

ADVANTAGES OF
SOUTHEAST ARKANSAS, INC

AUDITOR'S REPORTS AND
FINANCIAL STATEMENTS

JUNE 30, 2023

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
JUNE 30, 2023

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SEARCY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

JIM SEARCY, M.B.A., C.P.A.
CHARLES SEARCY, C.P.A.
TINA MARTIN, C.P.A.

POST OFFICE BOX 418
MONTICELLO, ARKANSAS 71657
(870)367-3580 or (870)367-3467
FAX (870)367-2154
searcyco@searcy-cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Advantages of Southeast Arkansas, Inc.
Monticello, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Advantages of Southeast Arkansas, Inc. (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 present fairly, in all material respects, the financial position of Advantages of Southeast Arkansas, Inc. as of June 30, 2023, 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.

Basis for Opinion

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. 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 Advantages of Southeast Arkansas, Inc. 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 opinions.

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 Advantages of Southeast Arkansas, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

"Well done is better than well said"

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 and *Government 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 and *Government 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 Advantages of Southeast Arkansas, Inc'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 Advantages of Southeast Arkansas, Inc's ability to continue as a going concern for a reasonable period of time.

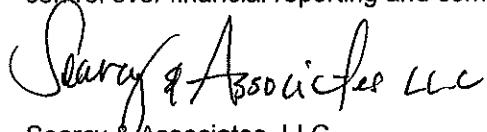
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 October 27, 2023, on our consideration of Advantages of Southeast Arkansas, Inc.'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 solely 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 the effectiveness of Advantages of Southeast Arkansas, Inc.'s 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 Advantages of Southeast Arkansas, Inc.'s internal control over financial reporting and compliance.



Searcy & Associates, LLC
Monticello, Arkansas
October 27, 2023

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash	\$ 6,942,834
Certificates of Deposit	389,302
Accounts Receivable	1,731,823
Grants Receivable	59,749
Prepaid Expenses	<u>128,618</u>
Total Current Assets	<u>\$ 9,252,326</u>

Property and Equipment

Buildings and Improvements	\$ 5,780,512
Furniture, Fixtures and Vehicles	1,604,076
Less: Accumulated Depreciation	<u>(2,399,746)</u>
Total Property and Equipment	<u>\$ 4,984,842</u>

Other Assets

Certificates of Deposit	7,143,693
Long Term Investments	20,310
Cash Restricted for Loan Covenants	61,301
Deposits	<u>5,415</u>
Total Other Assets	<u>7,230,719</u>
Total Assets	<u><u>\$21,467,887</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 76,985
Payroll Liabilities	121,137
Compensated Absences	128,243
Accrued Salaries	270,692
Current Portion of Long Term Debt	<u>59,751</u>
Total Current Liabilities	<u>\$ 656,808</u>

Long Term Liabilities

Notes Payable (Net of Current Portion)	<u>\$ 1,610,313</u>
Total Liabilities	<u>\$ 2,267,121</u>

Net Assets

Without Donor Restrictions	
USDA Debt Reserves	\$ 61,301
Undesignated	<u>19,139,465</u>
Total Net Assets	<u>19,200,766</u>
Total Liabilities and Net Assets	<u><u>\$21,467,887</u></u>

SEE NOTES TO FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
STATEMENT OF ACTIVITY
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>
Revenues Gains and Other Support	
Contracted Services, Medicaid	\$10,909,094
Program Revenue	29,001
Grants	658,909
Contributions	5,360
Other Income	67,980
Interest Income	<u>151,793</u>
Total Revenue, Gains, and Other Support	<u>\$11,822,137</u>
Expenses	
Program Services	
Preschool	\$ 3,271,631
Adult Development	664,648
Waiver Supportive Living	<u>4,969,286</u>
Total Program Services	<u>\$ 8,905,565</u>
Supporting Services	
Management and General	<u>782,837</u>
Total Supporting Services	782,837
Total Expenses	<u>\$ 9,688,402</u>
Change in Net Assets	2,133,735
Net Assets at Beginning of Year	<u>17,067,031</u>
Net Assets at End of Year	<u>\$19,200,766</u>

SEE NOTES TO THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities		
Increase/(Decrease) in Net Assets		\$ 2,133,735
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation		266,717
(Increase)/Decrease in Accounts Receivable		(513,969)
(Increase)/Decrease Prepaid Expenses		(7,745)
Increase/(Decrease) in Accounts Payable		3,103
Increase/(Decrease) in Payroll Liabilities		34,194
Increase/(Decrease) in Accrued Salaries		(239,793)
Increase/(Decrease) in Accrued Compensated Absences		6,372
Net Cash (Provided)/Used by Operating Activities		<u>\$ 1,682,614</u>
 Cash Flows from Investing Activities		
Purchase of Certificates of Deposit		\$ (136,881)
Purchase of Equipment		(275,887)
Purchases of Improvements		(26,569)
Net Cash (Provided)/Used by Investing Activities		<u>\$ (439,337)</u>
 Cash Flows from Financing Activities		
Repayment of Loan Principle		\$ (92,413)
Net Cash (Provided)/Used by Financing Activities		<u>\$ (92,413)</u>
Net Decrease in Cash, Cash Equivalents and Restricted Cash		\$ 1,150,864
Cash, Cash Equivalents and Restricted Cash at Beginning of Year		<u>6,242,573</u>
Cash, Cash Equivalents and Restricted Cash at End of Year		<u><u>\$ 7,393,437</u></u>

Supplemental Disclosures:

Interest Paid \$68,898

SEE NOTES TO FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>Total</u>	Supporting Services	Program Services		
		<u>Management and General</u>	<u>Preschool</u>	<u>Adult</u>	<u>Waiver</u>
Salaries	\$7,334,385	\$ 373,312	\$2,318,107	\$456,187	\$4,186,779
Fringe Benefits	945,905	40,782	274,249	47,021	583,853
Repairs and Maintenance	83,918	0	67,536	7,710	8,672
Office Expense	44,066	44,066	0	0	0
Insurance	77,218	0	55,716	10,600	10,902
Telephone/Internet	62,123	0	24,013	6,709	31,401
Professional Services	11,250	11,250	0	0	0
Dues & Subscriptions	24,139	0	10,830	1,259	12,050
Computer Support	28,452	0	11,942	3,041	13,469
Program Expense	91,993	0	31,982	13,887	46,124
Transportation	221,069	0	123,418	60,241	37,410
Food Service	285,067	0	241,588	43,479	0
Travel	24,012	0	8,084	1,168	14,760
Family Support	13,317	0	692	0	12,625
Depreciation Expense	266,717	266,717	0	0	0
Grant Expense	17,896	0	14,426	1,533	1,937
Miscellaneous	729	0	449	280	0
Interest	68,898	43,053	25,845	0	0
Advertising	7,726	3,657	4,069	0	0
Utilities	<u>79,522</u>	<u>0</u>	<u>58,685</u>	<u>11,533</u>	<u>9,304</u>
TOTAL	<u>\$9,688,402</u>	<u>\$ 782,837</u>	<u>\$3,271,631</u>	<u>\$664,648</u>	<u>\$4,969,286</u>

SEE NOTES TO FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Advantages of Southeast Arkansas, Inc. (Advantages) was incorporated as a nonprofit organization on April 29, 1971. Advantages is licensed by the Arkansas Department of Human Services - Division of Developmental Disability Services (DDS) and provides comprehensive programs of Pre-school, Adult Development Services, Family Support, Supportive Living, and Medicaid Waiver Services to its users.

Method of Accounting

The financial statements of Advantages have been prepared on the accrual basis of accounting using the economic resources focus. Revenue, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits in the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations.

Cash and Cash Equivalents

For purposes of the statement of cash flows the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents except for restricted cash.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures in excess of \$500 are capitalized.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Equipment	3 to 10 years
Buildings	40 years
Transportation Equipment	5 years

Advantages capitalizes improvement to assets that extend the useful life of the underlying asset. All other expenses for repairs and maintenance are expensed. Depreciation for the year was \$256,902.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounts Receivable

Accounts receivable represent amounts that have been billed under agency contracts but not collected as of the financial statements. All accounts receivable represent amounts owed by state governmental agencies. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects Management's best estimate of the amounts that will not be collected. Receivables are written off as a charge to the allowance for credit losses when, in Management's estimation, it is probable that the receivable is worthless. At June 30, 2023, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Income Taxes

Advantages is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code and an equivalent section of Arkansas law. Advantages does not engage in any unrelated income producing activity and, as a result, is not subject to Federal or State income tax.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Advantages' employment policies permit most employees to accumulate vacation and sick leave benefits. The expense resulting from these benefits are recognized when the benefits are earned.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated to the programs and supporting services benefitted. The expenses that are allocated include occupancy and depreciation. Personnel costs, professional services, office expenses, information technology, insurance and other are allocated on the basis of estimates of time and effort. Directly identifiable expenses are charged to programs and supporting services. Management and general expenses included those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Date of Management Review

Subsequent events were evaluated through October 27, 2023, which is the date the financial statements were available to be issued.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS

The schedule below is designed to disclose the level of custodial risk assumed by the Organization based upon how its deposits were insured or secured by pledged securities, or unsecured at June 30, 2023.

Category 1 - Insured FDIC coverage or secured with securities held by the Organization (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institutions' trust department in the Organization's name.

Category 3 - Unsecured and uncollateralized with securities held by the pledging institution, or by its trust department or agent in the Organization's name, or collateralized with no written or approved collateralized agreement.

The level of security for the Organization's bank deposits are as follows:

<u>Depository</u>	<u>Total</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Union Bank	\$ 6,741,346	\$ 250,000	\$2,000,000	\$4,491,346
Commercial Bank	132,576	132,576	0	0
Citizens Bank	100,000	100,000	0	0
Simmons Bank	203,411	203,411	0	0
Arkansas Federal Credit Union	287,217	250,000	37,217	0
Brokered Certificates	7,143,693	7,143,693	0	0
Total	<u>\$14,608,243</u>	<u>\$8,079,680</u>	<u>\$2,037,217</u>	<u>\$4,491,346</u>

NOTE 3: RETIREMENT

Advantages provides a defined contribution pension plan under IRS Code Section 401(k) for its employees. Eligible employees may enroll and make a payroll deferral contribution upon attaining the age of 18 and having completed three months service. Participants may defer from pre tax wages any amount up to the maximum limitation prescribed by IRS regulations. Advantages will match the participants' deferral by 200% up to a maximum match of 10% of wages.

Contributions made on behalf of an employee by Advantages is subject to a vesting schedule as follows:

<u>Years of Vesting Service</u>	<u>Percent Vested</u>
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

Employee deferrals and rollover contributions are 100% vested when made.

Plan investments are self directed by each participant.

The total retirement expense for the year ended June 30, 2023, was \$105,393.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: CONCENTRATIONS

Advantages is under contract with the Department of Human Services (DHS) for reimbursement of service expenses. These third party reimbursements account for approximately 90% of the Organization's operating revenue.

NOTE 5: LONG TERM DEBT

Advantages has a debt obligation to the USDA Rural Development payable in monthly installments of \$10,575, with an interest rate of 4%. The debt is secured by mortgage in real estate and improvements obtained with loan funds, all equipment and furnishings obtained with loan funds, all revenues and accounts receivable of the Organization.

Long Term Debt	\$1,670,064
Less Current Portion	<u>(59,751)</u>
Net Long Term Debt	<u>\$1,610,313</u>

Maturities of Long Term Debt

2024	\$	59,751
2025		62,186
2026		64,719
2027		67,356
2028		70,100
Thereafter		<u>1,345,952</u>
		<u>\$1,670,064</u>

NOTE 6: PROPERTY AND EQUIPMENT

Activity in property and equipment for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land, Building, and Improvements	\$5,637,765	\$ 26,569	\$ 0	\$5,664,334
Furniture and Fixtures	766,470	214,819	0	981,289
Transportation Equipment	<u>831,571</u>	<u>61,068</u>	<u>153,674</u>	<u>738,965</u>
Total	7,235,806	302,456	153,674	7,384,588
Accumulated Depreciation	<u>(2,286,116)</u>	<u>(266,717)</u>	<u>153,137</u>	<u>(2,399,696)</u>
Total Property and Equipment	<u>\$4,949,690</u>			<u>\$4,984,892</u>

NOTE 7: EQUITY INVESTMENT

Advantages of Southeast Arkansas, Inc. is a member of Arkansas Provider Coalition, LLC, a limited liability company organized in April 17, 2017 in the state of Arkansas to serve as a network of providers for individuals with significant behavioral health needs and individuals with intellectual or developmental disabilities. The investment in Arkansas Provider Coalition was recorded at cost and the carrying amount is increased or decreased with Advantage's proportionate share of the profits and losses, using the equity method of accounting.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 8: AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets at June 30, 2023 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted amounts that are available for use within one year for general purposes include payroll related expenses from grant revenue.

Financial assets at year end:	
Cash and Cash Equivalents	\$ 6,942,834
Accounts Receivable	1,731,823
Grants Receivable	59,749
Certificates of Deposit	<u>7,532,995</u>
Total Financial Assets	\$ 16,267,401
Less amounts not available to be used within one year:	
Certificates of Deposits not Cash Equivalents	\$ 7,143,693
Grant expenditures	19,532
USDA Reserve	<u>61,301</u>
	\$ 7,224,526
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 9,042,875</u>

Upon approval of the board of directors, the Organization invests excess cash balances in certificates of deposits.

SUPPLEMENTARY INFORMATION

**ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Additional Award Identification</i>	<i>Federal Expenditures(\$)</i>
<u>CCDF Cluster-Cluster</u>					
Department of Health and Human Services					
Child Care and Development Block Grant	93.575	Arkansas Department of Human Services	DCCECE - ARPA Sustainability	COVID Funding	270,468
Child Care and Development Block Grant	93.575	Arkansas Department of Human Services	DCCECE Emergency Food Assistance Program	COVID Funding	1,600
Child Care and Development Block Grant	93.575	Arkansas Department of Human Services	CCDBG		11,900
Child Care and Development Block Grant	93.575	Arkansas Department of Human Services	DCCECE - ARPA Child Care Supplemental	COVID Funding	145
Child Care and Development Block Grant	93.575	Arkansas Department of Human Services		COVID Funding	284,113
Total Child Care and Development Block Grant					
Foster Care - Title IV-E					
Foster Care - Title IV-E	93.658	Arkansas Department of Human Services			1,323
Total Foster Care - Title IV-E					
Social Services Block Grant					
Social Services Block Grant	93.667	Arkansas Department of Human Services			7,872
Total Social Services Block Grant					
Total Department of Health and Human Services					
United States Department of Agriculture					
Child and Adult Care Food Program (CACFP)	10.558	Arkansas Department of Human Services			290,817
Total Child and Adult Care Food Program (CACFP)					
Total United States Department of Agriculture					
Total Expenditures of Federal Awards					
					290,817
					290,817
					290,817
					584,125

The Center also received \$10,909,094 through the Medicaid program.

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
SCHEDULE OF UNITS OF SERVICE
FOR THE YEAR ENDED JUNE 30, 2023

Child and Adult Care Food Program

	<u>Breakfast</u>	<u>Lunch</u>	<u>Supplement</u>
Total	<u>33,257</u>	<u>42,004</u>	<u>40,921</u>

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
SCHEDULE OF SUPPLEMENTARY DATA
YEAR ENDED JUNE 30, 2023

Advantages of Southeast Arkansas, Inc.
P. O. Box 359
Monticello, Arkansas, 71657

71-0422142

Deanna Doherty, Director

870/367-6825

SEARCY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

JIM SEARCY, M.B.A., C.P.A.
CHARLES SEARCY, C.P.A.
TINA MARTIN, C.P.A.

POST OFFICE BOX 418
MONTICELLO, ARKANSAS 71657
(870)367-3580 or (870)367-3467
FAX (870)367-2154
searcyco@searcy-cpa.com

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*

To the Board of Directors of
Advantages of Southeast Arkansas, Inc.
Monticello, 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 Advantages of Southeast Arkansas, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advantages of Southeast Arkansas, Inc.'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 Advantages of Southeast Arkansas, Inc.'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. *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 or significant deficiencies may exist that were not identified.

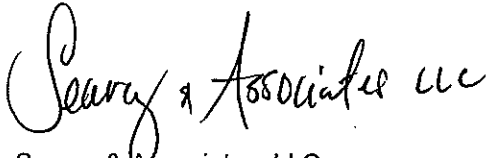
"Well done is better than well said"

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advantages of Southeast Arkansas, Inc'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 financial statements. 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.



Searcy & Associates, LLC
October 27, 2023

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023

PRIOR FINDING

ACTION TAKEN

None

ADVANTAGES OF SOUTHEAST ARKANSAS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

CURRENT YEAR FINDINGS

QUESTIONED COSTS

None