

**SOUTHWEST SOCIAL SERVICES
PROGRAMS, INC.**

FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT,
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S 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, 2021, and the related statement 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

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, 2021 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 Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and our report dated May 21, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization 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 May 21, 2021 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 24, 2022

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021	Comparative Totals 2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 910,821	\$ 264,064
Grants receivable and other	223,200	400,469
Prepaid rent	3,786	1,001
TOTAL CURRENT ASSETS	<u>1,137,807</u>	<u>665,534</u>
 PROPERTY AND EQUIPMENT, NET	 <u>111,639</u>	 <u>258,156</u>
TOTAL ASSETS	<u>\$ 1,249,446</u>	<u>\$ 923,690</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 619,508	\$ 362,529
Accrued wages and payroll taxes	30,844	53,582
Deferred revenue	-	47,146
TOTAL CURRENT LIABILITIES	<u>650,352</u>	<u>463,257</u>
PPP loan payable	153,193	-
 NET ASSETS		
Net assets without donor restrictions	<u>445,901</u>	<u>460,433</u>
TOTAL NET ASSETS	<u>445,901</u>	<u>460,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,249,446</u>	<u>\$ 923,690</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, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
	Without donor restrictions	Comparative Totals
SUPPORT AND REVENUE		
Federal, state, local and other grant contracts	\$ 3,358,319	\$ 2,860,640
United Way	88,767	90,763
Program income, donations and other	47,161	85,097
TOTAL SUPPORT AND REVENUE	3,494,247	3,036,500
OPERATING EXPENSES		
PROGRAM SERVICES:		
Congregate meals	-	1,538,850
Home delivered meals	2,985,696	941,125
Transportation	233,401	309,403
Recreation	-	49,223
TOTAL PROGRAM SERVICES	3,219,097	2,838,601
SUPPORTING SERVICES:		
General and administrative	289,682	233,683
TOTAL SUPPORTING SERVICES	289,682	233,683
TOTAL OPERATING EXPENSES	3,508,779	3,072,284
CHANGE IN NET ASSETS	(14,532)	(35,784)
NET ASSETS, at beginning of year	460,433	496,217
NET ASSETS, at end of year	\$ 445,901	\$ 460,433

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

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			Supporting Services	Total Expenditures	Comparative Totals 2020	
	Program Services						Management and General
	Home Delivered Meals	Transportation	Total Program Services				
Salaries	\$ 356,992	\$ 67,268	\$ 424,260	\$ 50,541	\$ 474,801	\$ 767,428	
Payroll taxes	26,070	5,030	31,100	3,779	34,879	61,097	
Employee benefits	42,628	16,028	58,656	13,621	72,277	106,681	
Accounting and auditing	-	-	-	30,227	30,227	26,812	
Building insurance	-	-	-	23,223	23,223	39,775	
Building maintenance	-	-	-	2,972	2,972	9,998	
Building rental	-	-	-	3,526	3,526	73,660	
Breakfast	-	-	-	-	-	63,949	
Congregate meals	-	-	-	-	-	839,423	
Depreciation	-	37,002	37,002	-	37,002	98,748	
Donations	-	-	-	-	-	1,000	
Home delivered meals	2,536,286	5,490	2,541,776	-	2,541,776	696,892	
Janitorial supplies	-	-	-	3,903	3,903	12,684	
Match - cash	-	-	-	-	-	26,600	
Membership and subscriptions	-	-	-	5,837	5,837	1,529	
Miscellaneous	-	-	-	51,336	51,336	14,185	
Office supplies	-	-	-	17,529	17,529	17,324	
Payroll processing	5,248	1,068	6,316	802	7,118	7,928	
Printing and Postage	-	-	-	341	341	1,212	
Recreation	-	-	-	-	-	14,939	
Repairs and maintenance	-	-	-	18,349	18,349	3,851	
Subcontractors	18,472	-	18,472	20,959	39,431	9,796	
Travel	-	890	890	-	890	12,045	
Utilities	-	-	-	33,147	33,147	25,143	
Vehicle gas and oil	-	13,908	13,908	-	13,908	16,491	
Vehicle insurance	-	65,560	65,560	-	65,560	31,808	
Vehicle maintenance	-	21,157	21,157	-	21,157	75,544	
Vehicle rental and other	-	-	-	9,590	9,590	15,742	
	<u>\$ 2,985,696</u>	<u>\$ 233,401</u>	<u>\$ 3,219,097</u>	<u>\$ 289,682</u>	<u>\$ 3,508,779</u>	<u>\$ 3,072,284</u>	

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, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021	Comparative Totals 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets:	\$ (14,532)	\$ (35,784)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	37,002	98,748
Donated vehicles and equipment	-	(161,795)
(Increase) decrease in operating assets:		
Grants receivable and other	177,269	29,616
Prepaid rent	(2,785)	4,999
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	256,979	100,449
Accrued wages and payroll taxes	(22,738)	(6,237)
Deferred revenue	(47,146)	(5,229)
	<u>398,581</u>	<u>60,551</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	384,049	24,767
CASH FLOWS FROM INVESTING ACITIVITIES		
Disposal (purchase) of fixed assets, net	109,515	(17,977)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>109,515</u>	<u>(17,977)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from payment protection plan	153,193	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>153,193</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	646,757	6,790
CASH AND CASH EQUIVALENTS - beginning of year	<u>264,064</u>	<u>257,274</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 910,821</u>	<u>\$ 264,064</u>
Supplementary Schedule of non cash investing activities		
Non-cash addition to property plant and equipment	<u>\$ -</u>	<u>\$ 161,795</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, 2021

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, 2021, 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.

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 accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (“ASC”). Consequently, the Organization’s resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Net assets without donor restriction – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.

Net assets with donor restriction – include those net assets whose use by the Organization has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. There are no net assets with donor restriction as of June 30, 2021.

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

The Organization maintains its cash in bank deposit accounts with various financial institutions, which at times, may exceed federally-insured limits. The Organization has not experienced any losses and believes it is not exposed to any significant risk with respect to cash.

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, 2021.

Property and Equipment

Property and equipment are recorded at cost or at fair value 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, 2021

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

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of time or purpose restrictions on net assets are reported as net assets released from restrictions.

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 increases in net assets without donor restrictions, unless specifically restricted by the donor.

Revenues from federal, state, and local agencies are generally reported as contract revenue without donor restrictions 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, 2021, 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 \$113,000 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.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services, Facilities, and Materials (Continued)

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.

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. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at June 30, 2021, respectively. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2018.

Statement of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, congregate meals, home delivered meals, building rental, utilities, insurance, depreciation and others. Salaries and benefits are allocated on the basis of estimates of time and efforts. Other costs are allocated based on square footage/usage of space.

Subsequent Events

The Organization has evaluated subsequent events through January 24, 2022, the date on which these financial statements were available to be issued.

Recently Issued Accounting Pronouncements Adopted

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update, which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Organization has adopted this accounting pronouncement in these financial statements.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standard update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The Organization has adopted this accounting pronouncement in these financial statements.

NOTE 3 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2021 were comprised of the following:

Alliance for Aging - Older Americans Act	\$ 209,374
Alliance for Aging - Coronavirus Appropriations Act	7,028
Miami-Dade County	6,798
Total grants receivable	<u>\$ 223,200</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 were comprised of the following:

Vehicles	\$ 901,288
Office equipment	10,000
	<u>911,288</u>
Less accumulated depreciation	(799,649)
	<u>\$ 111,639</u>

Depreciation expense for the year ended June 30, 2021 was \$37,002.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 – REVENUE FROM GOVERNMENT GRANTS AND CONTRACTS

During the year ended June 30, 2021, the Organization’s revenue from government grants and contracts was comprised of the following:

Federal through Alliance for Aging	\$ 2,331,128
Federal through City of Miami	64,133
State through Alliance for Aging	775,957
Miami-Dade County and other local grants	275,868
	<u>\$ 3,447,086</u>

The above revenue makes up approximately 99% 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. 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.

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 a month-to-month lease with annual use fee in the amount of one dollar, effective date fiscal year 2018, unless otherwise revoked by the Organization as licensee or by 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 of Miami. 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. Subsequent to year end, the agreement was terminated.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

The Organization is liable for monthly vehicle and equipment lease payments under various leases expiring 2025. The following is a schedule of future minimum lease payments for the non-cancellable leases as of June 30, 2021:

Year Ending June 30,	
2022	\$ 33,133
2023	33,133
2024	8,839
2025	285
	<u>\$ 75,390</u>

Subsequent to year end, the Organization entered into a lease for office space. The terms of the lease call for monthly payments of \$3,145 and matures on December 31, 2022.

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 – NOTES PAYABLE

On March 2021, the Organization received loan proceeds in the amount of \$153,193 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or at twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week or twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization will use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. As of June 30, 2021, the Organization has reflected a liability in the amount of \$153,193. Management believes the PPP loan will be forgiven in full sometime in fiscal year 2022.

NOTE 9 – 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, 2021, the Organization met all of the matching requirements under the respective applicable agreements with the Alliance for Aging, Inc. in effect for the year.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,134,021 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$910,821 and grants receivable and other of \$223,200. None of these available financial assets are subject to donor restrictions. However, these available financial assets are committed to specific grant programs. The Organization monitors its liquidity in the efforts to meet its operating needs and other contractual commitments while maximizing the investment of any excess operating cash.

NOTE 11 – COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its accounts receivable, inventory, and liquidity. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's balance sheet, related statements of activities, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SUPPLEMENTARY INFORMATION

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal or State Agency/ Program or Project Title/ Pass Through Agency</i>	AL/CSFA Number	Contract/Grant Number	State	Federal
U.S. Department of Health and Human Services				
Nutrition Services Incentive Program				
Pass-through Alliance for Aging, Inc.	93.053	AA-2026	\$ -	\$ 153,532
Pass-through Alliance for Aging, Inc.	93.053	AA-2126	-	<u>138,506</u>
Program Total				292,038
Title III, Part B Program				
Pass-through Alliance for Aging, Inc.	93.044	AA-2026	-	164,646
Pass-through Alliance for Aging, Inc.	93.053	AA-2126	-	<u>166,388</u>
Program Total				331,034
Title III, Part C-1 Program				
Pass-through Alliance for Aging, Inc.	93.045	AA-2026	-	535,061
Pass-through Alliance for Aging, Inc.	93.045	AA-2126	-	498,300
Pass-through Alliance for Aging, Inc. - COVID-19	93.045	KCV-2126	-	<u>229,467</u>
Program Total				1,262,828
Title III, Part C-2 Program				
Pass-through Alliance for Aging, Inc.	93.045	AA-2026	-	118,775
Pass-through Alliance for Aging, Inc. - COVID-19	93.045	AA-2126	-	<u>6,965</u>
Program Total				125,740
Public Health Emergency Response				
Pass-through Alliance for Aging, Inc.	93.354	AA-2026	-	319,490
Total U.S. Department of Health and Human Services			-	<u>2,331,130</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant				
Pass-Through City of Miami	14.218		-	64,133
Total U.S. Department of Housing and Urban Development			-	<u>64,133</u>
Total Federal Funds and Pass-throughs			-	<u>2,395,263</u>
State of Florida Department of Elder Affairs, Inc.				
Local Service Program				
Pass-Through Alliance for Aging, Inc.	65.009	KL1945	775,957	-
Total State Funds			<u>775,957</u>	-
TOTAL STATE AND FEDERAL PROJECTS			\$ 775,957	\$ <u>2,395,263</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, 2021

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, 2021. 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.



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

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, 2021, 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 our report thereon dated January 24, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item SD **2021-01** that we consider to be a significant deficiency.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 24, 2022



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**INDEPENDENT AUDITOR'S 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**

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, 2021. 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, 2021.

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
January 24, 2022

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

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 auditor's 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:

Federal Program or Cluster	Assisted Living Number/CSFA	
Aging Cluster	93.044, 93.045, 93.053,93.354	\$2,331,130

State Program or Clusters		
Florida Department of Elder Affairs Local Services Programs	65.009	\$ 775,957

Dollar threshold used to distinguish between type A and type B projects. \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINDINGS - FINANCIAL STATEMENTS

CURRENT YEAR FINDINGS

SD 2021-01: ACCOUNTING OVERSIGHT AND FINANCIAL STATEMENT CLOSING PROCESS

Criteria:

Effective internal controls over financial closing and the financial statement reporting process requires a formal documentation of a well-defined process flow that includes key attributes such as overall timing, identification of responsible personnel, methodology and frequency of analyses. These controls should include the general ledger and accounting records used to maintain the financial information of the Organization being reconciled in conjunction with the preparation of monthly internal and year-end financial statements.

Cause:

Due to turnover within the accounting department experienced in the prior year, the Organization was not able to fill certain key accounting positions. In addition, COVID-19 impacted the Organization's ability to hire key personnel due to challenging circumstances.

Effect:

Post-closing adjustments were posted after the financial closing which caused delays in the issuance of the Organization's audited financial statements. In addition, entries were required to be proposed and posted to certain accounts such as receivables, payables, accruals, net assets, revenues and expenses.

Recommendation:

The Organization should consider filling certain accounting positions as soon as possible in order to support the billing, procurement, and financial statement accounting closing processes. Policies and procedures over the financial closing process should be revised and properly implemented to ensure timely year-end closing.

Views of Management and Planned Corrective Action

Pursuant to the recommendations mentioned above, SWSS hired a local accounting firm to manage the Organization's weekly, monthly and annual accounting responsibilities. SWSS is confident that due to the body of work already performed by the accounting firm since it assumed its new fiduciary role with SWSS, the financial closing process has been revised and properly implemented to ensure timely year end closing.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
JUNE 30, 2021

SECTION II - FINDINGS - FINANCIAL STATEMENTS (Continued)

PRIOR YEAR FINDINGS

SD 2020-01: ACCOUNTING OVERSIGHT AND FINANCIAL STATEMENT CLOSING PROCESS

Criteria:

Accounting tasks such as monthly reconciliations, cross-checks, and reviews play a key role in proving the accuracy of accounting data and information included in interim and year-end financial statements. The primary purpose of financial statements is to provide information to meet the common interest of donors, members, creditors, and others who provide resources to the Organization. Effective internal controls over financial closing and the financial statement reporting process requires a formal documentation of a well-defined process flow that includes key attributes such as overall timing, identification of responsible personnel, methodology and frequency of analyses. These controls should include the general ledger and accounting records used to maintain the financial information of the Organization being reconciled in conjunction with the preparation of monthly internal and year-end financial statements.

Cause:

During the year ended June 30, 2020, there was significant turnover in key accounting and management positions. Additionally, during this time there was not an appropriate level of accounting oversight, supervision and review of these personnel.

Effect:

Post-closing adjustments were posted after the financial closing which caused delays in the issuance of the Organization's audited financial statements. In addition, entries were required to be proposed and posted to certain accounts such as receivables, payables, accruals, net assets, revenues and expenses.

Recommendation:

We understand that the Organization's operations experienced significant turnover in key accounting and management positions. Policies and procedures over the financial closing process should be revised and properly implemented to ensure timely year-end closing. The Organization should consider filling certain accounting and management positions as soon as possible in order to support the billing, procurement, and financial statement accounting closing processes.

Views of Management and Planned Corrective Action

SWSS's current management concurs with your firm's recommendations and has already begun to address the issues in its accounting policies and procedures. SWSS also is currently in the process of hiring Accounting/CFO type services to manage fiscal requirements and the concerns listed in your findings in order to be totally compliant with any and all requirements from our funding sources.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)
JUNE 30, 2021

**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

1. The audit disclosed no matters that are reportable for Federal Awards and State Projects.
2. A management letter was issued and reported to management in a separate letter dated January 24, 2022.

**SOUTHWEST SOCIAL SERVICES
PROGRAMS, INC.**

MANAGEMENT LETTER

JUNE 30, 2021

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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, 2021, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in the Organization’s internal control to be a significant deficiency: **SD 2021-01**.

During our audit, we also became aware of the following deficiencies in internal control, other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. See pp. 4-5.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with Management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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
January 24, 2022

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SIGNIFICANT DEFICIENCY
JUNE 30, 2021

SD 2021-01 ACCOUNTING OVERSIGHT AND FINANCIAL STATEMENT CLOSING PROCESS

Observation

Effective internal controls over financial closing and the financial statement reporting process requires a formal documentation of a well-defined process flow that includes key attributes such as overall timing, identification of responsible personnel, methodology and frequency of analyses. These controls should include the general ledger and accounting records used to maintain the financial information of the Organization being reconciled in conjunction with the preparation of monthly internal and year-end financial statements.

Recommendation

The Organization should consider filling certain accounting positions as soon as possible in order to support the billing, procurement, and financial statement accounting closing processes. Policies and procedures over the financial closing process should be revised and properly implemented to ensure timely year-end closing.

Management Response

Pursuant to the recommendations mentioned above, SWSS hired a local accounting firm to manage the Organization's weekly, monthly and annual accounting responsibilities. SWSS is confident that due to the body of work already performed by the accounting firm since it assumed its new fiduciary role with SWSS, the financial closing process has been revised and properly implemented to ensure timely year end closing.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SIGNIFICANT DEFICIENCY
JUNE 30, 2021

Segregation of Duties

Observation

Due to the limited number of personnel at the Organization, many of the critical duties are combined and assigned to the available employees.

Recommendation

To the extent possible, duties should be segregated to serve as check and balance and maintain the best control system possible.

Recording of certain adjustments

Observation

Certain adjustments involving receivables, payables, accruals, net assets, and certain revenues and expenses were not properly recorded during the year.

Recommendation

Although, year-end financial statements have been properly adjusted, management should establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making various adjustments throughout the year that have typically been performed at year-end only, and performing more frequent reviews of the general ledger throughout the year, including making any necessary adjustments.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Observation

The Organization attempted to prepare the Schedule of Expenditures of Federal Awards and State Financial Assistance (“SEFA”). The *SEFA* was not reconciled, which required our assistance during the course of the audit.

Recommendation

The Organization should prepare and reconcile the *SEFA* to the accounting records. ALN and CFSA numbers, contract numbers, and balances should agree to grant agreements, confirmations, and supporting documentation.

Supporting Documentation

Observation

During our audit, we noted instances of missing supporting documentation or documentation that was inadequate.

Recommendation

We recommend that the Organization establish policies and procedures to ensure that accounting records have proper supporting documentation. This may include copies of checks, invoices, agreements, and other support.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SIGNIFICANT DEFICIENCY
JUNE 30, 2021

Check Signing Authorization

Observation

During our audit, we noted that the Executive Director was not an authorized signer to all of the Organization's cash accounts.

Recommendation

We recommend that the Organization change the current signature policy to include the Executive Director as check signer to all cash accounts.

Effectiveness of the Board of Directors

Observation

We noted that the Board of Directors does not meet regularly. In addition, certain board meeting minutes were incomplete or lacked detail.

Recommendation

We recommend that the Board's effectiveness could be improved by considering the responsibilities of a Board and evaluating the Board members' performance in areas, such as the following:

- Regular attendance and participation at Board meetings.
- Familiarity with the mission of the Organization and governing instruments, such as articles of incorporation and bylaws.
- Familiarity with significant commitments made in relation to revenue-producing activities.
- Financial knowledge and ability sufficient to approve budgets; review financial statements and operational reports; and authorize contractual and financial commitments. The Board as a group should have skills in all the legal, accounting, finance, and personnel areas for which a Board is responsible, even though any one member may not be skilled in every area.