

**THE STATE OF SOUTH CAROLINA  
DEPARTMENT OF SOCIAL SERVICES  
GROUP HOME AND CHILD PLACING AGENCY PROVIDERS  
INSTRUCTIONS FOR THE PREPARATION OF THE  
PROVIDER FINANCIAL AND STATISTICAL REPORT FOR SCDSS  
(Due Date 1/31/17)**

**General Comments**

**Please complete and submit to SCDSS the entire Provider Financial and Statistical Report, including the Supplemental Schedules and Narrative pages for all the types of services you provide. Also, please send us a copy of your latest audited financial statements upon which the report is based, and to which the report should reconcile. In addition, please send us a copy of any license issued by SCDSS to you for your Group Home or Child Placing Agency that relates to the reporting period (fiscal year) you are using for your Provider Financial and Statistical Report.**

There are three levels of Group Care Services that Group Home providers can provide to our SCDSS foster children (Levels 1, 2, and 3). Also, there are three levels of Treatment Foster Home Services (Levels 1, 2, and 3) and three levels of Medical Treatment Foster Home Services (Levels 1, 2, and 3) that Child Placement Agencies in conjunction with the foster homes can provide to our SCDSS foster children.

**In the past, providers had to prepare a separate report for each type of service/level of care provided to our SCDSS foster children. However, the revised version of the Provider Financial and Statistical Report (Rev 10/31/16), has been re-designed so that providers can now report all of their expenses (cost information), revenues, and statistical data on one report. Due to this fact, certain Pages of the report (Pages 2, 3, 4, 5, 6, and 8) will each print out as 3 pages long.**

If a provider has multiple locations/sites that served SCDSS children, they can still use the revised version of the Provider Financial and Statistical Report (Rev. 10/31/16) to report all their cost information on one report. However, they will need to combine together the cost information of the locations/sites that provided the same type of service/ level of care to our SCDSS foster children.

**Narratives for Cost Allocation**

Please provide and attach to your report a narrative explanation using the provided pages at the end of the report to describe the methodology and basis of the cost allocation that you used to distribute expenses (direct and indirect costs) between the various cost components/columns listed in the report, (i.e., “Administrative Expenses”, “Service Expenses”, “Child Care Expenses”, and “Other Expenses”). Documentation supporting any direct costs or indirect costs allocations (such as time sheets, or time studies, leave records, meals served, square footage, etc.) should be described in the narrative and retained for audit purposes. No expenses should be included twice as both a direct cost and as an indirect cost on the report.

**Reconciling the Report to the Audited Financial Statements**

The report should contain one full year’s worth of audited financial data using the provider’s fiscal year, and should be based on and reconcile to figures from the provider’s last annual audited financial statements that were completed prior to the next due date for the Cost Report (i.e. which is January 31, 2017 in this case). To make it easier to tell if the report reconciles to the audited financial statements used, we have added two new columns (23 and 24) to the Provider Financial and Statistical Report (Rev. 10/31/16). The report now includes Column 23-“Totals per the Financial Statements”, which has a place for the preparer of the report to enter totals per expense line items from their audited financial statements. Also, we have added Column 24 – “Variance Over and (Short), which is used to calculate any variance between Column 22-“Totals per the Report” and Column 23-“Totals per the Financial Statements”. It should be noted that there can be offsetting Variances either overages or (shortages) per expense line item

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totals or per report section totals in Column 24 on pages 2, 4, and 5 of the report. However, the “Total Expenses for the Period” calculated on the report in Column 22 of (Page 5, Line J) should reconcile to the “Total Expenses for the Period” from the provider’s audited financial statements calculated on the report in Column 23 of (Page 5, Line J), once the report has been completed. These calculations are based on the figures the preparer has entered elsewhere on their report from their audited financial statements.

**Using the Statement of Functional Expenses to Prepare the Report**

Since the report is supposed to be based on and reconcile to figures from the provider’s last annual audited financial statements, it is highly recommended that if you are a non-profit organization and you have a Statement of Functional Expenses as a part of your audit report, that you use it to assist with filling out your report. The Statement of Functional Expenses normally contains at least three columns of expenses: Administrative Expenses, Program Expenses, and Fundraising Expenses (and/or it may contain a column for Thrift Store Expenses, which are considered to be a type of Fundraising Expenses). Also, some Statements of Functional Expenses may further break down Program Expenses into multiple columns for each major program that a provider might have. If you use the Statement of Functional Expenses in filling out your report, the Administrative Expenses column on the Statement of Functional Expense would contain the figures to use in filling out the “Administrative Expenses” column of the report (Column 1). Also, the Fundraising and/or Thrift Store expenses column(s) listed on the Statement of Functional Expenses would correspond to the figures you would use to fill out the Fundraising Expenses/Thrift Store Expenses column of the report (Column 21). In addition, the Program Expenses column on the Statement of Functional Expenses contains the direct costs (expenses) that you would need to allocate between the rest of the columns of the report (Columns 2~20) that are applicable to you. You may also want to have a meeting with the CPA firm that performed your audit report to have them describe to you how they went about allocating your costs between the columns on your Statement of Functional Expenses, so you will have that information for the narrative that describes your cost allocation.

**Administrative Expenses Column**

The “Administrative Expenses” column should be used to pool together indirect administrative costs that benefit all types of service/levels of care (i.e. for SCDSS and non-SCDSS foster children), and that benefit any other programs/activities that a provider might have. These would be administrative costs, which have not already been reported and allocated as direct costs in one of the other columns on the Cost Report such as “Child Care Expenses”, “Service Expenses”, or “Other Expenses” as defined below. Also, please refer later on to the “Instructions for Page 5 of 8 of the Report” on completing (Line K) after allocation of the Administrative Expenses Totals from Line J (Column 1) to the rest of the columns in the report.

**Service Expenses Column (for SCDSS foster children only)**

The revised version of the Provider Financial and Statistical Report (Rev. 10/31/16) now has a “Service Expenses column” for each type of service/ level of care that could be provided to our SCDSS foster children. Report all non-Medicaid reimbursed treatment costs (counseling services) and/or medical costs paid by the provider for our SCDSS foster children in the appropriate “Service Expenses” column for each type of service/ level of care you provided to our SCDSS foster children. (Also see comments below about what should be recorded in the “Other Expenses” column/“Other Program Expenses” sub-column.)

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**Child Care Expenses Column (for SCDSS foster children only)**

The revised version of the Provider Financial and Statistical Report (Rev. 10/31/16) now has a “Child Care Expenses column” for each type of service/ level of care that could be provided to our SCDSS foster children. For purposes of this report, the term “Child Care Expenses” refers to the cost of basic and direct supervision and custodial care of the SCDSS foster children, including the provision of meals and shelter (i.e., room and board). Title IV-E reimbursable costs are those directly related to the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, and reasonable travel to school, work, medical appointments, and the SCDSS child’s home for visitation. Please refer to the following website link to the Child Welfare Policy Manual (Section 8.Title IV-E), and then scroll down to the 8.3.B “Payments” section and the 8.3.B.1 “Allowable Costs” section:

[http://www.acf.hhs.gov/cwpm/programs/cb/laws\\_policies/laws/cwpm/policy.jsp?idFlag=8](http://www.acf.hhs.gov/cwpm/programs/cb/laws_policies/laws/cwpm/policy.jsp?idFlag=8)

Costs concerning recreational activities/participation and a child’s personal incidentals are covered in the 8.3.B.1 “Allowable Costs” section. Make sure all costs are claimed in accordance with those guidelines. For the providers that are Child Placement Agencies the “Child Care Expenses” column (in addition) would also include the costs of recruiting, licensing, training, and supervising and monitoring the foster homes for our SCDSS foster children. The board payments paid by Child Placement Agencies to treatment foster parents taking care of SCDSS foster children should be included in the “Child Care Expenses” column, instead of in the “Service Expenses” column. (Also see comments below about what should be recorded in the “Other Expenses” column/”Other Program Expenses” sub-column.)

**The Other Expenses Column**

The “Other Expenses” column has been split into two (2) sub-columns, one for “Other Program Expenses” and one for “Fundraising Expenses/Thrift Store Expenses” on the revised version of the Provider Financial and Statistical Report (Rev. 10/31/16).

**Other Program Expenses (Sub-Column 20)**

The “Other Program Expenses” sub-column should include all other expenses/costs of any other programs/services/activities that the provider has on their financial statements, which do not belong under the “Administrative Expenses”, “Service Expenses”, or “Child Care Expenses” columns of the report as defined above. This would include child care expenses/costs incurred by the provider for taking care of special needs/ foster children from other State Agencies (e.g. SC Dept. of Juvenile Justice, SC Continuum of Care, SC Dept. of Disabilities and Special Needs, or SC Dept. of Mental Health), and/or any Private Placements, etc. Also, any Medicaid reimbursed treatment (counseling services) and/or medical costs paid by the provider for our SCDSS foster children should be recorded under the “Other Program Expenses” (sub-column 20) of the report. In addition, treatment (counseling services) and/or medical costs paid by the provider for non-SCDSS foster children (whether Medicaid reimbursed or not) should be recorded under the “Other Program Expenses” (sub-column 20) of the report. Also, on page 7 of 8 of the report there is a Schedule of Unallowable Costs, whose total is automatically carried over to the “Other Program Expense” (sub-column20) on Page 5, line I as a Total for Unallowable Expenses.

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**Fundraising Expenses/Thrift Store Expenses (Sub-Column 21)**

A “Fundraising Expenses/Thrift Store Expenses” (sub-column 21) has been added under the “Other Expenses” column on the revised version of the Provider Financial and Statistical Report (Rev. 10/31/16). This was done to make it easier for those providers that have multiple expense line items that are all considered to be either fundraising expenses or thrift store expenses on their audited financial statements (Statement of Functional Expenses) to record those expenses on their cost report. Also, it makes it easier to compare the totals for each expense line item on the report to similar totals for each expense on the Statement of Functional Expenses. If you have a Statement of Functional Expenses that has separate columns of multiple expense line items for both Fundraising Expenses and for Thrift Store Expenses, you would need to add each expense line item for those two columns together to get what should be entered for each expense line item in the “Fundraising Expenses/Thrift Store Expenses” (sub-column 21) of the cost report.

While much of the report is self-explanatory, each page of the report will be addressed below to assist you as you prepare the report. If further assistance is needed, you can contact the SCDSS Internal Audit Division by either email or by phone at: [johnny.strait@dss.sc.gov](mailto:johnny.strait@dss.sc.gov) (803) 898-7458 or [cliff.hedgepath@dss.sc.gov](mailto:cliff.hedgepath@dss.sc.gov) (803) 898-7111.

**Instructions for Page 1 of 8 of the Report**

Most of the information on page 1 of the report represents provider-identifying type of information. Please be sure to complete this page in its entirety and get responsible officials of your organization to sign it at the bottom, once the report has been reviewed and completed by the provider.

Item 1 - Provider Name, Address, and Telephone Number: Include the provider’s official name as well as any name that the provider may be doing business as, and the provider’s mailing address. Also include the telephone number and fax number (if applicable). If the provider’s physical address location is different than the mailing address, include this address in “Item 6, Site Location(s) covered by this report.”

Item 2 - Provider’s Medicaid Number: Include the provider’s Medicaid provider number if applicable. If multiple sites are being reported on one report, include all applicable Medicaid provider numbers.

Item 3 - Federal Employee I.D. Number: Enter the federal employer identification number assigned to the provider by the Internal Revenue Service.

Item 4 - Reporting Period: Please include the beginning “from” and ending “to” dates of the reporting period covered by this report. This should coincide with the dates of your most recently completed audited financial statement.

Item 5 - Type of Provider (Check One): Check the appropriate type of provider that represents your legal status. Only one block should be checked.

Item 6 - Site Location(s) covered by this Report: Include the actual address of the physical location of each site covered by this report. If you are reporting for a single site and the physical address is the same as the mailing address in “Item 1”, then you may simply state “Same as Item 1.” However, if multiple sites are being reported, please include the Medicaid Provider Number for each site immediately following the address for each site. These numbers should coincide with the numbers stated in “Item 2.”

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Item 7 - Provider Agency Owned By: Enter here the full name of the owner of the entity providing the service(s) being reported if your organization is a for-profit entity. Include the owner's address and phone number. If there is more than one owner, provide the same information for all owners. Attach additional pages as may be necessary. In addition, whether or not your organization is a for-profit or non-profit entity, please be sure to complete Supplemental Schedule III- Schedule of Compensation.

Item 8 - Service Information: Identify all the types of services/ levels of care that were provided to our SCDSS foster children that are included in this report. The revised version of the report (Rev. 10/31/16) can now report all of their expenses (costs) and other information on one report. Therefore, please be sure to check all the boxes that apply for the types of services/ levels of care provided to our SCDSS foster children that are included in the report being submitted.

Item 9 - Certification by Officer or Administrator of Provider: There is a Certification Statements that we require the officer or administrator of the provider that reviewed the report to sign. In addition, we ask the reviewer to give their job title, and the date they finished reviewing the report. Immediately following that information is a place to print/type the name of the person that actually prepared the report, the preparer's job title, their telephone number, their e-mail address, their fax number, and the date the preparer completed preparing the report.

**Instructions for Page 2 of 8 of the Report**

This page includes all the expenditures for personnel services (gross salaries and fringe benefits) from your financial statements that were incurred during the reporting period.

Line A.1-A.7 (Columns 1-21)-Gross Salaries and Wages/Fringe Benefits: Please enter the personnel services (gross salaries and wages, and fringe benefits) from your financial statements that you have allocated between the various types of services/activities/programs that you had during the reporting period and their cost components (i.e. "Administrative Expenses", "Service Expenses", "Child Care Expenses", and "Other Expenses") on the report. These cost components (columns) are defined in the instructions listed above under the "General Comments" section, and are identified in columns 1 through 21 on page 2 of the report.

Gross Salaries should not be combined with contract labor, which should be recorded separately on Page 4 of 8 of the report on Line A.10- Other Contractual Services. Also, it should not include any payroll processing fees, which should be recorded separately on page 5 of 8 of the report on Line A.5-Other Fixed Charges. Health Insurance expense is a fringe benefit that should be recorded on Page 2 of 8 of the report on Line A.3-Health Insurance, and not on Page 5 of 8 on Line A.4- Insurance (other than fringe benefits). However, if on your audited financial statements these expenses (contract labor and payroll processing fees) were combined together with salary and wages, or your health insurance was combined with other types of insurance into one insurance total, you do not have to break these items out on your report. Instead, just make a note concerning where you recorded these expenses on your report and how they were combined together in the narrative pages provided at the end of your report.

Columns 22~24: Please see instructions related to these columns listed below under the "Instructions for Page 5 of 8 of the Report" and Line J.

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**As noted in the “General Comments” section of the instructions above, please provide a narrative explanation using the provided pages at the end of the report. Please discuss in the narrative the methodology, basis, and supporting document you used for allocating these personnel expenditures (salary & fringe benefits) between the various types of service/activities/programs that you had for the reporting period and their cost components identified in columns 1 through 21 on page 2 of the report.**

For clarification, the Column totals per the report for Gross Salaries & Wages on Page 2 - Line A.1 (Columns 1~22), should match similar column totals per the report for Gross Salaries & Wages on Page 3- Line 24 (Columns 1~22), and what the audited financial statements have for Gross Salaries and Wages.

Line A.7- “Other Fringe Benefits”: **If any expenditures were made for “Other Fringe Benefits” please include a narrative explanation of what expenses/amounts on the Financial Statements comprise this total on the provided pages at the end of the report.** Examples of “Other Fringe Benefits” are dental insurance and life insurance. In regards to life insurance, please indicate in the narrative if the cost of life insurance premiums for officers/key employees where the provider is the beneficiary has been included in “Other Fringe Benefits”.

**Instructions for Page 3 of 8 of the Report**

Page 3 in the Report is for indicating the “Total Hours per year, and Total Gross Salaries and Wages per year for each job position that a provider had during the reporting period, and for allocating those Gross Salaries and Wages to the “Administrative”, “Service”, “Child Care” and/or “Other Expenses” cost categories for the actual payments made to staff for each job position reported.

Position Description: Indicate the name of each job position/title that was paid in whole or in part as part of the Gross Salaries and Wages for the types of services/activities/programs being reported for the reporting period. If there are several employees who occupy a job position of the same title, then that job position can be recorded once, but with the number of employees that occupy it shown (in parenthesis) beside the name of the job position.

Total Hours Worked per Year: Indicate the total number of hours worked per year by each employee for each job position listed that was paid in whole or in part as part of the Gross Salaries and Wages for the types of services/activities/programs being reported for the reporting period. If there are several employees occupying the same job position/title, then list the number of employees (in parenthesis) beside the name of the job position, and then enter the total number of hours worked for all those employees combined in this column.

Lines A.1~A.24 (Columns 1-21) - Total Gross Salaries &Wages Per Job Position: For each job position please enter the gross salary and wages that you have allocated between the various types of services/activities/programs that you had during the reporting period and their cost components (i.e. “Admin.”, “Service”, “Child Care”, and “Other Expenses”). These cost components (columns) are defined in the instructions above under the “General Comments” section, and are identified in columns 1 through 21 on page 3 of the report.

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Line A.24 (Column 22) - Total Gross Salaries & Wages Per the Report: There is a formula on Line A.24 (Column 22) of page 3 of the report that will automatically add together the gross salary and wages for each job position that the provider has entered/allocated for the period in the previous Columns 1~21. Then the “Total Gross Salaries & Wages per job position will be added together to get the “Total Gross Salaries & Wages” per the Report.

Line A.25 (Column 22) - Total Gross Salaries & Wages Per the Financial Statements: **The provider should enter their total gross salaries & wages from their Financial Statements on Line A.25 (Column 22)-“Total Gross Salaries per the Financial Statements”.**

Line A.26 (Column 22) - Variance Over or (Short): A formula on Line A.26 (Column 22) will automatically calculate (in total) if there is a “Variance Over or (Short)” between the “Total Gross Salaries & Wages Per the Report” and the “Total Gross Salaries & Wages Per the Financial Statements”.

For clarification, the Column totals per the report for Gross Salaries & Wages on Page 3- Line 24 (Columns 1~22), should match similar column totals per the report for Gross Salaries & Wages on Page 2 - Line A.1 (Columns 1~22), and what the audited financial statements have for gross salaries and wages.

**Instructions for Page 4 of 8 of the Report**

This page lists line items of expenditures for “Contractual Services” and for “Supplies” that the provider may have had during their reporting period.

Columns 1-21: Please enter the applicable expenses from your financial statements that you have allocated between the various types of services/activities/programs that you had during the reporting period and their cost components (i.e. “Administrative Expenses”, “Service Expenses”, “Child Care Expenses”, and “Other Expenses”). These cost components (columns) are defined in the instructions above under the “General Comments” section, and are identified in columns 1 through 21 on page 4 of the report.

Columns 22~24: Please see instructions related to these columns listed below under the “Instructions for Page 5 of 8 of the Report” for Line J.

Line A.6- Interest Expense (on secured Operating Loans): Necessary and proper interest expense on current operating capital indebtedness is an allowable cost if those debts are secured (collateralized) by fixed assets. Interest paid on current operating indebtedness is usually for purposes such as working capital used for normal operating expenses, and if the indebtedness is secured (collateralized) by a fixed asset(s) should be reported on page 4 of the report under Line A.6 - “Interest Expense (on secured Operating Loans)”. Otherwise, if the loan is considered to be unsecured (uncollateralized), then the interest expense paid should be reported as an unallowable expense on page 7 of the report.

Line A.7- Board Payments to Foster Parents: Child Placing Agencies that pay foster parents a board payment for helping to provide Treatment Foster Home Services or Medical Treatment Foster Home Services to our SCDSS foster children should enter the total amount paid as the board payment on this line under the appropriate “Child Care Expenses” column(s). However, if the board payment is to foster parents for providing therapeutic foster care for non-SCDSS children, then the total amount paid should be entered on this line under the “Other Program Expenses” column. **Also, indicate in the narrative**

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pages at the end of the report, what you as a Child Placing Agency are paying the foster parents as a board payment per day for the various levels of care being provided for Treatment Foster Home Services and Medical Treatment Foster Home Services for our SCDSS children. In addition, if the board payment per day to the foster parents increased or decreased during the cost reporting period, please indicate the details concerning this in your narrative (i.e. new rate paid vs. old rate paid and what month it increased or decreased, etc.)

Line A.10- Miscellaneous Fundraising Expenses (Column 21) – If you are using Column 21 – “Fundraising Expenses/Thrift Store Expenses” to record multiple expense line items that are all listed under a column called “Fundraising” on your Statement of Functional Expenses (in your audited financial statements) this expense line item might apply to you, otherwise it does not. If it does apply, you may have a miscellaneous fundraising expense as one of multiple expense line items that are considered to be fundraising expenses on your Statement of Functional Expenses in your audit report. Therefore, we added this line so that the preparer of the report could have a place to enter this amount in Column 21 on this Line A.10 (on Page 4 of 8) of the report.

Line B.11-Child Personal Incidentals: A definition of what is included in “Child Personal Incidentals” can be found at:

[http://www.acf.hhs.gov/cwpm/programs/cb/laws\\_policies/laws/cwpm/policy.jsp?idFlag=8](http://www.acf.hhs.gov/cwpm/programs/cb/laws_policies/laws/cwpm/policy.jsp?idFlag=8)

Then scroll down to Section 8.3.B.1 Allowable Costs section (Question #9 in that section) of the policies listed at the website listed above.

### **Instructions for Page 5 of 8 of the Report**

This page contains line items of expenditures for Fixed Charges, Travel Expenses, Fixed Assets (Depreciation and Interest Expenses), Permanent Improvements (Depreciation and Interest Expenses) Training and Education Expenses, and/or Miscellaneous Expenses that the provider may have had during their reporting period,

Line A.1~A.3 - Rent/Lease Expenses: **If any expenditures are made for Rent/Lease – Real Property, Rent/Lease – Office Equipment/Furniture, or for Rent/Lease – Motor Vehicles, then please attach a copy of each lease involved for which expenditures were made. If copies of the lease(s) are not included with the report, then the report shall not be considered as properly filed.**

Line A.5 – Other Fixed Charges: There is a place on Line A.5 of page 5 of the report for reporting “Other Fixed Charges”; if you should have expenses for Fixed Charges included on your most recently audited financial statements that are not included elsewhere in this report. In that case, you can combine those “Other Fixed Charge” expenses together and list their total on Line A.5- “Other Fixed Charges”. **However, please include a narrative on the provided pages at the end of the report describing what expenses/amounts on the Financial Statements comprise the “Other Fixed Charges” total.**

### **Capitalization of Depreciable Assets**

If a depreciable asset has at the time of its acquisition an estimated useful life of at least 2 years and a historical cost of more than \$5,000, its cost must be capitalized and written off ratably over the estimated useful life of the asset, using one of the approved methods of depreciation. **If a depreciable asset has a historical cost of less than \$5,000, or if the asset has a useful life less than 2 years, its cost is**

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**allowable to be expensed in the year it is acquired.** The provider may, if it desires, establish a capitalization policy with lower minimum criteria, but under no circumstances may the above minimum limits be exceeded. **If the depreciation expense amount or depreciation method used on the report is different from the one used on your most recently audited financial statements, please provide a narrative explanation on the pages provided at the end of the report describing the differences in the depreciation amount and the depreciation methods used.**

Line C.1 – Interest Expense on Fixed Asset Loans: Interest on capital indebtedness for funds borrowed to acquire fixed assets (e.g. buildings, furniture equipment and autos) is an allowable expense that should be recorded on Page 5- Line C.1 as long as the loan used to purchase the fixed asset is secured (collateralized) by the fixed assets. Otherwise, if the loan is considered to be unsecured (uncollateralized), then the interest expense paid should be reported as an unallowable expense on page 7 of the report.

Line C.2- Fixed Asset Depreciation: For expenditures designated as “Fixed Assets,” note that you may claim only the appropriate amount of the depreciation of the fixed assets on Page 5-Line C.2 for the reporting period. **The amount of depreciation expense recorded on this Line C.2 plus the amount of depreciation expense recorded on Line D.2 mentioned below, should equal to what you have recorded as total depreciation expense on your audited financial statements.**

Line D.1 – Interest Expense on Permanent Improvement Loans: Interest on capital indebtedness for funds borrowed to acquire permanent improvements is an allowable expense that should be recorded on Page 5-Line D.1 as long as the loan used to purchase the permanent improvements is secured (collateralized) by the fixed assets. Otherwise, if the loan is considered to be unsecured (uncollateralized), then the interest expense paid should be reported as an unallowable expense on page 7 of the report.

Line D.2 - Permanent Improvements Depreciation: For expenditures designated for “Permanent Improvements,” please note that you may claim only the appropriate amount of the depreciation of the permanent improvements on Page 5-Line D.2 for the reporting period. **The amount of depreciation expense recorded on this Line D.2 plus the amount of depreciation expense recorded on Line C.2 mentioned above, should equal to what you have recorded as total depreciation expense on your audited financial statements.**

Line F.1 - Miscellaneous Expenses: There is a place on Line F.1 of page 5 of the report for “Miscellaneous Expenses”; if you should have expenses that are included on your most recently audited financial statements that are not included elsewhere in this report. In that case, you can combine those expenses together and list their total as Line F.1- Miscellaneous Expenses. **However, please include a narrative on the provided pages at the end of the report describing what expenses/amounts on the Financial Statements comprises the “Miscellaneous Expenses” total.**

Line G - Total In-Kind (Donated) Expenses: **If you have “In-Kind (Donated) Expenses” please fill out the schedule on Page 8 of the report, and the totals for that page (due to a linked formula) will automatically carry over to the Totals for In-Kind (Donated) Expenses listed on Line G of page 5 of the report.**

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Line H - Total Allowable Expenses: The “Total Allowable Expenses” is a calculated figure derived automatically by formulas that add up the section/column totals calculated by other formulas in the report for pages 2, 4, and 5 and places the calculated “Total Allowable Expenses” under each column on Line H of page 5 of the report.

Line I - Total Unallowable Expenses: **If you have Unallowable Expenses please fill out the schedule on page 7 of 8 of the report. The totals for that page (due to a linked formula) will automatically carryover to Line I on page 5 of 8, “Total Unallowable Expenses” and place that total under the “Other Program Expenses”-Column 20. For those providers that use Column 21–“Fundraising Expenses/Thrift Store Expenses” on the report to record multiple expense line items for fundraising and/or thrift store expenses there is a formula that will automatically calculate a total for that column and enter it on Line I on Page 5 of 8 (Column 21), which are also considered to be unallowable expenses. Also, there is a formula that will automatically add the unallowable expenses under Column 20 and 21 together for Line I to get “Totals per this Report” for the Unallowable Expenses for this line item.**

Line J (Column 22, Page 2, 4, and 5) – Total Expenses for the Period per the Report: There is a formula on Line J (Column 22) of page 5 of the report that will automatically add together expense line items that the provider has entered as expenses for the period in the previous Columns 1~21 to arrive at section totals. Then those section totals from page 5 along with section totals for Column 22 from other pages of the report (i.e. Pages 2 and 4) will be added together to get the “Total Expenses for the Period” per the Cost Report.

Line J (Column 23, Page 2, 4, and 5) - Total Expenses for the Period per the Financial Statements: **The provider should enter the corresponding expense figures from their Financial Statements for each expense line item of the report under Column 23-“Totals per the Financial Statements”.** There is a formula on Line J (Column 23) of Page 5 of the report that will automatically add together report section totals from page 5 along with section totals for Column 22 from other pages of the report (i.e. Pages 2 and 4) to arrive at the “Total Expenses for the Period” per the Financial Statements.

Line J (Column 24, Page 2, 4, and 5) - Variance Over or (Short): A formula in Column 24 – “Variance Over or (Short)” will automatically calculate for each expense line item total and each section total on page 5 and on other pages of the report (i.e. Pages 2 and 4) to determine if there is a Variance Over or (Short) between the “Total Expenses for the Period per the Report” and the “Total Expenses for the Period per the Financial Statements”.

**Note: There can be offsetting Variances either overages or (shortages) per expense line item totals or per section totals in Column 24 on pages 2, 4, and 5 of the report. However, the “Variance Over or (Short) for the “Total Expenses for the Period” on Page 5- Line J (Column 24) should be zero (\$0.00), once the provider finishes filling in all the pages of the report. If there is any variance other than zero (\$0.00) shown on Page 5- Line J (Column 24), once the provider finishes filling in all the pages of the report, please describe what caused it in a narrative explanation on the provided pages at the end of the report.**

Line K - Total Expenses (after allocation of the Administrative Expenses): This is calculated by adding a cost allocated portion of the Administrative Expenses Total on Line J to the Totals for the rest of the

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columns on the same line of the report, in arriving at the Total Expenses (after allocation of the Administrative Expenses) for Line K. The cost allocation of the Administrative Expenses Total and calculation of Line K should be accomplished by someone who is knowledgeable about such matters (e.g. the provider's Chief Financial Officer or the Certified Public Accountant that does their audit, etc.). Various methods of cost allocation and the distribution bases commonly used are explained in OMB Circular A-122 – Cost Principles for Non-Profit Organizations (or 2 CFR Part 230) located at:

[http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a122/a122\\_2004.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a122/a122_2004.pdf) or

[http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105\\_a122.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a122.pdf)

In this particular case, for-profit providers can use similar cost allocation methods and distribution bases discussed in OMB Circular A-122 (or 2 CFR Part 230) on their reports.

**SCDSS will accept any method of cost allocation and any distribution base you wish to use that will produce an equitable and rational distribution of Administrative Expenses and is in compliance with OMB Circular A-122 (or 2 CFR Part 230). All providers that do their own cost allocation of the Administrative Expenses Total on Line J and calculation in arriving at the Total Expenses (after allocation of Administrative Expenses) for Line K should ensure that they include a Narrative/Justification on the provided pages at the end of the report describing the cost allocation method and distribution base(s) that were used for allocating Administrative Expenses.**

**If for some reason a provider filling out the report is unable to figure out how to do the cost allocation of the Administrative Expenses Total and calculation of the Total Expenses (after allocation of Administrative Expenses) for Line K, they should at least fill out the rest of the report. SCDSS will then perform for the provider a cost allocation of the Administrative Expenses Total on Line J and the calculation used in arriving at the Total Expenses (after allocation of Administrative Expenses) for Line K. If SCDSS does the cost allocation of the Administrative Expenses for the provider it will use one of following two generally accepted distribution bases that are normally used in arriving at an indirect cost rate to be used to allocate the Administrative Expenses to the rest of the columns on the report that apply: (1) total direct gross salaries and wages, or (2) total direct expenses (costs). The decision on which of these distribution bases to use will be based on what will produce the most equitable and rational distribution of Administrative Expenses that is appropriate for the provider.**

### **Instructions for Page 6 of 8 of the Report**

**Section A:** List the revenues received from SCDSS for all the types of services/ levels of care you provided for our SCDSS foster children. In addition, include all other revenue your organization received from other State Agencies and/or other sources for the reporting period. **The revised version of the Provider Financial and Statistical Report (Rev. 10/31/16) has been re-designed so that providers can provide a more detailed breakdown for the revenues they earn.**

**Lines A.1~A.5** – These revenue line items are used to record revenues earned from SCDSS and from other State Agencies for the types of services/ levels of care that the provider supplied to SCDSS foster children and Non-SCDSS foster children. Amounts for these revenues should be entered in Columns 1~3, 5~7, and/or 9~11 as applicable.

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Line A.6 –Medicaid. This revenue line should be used to record any Medicaid revenues for the cost reporting period. Amounts for these revenues should be entered in Columns 1~3, 5~7, and/or 9~11, or 13 as applicable, depending on which service/program the Medicaid reimbursement relates.

Lines A.7~A.16 - These revenues line items are for the provider to record revenues earned from all other programs/activities that the provider had, which should all be entered under Column 13– “All Other Program/Activities”.

Line A.17-Miscellaneous Revenues: Record under line A.17, column 13, any revenues received by your organization that do not match any of the revenue categories in lines A.1~A.16. **Please include a Narrative on the provided pages at the end of the report, describing what revenues/amounts on the Financial Statements comprise the “Miscellaneous Revenues” total.**

Line A.18 (Column 14): There is a formula on Line A.18 (Column 14) of page 6 of the report that will calculate the “Total Revenues Per the Report” for the period based on the revenues entered by the provider in the rest of the columns on that page of the report (i.e. Columns 1~3, 5~7, 9~11.and 13).

Line A.19 /Column 14: **The provider should enter a grand total for the “Total Revenues per the Financial Statements” on this revenue line on Line A.19 (Column 14) of Page 6 of the report.**

Line A.20 /Column 14: There is a formula on Line A.20 (Column 14) of Page 6 of the report that will calculate the Variance Over or (Short) between the “Total Revenues per the Report” and the “Total Revenues per the Financial Statements”.

**Note: The revenues listed on the report should reconcile in total to the Total Revenues listed on the audited financial statements. The cause for any variance in reconciling the “Total Revenues per the Report” to the “Total Revenues per the Financial Statements” should be described in the Narrative pages at the end of the report.**

Section B: This section deals with “Service Information”. Please provide the information as indicated on the report and as described below.

Line B.1- “Number of SCDSS Children Served”: Enter in the applicable column(s) the number of SCDSS children served during the reporting period for the services being reported (i.e. for all the SCDSS types of services/ levels of care that you checked in item #8 on page 1 of this cost report.)

Line B.2- “Number of Non-SCDSS Children Served”: Enter in the applicable column(s) the number of Non-SCDSS children served that received their types of services/ levels of care from the provider (under a separate multi-Agency residential services contract) during the reporting period, There is a formula that will add up all of the Non-SCDSS children from State Agencies (other than SCDSS) and private placement children that were served to get a total for the “Number of Non-SCDSS Children Served”. For the private placement children served enter the number of children served under Column 13-“Totals for Private Placement/Other Children”

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Line B.3- “Total Number of Children Served by Provider”: This is the total of Lines B.1 and B.2 added together by a formula.

Line B.4- “Number of Service Days/Nights for SCDSS Children”: Enter in the applicable column(s) the number of service days/nights during the reporting period that SCDSS children received the type of service/level of care being reported (i.e. for all the SCDSS types of services/ levels of care you checked in item #8 on page 1 of this report.) This should be the number of days/nights that SCDSS was billed for the particular type of service/level of care being entered on the report.

Line B.5- “Number of Service Days/Nights for Non-SCDSS Children”: Enter in the applicable column(s) the number of service days/nights during the reporting period that Non-SCDSS children received the types of services/ levels of care from the provider (under a separate multi-Agency residential services contract) or from private placement for the reporting period. This should be the number of days/nights that Other State Agencies or private placements were billed for the particular type of service/level of care being entered on the report. There is a formula that will add up all of the service days/nights for Non-SCDSS children from State Agencies (other than SCDSS) and from private placements that were served to get a total for the “Number of Service Days/Nights for Non-SCDSS Children”. For the private placement children served enter their number of service days/nights under Column 13-“Totals for Private Placement/Other Children”

Line B.6- “Total Number of Service Days/Nights for All Children Served by the Provider”: This is the Total of Lines B.4 and B.5 added together by a formula.

Line B.7- “Maximum Licensed Beds for Group Care at 100% capacity”: Enter the maximum number of licensed beds at 100% capacity for each “Group Care” service/level of care. This should be based on licensing documentation you should have from SCDSS concerning how many licensed beds our Agency has approved for you to have related to the particular Group Care service/level of care you are reporting on, for the period (fiscal year) that you are using for this report

Line B.8: “Beds Normally Available Based on Staffing and Other Factors”: Enter the number of actual physical licensed beds that normally were available for use (based on staffing and other factors) for each “Group Care” service/level of care you are reporting on, for the period (fiscal year) that you are using for this report.

(Optional) Supplemental Period Information

**In the past, some providers that had significant changes in their Section B-“Service Information” during a period after the fiscal year period they used for their report have had the option to report service information for a supplemental period in a separate column on their report. While the revised Provider Financial and Statistical Report (Rev. 10/31/16) no longer has a separate column to report such supplemental information, it can still be reported to us in the Narrative Pages at the end of the report. If you decide to provide this supplemental information please use similar detailed lines to what you used in Section B-“Service Information” on Page 6 of 8 of the report, and indicate what supplemental period is covered by that information.**

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**Instructions for Page 7 of 8 of the Report**

This schedule should be used to list certain unallowable costs for Programs (including the SCDSS types of services/ levels of care you are reporting). The unallowable costs listed may not be all inclusive of every unallowable expense/costs. Please refer to the following website for more detailed information on allowable and unallowable expenses/costs for non-profit organizations that are included in OMB Circular A-122 (See page 18 & 19 for a Table of Contents of Selected Items of Costs discussed in this Circular) or 2 CFR Part 230 located at:

[http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a122/a122\\_2004.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a122/a122_2004.pdf) or

[http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105\\_a122.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a122.pdf)

A similar reference for unallowable expenses/costs that relate to for-profit entities in the Electronic Code of Federal Regulations that can be used by for-profit organizations at the following website:

<http://www.ecfr.gov> (Scroll down to the browse menu and select Title 48 from the drop down menu, then Part 31 (Specifically Parts 31.205-1 through 31.205-52 discuss selected items of cost and if they are allowable or unallowable).

**Fundraising Expenses- Total (Line A.9) and Thrift Store Expenses- Total (Line A.10)**

You have the option of either: (1) entering totals (only) for Fundraising Expenses and/or Thrift Store Expenses on the Unallowable Expenses/Costs Schedule on Page 7 of 8 or; (2) you have the option of entering individual detailed expense line items that comprise Fundraising Expenses and/or Thrift Store Expenses in Column 21- "Fundraising Expenses/Thrift Store Expenses" of the report. **(See the more detailed explanation in Note 1 on the Unallowable Expenses/Costs Schedule on Page 7 of 8 of the report in deciding which option to use).** However, be sure you do not use both of these options, or you will end up entering these unallowable expenses twice on the Cost Report.

Line A.15- "Other Unallowable Expenses/Costs: Please provide a narrative using the pages at the end of the Report to describe what comprised the "Other Unallowable Expenses" total, if you used that expense line item on Line 15 of page 7- of the Report.

Line A.16- Total Unallowable Expenses: Please note that there is a formula used by the report to arrive at the "Total Unallowable Expenses" listed on page 7 of the report (Line A.16), and that this total will automatically be carried over to Totals for Line I for Unallowable Expenses on page 5 of the report under Column 20- "Other Program Expenses".

**Instructions for Page 8 of 8 of the Report**

This schedule should be used to record any in-kind (donated) goods and services that the provider may have expensed during the reporting period on their audited financial statements such as for Volunteers, Food, Supplies, etc. where the provider did not pay for them, but where the in-kind goods and services were donated to the provider by an outside party. **Also, please provide a narrative in the pages at the end of the report that will include the following information for each type of in-kind services or goods included on the schedule: (a) the fair market value of each in-kind expense that was included**

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on the schedule and a description of how their fair market value was derived, and (b) the name of the expense and the related page number on the provider's most recently audited financial statements where the in-kind (donated) services or goods listed on this schedule above were expensed.

**Change to the Instructions for Page 8 of 8 of the Report (for Unaudited In-Kind Expenses)**

If you had in-kind goods or services that were not included anywhere on your audited financial statements used as the basis for your report, please **do not** enter them on the In-Kind (Donated) Goods and Services on Page 8 of the report, or combine them with other paid for expenses on the report. If you include in-kind goods and services that were not included on your audited financial statements it will cause a variance between the Total Expenses on your report compared to the Total Expenses on your audited financial statements. Instead, be sure to indicate in your Narrative pages at the end of the report that you had some unaudited in-kind expenses you would like to claim **and** then be sure to attach documentation to support how you arrived at the unaudited fair market value that you are trying to claim for those unaudited in-kind expenses. SCDSS will then make a decision on if there is enough support to include those unaudited in-kind expenses in the calculation of the provider's cost per day.

Line 11 (Column 22) - Total In-Kind (Donated) Expenses Per the Report: There is a formula on Line 11 (Column 22 of page 8 of the report that will automatically add together in-kind (donated) expense line items that the provider has entered/allocated as expenses for the period in the previous Columns 1~21 to arrive at totals per expense item and "Totals per Cost Report".. Then those totals will automatically be added together by a formula to arrive at the "Total In-Kind (Donated) Expenses Per the Report".

Line 12 (Column 22) - Total In-Kind (Donated) Expenses Per the Financial Statements: **The provider should enter their total in-kind (donated) expenses from their audited financial statements on Line 12 (Column 22)-"Total In-Kind (Donated) Expenses Per the Financial Statements".**

Line 13 (Column 22) - Variance Over or (Short): A formula on Line 13 (Column 21) will automatically calculate (in total) if there is a "Variance Over or (Short)" between the "Total In-Kind (Donated) Expenses Per the Report" and the "Total In-Kind (Donated) Expenses Per the Financial Statements".

Line 11- 13 (Column 22) - Totals Carried-Over to Page 5: **The totals from this schedule on Page 8 of the report will automatically be carried over to the Totals for Line G for In-Kind Expenses on Page 5 of the report.**

**SUPPLEMENTAL SCHEDULE I– Schedule of Compensation**

**The Supplemental Schedule I –Schedule of Compensation should be completed by both the for-profit providers and non-profit providers.** The purpose of Supplemental Schedule I is to ensure that SCDSS is aware of the total compensation being paid by the provider to certain individuals, and in part allocated as either a direct or indirect cost to our SCDSS Treatment Foster Care/Group Home Care Program on the Financial and Statistical Report. Also, to help SCDSS determine if that total compensation paid appears to be reasonable for the number of hours worked.

**Section A, Column 1:** In this section please report the names of the Owners, Board Members, Trustees, and Officers of the provider's organization (no matter what their level of compensation for this reporting

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period). In addition, in this section please report the names of any other highly paid Independent Contractors or highly paid Key Employees that made more than \$100,000 per year in compensation this reporting period. It should be noted that each person that meets the criteria for being reported only needs to be entered one time on this schedule.

**Section A, Column 2:** Indicate the job title of the person being reported in Section A, Column 1 above, (e.g., President/Director, Chief Financial Officer, Treasurer, Program Director, Owner, Board Member, Trustee, Independent Contractor, etc.)

**Section A, Column 3:** Enter the total hours actually worked per year during the reporting period. Include all hours, whether allowable or not. Allowable compensation will be based on 40 hours per week (2,080 hours annually). **If the hours worked per year are not reported, then the compensation (salary and fringe benefits) associated with the person might be considered unallowable by SCDSS.**

**Section A, Column 4 and 5:** Enter both a description of the type of compensation (in column 4) and the compensation amount (column 5) for each type of compensation. Examples of compensation include the gross amount of any salary & wages, bonuses, fringe benefits, consultant fees, management fees, board of director fees, etc. as well as any other forms of compensation such as a personal auto allowance, travel allowances, etc.) Both any allowable and non-allowable compensation should be shown on this schedule.

**Section A, Column 6:** Indicate the page number(s) and line number(s) where these compensation costs are included in the related section(s) of the Financial and Statistical report.

**Section A, Column 7: If compensation was also paid to this person by another entity or by another program (operated by the provider), then “yes” should be indicated in column 7. If not, then “no” should be indicated. There should be a “yes” or “no” indication for each person listed. If “yes”, indicate who the other entity or program was from which that person has received compensation. Attach additional Narrative pages at the end of the report describing this as may be necessary.**

**Section B:** This section deals with the Compensation of Relatives (family members) of persons listed in Section A above that work for the provider’s organization. Please complete this section for all persons related by blood or by marriage to the persons described in Section A. For detailed instructions for what needs to be reported in Section B, Columns 1 through 7, please refer to the Instructions for Section A, Columns 1 through 7 as stated above.

**Section C:** The “grand total” amount indicated here should be the grand total of the compensation amounts totaled in Column 5- Line A.16 for all Owner(s), Board Members, Trustees, and Officers (no matter their compensation), as well as the independent contractors and key employees not already listed (that earned more than \$100,000 annually), plus the compensation of any of their relative(s) also working for the same provider totaled in Column 5- Line B.5.

**SUPPLEMENTAL SCHEDULE II: Transactions with Related Parties**

**Section A:** This section deals with the “Expenses” incurred/paid by the provider in doing business with a “Related Party”. A “Related Party” transaction in general is a transaction between the provider and

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certain other related entities such as: an affiliated organization (i.e. a parent or subsidiary organization), a principal owner, a member of management, or the family members of an owner or member of management, etc.

**Column 1:** Enter the name of the “Related Party” involved in the transaction.

**Column 2:** Indicate the expense item(s) incurred /paid (e.g. supplies, rent, fees, etc.) to the other “Related Party” involved in the transaction.

**Column 3:** Enter the expense incurred/paid by the provider resulting from the described transaction with a “Related Party” which was included as an expense on the provider’s books for the reporting period.

**Column 4:** Enter the actual cost to the “Related Party” of acquiring or producing the goods or services that were supplied to the provider related to the reported expense/cost that was incurred/paid by the provider in the preceding column. **For any rent expense incurred/paid by the provider to a “Related Party”, please list in the narrative pages at the end of the report, what items of cost were incurred/paid by the “Related Party” for the reporting period related to the rent expense incurred/paid by the provider to the “Related Party” (e.g. the cost of the mortgage interest, property taxes, property insurance, property repairs, and depreciation, etc. on the rental property that the “Related Party” incurred/paid in order to rent the property to the provider).**

**Column 5:** Enter the page and line number where the expenses/costs were included in the report (Financial & Statistical Report).

**Section B:** This section deals with the “Revenue” earned/received by the provider in doing business with a “Related Party.”

**Column 1:** Enter the name of the “Related Party” involved in the transaction.

**Column 2:** Indicate the revenue item(s) earned/received (e.g. supplies, rent, fees, etc.) from doing business with the other “Related Party” involved in the transaction.

**Column 3:** Enter the revenue amount earned/received by the provider resulting from the described transaction with a “Related Party” that was included as revenue on the provider’s books for the reporting period.

**Column 4:** Enter the actual cost to the provider of acquiring or producing the goods or services supplied to the “Related Party” for which the provider reported “Revenues” that were entered in the preceding column. **For the rent revenue earned/received by the provider from a “Related Party” please list in the narrative pages at the end of the report, what items of cost the provider incurred/ paid for the reporting period related to the rent revenue earned/received from the rental property (e.g. the mortgage interest, property taxes, property insurance, property repairs, and depreciation, etc. on the rental property that the provider incurred/paid in order to rent the property to the “Related Party”).**

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**Column 5:** Enter the page and line number where the “Revenues” earned/received were included in the report (Financial & Statistical Report).

**Mailing and Contact Instructions**

If you need additional assistance in completing your Provider Financial and Statistical Report, you can contact the Internal Audit Division at the South Carolina Department of Social Services at the following address listed below, or you may e-mail or call us at: [johnny.strait@dss.sc.gov](mailto:johnny.strait@dss.sc.gov) (803) 898-7458 or [cliff.hedgepath@dss.sc.gov](mailto:cliff.hedgepath@dss.sc.gov) (803) 898-7111.

The completed Provider Financial and Statistical Report for SCDSS and the most recently audited financial statements of the provider that were used as the basis for the report. In addition, please send us a copy of any license issued by SCDSS to your Group Home or Child Placing Agency that relates to the reporting period (fiscal year) you are using for your Provider Financial and Statistical Report. All of these documents should be mailed to:

Johnny Strait, Audit Director  
SCDSS - Internal Audit Division  
P.O. Box 1520  
Columbia, SC 29202-1520

In addition, please send an electronic version of your completed Provider Financial and Statistical Report (preferably in Excel format) as an e-mail attachment to [resserve@dss.sc.gov](mailto:resserve@dss.sc.gov). The due date for all of this information to be received by the SCDSS-Internal Audit Division is 1/31/17.