

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)

AUDITED FINANCIAL REPORT

Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The ARC of St. Charles, Inc.
Boutte, Louisiana

Opinion

We have audited the accompanying financial statements of The ARC of St. Charles, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ARC of St. Charles, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The ARC of St. Charles, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The ARC of St. Charles, 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 The ARC of St. Charles, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of The ARC of St. Charles, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 The ARC of St. Charles, 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 The ARC of St. Charles, Inc.'s internal control over financial reporting and compliance.

Handwritten signature of Myra Butler, Anna Bowes

Harvey Louisiana
December 21, 2022

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,775,117	\$ 1,539,632
Investments	350,130	372,936
Accounts Receivable	324,533	119,370
Deposits	9,515	9,515
Inventory	111,011	103,540
Prepaid Expenses	81,414	8,237
Unrealized Loss on Investments	<u>31,284</u>	<u>-0-</u>
Total Current Assets	<u>2,683,004</u>	<u>2,153,230</u>
Property and Equipment		
Buildings	731,291	731,291
Furniture and Equipment	371,022	323,966
Vehicles	<u>446,329</u>	<u>446,329</u>
	1,548,642	1,501,586
Less: Accumulated Depreciation	<u>(938,278)</u>	<u>(830,559)</u>
Net Property and Equipment	<u>610,364</u>	<u>671,027</u>
TOTAL ASSETS	<u>\$ 3,293,368</u>	<u>\$ 2,824,257</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION - CONTINUED
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts Payable	\$ 24,234	\$ 33,674
Comp Absences – Current Portion	39,023	34,156
Notes Payable – Current Portion	42,387	223,562
Accrued Payroll	<u>27,008</u>	<u>110,847</u>
Total Current Liabilities	<u>132,652</u>	<u>402,239</u>
Long-Term Liabilities		
Comp Absences – Non Current Portion	21,392	34,419
Notes Payable – Non Current Portion	<u>194,908</u>	<u>28,486</u>
Total Long-Term Liabilities	<u>216,300</u>	<u>62,905</u>
Net Assets		
Without Donor Restrictions	<u>2,944,416</u>	<u>2,359,113</u>
Total Net Assets	<u>2,944,416</u>	<u>2,359,113</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,293,368</u>	\$ <u>2,824,257</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

**REVENUES, GAINS, AND
OTHER SUPPORT**

	<u>2022</u>	<u>2021</u>
Ad Valorem Tax	\$ 1,141,000	\$ 949,970
Dept. of Health and Hospital Services - Office of Citizens with Developmental Disabilities	-0-	93,210
Dept. of Health and Hospital Services - Medicaid	1,982,031	1,656,090
Row Day Habilitation - Medicaid	122,499	85,331
United Way	132,815	139,000
L/T Personal Care Services	139,312	176,534
Supported Employment/Job Revenue	444,776	454,473
Respite/Sitter Services	12,032	18,357
Contributions	20,508	42,828
Interest & Dividend Income	4,599	40,822
Fund Raising	3,624	2,809
ARC Festival	97	-0-
Grants	91,260	48,740
CARES Act	-0-	45,054
Debt Forgiveness	-0-	471,921
Other Income	84,176	47,114
Insurance Reimbursement	42,168	-0-
Gain on Investments	<u>3,887</u>	<u>-0-</u>

**TOTAL REVENUES, GAINS, AND
OTHER SUPPORT**

4,224,784 4,272,253

EXPENSES

Program Services	2,936,621	3,101,202
Administrative Services	<u>702,860</u>	<u>542,313</u>

TOTAL EXPENSES

3,639,481 3,643,515

**INCREASE (DECREASE) IN NET ASSETS
WITHOUT DONOR RESTRICTIONS**

585,303 628,738

Net Assets Without Donor Restrictions,
Beginning of Year

2,359,113 1,730,375

Net Assets Without Donor Restrictions,
End of Year

\$ 2,944,416 \$ 2,359,113

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022			June 30, 2021		
	PROGRAM SERVICES	ADMINISTRATIVE SERVICES	TOTAL	PROGRAM SERVICES	ADMINISTRATIVE SERVICES	TOTAL
Payroll - Staff	\$2,078,326	\$379,542	\$2,457,868	\$2,032,380	\$273,891	\$2,306,271
Payroll - Clients	63,346	-0-	63,346	53,525	-0-	53,525
Payroll - CARES Act	-0-	-0-	-0-	45,203	-0-	45,203
Payroll Taxes	166,921	29,188	196,109	168,490	21,319	189,809
Bonus and Awards	15,004	7,759	22,763	-0-	6,267	6,267
Insurance - Health	104,616	30,768	135,384	120,775	29,696	150,471
Professional Fees	27,779	41,275	69,054	42,884	41,534	84,418
Dues	41,635	-0-	41,635	24,034	-0-	24,034
Equipment	1,043	-0-	1,043	6,336	-0-	6,336
Donations	1,033	-0-	1,033	9,972	-0-	9,972
Licenses	1,754	-0-	1,754	7,768	-0-	7,768
Maintenance and Repairs	50,898	240	51,138	62,580	11,834	74,414
Office Supplies	-0-	39,366	39,366	431	20,070	20,501
Supplies	41,093	-0-	41,093	148,727	-0-	148,727
Telephone	5,568	29,387	34,955	7,079	22,263	29,342
Travel and Seminars	10,873	20,111	30,984	13,075	10,537	23,612
Fuel	36,422	-0-	36,422	19,025	-0-	19,025
Property and Liability Insurance	65,449	5,456	70,905	114,267	12,838	127,105
Insurance - Workers' Compensation	55,809	5,510	61,319	55,756	2,433	58,189
Bank Charges & Fees	1,825	8	1,833	2,398	-0-	2,398
Meetings and Events	8,266	-0-	8,266	8,518	-0-	8,518
Fines and Penalties	46	-0-	46	-0-	-0-	-0-
Depreciation	93,394	15,604	108,998	103,838	17,002	120,840
Employee Expense	6,909	283	7,192	14,753	-0-	14,753
Fund Raising	-0-	8,641	8,641	768	1,122	1,890
Utilities	17,512	3,673	21,185	15,198	2,140	17,338
Interest	-0-	16,122	16,122	-0-	15,933	15,933
Advertising	451	1,290	1,741	213	4,202	4,415
Bad Debts	-0-	-0-	-0-	-0-	6,221	6,221
Auto	5,058	-0-	5,058	2,687	-0-	2,687
Rent	10,158	24,991	35,149	15,344	27,838	43,182
Contractual Service	25,433	-0-	25,433	5,178	-0-	5,178
Evacuation Expense	-0-	25,750	25,750	-0-	-0-	-0-
Loss on Sale of Asset	-0-	554	554	-0-	-0-	-0-
Retirement	-0-	17,342	17,342	-0-	15,173	15,173
Total	\$2,936,621	\$702,860	\$3,639,481	\$3,101,202	\$542,313	\$3,643,515

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Net Assets	\$ 585,303	\$ 628,738
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	108,998	120,840
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(205,163)	120,195
Inventory	(7,471)	102,527
Unrealized Loss on Investments	(31,284)	-0-
Prepaid Expenses	(73,177)	19,738
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,440)	21,268
Comp Absences Payable	(8,160)	(18,878)
Accrued Payroll	<u>(83,839)</u>	<u>16,304</u>
Net Cash Provided (Used) by Operating Activities	<u>275,767</u>	<u>1,010,732</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in Investments	22,806	-0-
Purchases of Property and Equipment	(48,889)	(94,107)
Gain on Investments	3,887	-0-
Sale of Property and Equipment	1,266	-0-
Interest and Dividends on Investments	<u>(4,599)</u>	<u>(36,778)</u>
Net Cash Provided (Used) by Investing Activities	<u>(25,529)</u>	<u>(130,885)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable	<u>(14,753)</u>	<u>(524,731)</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,753)</u>	<u>(524,731)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	235,485	355,116
Cash and Cash Equivalents, Beginning of Year	<u>1,539,632</u>	<u>1,184,516</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,775,117</u>	<u>\$1,539,632</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES

A. The ARC of St. Charles, a nonprofit organization, is committed to providing services and supports that enable people of all ages with developmental and intellectual disabilities and special needs to attain their full potential. The financial statements of The ARC of St. Charles, Inc. have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when earned rather than when received, and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

B. Business Activity

The ARC of St. Charles, Inc. trains the intellectually and developmentally disabled citizens of the parish that are over 17 years of age. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, personal hygiene, daily living skills (making change, telling time, safety), recognition of danger signs, physical training, and maximization of individual potential. The Organization also provides transportation for all activities including daily instruction classes. Funding for the Organization is primarily derived from the dedicated millage provided by St. Charles Parish taxpayers, and from third party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies. In addition, the Organization also receives funding from appropriations from State agencies, and contributions from the public. Additional revenue is also generated from services performed by clients.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

D. Liquidity and Availability

The Organization has \$1,775,117 of cash in bank available within one year of the date of the statement of financial position to meet cash needs for general expenditures. Cash in bank is not subject to donor or other contractual restrictions that make it unavailable for general expenditures within one year of the date of the statement of financial position.

All of The ARC of St. Charles, Inc.'s financial assets are available for general expenditure, with the exception of revenue received from its St. Charles Parish millage. However, by way of the cooperative endeavor agreement between The ARC of St. Charles, Inc. and the St. Charles Parish Council, all revenue generated from this millage is required to be spent in activities pertaining to St. Charles Parish only. The ARC of St. Charles, Inc. has no financial assets with donor restrictions. As a part of its liquidity management, The ARC of St. Charles, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, The ARC of St. Charles, Inc. invests cash in excess of daily requirements in short-term investments.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES - continued

E. Restricted Deposits

The Organization does not have any deposits that are restricted in use and that are not available for operating purposes at June 30, 2022 and 2021.

F. Accounts Receivable

The Organization, in regards to uncollectible accounts, utilizes the direct write off method. Therefore, no allowance for doubtful accounts is utilized. Management believes this to be the most effective method for purposes of recording uncollectible accounts. The bad debts written off for the years ended June 30, 2022 and 2021 were \$-0- and \$6,221, respectively.

G. Inventory and Thrift Shop Donations

The Thrift Shop, which is owned and operated by the Organization, receives donated household items on a daily basis. These donations can be used, repaired, or cleaned for resale. However, some items received are of poor condition and are later discarded. It is, therefore, not practicable to determine the fair value of the donated items at the time of receipt. Accounting principles generally accepted in the United States of America require that donated property be recorded at its fair value at the time of receipt. The items retained for resale are, however, recorded at their fair value on an annual basis at the time the fiscal year end inventory is recorded. Thrift shop values are used to estimate the fair value of the items retained for inventory. This value is then utilized in the inventory adjustment and is, therefore, included in the overall determination of the Statement of Financial Position and the Statement of Activities.

H. Ad Valorem Tax/Millage

Annually, The ARC of St. Charles, Inc. receives a millage from St. Charles Parish (.70 mills for a term of 10 years) for funding purposes. The approximate amount of revenue from this millage is estimated to be \$1,182,000 for the upcoming year. The proceeds are required to be used exclusively in St. Charles Parish as a result of a cooperative endeavor agreement signed between The ARC of St. Charles, Inc. and the St. Charles Parish Council. Under the agreement, The ARC of St. Charles, Inc. will jointly engage in activities to achieve the goal of promoting the well-being of persons with special needs and developmental and intellectual disabilities.

I. Contributions

Donor-restricted support whose restrictions are met in the same reporting period as the support recognized is reported as net assets without donor restrictions.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES - continued

J. Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as structured by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful life. Acquisitions of property and equipment in excess of \$400 and having a useful life of over one year are capitalized.

K. Financial Statement Presentation

The financial statements have been prepared in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations" and Financial Accounting Standards Board Update to Topic 958 (ASU 2016-14), "Presentation of Financial Statements for Not-for-Profit Entities." Under SFAS No. 117 and Update to Topic 958 (ASU 2016-14), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021. The Organization is currently evaluating the effects of this ASU.

New Accounting Pronouncement – The ARC of St. Charles, Inc. has adopted Accounting Standards Update No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Accounting Standards Update seeks to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The amendments in this Accounting Standards Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by nonprofit entities, as well as the amount of those contributions used in a nonprofit entities' programs and other activities. The adoption of Accounting Standards Update 2020-07 had no material impact on The ARC of St. Charles, Inc.'s financial statements as a whole.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES - continued

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those statements.

2. LEASES

The Organization leases its operating facilities from the St. Charles Parish School Board under a monthly operating lease at a charge of \$3,028.17 per month effective July 1, 2021 for a term of 3 years ending June 30, 2024. The Organization pays all insurance, maintenance, and improvements. The lessor may cancel the lease if the facilities are needed for school purposes. The Organization leased facilities for its Mardi Gras bead operations under a three year lease which began January 29, 2020 at a rate of \$1,000 per month. The Organization also leased various copiers under a four year lease which began on June 9, 2020 at a rate of \$292.58 per month.

The minimum lease payments payable on the Organization's leases for the next five years are as follows:

June 30, 2023	\$ 47,849
June 30, 2024	\$ 39,849
June 30, 2025	\$ -0-
June 30, 2026	\$ -0-
June 30, 2027	\$ -0-

3. CONTRIBUTED SERVICES

A number of unpaid volunteers have made contributions of their time to the Organization during the year. The value of this contributed time is not reflected in these statements since it is not material and is not susceptible to objective measurement or valuation.

4. CONTRACT REVENUES

The Organization entered into a contract with the Department of Health and Hospitals to provide training to individuals with developmental and intellectual disabilities that are over 17 years of age in St. Charles Parish. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, and behavioral skills.

The Organization also entered into a contract with Res-Care, Inc. (a residential provider) to provide day training to other developmentally and intellectually disabled citizens. The type of training provided is explained in the preceding paragraph.

The Organization receives its largest operating revenue for providing training and daycare to Medicaid clients.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2022</u>	<u>2021</u>
First American – Operating	\$ 28,282	\$ 87,303
First National – Money Market	262	261
First National – Millage	1,746,323	1,451,818
Petty Cash	250	250
	<u>\$1,775,117</u>	<u>\$1,539,632</u>

6. INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

6. INVESTMENTS AND FAIR VALUE MEASUREMENT – continued

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The amortized cost and fair values measured on a recurring basis of investments as of June 30, 2022 are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Level 2 Cost Basis			
FNB Certificate of Deposit	\$ 52,559	\$ 52,559	\$ -0-
Edward Jones	297,571	297,571	(31,284)
	<u>\$ 350,130</u>	<u>\$ 350,130</u>	<u>\$ (31,284)</u>

7. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Dept. of Health and Hospitals	\$ 174,965	\$ 73,144
St. Charles Parish Finance Department	38,955	900
Res-Care, Inc.	319	994
United Way	36,029	235
St. Charles Parish Schools	40,111	27,077
OCDD	17,321	16,190
St. John Council on Aging	3,883	-0-
Entergy	7,725	-0-
Miscellaneous	5,225	830
	<u>\$ 324,533</u>	<u>\$ 119,370</u>

8. PROPERTY AND EQUIPMENT

Property and equipment, and depreciation activity for the year ended June 30, 2022 are as follows:

	<u>Balance 7-1-21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-22</u>
Buildings	\$ 731,291	\$ -0-	\$ -0-	\$ 731,291
Furniture & Equipment	323,966	48,889	(1,833)	371,022
Vehicles	446,329	-0-	-0-	446,329
	1,501,586	48,889	(1,833)	1,548,642
Less: Accumulated Depreciation	(830,559)	(108,998)	1,279	(938,278)
Net Property & Equipment	<u>\$ 671,027</u>	<u>\$ (60,109)</u>	<u>\$ (554)</u>	<u>\$ 610,364</u>

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

9. NOTES PAYABLE

Notes payable as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
First American LOC	\$ 4,933	\$ 4,933
First National LOC	18,733	18,563
First American Bank	185,614	191,255
GNO Fed Credit Union	19,209	24,752
Ally Bank	8,806	12,545
	<u>\$ 237,295</u>	<u>\$ 252,048</u>

The notes payable as of June 30, 2022 and 2021 are shown on the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Current Portion	\$ 42,387	\$ 223,562
Non Current Portion	194,908	28,486
	<u>\$ 237,295</u>	<u>\$ 252,048</u>

10. ECONOMIC DEPENDENCY

The Organization depends on the Department of Health and Hospitals and Ad Valorem Tax for a major portion of its support.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISKS

The ARC of St. Charles, Inc. extends a substantial amount of credit to several nonprofit and state agencies such as the Department of Health and Hospitals and Res-Care, Inc.

12. INCOME TAXES

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Organization has not recorded a provision for income taxes in the accompanying financial statements. The Organization files a federal income tax return under U. S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U. S. federal tax examination by tax authorities for the tax years before 2018. In regards to tax uncertainties, the Organization has reviewed its tax positions, and determined there were no outstanding or retroactive tax positions as of June 30, 2022.

13. NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not have any net assets with donor restrictions on the use of the assets at June 30, 2022 and 2021.

14. THREATENED AND PENDING LITIGATION

Due to the nature of the work performed and in the regular course of business, The ARC of St. Charles, Inc. is subject to ongoing potential litigation. As of the year ended June 30, 2022, there is presently no pending litigation which would have a material effect upon the financial statements.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

15. 401K PROFIT SHARING PLAN

The Organization maintains a 401K Profit Sharing Plan to enable its employees to accumulate long term savings for retirement while benefiting from favorable tax treatment. The plan is administered by Mutual of America Life Insurance Company who receives the plan contributions, maintains participants' individual accounts, offers the investment options, and pays benefits to participants and their beneficiaries. Benefits are based on a stated contribution formula and are fully funded at all times. Therefore, the plan is classified as a defined contribution plan and is not covered for plan termination insurance provided by the Pension Benefit Guaranty Corporation.

Eligibility

All employees of the Organization are eligible except for those who are non-resident aliens (as described in Section 410 (b)(3)(c) of the Code) with no U. S. source income and those who are classified or treated as independent contractors or other non-employees by the Organization on its payroll records or otherwise (even if a government agency or court within the jurisdiction determines that such persons are deemed to be employees for any purpose under common-law principles or federal, state, or local law) and those:

- a. who are leased employees.
- b. who are covered under a collective bargaining agreement between the Organization and employee representatives if retirement benefits were the subject of good faith bargaining and if 2% or less of the employees covered by the agreement are professionals as defined in the Section 1.410 (b)-9 of the IRS Regulations. For this purpose, the term "employee representative" does not include any organization more than half of whose members are employees who are owners, officers, or executives of the Organization.

Salary Reduction Contributions

An employee must be at least 21 years of age to make salary reduction contributions to this plan.

An employee must complete at least one year of service to make salary reduction contributions to this plan.

Employer Matching Contributions

An employee must be at least 21 years of age to receive employer matching contributions under this plan.

An employee must complete at least one year of service to receive employer matching contributions under this plan.

Participation In The Plan

An employee is included as a participant in the plan on the first day of the month coinciding with or immediately following the date the employee meets all of the above requirements.

For salary reduction contributions, the employee will not be required to complete any specified number of hours of service to receive credit for eligibility.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

15. 401K PROFIT SHARING PLAN – continued

For employer matching contributions, the employee will be credited with a year of service for eligibility at the end of the employee's first twelve months of employment provided the employee completes at least 1,000 hours of service within the twelve month period. If the employee completes fewer than 1,000 hours during his/her first twelve months with the Organization, the employee will be credited with a year of service for eligibility at the end of the first twelve month period, beginning on the anniversary date of the employee's date of hire, in which the employee completes 1,000 hours of service.

If the employee has a break-in-service after becoming a participant in the plan and is later rehired, the employee will be eligible to resume participation in the plan immediately following the date the employee is rehired:

- (a) if the employee is at least partially vested in his/her benefit before terminated service, or
- (b) if, regardless of the employee's vesting status when he/she terminated service, the employee's break-in-service did not exceed five consecutive years.

In any other case, the employee will be eligible to resume participation in the plan only upon completion of the applicable service requirement.

A break-in-service means a twelve consecutive month period during which the employee does not complete more than 500 hours of service with the Organization due to his/her termination, layoff, leave, or similar reason.

The matching contributions made for the years ended June 30, 2022 and 2021 were \$17,342 and \$15,173, respectively.

16. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. The Organization maintains an investment account with Edward Jones which is primarily invested in certificates of deposit and exchange traded funds. In addition, the Organization also maintains a business checking account at First National Bank USA which is covered by FDIC insurance up to \$250,000. As of June 30, 2022, the balance of the account per the bank was \$1,746,323, which exceeded the FDIC limitations. Concentrations of credit risk with respect to trade receivables are limited due to the number of customers comprising the Organization's customer base and their dispersion across different industries.

17. COMPENSATED ABSENCES

The employees of The ARC of St. Charles, Inc. are currently not reimbursed for unused vacation and sick leave, and must actually use leave time for it to be incurred. Employees may carry no more than eighty hours into a new calendar year. The balance of the accrued liability for compensated absences for June 30, 2022 and 2021 was \$60,415 and \$68,575, respectively.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

17. COMPENSATED ABSENCES - continued

Compensated absences are shown on the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Current Portion	\$ 39,023	\$ 34,156
Non Current Portion	21,392	34,419
	<u>\$ 60,415</u>	<u>\$ 68,575</u>

18. POST-EMPLOYMENT BENEFITS

At present, there are no former employees of The ARC of St. Charles, Inc. who are receiving post-employment benefits, and any liability due to the Organization's benefit structure is considered to be immaterial.

19. FUNCTIONAL BASIS PRESENTATION

Expenditures incurred in connection with administrative services and program services have been summarized on a functional basis in the statement of functional expenses according to Financial Accounting Standards Board Update to Topic 958 (ASU 2016-14), "*Presentation of Financial Statements of Not-for-Profit Entities.*"

20. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements to determine the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 21, 2022 which is the date the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER SUPPLEMENTAL INFORMATION

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Victoria Bryant

Purpose:	<u>Amount</u>
Salary	\$ 102,854
Benefits – insurance	21,898
Benefits – retirement	2,025
Benefits – other	-0-
Car Allowance	-0-
Vehicle provided by Organization	-0-
Per diem	-0-
Reimbursements	-0-
Travel	291
Registration fees	6,180
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Cell phone	933
Unvouchered expenses	-0-
Meals	-0-
	<u>\$ 134,181</u>

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CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**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
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have audited, 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, the financial statements of The ARC of St. Charles, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The ARC of St. Charles, Inc.'s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ARC of St. Charles, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The ARC of St. Charles, Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The ARC of St. Charles, 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*.

Response to Findings

The ARC of St. Charles, Inc.'s response to the findings identified in our audit is described in the accompanying schedules of current and prior year audit findings and responses. The ARC of St. Charles, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

This report is intended solely for the information and use of Management, the Board of Directors, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.



Harvey, Louisiana
December 21, 2022

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
SCHEDULES OF FINDINGS
YEARS ENDED JUNE 30, 2022 and 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unmodified opinion on the basic financial statements of The ARC of St. Charles, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported as of June 30, 2022 and 2021.
3. No instances of noncompliance material to the financial statements of The ARC of St. Charles, Inc. as of June 30, 2022 and 2021 were disclosed in Part B of this schedule.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
SCHEDULES OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND RESPONSES
YEARS ENDED JUNE 30, 2022 AND 2021

<u>Ref No.</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Responses</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (6/30/22)						
<u>Internal Control:</u>						
22-01	Unknown	None	N/A	N/A	Victoria Bryant Executive Director	N/A
PRIOR YEAR (6/30/21)						
<u>Internal Control:</u>						
21-01	Unknown	None	N/A	N/A	Victoria Bryant Executive Director	N/A

THE ARC OF ST. CHARLES, INC.
(A Nonprofit Organization)

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Fiscal Year Ended June 30, 2022

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Directors of
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have performed the procedures enumerated below, which were agreed to by The ARC of St. Charles, Inc. and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the period July 1, 2021 through June 30, 2022. The ARC of St. Charles, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund addition (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Organization's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: We obtained The ARC of St. Charles, Inc.'s written policies and procedures manual. The policies and procedures manual addresses each of the following categories and subcategories as listed above, except ethics and debt service, which are not applicable to The ARC of St. Charles, Inc:

- *Budgeting.*
- *Purchasing.*
- *Disbursements.*
- *Receipts/Collections.*
- *Payroll/Personnel.*
- *Contracting.*
- *Credit Cards, Debit Cards, Fuel Cards, and P-Cards.*
- *Travel and Expense Reimbursement.*
- *Ethics (not applicable).*
- *Debt Service (not applicable).*
- *Information Technology Disaster Recovery/Business Continuity.*
- *Sexual Harassment.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those Organizations reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Organization's collections during the period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings: We obtained the board minutes as well as the Organization's bylaws from the management of The ARC of St. Charles, Inc. for the period.

We found that the board met every two months (always with a quorum) which is in accordance with the Organization's bylaws.

The minutes frequently referred to financial matters. The minutes also include or reference financial activity relating to public funds.

(Item #2c, the section relating to governmental entities, does not apply to The ARC of St. Charles, Inc. because the Organization is a non-profit entity).

Bank Reconciliations

3. Obtain a listing of the Organization's bank accounts for the period from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization's main operating account and randomly select 5 additional accounts (or all accounts if less than 5). Randomly select one month from the period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: We obtained a listing of The ARC of St. Charles, Inc.'s bank accounts from the client's trial balance. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

We obtained from the listing, the bank accounts and bank reconciliations for each month in the period for all of the Organization's bank accounts.

Not all bank reconciliations were prepared within two months of the related statement closing date. A recommendation was made that all bank reconciliations in the future be prepared within two months of the related statement closing date.

All bank reconciliations were signed by the preparer, stamped with the Executive Director's signature stamp (used only with her permission), and dated. The Executive Director does not handle cash, post ledgers, or issue checks.

All old outstanding items over twelve months were researched and written off by the end of the period.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe whether the bond or insurance policy for theft was enforced during the period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

Findings: We obtained a listing of The ARC of St. Charles, Inc.'s deposit sites and collection locations for the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

The ARC of St. Charles, Inc.'s deposit sites consist of their main office and The Cajun Village Thrift Store. The Throw Me Something Mister Mardi Gras Bead Distribution Center is not a deposit site because all of their deposits are forwarded to the main office for the deposit slip to be completed and the deposit taken to the bank.

The ARC of St. Charles, Inc.'s collection locations consist of its main office, The Cajun Village Thrift Store, and The Throw Me Something Mister Mardi Gras Bead Distribution Center.

We obtained and inspected written policies and procedures relating to employee job duties at each collection location and observed that job duties are properly segregated.

Collection location #1 (Main Office):

The main office collects cash, checks, and money orders from the mail, employees, and others. All funds are immediately listed on a deposit slip and deposited into the bank. Collections are recorded in the general ledger by an employee who is not responsible for collecting funds. Deposits are reconciled by an independent CPA who is not responsible for collecting cash.

Collection location #2 (Cajun Village Thrift Store):

The person in charge of collecting funds actually deposits the funds in the bank and fills out the deposit slip. However, two employees verify and sign all deposits. She does not reconcile the related bank account or record the related transaction. It was also found that she shares the same cash register with other employees, but separate user codes are utilized to differentiate transactions by employee. Deposits are reconciled by an independent CPA who is not responsible for collecting cash.

Collection location #3 (Throw Me Something Mister Mardi Gras Bead Distribution Center):

Our inspection found that the employee is not responsible for depositing the funds in the bank, does not record the related transaction, and does not reconcile the related bank account. There is only one person using the cash register and it is not being shared with another employee. Deposits are reconciled by an independent CPA who is not responsible for collecting cash.

Our examination found that all employees, including the employees who collect cash, were covered by a crime and fidelity policy which was in force during the audit period.

We selected two deposit dates from each of the Organization's bank accounts. The Organization does not utilize sequentially pre-numbered receipts.

We traced the receipts to the deposit slips, traced the deposit slips to the actual deposit on the bank statement, and traced the actual deposit per the bank statement to the general ledger. Most deposits were made within one day of receipt at the collection location unless received too late in the business day (in which case they were deposited the next day).

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: We obtained a listing of locations that process payments for the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

The only location that processes payments for The ARC of St. Charles, Inc. is their main office.

We obtained a listing of those employees involved in non-payroll purchasing and payment functions. We obtained the policies and procedures relating to these employees' job duties and observed that the job duties are properly segregated.

Purchases were initiated using a purchase requisition form for those type of purchases which were required by policy. Certain recurring expenses (i.e., utilities) did not include a purchase requisition form. The Executive Director has final signatory authority and makes the final authorization for disbursements. The required authorization on the purchase requisition forms and the Executive Director's signature requirement on all checks assures that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. This also assures that at least two employees are involved in processing and approving payments to vendors.

The ARC of St. Charles, Inc.'s policies and procedures manual prohibits anyone from adding vendors to the Organization's purchasing disbursement system without the approval of the Executive Director.

After the disbursement checks are approved and signed by the Executive Director, they are mailed. The disbursement checks are always mailed by an employee who is not responsible for processing payments.

We obtained a listing of the Organization's non-payroll disbursement transaction population from their check registers. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

We selected five disbursements from the disbursement population and obtained supporting documentation for each transaction.

Our examination found that original itemized receipts were not included on all disbursements. A recommendation was made that all disbursements have original itemized receipts attached supporting the disbursement and showing that deliverables were received.

The disbursement documentation observed includes evidence of segregation of duties (such as approval by the Executive Director).

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: We obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

Management stated that there were no changes to the credit cards maintained by the Organization and there were also no changes to the persons who maintained possession of the credit cards.

We selected all of the credit cards that were used during the period. We selected one monthly statement for each of the credit cards and obtained supporting documentation.

Our inspection showed that all of the credit card statements were approved by the Executive Director or someone who is not the authorized card holder.

Some of the credit card statements showed assessment of finance charges and late fees. A recommendation was made that these statements be paid prior to finance charges and late fees being assessed.

We selected ten transactions from each of the statements selected above and obtained supporting documentation for the transactions. Some of the transactions lacked original itemized receipts. A recommendation was made that the Organization develop a missing receipt statement to enable employees to document the reason that the receipts are missing and would require approval by a supervisor. The documentation also includes the business/public purpose for each transaction. There were no instances of any meal charges which would require documentation of the individuals participating in the meals.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U. S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: We obtained a listing of all travel and travel-related expense reimbursements during the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

Due to Hurricane Ida and restrictions due to Covid-19, there were no travel or travel-related expense reimbursements during the period.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

We selected all contracts from the listing obtained above, and found the following:

The ARC of St. Charles, Inc. is not subject to the Louisiana Public Bid Law. However, as a best practice, the Organization's policies require board approval and recommendation, and three bids to be obtained, on all contracts of \$10,000 and over.

At no time were any contracts under examination amended.

We selected one payment from each of the contracts selected above for the period, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the Organization's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the Organization's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to Organization policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, worker's compensation premiums, etc.) have been paid, and that any associated forms have been filed, by required deadlines.

Findings: We obtained a listing of all employees who were employed during the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

We selected more than five employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

We selected one pay period during the period and obtained attendance records and leave documentation for the five employees selected above. We observed that all of the selected employees documented their daily attendance and leave, and that supervisors approved the attendance and leave of the selected employees. All leave taken by the selected employees was reflected in the Organization's cumulative leave records. All rates paid to the employees agreed to the authorized salary/pay rate found within the employees' personnel files.

We obtained a listing of those employees that received termination payments during the period. Management stated that this listing is complete in their management representation letter dated December 21, 2022.

We selected two employees who were entitled to termination benefits. Only full-time employees and employees who give their required two week notice are entitled to termination benefits. Any employees who were not full-time employees or who did not give the required two week notice of separation did not receive termination payments.

We obtained related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments, agreed the hours to the employees' cumulative leave records, and agreed the pay rates to the employees' authorized pay rates in the employees' personnel file. All termination payments were made in accordance with the Organization's policy and approved by management.

We obtained, in their management representation letter dated December 21, 2022, management's representation that all employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and associated forms have been filed, by the required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether documentation demonstrates that each employee/official completed one hour of ethics training during the period.
 - b) Observe whether the Organization maintains documentation which demonstrates that each employee and official were notified of any changes to the Organization's ethics policy during the period, as applicable.

Findings: This section is not applicable to The ARC of St. Charles, Inc. because the Organization is a nonprofit entity.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

22. Obtain a listing of bonds/notes outstanding at the end of the period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

Findings: This section is not applicable to The ARC of St. Charles, Inc. because the Organization is a nonprofit entity.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the Legislative Auditor and the District Attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: We inquired regarding a listing of all misappropriations of public funds and assets during the period. Management stated, in their management representation letter dated December 21, 2022 that, if applicable, such a listing would be provided.

No misappropriations of public funds and assets were reported to us during the period.

The Organization has posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. The Organization's website contains a link which takes the user to the Louisiana Legislative Auditor's notice required by R.S. 24:523.1.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the Organization's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

- b) Obtain and inspect the Organization's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the Organization's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings: We performed the above procedures and discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates that each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the entity does not have a website).
- 28. Obtain the Organization's annual sexual harassment report for the current period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings: We randomly selected over 5 employees during procedure #16 and obtained documentation on their sexual harassment training during the year. The Organization provided proof that all of the employees selected have completed at least one hour of sexual harassment training during the year.

The Organization has included their sexual harassment policy in its policies and procedures manual, but has not yet posted this policy on its website. A recommendation was made that the Organization's website be updated to include a link to its sexual harassment policy.

The Organization has not yet completed their annual sexual harassment report. A recommendation was made that the Organization's annual sexual harassment report be completed by February 1st of each year for the preceding calendar year.

We were engaged by The ARC of St. Charles, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The ARC of St. Charles, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Uzee, Butler, Arceneaux & Bowes
Certified Public Accountants
Harvey, Louisiana

December 21, 2022

The Arc of St. Charles, Inc.

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December 21, 2022

Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Year Ended June 30, 2022

1) BANK RECONCILIATIONS Procedure #3a:

3. Obtain a listing of the Organization's bank accounts for the period from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization's main operating account and randomly select 5 additional accounts (or all accounts if less than 5). Randomly select one month from the period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).

FINDING:

Not all bank reconciliations were prepared within two months of the related statement closing date. A recommendation was made that all bank reconciliations in the future be prepared within two months of the related statement closing date.

MANAGEMENT'S RESPONSE:

We will ensure that all bank reconciliations in the future be prepared within two months of the related statement closing date.

2) NON-PAYROLL DISBURSEMENTS

Procedure #10a:

10. For each location selected under #8 above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

FINDING:

Our examination found that original itemized receipts were not included on all disbursements. A recommendation was made that all disbursements have original itemized receipts attached supporting the disbursement and showing that deliverables were received.

MANAGEMENT'S RESPONSE:

We will ensure that all disbursements have original itemized receipts attached supporting the disbursement and showing that deliverables were received.

3) CREDIT CARD/DEBIT CARDS/FUEL CARDS/P-CARDS

A. Procedures #12b:

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- b) Observe that finance charges and late fees were not assessed on the selected statements.

FINDING:

Some of the credit card statements showed assessment of finance charges and late fees. A recommendation was made that these statements be paid prior to finance charges and late fees being assessed.

MANAGEMENT'S RESPONSE:

We will ensure that all credit card statements be paid prior to finance charges and late fees being assessed.

B. Procedure #13:

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

FINDING:

We selected ten transactions from each of the statements selected above and obtained supporting documentation for the transactions. Some of the transactions lacked original itemized receipts. A recommendation was made that the Organization develop a missing receipt statement to enable employees to document the reason that the receipts are missing and would require approval by a supervisor. The documentation also includes the business/public purpose for each transaction. There were no instances of any meal charges which would require documentation of the individuals participating in the meals.

MANAGEMENT'S RESPONSE:

We will ensure that an itemized receipt is included for all credit cards and the business/public purpose and list of attendees for meals is included with all documentation. If an itemized receipt is not available, we will ensure that a missing receipt statement is attached so that employees can document the reason that the receipt is missing and include supervisory approval.

4) SEXUAL HARASSMENT

A. Procedure #27:

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the entity does not have a website).

FINDING:

The Organization has included their sexual harassment policy in its policies and procedures manual, but has not yet posted this policy on its website. A recommendation was made that the Organization's website be updated to include a link to its sexual harassment policy.

MANAGEMENT'S RESPONSE:

We will ensure that our website is updated to include a link directing the user to our sexual harassment policy.

B. Procedure #28:

28. Obtain the Organization's annual sexual harassment report for the current period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

FINDING:

The Organization has not yet completed their annual sexual harassment report. A recommendation was made that the Organization's annual sexual harassment report be completed by February 1st of each year for the preceding calendar year.

MANAGEMENT'S RESPONSE

We will ensure that the annual sexual harassment report is completed by February 1st of each year for the preceding calendar year.

Respectfully submitted,

Victoria Bryant
Executive Director