

OUACHITA CHILDREN'S CENTER, INC.
Hot Springs, Arkansas
June 30, 2017
(with Comparative Totals for June 30, 2016)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors Report	1
<u>Financial Statements</u>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
<u>Supplementary Information</u>	
Schedule of Functional Expenses	14
Schedule of Units of Service Provided	15
Schedule of Expenditures of Federal and State Awards	16
Notes to Schedule of Expenditures of Federal and State Awards	17
<u>Compliance Report</u>	
Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21

GARY D. WELCH, CPA, PRINCIPAL
JIMMY M. PATE, CPA, PRINCIPAL
DENNIS C. FASON, CPA, PRINCIPAL
JOE L. WOOSLEY, CPA



HARRY C. KEATON, CPA
(1920–2006)
CLARENCE W. JORDAN, CPA
(1930–2009)
GLEN W. CRONE, JR., CPA
(1936–2016)

Independent Auditors Report

Board of Directors
Ouachita Children's Center, Inc.
Hot Springs, Arkansas

We have audited the accompanying financial statements of Ouachita Children's Center, Inc. (Center) (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Center'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 Center'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 Ouachita Children's Center, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

126 Hobson Avenue, P. O. Box 909
Hot Springs, Arkansas 71902
(501) 624-5788 • (501) 922-0727
fax (501) 623-1511 • www.jwck.com

MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED
PUBLIC ACCOUNTANTS

Hot Springs Village Office
710 DeSoto Boulevard
Hot Springs Village, Arkansas 71909
(501) 922-1354

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2016 financial statements, and our report dated September 16, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, units of service provided, and expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 September 20, 2017 on our consideration of the Center'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 Center's internal control over financial reporting and compliance.

Jordan, Worsley, Crane + Keenan Ltd.

Certified Public Accountants
Hot Springs, Arkansas

September 20, 2017

FINANCIAL STATEMENTS

Ouachita Children's Center, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2017
(with Comparative Totals for June 30, 2016)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 164,630	\$ 303,760
Investments	1,049,758	982,361
Accounts receivable - grants	96,174	26,621
Gift cards redeemable	2,769	1,578
Prepaid expenses	<u>26,242</u>	<u>46,574</u>
Total Current Assets	<u>\$ 1,339,573</u>	<u>\$ 1,360,894</u>
<u>Fixed Assets</u>		
Land	\$ 100,000	\$ 100,000
Buildings and structures	335,295	334,881
Furniture and equipment	355,601	323,804
Land improvements	30,399	30,399
Leasehold improvements	381,698	358,867
Vehicles	<u>97,386</u>	<u>104,936</u>
Total	<u>\$ 1,300,379</u>	<u>\$ 1,252,887</u>
Less accumulated depreciation	<u>642,779</u>	<u>616,802</u>
Net Fixed Assets	<u>\$ 657,600</u>	<u>\$ 636,085</u>
<u>Total Assets</u>	<u>\$ 1,997,173</u>	<u>\$ 1,996,979</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 29,121	\$ 21,747
Accrued compensated absences	21,514	46,579
Accrued payroll	26,711	27,134
Deferred revenue	<u>10,055</u>	<u>39,577</u>
Total Current Liabilities	<u>\$ 87,401</u>	<u>\$ 135,037</u>
<u>Net Assets</u>		
Unrestricted	\$ 1,876,371	\$ 1,833,596
Temporarily restricted	<u>33,401</u>	<u>28,346</u>
Total Net Assets	<u>\$ 1,909,772</u>	<u>\$ 1,861,942</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,997,173</u>	<u>\$ 1,996,979</u>

See independent auditors report and notes to financial statements.

Ouachita Children's Center, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017
(with Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>			<u>2016</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<u>Support, Revenue and Gain</u>				
Support:				
Federal funding	\$ 339,540		\$ 339,540	\$ 254,132
State funding	769,231		769,231	884,913
Local funding	1,484		1,484	6,182
Arkansas Community Foundation	18,592	\$ 52,322	70,914	18,582
Contributions and bequest	167,447	9,230	176,677	98,103
Fundraising (net of expenses \$22,503)	28,808		28,808	25,723
Release from restriction	56,497	[56,497]		
Total Support	<u>\$ 1,381,599</u>	<u>\$ 5,055</u>	<u>\$ 1,386,654</u>	<u>\$ 1,287,635</u>
Revenue and Gain:				
Interest income	\$ 111		\$ 111	\$ 269
Investment income	20,136		20,136	22,226
Miscellaneous income	2,227		2,227	2,300
Sale of assets	300		300	
Unrealized gain/loss on investments	103,520		103,520	[33,269]
Net Revenue and Gain	<u>\$ 126,294</u>		<u>\$ 126,294</u>	<u>\$ [8,474]</u>
Total Support, Revenue and Gain	<u>\$ 1,507,893</u>	<u>5,055</u>	<u>\$ 1,512,948</u>	<u>\$ 1,279,161</u>
<u>Expenses and Loss</u>				
Program Services	<u>\$ 1,159,371</u>		<u>\$ 1,159,371</u>	<u>\$ 1,129,147</u>
Support Services:				
General and administrative	\$ 302,954		\$ 302,954	\$ 271,576
Fundraising	2,793		2,793	5,641
Total Support Services	<u>\$ 305,747</u>		<u>\$ 305,747</u>	<u>\$ 277,217</u>
Total Expenses	<u>\$ 1,465,118</u>		<u>\$ 1,465,118</u>	<u>\$ 1,406,364</u>
<u>Net Increase [Decrease] in Net Assets</u>	<u>\$ 42,775</u>	<u>\$ 5,055</u>	<u>\$ 47,830</u>	<u>\$ [127,203]</u>
<u>Net Assets - July 1</u>	<u>1,833,596</u>	<u>28,346</u>	<u>1,861,942</u>	<u>1,989,145</u>
<u>Net Assets - June 30</u>	<u>\$ 1,876,371</u>	<u>\$ 33,401</u>	<u>\$ 1,909,772</u>	<u>\$ 1,861,942</u>

See independent auditors report and notes to financial statements.

Ouachita Children's Center, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017
(with Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities</u>		
Cash received for services provided/grants	\$ 1,110,425	\$ 1,173,637
Cash received from contributions/bequest	173,490	97,488
Cash paid to employees and suppliers	[1,430,954]	[1,344,903]
Fundraising (net)	28,808	25,723
Interest and investment income received	20,247	22,495
Miscellaneous income received	<u>2,227</u>	<u>2,300</u>
Net Cash Used in Operating Activities	\$[<u>95,757</u>]	\$ [<u>23,260</u>]
<u>Cash Flows from Investing Activities</u>		
Purchase of investments		\$ [980,215]
Sale of investments	\$ 47,183	972,146
Purchase of capital assets	<u>[90,556]</u>	<u>[34,087]</u>
Net Cash Used in Investing Activities	\$[<u>43,373</u>]	\$ [<u>42,156</u>]
<u>Net Decrease in Cash and Cash Equivalents</u>	\$[<u>139,130</u>]	\$ [<u>65,416</u>]
<u>Cash and Cash Equivalents - July 1</u>	<u>303,760</u>	<u>369,176</u>
<u>Cash and Cash Equivalents - June 30</u>	<u>\$ 164,630</u>	<u>\$ 303,760</u>
<u>Noncash Operating Activities</u>		
Noncash donations	<u>\$ 3,252</u>	<u>\$ 110</u>

See independent auditors report and notes to financial statements.

Ouachita Children's Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: Summary of Significant Accounting Policies -

Organization/Purpose. The Ouachita Children's Center, Inc. (Center) is a nonprofit child advocacy organization that provides emergency shelter and quality services for youth and families, empowering them to achieve lifelong success. The Center's principal facilities are located in Hot Springs, Arkansas. The primary purposes of the Center are to:

- a. Provide an emergency shelter facility for dependent, neglected and abused children and children in the juvenile justice system,
- b. Provide counseling and advocacy services in the prevention, detection, diagnosis and treatment of neglected and abused children, and
- c. Provide improvements in the care and treatment of juveniles in need of supervision.

Basis of Accounting. The Center uses the full-accrual basis of accounting in all material respects. Under the full-accrual basis, gross revenue is recorded as due and expenses are recognized as incurred. Under the government assistance programs, revenue is generally recognized as allowable program expenses are made.

Basis of Presentation. The Center is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets. These net assets are not subject to donor-imposed stipulations. The assets are available for general obligations of the Center.

Temporarily Restricted Net Assets. These are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, support that is restricted by the donor is reported as unrestricted revenue if the restriction expires or is met in the same reporting period in which the support is received.

Permanently Restricted Net Assets. These are net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

See independent auditors report.

Ouachita Children's Center, Inc.
NOTES TO FINANCIAL STATEMENTS
(continued)
June 30, 2017

Accounts Receivable-Grants. Accounts receivable include amounts currently due for services provided. The Center provides for collection losses based on the direct write-off method. Management does not consider this a material departure from methods under United States generally accepted accounting principles. All known credit losses are recognized and reflected in the accounts.

Fixed Assets and Depreciation. Fixed assets are recorded at acquisition cost or fair-market value of donated assets at the time of receipt. Retirements are removed from book valuations based on the applicable cost or donated value. It is the Center's policy to capitalize fixed assets over \$500; lesser amounts are expensed.

Depreciation is computed on the straight-line method based on estimated useful lives of related assets. The range of estimated useful lives is as follows:

	<u>Useful Life Range (Years)</u>
Buildings and structures	39
Furniture	3 - 7
Leasehold improvements	5 -15
Office, kitchen and other equipment	5 -10
Vehicles	5

Contributions. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services. The Center receives donated services from unpaid volunteers who assist in various special events. No amounts are recognized in the statement of activities because the criteria for recognition have not been satisfied.

Functional Expenses. Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses are allocated based on salary expenditures or on the allocated usage of the facility.

Income Taxes. As a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code, the Center is exempt from income taxes. The Center's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2017, 2016 and 2015, are subject to examination by the Internal Revenue Service generally for three years after they are filed.

See independent auditors report.

Ouachita Children's Center, Inc.
NOTES TO FINANCIAL STATEMENTS
 (continued)
 June 30, 2017

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Center considers cash demand accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 2: Cash and Cash Equivalents/Investment Collateralization – The Center maintains cash and cash equivalent balances with banks and broker/dealers. Accounts at banking institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Accounts with broker/dealers are insured by the Securities Investor Protection Corporation up to \$500,000, which includes \$250,000 for cash deposits. At June 30, 2017, the Center's unreconciled, cash and cash equivalent balances with banks totaled \$169,956, none of which were in excess of FDIC insured limits. At June 30, 2017, the Center's cost value with a broker was \$1,049,758, of which approximately \$299,758 was in excess of the Securities Investors Protection; however, the Center does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTE 3: Investments – Equity investments with readily determinable market values and all debt securities are reported at fair value in the statement of financial position. Gains and losses on investments are reported in the statement of activities as increases [decreases] in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation or law. The net investment return consists of the following:

Investment income	\$ 20,136
Investment fees	[9,075]
Realized gain	14,730
Unrealized gain	88,790
<u>Net Investment Gain</u>	<u>\$ 114,581</u>

NOTE 4: Summary of Fair Value Exposure – The fair-value measurement accounting literature prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of fair-value hierarchy defined by accounting literature are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 - Quoted prices for similar instruments in active markets are available, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in all significant inputs or significant value drivers are observable in active markets.
- Level 3 - Involves model-derived valuations in which one or more significant inputs or significant value drivers are unobservable.

See independent auditors report.

Ouachita Children's Center, Inc.
NOTES TO FINANCIAL STATEMENTS
(continued)
June 30, 2017

Fair-value measurements are classified according to the lowest level input or value driver that is significant to the valuation. Therefore, a measurement may be classified in Level 3 even though there may be significant inputs that are readily observable.

At June 30, 2017, the Center had no Level 2 or 3 classifications. The Level 1 values were as follows:

<u>Description of Asset</u>	
Cash	\$ 34,940
Equities	\$590,668
Closed-end funds	424,150
	<u>\$ 1,049,758</u>

NOTE 5: Temporarily Restricted Net Assets – Temporarily restricted net assets of \$33,401 are available for the following purposes:

Capital improvements	\$ 25,000
Client assistance/recreation	2,380
Music lessons	140
360 Fusion	818
Mentor Program	2,500
Serenity garden	2,311
Window blinds	252
	<u>\$ 33,401</u>

NOTE 6: Federal and State Financial Assistance – The Center is dependent on federal and State financial assistance program funding. These programs are administered through the State agency (pass-through agency for federal funds), Arkansas Department of Human Services. The significant programs account for 73% of the Center's total revenue and support.

NOTE 7: Designated Endowment Fund – In 1987, the Center established the Ouachita Children's Center Fund with the Arkansas Community Foundation, Inc. The Foundation is a nonprofit organization that administers grants, endowment funds and scholarships in the State of Arkansas. The agreement between the Center and the Foundation allows annual withdrawals of the earned dividends and interest of this designated endowment fund. For the year ended June 30, 2017, the Fund had the following transactions:

Beginning Fund Balance - July 1, 2016		\$ 457,893
Changes to Fund Balance:		
Dividends and interest earned	\$ 8,792	
Gain (unrealized on market valuation)	20,272	
Gain (realized)	27,050	
Contributions	100	
Administrative fees	[4,642]	
Distributions (revenue to Center)	<u>[18,592]</u>	
Net Changes		<u>32,980</u>
Ending Fund Balance - June 30, 2017		<u>\$ 490,873</u>

See independent auditors report.

Ouachita Children's Center, Inc.
NOTES TO FINANCIAL STATEMENTS
 (continued)
 June 30, 2017

NOTE 8: Defined Contribution Plan – The Center participates in a retirement fund for eligible employees. The Center's pension expense for the years ended June 30, 2017 and 2016, were \$6,852 and \$5,914, respectively.

NOTE 9: Lease – The Center has a lease agreement for a facility in Arkadelphia, Arkansas. The Lease has terms of two years ending August 2019 with monthly payments of \$750 Lease expense recognized in the current year was \$9,000. Future lease payments are \$9,000 for the years ending June 30, 2018 and 2019.

NOTE 10: Reconciliation of Increase in Net Assets to Net Cash Used in Operating Activities – At Exhibit C, the Center discloses cash flows from operating activities using the direct method. The following is a reconciliation of the increase in net assets, as reflected at Exhibit B, to net cash Used in operating activities:

Increase in Net Assets		\$ 47,830
Adjustment to Reconcile Increase in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	\$ 58,281	
Change in accounts receivable	[70,744]	
Change in prepaid expenses	20,332	
Change in accounts payable	7,374	
Change in accrued expenses	[25,488]	
Change in deferred revenue	[29,522]	
Unrealized and realized gain on investments	[103,500]	
Sale of fixed assets	[300]	
Net Adjustment		<u>[143,567]</u>
Net Cash Used in Operating Activities		<u>[\$ 95,737]</u>

NOTE 11: Subsequent Events – The Center did not have any subsequent events through September 20, 2017, which is the date the financial statements were available to be issued requiring recording or disclosure in the financial statements for the year ended June 30, 2017.

See independent auditors report.

SUPPLEMENTARY INFORMATION

Ouachita Children's Center, Inc.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017
(with Comparative Totals for the Year Ended June 30, 2016)

	Support Services		Total Support Services	Total Expenses	
	Program Services	General and Administrative		Fundraising	2017
<u>Personnel</u>					
Salaries	\$ 643,925	\$ 198,820	\$ 198,820	\$ 842,745	\$ 811,629
Fringe benefits	128,462	44,426	44,426	172,888	160,568
Total Personnel	<u>\$ 772,387</u>	<u>\$ 243,246</u>	<u>\$ 243,246</u>	<u>\$ 1,015,633</u>	<u>\$ 972,197</u>
<u>Operating</u>					
Administration	\$ 8,389	\$ 3,652	\$ 3,652	\$ 12,041	\$ 33,007
Advertising	17,096	1,343	1,343	18,439	24,414
Client assistance and allowance	12,009			12,009	12,170
Client transportation	2,128			2,128	2,955
Contract labor	50,111	750	750	50,861	55,912
Food	31,127	650	690	31,817	31,237
Insurance	29,924	3,362	3,362	33,286	32,113
Investment charges		9,075	9,075	9,075	14,158
Janitorial and cleaning	3,560	400	400	3,960	4,171
Lease – facilities	9,000			9,000	8,614
Legal and accounting		8,925	8,925	8,925	9,950
Maintenance and repairs	16,563	2,161	2,161	18,724	25,045
Office supplies and postage	2,085	6,611	488	9,184	8,898
Outreach services	4,791			4,791	5,596
Program supplies	72,334			72,334	26,589
Public relations	8,546	4,067	2,051	14,664	11,513
Rent – equipment	3,032	2,910	2,910	6,156	4,648
Telephone	15,151	1,890	1,890	17,041	15,177
Training	6,168	1,952	1,952	8,120	8,026
Travel	15,381	3,019	3,019	18,400	19,912
Utilities	27,194	3,055	3,055	30,249	30,547
Total Operating	<u>\$ 334,589</u>	<u>\$ 53,822</u>	<u>\$ 2,793</u>	<u>\$ 391,204</u>	<u>\$ 384,652</u>
<u>Depreciation</u>	\$ 52,395	\$ 5,886	\$ 5,886	\$ 58,281	\$ 49,515
Total Functional Expenses	<u>\$ 1,159,371</u>	<u>\$ 302,954</u>	<u>\$ 2,793</u>	<u>\$ 1,465,118</u>	<u>\$ 1,406,364</u>

See independent auditors report.

Ouachita Children's Center, Inc.
SCHEDULE OF UNITS OF SERVICE PROVIDED
For the Year Ended June 30, 2017

<u>Service</u>	<u>Units</u>	<u>Services Rendered during Contract Period</u>		
		<u>9th East Judicial District</u>	<u>18th East Judicial District</u>	<u>Other</u>
Division of Youth Services:				
Casework	15 minutes	762	711	
Casework Group	15 minutes	3		
Drug screening	screening	6	14	
Electronic monitoring	days	110	195	
Emergency shelter	days	194	1938	
Intensive casework management	15 minutes	372	84	
Targeted case management	15 minutes	1	1581	
Division of Children and Family Services:				
Emergency shelter (foster care)	days			2,591
Respite care	days			300
National School Lunch/Breakfast Program:				
Breakfast	meals			4,155
Lunch	meals			1,795
Snacks	meals			3,030

See independent auditors report.

Ouachita Children's Center, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2017

Grantor	Federal CFDA Number	Program Award Amount	Expenditures
<u>Federal Awards</u>			
Passed through Arkansas Dept. of Health and Human Services:			
Division of Children & Family Services:			
Adoption Incentive Award	93.603	\$ 30,000	\$ 30,000
Basic Center Grant	93.623	121,428	121,428
Foster Care – Title IV-E/Foster Care	93.658	\$ 58,424	* 58,424
Juvenile Justice & Delinquency Prevention	16.540	14,669	14,669
Substance Abuse/Mental Health Projects	93.243	\$ 41,202	41,202
Passed through Hot Springs School District			
Title I Grants to Local Education Agencies	84.010	\$ 21,741	21,741
U. S. Department of Agriculture:			
National School Lunch Program	10.555	\$ 16,975	16,975
Commodities distribution (noncash)		\$ 3187	3,187
U. S. Department of Housing and Urban Development			
Passed through City of Hot Springs – Community Development Block Grant	14.218	\$ 9,866	9,866
U.S. Department of Homeland Security			
Passed through United Way of America Emergency Food and Shelter Program	97.024	\$ 8,835	13,213 8,835
<u>Total Federal Awards</u>			<u>\$ 339,540</u>
<u>State Awards</u>			
State General Revenue Passed through Arkansas			
Department of Health and Human Services:			
Division of Youth Services:			
Community Programs - Juvenile Detention Centers:			
9 th East Judicial District		\$ 102,561	\$ 102,561
18 th East Judicial District		\$ 384,731	384,731
Community Based Sanctions:			
9 th East Judicial District		\$ 18,405	18,405
18 th East Judicial District		\$ 69,025	69,025
Division of Children and Family Services - Foster Care			
		\$ 194,509	* 194,509
<u>Total State Awards</u>			<u>\$ 769,231</u>

* 23% federal; 77% State

See independent auditors report and notes to schedule of expenditures of federal and State awards.

Ouachita Children's Center, Inc.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2017

NOTE 1: Federal and State Awards - During the year ended June 30, 2017, Ouachita Children's Center, Inc. (Center) was the recipient of various federal and State grant funds. Federal funds were received either directly from the federal agency or indirectly through the State of Arkansas or other pass-through agencies. State funds were received directly from the State agencies.

NOTE 2: Summary of Significant Accounting Policies -

Basis of Accounting. The Center's grant funds are accounted for on the accrual basis of accounting. Receipts are recorded when earned and authorized under the grant requirements, and expenditures are recorded as the authorized grant costs are incurred.

See independent auditors report.

COMPLIANCE REPORT

GARY D. WELCH, CPA, PRINCIPAL
JIMMY M. PATE, CPA, PRINCIPAL
DENNIS C. FASON, CPA, PRINCIPAL
JOE L. WOOSLEY, CPA

JWCK

Jordan · Woosley · Crone · Keaton · Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

HARRY C. KEATON, CF
(1920-200)

CLARENCE W. JORDAN, CF
(1930-200)

GLEN W. CRONE, JR., CF
(1936-2011)

**Independent Auditors Report on Internal Control
over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Ouachita Children's Center, Inc.
Hot Springs, Arkansas

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 Ouachita Children's Center, Inc. (Center), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to financial statements and have issued our report thereon dated September 20, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jordan, Woosley, Crane + Keeten Ltd.

Certified Public Accountants
Hot Springs, Arkansas

September 20, 2017