

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

TABLE OF CONTENTS

	<u>Page</u>
Accountants' Compilation Report	1
FINANCIAL STATEMENTS	
Statements of Financial Position	
June 30, 2022 (Compiled)	2
June 30, 2021 (Compiled)	3
Statements of Activities	
For the Year Ended June 30, 2022 (Compiled)	4
For the Year Ended June 30, 2021 (Compiled)	5
Statements of Functional Expenses	
For the Year Ended June 30, 2022 (Compiled)	6
For the Year Ended June 30, 2021 (Compiled)	8
Statements of Cash Flows	10
Notes to the Financial Statements	11
SUPPLEMENTAL INFORMATION	
Schedule 1 - Combining Schedule of Financial Position	19
Schedule 2 - Combining Schedule of Activities	21
Schedule 3 - Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	25
Schedule of Findings	26



1100 North 18th Street, Suite 200

Monroe, LA 71201

T 318.387.2672 F 318.322.8866

◀ Keeping you on course! ▶

ACCOUNTANTS' COMPILATION REPORT

**The Board of Directors
The Arc of Ouachita (dba ARCO)
Monroe, Louisiana**

Management is responsible for the accompanying financial statements of **The Arc of Ouachita (dba ARCO)** (a non-profit organization, the Arc), which comprise the statements of financial position as of June 30, 2022, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by the management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The June 30, 2021 financial statements were compiled by us, and we expressed no opinion on them in our report dated March 1, 2022.

The supplementary information contained in Schedules 1, 2 and 3 are presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Woodard & Associates

(A Professional Accounting Corporation)

March 23, 2023

FINANCIAL STATEMENTS

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Financial Position

	June 30, 2022 (Compiled)		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash	\$ 1,178,384	\$ -	\$ 1,178,384
Accounts receivable			
Intergovernmental	255,430	-	255,430
Services	25,876	-	25,876
Contributions and grants	-	-	-
United Way	15,340	38,298	53,639
Other	-	-	-
Property and equipment	1,030,856	260,655	1,291,511
Accumulated depreciation	(610,803)	(200,774)	(811,577)
Prepaid expenses	7,707	-	7,707
Other deposits	24,039	-	24,039
Total assets	<u>\$ 1,926,828</u>	<u>\$ 98,181</u>	<u>\$ 2,025,009</u>
Liabilities and net assets			
Current liabilities (payable from current assets)			
Receipt of Payment Protection Program Loan	\$ 49,370	\$ -	\$ 49,370
Accrued payroll and taxes	100,022	-	100,022
Deferred revenue	9,000	-	9,000
Current portion of long-term obligations	17,857	-	17,857
Total current liabilities	<u>176,253</u>	<u>-</u>	<u>176,253</u>
Long-term liabilities			
Long-term obligations, net of current portion	148,708	-	148,708
Total long-term liabilities	<u>148,708</u>	<u>-</u>	<u>148,708</u>
Total liabilities	324,961	-	324,961
Net Assets			
Without donor restrictions	1,609,867	-	1,609,867
With donor restrictions	-	90,181	90,181
Total net assets	<u>1,609,867</u>	<u>90,181</u>	<u>1,700,048</u>
Total liabilities and net assets	<u>\$ 1,934,828</u>	<u>\$ 90,181</u>	<u>\$ 2,025,009</u>

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Financial Position

	June 30, 2021 (Compiled)		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash	\$ 1,211,085	\$ -	\$ 1,211,085
Accounts receivable			
Intergovernmental	121,379	-	121,379
Services	46,301	-	46,301
Contributions and grants	494	-	494
United Way	-	33,009	33,009
Other	2,982	-	2,982
Property and equipment	1,107,846	260,655	1,368,501
Accumulated depreciation	(653,898)	(161,745)	(815,643)
Prepaid expenses	3,057	-	3,057
Other deposits	24,039	-	24,039
Total assets	\$ 1,863,285	\$ 131,919	\$ 1,995,204
Liabilities and net assets			
Current liabilities (payable from current assets)			
Receipt of Payment Protection Program Loan	\$ 48,528	\$ -	\$ 48,528
Accrued payroll and taxes	106,037	-	106,037
Deferred revenue	5,324	-	5,324
Current portion of long-term obligations	17,287	-	17,287
Total current liabilities	177,176	-	177,176
Long-term liabilities			
Long-term obligations, net of current portion	166,482	-	166,482
Total long-term liabilities	166,482	-	166,482
Total liabilities	343,658	-	343,658
Net Assets			
Without donor restrictions	1,519,627	-	1,519,627
With donor restrictions	-	131,919	131,919
Total net assets	1,519,627	131,919	1,651,546
Total liabilities and net assets	\$ 1,863,285	\$ 131,919	\$ 1,995,204

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Activities

For the Years Ended

June 30, 2022 (Compiled)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Intergovernmental	\$ 3,074,123	\$ -	\$ 3,074,123
Charges for services	234,718	-	234,718
Contributions and grants	147,415	-	147,415
United Way allocation	35,690	38,298	73,989
Membership dues	55,997	-	55,997
Contributions and net revenue from			
Special events			
Contributions	12,853	-	12,853
Other revenues	15,237	-	15,237
Total	<u>3,576,033</u>	<u>38,298</u>	<u>3,614,332</u>
Net assets released from restrictions	<u>80,037</u>	<u>(80,037)</u>	<u>-</u>
Revenues, gains and other support	3,656,070	(41,738)	3,614,332
Expenses			
Program services			
Supported employment	177,600	-	177,600
Day habilitation	55,017	-	55,017
Supported work contracts	90,121	-	90,121
Supported living	2,256,040	-	2,256,040
Community home			
Mallard Home	262,416	-	262,416
Early Intervention	-	-	-
Total program services	<u>2,841,196</u>	<u>-</u>	<u>2,841,196</u>
Supporting services			
Management and general	582,182	-	582,182
Fundraising	142,452	-	142,452
Total supporting services	<u>724,634</u>	<u>-</u>	<u>724,634</u>
Total expenses	<u>3,565,830</u>	<u>-</u>	<u>3,565,830</u>
Increase (decrease) in net assets	90,240	(41,738)	48,502
Net assets at beginning of year	<u>1,519,627</u>	<u>131,919</u>	<u>1,651,546</u>
Net assets at end of year	<u>\$ 1,609,867</u>	<u>\$ 90,181</u>	<u>\$ 1,700,048</u>

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Activities

For the Years Ended

June 30, 2021 (Compiled)

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues, gains, and other support			
Intergovernmental	\$ 2,959,257	\$ -	\$ 2,959,257
Charges for services	318,998	-	318,998
Contributions and grants	795,694	40,369	836,063
United Way allocation	-	28,938	28,938
Membership dues	23,275	-	23,275
Contributions and net revenue from			
Special events			
Contributions	45,079	-	45,079
Other revenues	5,865	-	5,865
Total	<u>4,148,168</u>	<u>69,307</u>	<u>4,217,475</u>
			-
Net assets released from restrictions	<u>178,244</u>	<u>(178,244)</u>	<u>-</u>
Revenues, gains and other support	4,326,412	(108,937)	4,217,475
Expenses			
Program services			
Supported employment	283,026	-	283,026
Day habilitation	61,630	-	61,630
Supported work contracts	212,701	-	212,701
Supported living	2,088,039	-	2,088,039
Community home			
Mallard Home	260,989	-	260,989
Early Intervention	226,969	-	226,969
Total program services	<u>3,133,354</u>	<u>-</u>	<u>3,133,354</u>
Supporting services			
Management and general	541,387	-	541,387
Fundraising	146,878	-	146,878
Total supporting services	<u>688,265</u>	<u>-</u>	<u>688,265</u>
Total expenses	<u>3,821,619</u>	<u>-</u>	<u>3,821,619</u>
Increase (decrease) in net assets	504,793	(108,937)	395,856
Net assets at beginning of year	<u>1,014,834</u>	<u>240,856</u>	<u>1,255,690</u>
Net assets at end of year	\$ <u><u>1,519,627</u></u>	\$ <u><u>131,919</u></u>	\$ <u><u>1,651,546</u></u>

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2022 (Compiled)

	<u>Program Services</u>				
	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>
Salaries	\$ 84,342	\$ 13	\$ 21,220	\$ 1,768,625	\$ 146,262
Payroll taxes	6,274	1	1,537	140,276	11,508
Pension	1,557	1	277	16,793	1,375
Total salaries and related expenses	<u>92,173</u>	<u>15</u>	<u>23,034</u>	<u>1,925,694</u>	<u>159,145</u>
Dues and subscriptions	786	-	307	6,843	615
Food	303	-	29	6,206	11,203
Insurance	24,526	12,821	13,474	81,140	18,669
Interest	-	-	5,799	-	-
Licenses and inspections	525	-	51	475	873
Maintenance	11,261	8,948	7,968	53,356	5,556
Medical	280	-	181	13,588	5,123
Miscellaneous	151	-	79	8,437	26,516
Office supplies and postage	829	-	88	3,926	818
Professional fees	-	-	5,843	27,304	6,078
Public awareness	273	999	902	7,330	190
Rent	10,317	14	1,619	26,874	2,307
St Receipt of Payment Prote	474	412	522	6,278	8,588
Telephone	7,025	1,440	4,656	35,332	2,976
Training	767	-	69	19,872	549
Transportation	7,170	-	95	2,025	1,128
Travel	332	-	49	16,735	23
Utilities	3,054	6,750	9,624	12,587	11,080
Total	<u>160,246</u>	<u>31,399</u>	<u>74,389</u>	<u>2,254,002</u>	<u>261,437</u>
Depreciation of buildings and equipment	<u>17,354</u>	<u>23,618</u>	<u>15,732</u>	<u>2,038</u>	<u>979</u>
Total functional expense:	<u>\$ 177,600</u>	<u>\$ 55,017</u>	<u>\$ 90,121</u>	<u>\$ 2,256,040</u>	<u>\$ 262,416</u>

The accompanying notes are an integral part of these statements.

Continued

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2022 (Compiled)

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salaries	\$ 2,020,462	\$ 254,282	\$ 97,520	\$ 351,802	\$ 2,372,264
Payroll taxes	159,596	19,914	6,674	26,588	186,184
Pension	20,003	5,226	2,926	8,152	28,155
Total salaries and related expenses	<u>2,200,061</u>	<u>279,422</u>	<u>107,120</u>	<u>386,542</u>	<u>2,586,603</u>
Dues and subscriptions	8,551	18,695	232	18,927	27,478
Food	17,741	2,878	426	3,304	21,045
Insurance	150,630	31,798	4,092	35,890	186,520
Interest	5,799	-	-	-	5,799
Licenses and inspections	1,924	45	-	45	1,969
Maintenance	87,089	35,527	4,659	40,186	127,275
Medical	19,172	2,753	58	2,811	21,983
Miscellaneous	35,183	32,180	8,297	40,477	75,660
Office supplies and postage	5,661	4,280	4,518	8,798	14,459
Professional fees	39,225	53,954	-	53,954	93,179
Public awareness	9,694	26,257	848	27,105	36,799
Rent	41,131	60,224	5,115	65,339	106,470
Supplies	16,274	9,891	1,941	11,832	28,106
Telephone	51,429	2,218	2,211	4,429	55,858
Training	21,257	761	248	1,009	22,266
Transportation	10,418	-	-	-	10,418
Travel	17,139	117	334	451	17,590
Utilities	43,095	14,558	2,190	16,748	59,843
Total	<u>2,781,473</u>	<u>575,558</u>	<u>142,289</u>	<u>717,847</u>	<u>3,499,320</u>
Depreciation of buildings and equipment	<u>59,721</u>	<u>6,624</u>	<u>163</u>	<u>6,787</u>	<u>66,508</u>
Total functional expenses	\$ <u><u>2,841,194</u></u>	\$ <u><u>582,182</u></u>	\$ <u><u>142,452</u></u>	\$ <u><u>724,634</u></u>	\$ <u><u>3,565,828</u></u>

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2021 (Compiled)

Program Services					
	Supported Employment	Day Habilitation	Supported Work Contracts	Supported Living	Mallard Home
Salaries	\$ 185,394	\$ 7,343	\$ 65,386	\$ 1,678,886	\$ 154,485
Payroll taxes	14,101	607	4,794	131,818	12,082
Pension	1,826	64	453	24,790	1,167
Total salaries and related expenses	380,586	62,285	142,872	1,813,434	143,198
Dues and subscriptions	1,668	95	672	8,316	830
Food	181	1	42	1,129	7,206
Insurance	29,246	11,333	21,000	84,134	18,488
Interest	-	-	8,059	-	-
Licenses and inspections	826	59	161	429	1,587
Maintenance	10,752	4,055	21,242	23,562	4,601
Medical	1,143	4	961	10,142	6,832
Miscellaneous	714	16	7,711	3,224	26,942
Office supplies and postage	738	29	203	5,253	449
Professional fees	114	2	3,454	30,524	4,081
Public awareness	627	213	3,564	4,392	232
Rent	8,171	214	19,720	15,591	1,264
Su Receipt of Payment Protection	579	372	3,106	3,187	5,655
Telephone	5,801	2,159	6,348	26,511	2,917
Training	818	-	45	10,302	994
Transportation	5,009	266	3,355	717	526
Travel	792	1	122	14,376	20
Utilities	2,754	5,935	25,925	8,791	9,653
Total	490,268	102,522	305,461	2,099,144	234,094
Depreciation of buildings and equipment	11,772	28,862	16,378	1,965	978
Total functional expenses	\$ 509,522	\$ 131,719	\$ 326,003	\$ 2,101,443	\$ 235,084

Continued

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2021 (Compiled)

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Early Intervention</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 139,554	\$ 2,231,048	\$ 268,395	\$ 97,520	\$ 366,840	\$ 2,597,888
Payroll taxes	10,186	173,588	20,150	6,674	26,897	200,485
Pension	4,109	32,409	6,670	2,926	9,404	41,813
Total salaries and related expenses	180,698	2,723,073	278,196	69,004	347,200	2,840,186
Dues and subscriptions	1,320	12,901	16,381	232	16,418	29,319
Food	-	8,559	1,498	426	2,021	10,580
Insurance	8,328	172,529	34,075	4,092	38,222	210,751
Interest	-	8,059	-	-	-	8,059
Licenses and inspections	-	3,062	40	-	40	3,102
Maintenance	1,554	65,766	38,103	3,299	41,402	107,168
Medical	-	19,082	2,658	163	2,821	21,903
Miscellaneous	-	38,607	9,919	7,094	17,013	55,620
Office supplies and postage	251	6,923	4,498	4,321	8,819	15,742
Professional fees	475	38,650	69,654	1,999	71,653	110,303
Public awareness	1,121	10,149	21,052	4,760	25,812	35,961
Rent	52,151	97,111	20,193	6,202	26,395	123,506
Supplies	85	12,984	3,951	2,146	6,097	19,081
Telephone	3,582	47,318	2,054	1,817	3,871	51,189
Training	343	12,502	838	30	868	13,370
Transportation	-	9,873	-	4	4	9,877
Travel	1,940	17,251	79	211	290	17,541
Utilities	1,960	55,018	12,701	2,036	14,737	69,755
Total	264,286	3,495,775	546,335	90,218	636,553	912,827
Depreciation of buildings and equipment	10	59,965	8,478	163	8,641	68,606
Total functional expenses	\$ 264,298	\$ 3,568,069	\$ 554,050	\$ 90,406	\$ 644,456	\$ 3,821,619

Concluded

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Cash Flows

	For the Years Ended June 30,	
	<u>2022 (Compiled)</u>	<u>2021 (Compiled)</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 48,502	\$ 395,856
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	66,508	68,606
Changes in assets and liabilities		
Accounts receivable	(130,780)	184,499
Other assets	(4,650)	1,146
Accounts payable and accrued expenses	(5,173)	(3,460)
Deferred revenue	3,676	(13,757)
Total Adjustments	<u>(70,416)</u>	<u>237,034</u>
Net cash provided (used) by operating activities	<u>(21,914)</u>	<u>632,890</u>
Cash flows from investing activities		
Disposal of property and equipment	1,031	(61,267)
Proceeds from sales of property and equipment	5,386	-
Net cash provided (used) by investing activities	<u>6,417</u>	<u>(61,267)</u>
Cash flows from financing activities		
Payments on notes payable	(17,204)	(12,175)
Receipt of Payment Protection Program Loan	-	(652,600)
Net cash provided (used) by financing activities	<u>(17,204)</u>	<u>(664,775)</u>
Net increase (decrease) in cash	<u>(32,701)</u>	<u>(93,152)</u>
Cash at beginning of year	<u>1,211,085</u>	<u>1,304,237</u>
Cash at end of year	<u>\$ 1,178,384</u>	<u>\$ 1,211,085</u>
Supplemental disclosures		
Cash paid for interest	<u>\$ 5,799</u>	<u>\$ 8,059</u>
Non-cash investing & operating activities		
Revenue and expense of non-cash contribution	<u>\$ 41,539</u>	<u>\$ 47,756</u>

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

INTRODUCTION

The Arc of Ouachita (dba ARCO) (the Arc) was established in 1954 to promote the general welfare of all persons with developmental disabilities within its service area which generally includes the Northeast portion of Louisiana. The programs are designed to assist and train clients to become independent citizens within the Arc's service area. The principal programs consist of vocational training, residential living.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis in conformity with Generally Accepted Accounting Principles (GAAP) and are presented as recommended by the Financial Accounting Standards Board (FASB) in ASC 958-205, *Not For Profit Entities-Presentation of Financial Statements*.

B. CHANGE IN ACCOUNTING PRINCIPLE

The Arc has adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contribution Received and Contribution Made. This provision clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2022. As a result, there was no cumulative-effect adjustment to opening net assets with donor restrictions or opening net assets with donor restrictions as of July 1, 2021. In comparison to the year ended June 30, 2021, there was no effect of adopting the new accounting principle to the Arc's financial statements.

C. CONTRIBUTIONS-CASH

In accordance with ASC 958-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as "net assets released from restrictions" in the statement of activities. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

D. CONTRIBUTIONS-NONCASH

Members, agencies, businesses, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Arc. No amounts have been recognized in the Statement of Activities for these contributions because the criteria for recognition under ASC 958-605 have not been satisfied. Other non-cash contributions of goods and services including rent have been recognized in the financial statements as revenue of the net assets without donor restrictions class unless explicit donor stipulations specify how the contributions must be used.

E. ACCOUNTS RECEIVABLE

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

F. ALLOCATION AND FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. The Arc records its expenses in several ways: direct, indirect and central office overhead (COO). Direct costs are the total costs of direct support where staff is paid for only that program. Indirect costs are of two types. Level I indirect costs are salary expenses of an employee whose activities are shared between more than one program in the same department. Level II indirect costs are salary expenses shared between more than one department. COO expenses represent the Supporting Services costs.

G. PROGRAMS

The Arc's principal programs, and primary funding sources are:

Supported Employment – This income is derived primarily from the Louisiana Department of Health through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational activities and supportive services. Also, some income is derived from the Louisiana Workforce Commission, Office of Louisiana Rehabilitative Services which specifically provides vocational training support to clients placed in jobs within the community.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

Day Habilitation (Community Ventures beginning in FY 2023) - provides meaningful non-workday activities to men and women and is funded by Medicaid's NOW and Supports Waivers as well.

Supported Work Contracts - Supported Work Contract's income is derived from document destruction services by one client.

Supported Living - Supported Living's primary income is derived from the Louisiana Department of Health. Medicaid NOW Waiver. This home and community-based program helps the individual clients become more independent by providing support and training in their personal residences within the community. State funds for those without Medicaid Waivers are provided by the Office for Citizens with Developmental Disabilities, and some individuals are private pay.

Mallard Home – Mallard Home’s income is derived from the Louisiana Department of Health. Intermediate Care Facility for the Developmentally Disabled (ICF/DD) Medicaid Program. Clients pay a pro-rata share of the costs based on their income. This program provides clients with a home environment within the community and helps them become more independent citizens.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health, United Way, grants, non-profit agencies, and charges for therapeutic services (private insurance). This program provides training and therapeutic services to disabled infants, ages 0-3 years. Additionally, ARCO serves a few children over the age of 3 years through private health insurance or private pay. Early Intervention program was closed in FY 2021.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. All donated property and equipment are recorded at fair market value on the date of the donation. The Arc capitalizes all property and equipment valued at \$1,000 or more and an estimated useful life of one year or more. Depreciation is computed on a straight-line basis over the useful lives of the property and equipment using the following estimated lives:

	<u>Years</u>
Buildings	15 - 30
Furniture and Equipment	3 - 10
Vehicles	5

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

I. COMPENSATED ABSENCES

The Arc's vacation policy provides for the carryover of vacation to the subsequent year under special circumstances, but that carryover is limited to a ceiling not to exceed 6 days. There was no vacation time to accrue for the years ended June 30, 2022 and 2021. Sick days may be accumulated to a maximum of 10 days; however, employees are not paid for any unused sick days upon termination and therefore an accrual for sick leave is not reflected in the financial statements.

J. TAX-EXEMPT STATUS

The Arc is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has no provision for Federal income taxes. Contributions to the Arc are tax deductible within the limitations prescribed by the Code. The Arc is subject to income tax examinations by the IRS and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Arc is subject to income tax examinations for the years ended June 30, 2015 and after.

K. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Arc considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

L. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

M. RECLASSIFICATIONS

Minor reclassifications have been made to the financial statements to make them comparable to the current year presentation.

Note 2 CASH

The Arc's (bank balance) at June 30, 2022, was \$1,181,304 of which \$509,169 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$672,135 is unsecured. The Arc has not experienced any losses due to unsecured cash balances and management does not believe it is exposed to significant risk.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

Note 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2022, all of the Arc's cash balance was available for general expenditure needs. The Arc has no policy to invest cash in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following:

	June 30,	
	2022	2021
Buildings and Improvements	\$ 624,804	\$ 624,804
Furniture and Equipment	179,472	186,622
Vehicles	341,947	418,937
Land	145,288	138,138
Less: Accumulated Depreciation	<u>(811,577)</u>	<u>(815,643)</u>
Net Property and Equipment	<u>\$ 479,934</u>	<u>\$ 552,858</u>

Included in vehicles above are six vehicles that were acquired through Federal grants along with 20% matching funds from the Arc. The Arc retains the use of these vehicles as long as they are kept, maintained and used for the Arc's designated purpose. These vehicles are not to be sold or disposed of either during their useful life (5 years or 100,000 miles) or without the state's permission; therefore, these vehicles net of related depreciation along with the related net assets are shown as donor restrictions within the financials.

Note 5 NOTES PAYABLE

In January 2014, the Arc borrowed \$300,000 for the purchase and modification of a building for Shred operations. The Arc refinanced the loan balance of \$257,704 in January 2016 which was due on January 25, 2021. This loan was extended till March 25, 2021. In April 2021, the Arc again refinanced the loan balance of \$186,581 which will have a fixed interest rate of 3.25% for the first 5 years and then will adjust annually beginning on year 6-10 at Wall Street Journal Prime + 1.00%. The monthly installment of the loan is \$1,917. The loan is secured by real estate and has a carrying value of \$166,468. The future maturity for this debt is as follows:

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

Year Ended June 30,	Principal
2023	\$ 17,857
2024	18,446
2025	18,818
2026	19,675
2027-2031	91,686
Total	<u>\$ 166,482</u>

A line of credit in the amount of \$100,000 was issued by Capital One Bank. It is secured by all funds on deposit with them and provides a variable simple interest rate to be adjusted monthly to one percent (1%) over the Wall Street Journal prime rate (3.25% fixed rate until April 2026) at June 30, 2022. There was no outstanding debt on this line of credit at June 30, 2022. The one-year line of credit is subject to automatic annual renewal in December of each year.

Note 6 DONOR RESTRICTED NET ASSETS

The following summarizes net assets that are donor restricted:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Accounts Receivable - United Way	\$ 38,298	\$ 33,009
Vehicles - DOTD	260,655	260,655
Less: Accumulated Depreciation	<u>(200,774)</u>	<u>(161,745)</u>
Total	<u>\$ 98,179</u>	<u>\$ 131,919</u>

Note 7 DISCLOSURES ABOUT CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

The Arc receives the majority of its revenue based on contracts with various Federal and state agencies. These contracts are subject to review by the respective agencies which could result in disallowed costs. Additionally, funding levels are subject to review on a periodic basis by the grantor agencies, which could result in changes in funding levels.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

Note 8 OPERATING LEASES

Total rent expense was \$106,469 and \$123,506 for the years ended June 30, 2022 and 2021, respectively. The Arc has several lease commitments. However, these leases are either on a month-to-month basis or contain “funding-out” clauses which allow the agreements to be cancelled.

Note 9 TAX DEFERRED ANNUITY PLAN

The Arc offers its employees a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees of the Arc. The Arc will match up to 3% of gross salaries of qualified employees who elect to participate in the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Arc contributed \$28,155 and \$41,813 on behalf of the participants for the years ended June 30, 2022 and 2021, respectively.

Note 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2023, the date the financial statements were available to be issued and determined that certain events occurred that require disclosure. The owned properties at 900 North 3rd Street and 2103 Tower Drive, both in Monroe, LA were sold for \$150,000 on July 28, 2022 and \$250,000 on August 12, 2022, respectively. Additionally, property at 3101 Mercedes Drive, Monroe, LA 71201 was purchased for \$900,000 Cash on September 14, 2022. Modifications and renovations are needed for this building which will be funded by a Line of Credit/Mortgage Loan from Cross Keys Bank.

SUPPLEMENTAL INFORMATION

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Financial Position
June 30, 2022 (Compiled)

Schedule 1

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Assets				
Cash	\$ 1,178,224	\$ -	\$ -	\$ -
Accounts receivable				
Intergovernmental	-	10,461	593	-
Services	3,397	-	-	15,341
Contributions	-	-	-	-
United Way	15,340	38,298	-	-
Other	-	-	-	-
Due from other funds	340,238	-	-	-
Property and equipment	509,419	149,139	135,541	338,143
Accumulated depreciation	(332,975)	(109,184)	(115,619)	(110,556)
Prepaid expenses	6,744	-	-	705
Other deposits	23,179	-	-	633
	<u>\$ 1,743,563</u>	<u>\$ 88,714</u>	<u>\$ 20,515</u>	<u>\$ 244,266</u>
Total assets				
Liabilities and net assets				
Current liabilities				
Receipt of Payment Protection Program Loan				
Accounts payable	\$ 15,925	\$ 2,749	\$ 52	\$ 791
Due to other funds	-	82,526	11,463	76,910
Accrued payroll and taxes	27,590	3,439	-	-
Deferred revenue	-	-	9,000	-
Current portion of long-term obligations	-	-	-	17,857
Current portion of Payroll Protection Program loan	-	-	-	-
Total current liabilities	<u>43,515</u>	<u>88,714</u>	<u>20,515</u>	<u>95,558</u>
Long-term liabilities				
Long-term obligations, net of current portion	-	-	-	148,708
Long term portion of Payroll Protection Program loan	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,708</u>
Total liabilities	<u>43,515</u>	<u>88,714</u>	<u>20,515</u>	<u>244,266</u>
Net assets				
Without donor restrictions	1,609,867	-	-	-
With donor restrictions	90,181	-	-	-
Total net assets	<u>1,700,048</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,743,563</u>	<u>\$ 88,714</u>	<u>\$ 20,515</u>	<u>\$ 244,266</u>
Total liabilities and net assets				

Continued

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Financial Position(Concluded)

June 30, 2022 (Compiled)

Schedule 1

	Program Services			
	Supported Living	Mallard Home	Early Intervention	Total All Funds
Assets				
Cash	\$ -	\$ 160	\$ -	\$ 1,178,384
Accounts receivable				
Intergovernmental	224,813	19,563	-	255,430
Services	4,449	2,689	-	25,876
Contributions	-	-	-	-
United Way	-	-	-	53,639
Other	-	-	-	-
Due from other funds	-	-	-	340,238
Property and equipment	34,486	118,490	6,293	1,291,511
Accumulated depreciation	(34,487)	(102,463)	(6,293)	(811,577)
Prepaid expenses	-	258	-	7,707
Other deposits	227	-	-	24,039
Total assets	\$ 229,488	\$ 38,697	\$ -	\$ 2,365,243
Liabilities and nets assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 18,560	\$ 11,293	\$ -	\$ 49,370
Due to other funds	146,570	22,769	-	340,238
Accrued payroll and taxes	64,358	4,635	-	100,022
Deferred revenue	-	-	-	9,000
Current portion of long-term obligations	-	-	-	17,857
Current portion of Payroll Protection Program loan	-	-	-	-
Total current liabilities	229,488	38,697	-	516,487
Long-term liabilities				
Long-term obligations, net of current portion	-	-	-	148,708
Long term portion of Payroll Protection Program loan	-	-	-	-
Total long-term liabilities	-	-	-	148,708
Total liabilities	229,488	38,697	-	665,195
Net assets				
Without donor restrictions	-	-	-	1,609,867
With donor restrictions	-	-	-	90,181
Total net assets	-	-	-	1,700,048
Total liabilities and net assets	\$ 229,488	\$ 38,697	\$ -	\$ 2,365,243

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Activities
For the Year Ended June 30, 2022 (Compiled)
With Comparative Totals for the Year Ended June 30, 2021 (Compiled)

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Support and Revenue				
Intergovernmental	\$ 62,932	\$ 70,971	\$ 143	\$ -
Charges For Services	-	-	-	171,219
Contributions and Grants	146,360	-	-	720
United Way Allocation	35,690	38,298	-	-
Membership Dues	55,997	-	-	-
Contributions and Net Revenues from Special Events	-	-	-	-
Contributions	12,853	-	-	-
Other Revenues	268	-	-	4,386
Total support and revenue	<u>314,100</u>	<u>109,269</u>	<u>143</u>	<u>176,325</u>
Expenses				
Depreciation and Amortization	4,503	17,457	23,618	15,761
Dues and Subscriptions	10,827	1,133	-	373
Food	2,356	357	-	53
Receipt of Payment Protection Program Loan	8,204	25,749	12,823	13,787
Interest	-	-	-	5,799
Licenses and Inspections	45	525	-	51
Maintenance	7,588	12,631	8,948	8,253
Medical	833	361	-	192
Miscellaneous	24,056	834	2	181
Office Supplies and Postage	5,371	994	-	144
Payroll Taxes	7,585	7,115	3	1,748
Pension	3,167	1,780	1	338
Professional Fees	6,174	1,760	3	5,932
Public Awareness	2,541	1,297	1,002	1,245
Rent	45,785	11,165	16	1,820
Salaries	109,168	95,118	37	23,973
Supplies	10,733	527	412	541
Telephone	2,510	7,108	1,440	4,676
Training	677	918	-	69
Transportation	-	7,170	-	95
Travel	338	338	-	52
Utilities	4,951	3,572	6,751	9,753
Total Expenses	<u>257,412</u>	<u>197,909</u>	<u>55,056</u>	<u>94,836</u>
Excess (Deficiency) of Revenues Over Expenses	56,688	(88,640)	(54,913)	81,489

Continued

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 2022 (Compiled)

With Comparative Totals for the Year Ended June 30, 2021 (Compiled)

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Other financing sources (uses)				
Operating Transfers In	-	88,640	54,913	-
Operating Transfers (Out)	<u>(8,185)</u>	<u>-</u>	<u>-</u>	<u>(81,489)</u>
Total Other Financing Sources (Uses)	<u>(8,185)</u>	<u>88,640</u>	<u>54,913</u>	<u>(81,489)</u>
Increase (Decrease) in Net Assets	48,503	-	-	-
Net Assets at Beginning of Year	<u>1,651,545</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Assets at End of Year	 <u>\$ 1,700,048</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Continued

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Activities (Concluded)
For the Year Ended June 30, 2022 (Compiled)
With Comparative Totals for the Year Ended June 30, 2021 (Compiled)

Schedule 2

	<u>Program Services</u>			<u>Total June 30,</u>	
	<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>2022 (Compiled)</u>	<u>2021 (Compiled)</u>
Support and Revenue					
Intergovernmental	\$ 2,668,543	\$ 271,534	\$ -	\$ 3,074,123	\$ 2,959,257
Charges For Services	20,239	43,260	-	234,718	318,998
Contributions and Grants	335	-	-	147,415	836,063
United Way Allocation	-	-	-	73,989	28,938
Membership Dues	-	-	-	55,997	23,275
Contributions and Net Revenues from Special Events					
Contributions	-	-	-	12,853	45,079
Other Revenues	10,583	-	-	15,237	5,865
Total support and revenue	<u>2,699,700</u>	<u>314,794</u>	<u>-</u>	<u>3,614,332</u>	<u>4,217,475</u>
Expenses					
Depreciation and Amortization	4,023	1,146	-	66,508	68,606
Dues and Subscriptions	13,900	1,245	-	27,478	29,319
Food	7,005	11,274	-	21,045	10,580
Insurance	105,240	20,717	-	186,520	210,751
Interest	-	-	-	5,799	8,059
Licenses and Inspections	475	873	-	1,969	3,102
Maintenance	81,886	7,969	-	127,275	107,168
Medical	15,327	5,270	-	21,983	21,903
Miscellaneous	22,844	27,743	-	75,660	55,620
Office Supplies and Postage	6,876	1,074	-	14,459	15,742
Payroll Taxes	156,809	12,924	-	186,184	200,485
Pension	21,126	1,743	-	28,155	41,813
Professional Fees	69,757	9,553	-	93,179	110,303
Public Awareness	28,865	1,849	-	36,799	35,961
Rent	43,932	3,752	-	106,470	123,506
Salaries	1,979,638	164,330	-	2,372,264	2,597,888
Supplies	7,222	8,671	-	28,106	19,081
Telephone	37,006	3,118	-	55,858	51,189
Training	19,872	730	-	22,266	13,370
Transportation	2,025	1,128	-	10,418	9,877
Travel	16,830	32	-	17,590	17,541
Utilities	22,862	11,954	-	59,843	69,755
Total Expenses	<u>2,663,520</u>	<u>297,095</u>	<u>-</u>	<u>3,565,828</u>	<u>3,821,619</u>
Excess (Deficiency) of Revenues Over Expenses	36,180	17,699	-	48,503	395,855

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities(Concluded)

For the Year Ended June 30, 2022 (Compiled)

With Comparative Totals for the Year Ended June 30, 2021 (Compiled)

Schedule 2

	Program Services			Total June 30,	
	Supported Living	Mallard Home	Early Intervention	2022 (Compiled)	2021 (Compiled)
Other financing sources (uses)					
Operating Transfers In	-	-	-	143,553	(298,167)
Operating Transfers (Out)	<u>(36,180)</u>	<u>(17,699)</u>	<u>-</u>	<u>(143,553)</u>	<u>298,167</u>
Total Other Financing Sources (Uses)	<u>(36,180)</u>	<u>(17,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	-	-	-	48,503	395,855
Net Assets at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651,545</u>	<u>1,255,690</u>
Net Assets at End of Year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,700,048</u></u>	\$ <u><u>1,651,545</u></u>

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

**Schedule of Compensation, Benefits and Other Payments to Agency Head or
Chief Executive Officer**

For the Year Ended June 30, 2022 (Compiled)

Schedule 3

Agency Head: Roma Kidd, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 71,479
Benefits - Retirement	\$ 2,084
Reimbursements	\$ 27
Conference	\$ 125

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Schedule of Findings

For the Year Ended June 30, 2022

We have compiled the financial statements of The Arc of Ouachita, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the basic financial statements and have issued our report thereon dated March 23, 2023.

2022-001 Late Submission of Financial Information to the Louisiana Legislative Auditor

Criteria or Specific Requirement

Louisiana Revised Statute 24:513 A(5)(a)(i) requires that financial information of agencies shall be completed within six months of the close of the entity's fiscal year. Information is required to be filed with the Louisiana Legislative Auditor within this time restriction.

Condition Found

The Arc's compilation for the year ended June 30, 2022 was not submitted to the Louisiana Legislative Auditor within six months of year end as required by law.

Cause

The Arc's financial information was not provided to the CPA firm in time to complete the report by the deadline.

Effect

The Arc is not in compliance with Louisiana Revised Statute 24:513A(5)(a)(i).

Recommendations to Prevent Future Occurrences

We recommend the Arc implement a corrective action plan with a timetable to ensure financial information is provided to the CPA firm in a timely manner.

Management's Response

Management is in the process of implementing a corrective action plan with a timetable to ensure financial information is provided to the CPA firm in a timely manner.