION IV - OTHER ISSUES**

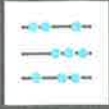
The audit disclosed no matters that are reportable for Federal Awards and State Projects.

**SOUTHWEST SOCIAL SERVICES  
PROGRAMS, INC.**

MANAGEMENT LETTER

JUNE 30, 2018

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## MANAGEMENT LETTER

To the Board of Directors of  
Southwest Social Services Programs, Inc.  
Miami, Florida

In planning and performing our audit of the financial statements of Southwest Social Services Programs, Inc., (the "Organization") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. The schedule that accompanies this letter summarizes our observation and recommendation concerning this matter. This letter does not affect our report dated December 18, 2018 on the financial statements of the Organization.

This communication is intended solely for the information and use of management, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

**CERTIFIED PUBLIC ACCOUNTANTS**

Coral Gables, Florida  
December 18, 2018

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.**  
**OBSERVATIONS AND RECOMMENDATIONS**  
**JUNE 30, 2018**

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**Accounting System**

Observation

There have been discussions in the past regarding the need for new accounting software. Management has begun the process of considering appropriate options. Limitations in the client's computer accounting system were noted during the current audited process, including the availability of certain reports.

Recommendation

We suggest that new accounting software be purchased and implemented as soon as possible.

**Cash Disbursements**

Observation

During our audit it was noted that several checks were prepared and held but not mailed until the Organization had sufficient funds available.

Recommendation

We recommend that additional cash management policies and procedures be implemented so that checks are not written until there is an adequate cash balance to satisfy those obligations.