

**SOUTHWEST SOCIAL SERVICES
PROGRAMS, INC.**

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

FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-13
SUPPLEMENTARY INFORMATION: 2023	
Schedule of Expenditures of Federal Awards and State Financial Assistance	14
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.	15
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Auditor’s Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of Auditor General of the State of Florida	18-19
Schedule of Findings and Questioned Costs	20-21



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 March 29, 2024 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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
March 29, 2024

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023	Comparative Totals 2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 145,754	\$ 417,113
Grants receivable	438,237	192,260
Prepaid rent	18,098	19,879
Security deposit	6,200	6,200
TOTAL CURRENT ASSETS	<u>608,289</u>	<u>635,452</u>
PROPERTY AND EQUIPMENT, NET	<u>82,839</u>	<u>85,957</u>
TOTAL ASSETS	<u>\$ 691,128</u>	<u>\$ 721,409</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 552,314	\$ 301,189
Accrued wages and payroll taxes	26,639	31,937
Deferred revenue	14,386	13,295
TOTAL CURRENT LIABILITIES	<u>593,339</u>	<u>346,421</u>
NET ASSETS		
Net assets without donor restrictions	<u>97,789</u>	<u>374,988</u>
TOTAL NET ASSETS	<u>97,789</u>	<u>374,988</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 691,128</u>	<u>\$ 721,409</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
	Without donor restrictions	Comparative Totals
SUPPORT AND REVENUE		
Federal, state, local and other grant contracts	\$ 1,979,811	\$ 2,089,426
United Way	90,578	90,660
Program income, donations and other	13,453	10,436
TOTAL SUPPORT AND REVENUE	<u>2,083,842</u>	<u>2,190,522</u>
OPERATING EXPENSES		
PROGRAM SERVICES:		
Congregate meals	556,844	1,025,095
Home delivered meals	1,093,926	732,310
Transportation	246,521	172,809
TOTAL PROGRAM SERVICES	<u>1,897,291</u>	<u>1,930,214</u>
SUPPORTING SERVICES:		
General and administrative	463,750	484,414
TOTAL SUPPORTING SERVICES	<u>463,750</u>	<u>484,414</u>
TOTAL OPERATING EXPENSES	<u>2,361,041</u>	<u>2,414,628</u>
OTHER INCOME		
Forgiveness of debt- PPP Loan	-	153,193
CHANGE IN NET ASSETS	(277,199)	(70,913)
NET ASSETS, at beginning of year	<u>374,988</u>	<u>445,901</u>
NET ASSETS, at end of year	<u>\$ 97,789</u>	<u>\$ 374,988</u>

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, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023				Supporting Services		Comparative Totals 2022
	Program Services				Management and General	Total Expenditures	
	Home Delivered Meals	Congegate Meals	Transportation	Total Program Services			
Salaries	\$ 56,946	\$ 175,625	\$ 58,507	\$ 291,078	\$ 232,162	\$ 523,240	\$ 441,433
Payroll taxes	4,785	13,964	4,821	23,570	20,396	43,966	34,179
Employee benefits	10,056	15,292	12,955	38,303	22,929	61,232	62,470
Accounting and auditing	-	-	-	-	53,928	53,928	52,374
Building insurance	-	-	-	-	20,247	20,247	9,592
Building maintenance	-	-	-	-	-	-	46,192
Building rental	-	47,421	31,455	78,876	41,758	120,634	69,901
Breakfast	148,446	-	-	148,446	-	148,446	113,077
Congregate meals	-	267,712	-	267,712	-	267,712	752,306
Depreciation	-	-	25,682	25,682	-	25,682	25,682
Donations	-	-	-	-	500	500	500
Home delivered meals	871,442	8,711	-	880,153	-	880,153	641,898
Membership and subscriptions	-	-	-	-	-	-	160
Miscellaneous	-	177	634	811	10,937	11,748	19,137
Office supplies	-	713	21	734	10,693	11,427	22,408
Payroll processing	-	-	-	-	8,341	8,341	8,333
Printing and Postage	-	-	-	-	136	136	116
Recreation	-	21,394	-	21,394	-	21,394	-
Repairs and maintenance	-	-	-	-	-	-	-
Subcontractors	2,251	5,835	-	8,086	2,273	10,359	10,813
Travel	-	-	-	-	-	-	-
Utilities	-	-	-	-	36,035	36,035	36,328
Vehicle gas and oil	-	-	17,946	17,946	-	17,946	16,459
Vehicle insurance	-	-	59,271	59,271	-	59,271	36,012
Vehicle maintenance	-	-	35,109	35,109	522	35,631	9,354
Vehicle rental and other	-	-	120	120	2,893	3,013	5,904
	<u>\$ 1,093,926</u>	<u>\$ 556,844</u>	<u>\$ 246,521</u>	<u>\$ 1,897,291</u>	<u>\$ 463,750</u>	<u>\$ 2,361,041</u>	<u>\$ 2,414,628</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023	Comparative Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets:	<u>\$ (277,199)</u>	<u>\$ (70,913)</u>
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	25,682	25,682
Forgiveness of debt- PPP loan	-	(153,193)
(Increase) decrease in operating assets:		
Grants receivable	(245,977)	30,940
Prepaid rent	1,781	(16,093)
Security deposit	-	(6,200)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	251,125	(318,319)
Accrued wages and payroll taxes	(5,298)	1,093
Deferred revenue	1,091	13,295
	<u>28,404</u>	<u>(422,795)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(248,795)</u>	<u>(493,708)</u>
CASH FLOWS FROM INVESTING ACITIVITIES		
Acquisition of fixed assets	<u>(22,564)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,564)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(271,359)</u>	<u>(493,708)</u>
CASH AND CASH EQUIVALENTS - beginning of year	<u>417,113</u>	<u>910,821</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 145,754</u></u>	<u><u>\$ 417,113</u></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, 2023

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, 2023, 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.

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:

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, 2023.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023.

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	<u>7</u>
Furniture and fixtures	7
Vehicles	5
Leasehold improvements	39

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, many individuals volunteered their time for the congregate meals, home delivered meals and transportation programs. These 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, 2023

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.

Leases

The Organization is a lessee of a facility under a non-cancelable operating lease. Operating right-of-use liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease and are reduced by payments made on each lease on the straight-line basis. Because the lease does not provide an implicit rate of return, the Organization uses its incremental borrowing rate based on information available at the commencement date of the lease in determining the present value of lease payments. Generally, the Organization cannot determine the interest rate implicit in the lease because it does not have access to the information. Therefore, the Organization generally uses its incremental borrowing rate as the discount rate for the lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments using similar terms. Leases with an initial term of 12 months or less are not recorded on the statement of financial position; rather, rent expense for these leases are recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

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, 2023, 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 2020.

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 March 29, 2024, the date on which these financial statements were available to be issued.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with previous GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike previous GAAP—which requires only capital leases to be recognized on the statement of financial position—the new ASU requires both types of leases to be recognized on the statement of financial position. Various subsequent accounting standards have been issued by the FASB that clarify, modify, or expand the guidance for Topic 842.

The Organization adopted the updated guidance of Topic 842 with an initial date of application on July 1, 2022, applying the modified retrospective transition method for leases that existed as of January 1, 2022 (the date of the initial application), without restating any prior year amounts or disclosures. Lessees are now required to classify leases as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. The Organization elected to use the practical expedients for an entity to: (a) not reassess whether any expired or existing contracts are or contain leases upon adoption, (b) retained the classification of leases (e.g., operating or finance lease) existing as of the date of adoption, (c) not reassess initial direct costs for any existing leases upon adoption, (d) utilize hindsight in determining the lease term; that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset and in assessing impairment of the Organization’s Right of Use assets, (e) account for each separate lease component of a contract and its associated nonlease components as a single lease component, (f) exempt short-term leases from recognition for all leases that qualify, and (g) elected to utilize the risk-free rate for the asset class, such as facility leases, for leases that the implicit borrowing rate is not known. The adoption of Topic 842 did not have a material effect on the Organization’s financial statements

NOTE 3 – GRANTS RECEIVABLE

Grants and contracts receivable at June 30, 2023 were comprised of the following:

Alliance for Aging - Older Americans Act	\$ 189,901
Alliance for Aging - Local Services Program	157,958
Alliance for Aging - Nutrition Services Incentive Program	55,166
Miami-Dade County	35,212
Total grants receivable	<u><u>\$ 438,237</u></u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 were comprised of the following:

Vehicles	\$ 920,012
Office equipment	13,840
	<u>933,852</u>
Less accumulated depreciation	(851,013)
	<u><u>\$ 82,839</u></u>

Depreciation expense for the year ended June 30, 2023 was \$25,682.

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – CONCENTRATION OF RISK

During the year ended June 30, 2023, and 2022, 78% and 79% of government grants revenues were provided by one grantor, which represents 91% of receivables at both June 30, 2023 and 2022.

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 – OPERATING LEASES

The Organization leases office space and dining hall space under various terms, which are all 12 months or less, or month to month. These operating leases are not recorded on the statement of financial position. Rental expense was \$120,634 and \$69,900 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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 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, 2023, the Organization met all of the matching requirements under the respective applicable agreements with the Alliance for Aging, Inc. in effect for the year.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$583,991 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 \$145,754 and grants receivable and other of \$438,237. None of these available financial assets is 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.

SUPPLEMENTARY INFORMATION

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

<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	93.053			
Pass-through Alliance for Aging, Inc.		AA-2226	\$ -	\$ 100,312
Pass-through Alliance for Aging, Inc.		AA-2326	-	96,529
Program Total				<u>196,841</u>
Title III, Part B Program	93.044			
Pass-through Alliance for Aging, Inc.		AA-2226	-	20,297
Pass-through Alliance for Aging, Inc.		AA-2326	-	8,988
Program Total				<u>29,285</u>
Title III, Part C-1 Program	93.045			
Pass-through Alliance for Aging, Inc.		AA-2226	-	155,463
Pass-through Alliance for Aging, Inc.		AA-2326	-	143,233
Program Total				<u>298,696</u>
Title III, Part C-2 Program	93.045			
Pass-through Alliance for Aging, Inc.		AA-2226	-	37,977
Pass-through Alliance for Aging, Inc.		AA-2326	-	196,805
Pass-through Alliance for Aging, Inc.		RP-2226	-	73,128
Program Total				<u>307,910</u>
Total U.S. Department of Health and Human Services			-	832,732
Total Federal Funds and Pass-throughs			-	832,732
State of Florida Department of Elder Affairs, Inc.				
Local Service Program	65.009			
Pass-Through Alliance for Aging, Inc.		KL2245	776,130	-
Total State Funds			776,130	-
TOTAL STATE AND FEDERAL PROJECTS			\$ 776,130	\$ 832,732

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, 2023

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, 2022. 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.



Verdeja • Alvarez

Certified Public Accountants & Advisors



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Pedro L. Silva, C.P.A.

Michael Vildosola, C.P.A.

**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, 2023, 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 March 29, 2024.

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 not identify a deficiency in internal control, 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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
March 29, 2024



Verdeja • Alvarez

Certified Public Accountants & Advisors



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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, 2023. 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, 2023.

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.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
March 29, 2024

**SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023**

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	\$832,732

State Program or Cluster		
Florida Department of Elder Affairs Local Services Program	65.009	\$776,130

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 – (Continued)
JUNE 30, 2023

SECTION II - FINDINGS - FINANCIAL STATEMENTS

CURRENT YEAR FINDINGS

The audit disclosed no current findings 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

1. The audit disclosed no matters that are reportable for Federal Awards and State Projects.
2. No prior year audit findings
3. A management letter was issued and reported to management in a separate letter dated March 29, 2024.

**SOUTHWEST SOCIAL SERVICES
PROGRAMS, INC.**

MANAGEMENT LETTER

JUNE 30, 2023

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Management Letter.....	1
Observations and Recommendations.....	2

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, 2023, 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 March 29, 2024, 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
March 29, 2024

SOUTHWEST SOCIAL SERVICES PROGRAMS, INC.
OBSERVATIONS AND RECOMMENDATIONS
JUNE 30, 2023

Observation

During our audit, it was noted that the Organization at times does not have sufficient cash on hand to cover its monthly operating expenses.

Recommendation

To address the issue with insufficient cash on hand, we recommend the Organization conduct several measures to correct the shortfall of cash on hand. First, the Organization should explore opportunities to reduce operating expenses without compromising the Organization's mission. Second, the Organization should increase unrestricted revenue streams and diversify funding sources. Lastly, the Organization should establish a policy to build up a 3-month savings for unexpected expenses. By implementing these recommendations, the Organization can improve its financial stability and ensure sufficient cash flow to cover monthly expenses.


Management Response

First, I would like to thank Verdeja – Alvarez, CPA for their excellent work in the annual independent audit for Southwest Social Services Programs, Inc. (SWSS) as well as for their observations, comments and recommendations.

Regarding the reduction in operating expenses, SWSS has been endeavoring for the last 3 years to reduce the number of Transportation Buses in its fleet due to their very high maintenance costs. Last year, the Organization worked with FDOT to transfer 2 buses back to them which was accomplished on 08/18/2023. Next week, SWSS will transfer another 2 buses back to FDOT and may subsequently transfer one additional bus as well. This decrease in the number of unnecessary company vehicles that require on-going maintenance, insurance, and repairs will help to alleviate some of the Cash-on-Hand shortages recently experienced.

This year, SWSS reached out to different organizations to explore the possibility of donations and/or private grants. However, it has not yet been successful in securing additional unrestricted revenue streams. Consequently, we continue to identify, contact, and cultivate new relationships that have donation/grant potential.

SWSS concurs with your recommendation to work towards increasing our savings in order to establish a 3-month reserve of Cash-on-Hand for unexpected expenses.


Dr. Mario A. Mendez
Executive Director