

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

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ACCOUNTANTS' COMPILATION REPORT

**The Board of Directors
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, 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 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 statement 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, 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated March 1, 2021. We have not performed any auditing procedures since that date.

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)
December 29, 2021

FINANCIAL STATEMENTS

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)			
Accounts payable	\$ 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
Current portion of Payroll Protection Program loan	-	-	-
Total current liabilities	177,176	-	177,176
Long-term liabilities			
Long-term obligations, net of current portion	166,482	-	166,482
Long term portion of Payroll Protection Program loan	-	-	-
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 accompanying notes are an integral part of these statements.

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Financial Position

	June 30, 2020 (Audited)		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Cash	\$ 1,304,237	\$ -	\$ 1,304,237
Accounts receivable			
Intergovernmental	191,588	-	191,588
Services	46,371	-	46,371
Contributions and grants	1,158	-	1,158
United Way	-	149,548	149,548
Other	-	-	-
Property and equipment	1,157,280	214,412	1,371,692
Accumulated depreciation	(688,392)	(123,104)	(811,496)
Prepaid expenses	3,793	-	3,793
Other deposits	24,449	-	24,449
Total assets	<u>\$ 2,040,484</u>	<u>\$ 240,856</u>	<u>\$ 2,281,340</u>
Liabilities and net assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 54,829	\$ -	\$ 54,829
Accrued payroll and taxes	103,196	-	103,196
Deferred revenue	19,081	-	19,081
Current portion of long-term obligations	195,944	-	195,944
Current portion of Payroll Protection Program loan	326,300	-	326,300
Total current liabilities	<u>699,350</u>	<u>-</u>	<u>699,350</u>
Long-term liabilities			
Long-term obligations, net of current portion	-	-	-
Long term portion of Payroll Protection Program loan	326,300	-	326,300
Total long-term liabilities	<u>326,300</u>	<u>-</u>	<u>326,300</u>
Total liabilities	<u>1,025,650</u>	<u>-</u>	<u>1,025,650</u>
Net Assets			
Without donor restrictions	1,014,834	-	1,014,834
With donor restrictions	-	240,856	240,856
Total net assets	<u>1,014,834</u>	<u>240,856</u>	<u>1,255,690</u>
Total liabilities and net assets	<u>\$ 2,040,484</u>	<u>\$ 240,856</u>	<u>\$ 2,281,340</u>

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Activities

For the Years Ended

June 30, 2021 (Compiled)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</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>\$ 1,519,627</u>	<u>\$ 131,919</u>	<u>\$ 1,651,546</u>

The accompanying notes are an integral part of these statements.

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Activities

For the Years Ended

June 30, 2020 (Audited)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Intergovernmental	\$ 3,375,708	\$ -	\$ 3,375,708
Charges for services	358,433	-	358,433
Contributions and grants	250,293	-	250,293
United Way allocation	-	160,216	160,216
Membership dues	33,664	-	33,664
Contributions and net revenue from Special events			
Contributions	18,149	-	18,149
Other revenues	4,449	-	4,449
Total	<u>4,040,696</u>	<u>160,216</u>	<u>4,200,912</u>
			-
Net assets released from restrictions	<u>210,023</u>	<u>(210,023)</u>	
Revenues, gains and other support	4,250,719	(49,807)	4,200,912
Expenses			
Program services			
Supported employment	509,522	-	509,522
Day habilitation	131,719	-	131,719
Supported work contracts	326,003	-	326,003
Supported living	2,101,443	-	2,101,443
Community home			
Mallard Home	235,084	-	235,084
Early Intervention	264,298	-	264,298
Total program services	<u>3,568,069</u>	<u>-</u>	<u>3,568,069</u>
Supporting services			
Management and general	554,050	-	554,050
Fundraising	90,406	-	90,406
Total supporting services	<u>644,456</u>	<u>-</u>	<u>644,456</u>
Total expenses	<u>4,212,525</u>	<u>-</u>	<u>4,212,525</u>
Increase (decrease) in net assets	38,194	(49,807)	(11,613)
Net assets at beginning of year	<u>976,640</u>	<u>290,663</u>	<u>1,267,303</u>
Net assets at end of year	<u>\$ 1,014,834</u>	<u>\$ 240,856</u>	<u>\$ 1,255,690</u>

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	<u>201,321</u>	<u>8,014</u>	<u>70,633</u>	<u>1,835,494</u>	<u>167,734</u>
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
Supplies	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	<u>271,254</u>	<u>32,768</u>	<u>196,323</u>	<u>2,086,074</u>	<u>260,011</u>
Depreciation of buildings and equipment	<u>11,772</u>	<u>28,862</u>	<u>16,378</u>	<u>1,965</u>	<u>978</u>
Total functional expenses	\$ <u>283,026</u>	\$ <u>61,630</u>	\$ <u>212,701</u>	\$ <u>2,088,039</u>	\$ <u>260,989</u>

The accompanying notes are an integral part of these statements.

Continued

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	\$ 98,445	\$ 366,840	\$ 2,597,888
Payroll taxes	10,186	173,588	20,150	6,747	26,897	200,485
Pension	4,109	32,409	6,670	2,734	9,404	41,813
Total salaries and related expenses	153,849	2,437,045	295,215	107,926	403,141	2,840,186
Dues and subscriptions	1,320	12,901	16,381	37	16,418	29,319
Food	-	8,559	1,498	523	2,021	10,580
Insurance	8,328	172,529	34,075	4,147	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	226,959	3,073,389	532,909	146,715	679,624	3,753,013
Depreciation of buildings and equipment	10	59,965	8,478	163	8,641	68,606
Total functional expenses	\$ 226,969	\$ 3,133,354	\$ 541,387	\$ 146,878	\$ 688,265	\$ 3,821,619

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2020 (Audited)

	Program Services				
	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supported Work Contracts</u>	<u>Supported Living</u>	<u>Mallard Home</u>
Salaries	\$ 350,438	\$ 56,967	\$ 135,284	\$ 1,660,365	\$ 131,335
Payroll taxes	27,075	4,540	6,511	131,027	10,232
Pension	<u>3,073</u>	<u>778</u>	<u>1,077</u>	<u>22,042</u>	<u>1,631</u>
Total salaries and related expenses	380,586	62,285	142,872	1,813,434	143,198
Dues and subscriptions	762	70	1,054	339	37
Food	810	421	415	3,067	9,729
Insurance	37,848	12,945	26,329	89,856	16,269
Interest	-	-	9,422	-	-
Licenses and inspections	502	-	88	435	856
Maintenance	20,476	7,822	31,631	38,309	3,850
Medical	2,857	442	983	15,405	4,204
Miscellaneous	3,270	556	12,263	4,475	25,332
Office supplies and postage	1,863	203	513	5,836	429
Professional fees	2,895	499	304	12,033	5,213
Public awareness	1,536	745	2,442	9,016	315
Rent	9,448	1,240	23,693	17,722	1,519
Supplies	1,138	1,745	12,057	5,480	3,447
Telephone	6,890	2,547	6,979	27,907	2,986
Training	1,032	9	892	13,493	6,484
Transportation	10,272	4,383	5,278	2,318	1,074
Travel	5,337	282	887	31,342	91
Utilities	<u>2,746</u>	<u>6,328</u>	<u>27,359</u>	<u>8,677</u>	<u>9,061</u>
Total	490,268	102,522	305,461	2,099,144	234,094
Depreciation of buildings and equipment	<u>19,254</u>	<u>29,197</u>	<u>20,542</u>	<u>2,299</u>	<u>990</u>
Total functional expenses	\$ <u>509,522</u>	\$ <u>131,719</u>	\$ <u>326,003</u>	\$ <u>2,101,443</u>	\$ <u>235,084</u>

The accompanying notes are an integral part of these statements.

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2020 (Audited)

	Program Services		Supporting Services			
	Early Intervention	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	\$ 163,708	\$ 2,498,097	\$ 253,211	\$ 63,003	\$ 316,214	\$ 2,814,311
Payroll taxes	12,158	191,543	17,922	4,861	22,783	214,326
Pension	4,832	33,433	7,063	1,140	8,203	41,636
Total salaries and related expenses	180,698	2,723,073	278,196	69,004	347,200	3,070,273
Dues and subscriptions	662	2,924	14,772	37	14,809	17,733
Food	39	14,481	4,851	-	4,851	19,332
Insurance	6,706	189,953	29,222	1,126	30,348	220,301
Interest	-	9,422	-	-	-	9,422
Licenses and inspections	1	1,882	37	-	37	1,919
Maintenance	2,831	104,919	22,906	4,110	27,016	131,935
Medical	187	24,078	2,337	141	2,478	26,556
Miscellaneous	5	45,901	65,193	345	65,538	111,439
Office supplies and postage	1,466	10,310	5,025	3,852	8,877	19,187
Professional fees	5,671	26,615	59,109	55	59,164	85,779
Public awareness	1,471	15,525	23,939	1,111	25,050	40,575
Rent	52,031	105,653	18,972	5,875	24,847	130,500
Supplies	579	24,446	2,236	643	2,879	27,325
Telephone	2,989	50,298	3,849	3,423	7,272	57,570
Training	2,359	24,269	448	346	794	25,063
Transportation	-	23,325	-	-	-	23,325
Travel	4,665	42,604	639	150	789	43,393
Utilities	1,926	56,097	14,604	-	14,604	70,701
Total	264,286	3,495,775	546,335	90,218	636,553	1,062,055
Depreciation of buildings and equipment	12	72,294	7,715	188	7,903	80,197
Total functional expenses	\$ 264,298	\$ 3,568,069	\$ 554,050	\$ 90,406	\$ 644,456	\$ 4,212,525

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Cash Flows

	For the Years Ended June 30,	
	2021 (Compiled)	2020 (Audited)
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 395,856	\$ (11,613)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Non cash contribution of property and equipment	-	(1,344)
Depreciation	68,606	80,197
Changes in assets and liabilities		
Accounts receivable	184,499	98,699
Other assets	1,146	1,659
Accounts payable and accrued expenses	(3,460)	44,942
Deferred revenue	(13,757)	585
Total Adjustments	237,034	224,738
Net cash provided (used) by operating activities	632,890	213,125
Cash flows from investing activities		
Purchases of property and equipment	(61,267)	(1,769)
Proceeds from sales of property and equipment	-	-
Net cash provided (used) by investing activities	(61,267)	(1,769)
Cash flows from financing activities		
Payments on notes payable	(12,175)	(19,367)
Receipt of Payment Protection Program Loan	(652,600)	652,600
Net cash provided (used) by financing activities	(664,775)	633,233
Net increase (decrease) in cash	(93,152)	844,589
Cash at beginning of year	1,304,237	459,648
Cash at end of year	\$ 1,211,085	\$ 1,304,237
Supplemental disclosures		
Cash paid for interest	\$ 8,059	\$ 9,422
Non-cash investing & operating activities		
Revenue and expense of non-cash contribution	\$ 47,756	\$ 95,543

The accompanying notes are an integral part of these statements.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

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 and early intervention.

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 Contributions Received and Contributions Made. This provision clarifies and improves guidance for contributions received and contribution 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 non-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2021. 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, 2020. In comparison to the year ended June 30, 2020, 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.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

D. CONTRIBUTIONS-NONCASH

Members, agencies, businesses, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Arc. In addition, substantial goods are donated to the Arc's store. 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 and Hospitals through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational and prevocational 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.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

Day Habilitation - 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 cleaning and document destruction services by clients and the operations of the Sassy Kats clothing store.

Supported Living - Supported Living's primary income is derived from the Louisiana Department of Health and Hospitals 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 and Hospitals 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. Typically, clients in Mallard Home are trained also in the Supported Employment program.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, 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.

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

ARC OF OUACHITA (DBA ARCO)

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Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

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 10 days. There was no vacation time to accrue for the years ended June 30, 2021 and 2020. 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, 2014 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, 2021, was \$1,220,840 of which \$509,169 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$711,671 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.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

Note 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2021, all of the Arc's \$1,211,085 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,	
	2021	2020
Buildings and Improvements	\$ 624,804	\$ 619,354
Furniture and Equipment	186,622	187,570
Vehicles	418,937	426,630
Land	138,138	138,138
Less: Accumulated Depreciation	<u>(815,643)</u>	<u>(811,496)</u>
Net Property and Equipment	<u>\$ 552,858</u>	<u>\$ 560,196</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 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 \$183,769. The future maturity for this debt is as follows:

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

Year Ended June 30,	Principal
2022	\$ 17,287
2023	17,857
2024	18,446
2025	18,818
2026	19,675
2027-2031	91,686
Total	<u>\$ 183,769</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%) at June 30, 2021. There was no outstanding debt on this line of credit at June 30, 2021. The one-year line of credit is subject to automatic annual renewal in December of each year.

Note 6 PAYCHECK PROTECTION PROGRAM

In April 2020, the Arc of Ouachita, was granted an unsecured loan (the “Loan”) from Cross Keys Bank, in the aggregate amount of \$652,600, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan bears an interest rate of 1% and has a maturity of two years. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On December 16, 2020, Cross Keys Bank approved ARCO’s PPP Forgiveness application in full and was sent to the SBA for their approval within 90 days of submission. ARCO has met the payroll and expense requirements that are eligible for the Loan to be forgiven.

On December 22, 2020, the Small Business Administration forgave ARCO’s PPP payment of \$625,600 in principal and \$4,568 in interest.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

Note 7 DONOR RESTRICTED NET ASSETS

The following summarizes net assets that are donor restricted:

	June 30,	
	<u>2021</u>	<u>2020</u>
Accounts Receivable - United Way	\$ 33,009	\$ 149,548
Vehicles - DOTD	260,655	214,412
Less: Accumulated Depreciation	<u>(161,745)</u>	<u>(123,104)</u>
Total	<u>\$ 131,919</u>	<u>\$ 240,856</u>

Note 8 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.

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. This has caused the Arc's traveling and hiring to be limited during the fiscal year. However, relief monies have become available to the Arc and its clients with the longevity of the virus. At this point, we cannot reasonably estimate the duration and severity of this pandemic. The outbreak presents uncertainty and risk with respect to the Arc, its performance relating to client care and its financial results. Due to the necessity of the services that the Arc provides along with the Arc's continuous care for the clients, the Arc has not identified a need for an adjustment as of the date of this report.

Note 9 OPERATING LEASES

Total rent expense was \$123,506 and \$130,500 for the years ended June 30, 2021 and 2020, 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 10 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 full-time employees of the Arc. The

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2021 (Compiled) and 2020 (Audited)

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 \$41,813 and \$41,636 on behalf of the participants for the years ended June 30, 2021 and 2020, respectively.

Note 11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2021, the date the financial statements were available to be issued and determined that no events occurred that require disclosure.

SUPPLEMENTAL INFORMATION

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Financial Position
June 30, 2021 (Compiled)

	Schedule 1			
	Supporting Services	Supported Employment	Program Services	
			Day Habilitation	Supportive Work Contracts
Assets				
Cash	\$ 1,210,925	\$ -	\$ -	\$ -
Accounts receivable				
Intergovernmental	-	5,949	593	-
Services	41	-	-	39,836
Contributions	-	-	-	-
United Way	-	12,756	-	-
Other	2,982	-	-	-
Due from other funds	283,532	-	-	-
Property and equipment	509,419	149,139	135,541	406,297
Accumulated depreciation	(322,147)	(92,023)	(93,751)	(156,571)
Prepaid expenses	877	-	-	1,951
Other deposits	23,179	-	-	633
Total assets	\$ 1,708,808	\$ 75,821	\$ 42,383	\$ 292,146
Liabilities and net assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 22,594	\$ -	\$ -	\$ 1,557
Due to other funds	-	72,585	42,383	105,636
Accrued payroll and taxes	34,668	3,236	-	1,184
Deferred revenue	-	-	-	-
Current portion of long-term obligations	-	-	-	17,287
Current portion of Payroll Protection Program loan	-	-	-	-
Total current liabilities	57,262	75,821	42,383	125,664
Long-term liabilities				
Long-term obligations, net of current portion	-	-	-	166,482
Long term portion of Payroll Protection Program loan	-	-	-	-
Total long-term liabilities	-	-	-	166,482
Total liabilities	57,262	75,821	42,383	292,146
Net assets				
Without donor restrictions	1,519,627	-	-	-
With donor restrictions	131,919	-	-	-
Total net assets	1,651,546	-	-	-
Total liabilities and net assets	\$ 1,708,808	\$ 75,821	\$ 42,383	\$ 292,146

Continued

ARC OF OUACHITA (dba ARCO)
 Monroe, Louisiana

Combining Schedule of Financial Position(Concluded)
 June 30, 2021 (Compiled)

	Schedule 1			
	Program Services			
	<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>Total All Funds</u>
Assets				
Cash	\$ -	\$ 160	\$ -	\$ 1,211,085
Accounts receivable				
Intergovernmental	113,739	-	1,098	121,379
Services	3,735	2,689	-	46,301
Contributions	-	-	494	494
United Way	-	-	20,253	33,009
Other	-	-	-	2,982
Due from other funds	-	-	-	283,532
Property and equipment	43,322	118,490	6,293	1,368,501
Accumulated depreciation	(43,323)	(101,535)	(6,293)	(815,643)
Prepaid expenses	-	229	-	3,057
Other deposits	227	-	-	24,039
Total assets	<u>\$ 117,700</u>	<u>\$ 20,033</u>	<u>\$ 21,845</u>	<u>\$ 2,278,736</u>
Liabilities and nets assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 2,183	\$ 22,066	\$ 128	\$ 48,528
Due to other funds	56,722	(6,982)	13,188	283,532
Accrued payroll and taxes	58,795	4,949	3,205	106,037
Deferred revenue	-	-	5,324	5,324
Current portion of long-term obligations	-	-	-	17,287
Current portion of Payroll Protection Program loan	-	-	-	-
Total current liabilities	<u>117,700</u>	<u>20,033</u>	<u>21,845</u>	<u>460,708</u>
Long-term liabilities				-
Long-term obligations, net of current portion	-	-	-	166,482
Long term portion of Payroll Protection Program loan	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,482</u>
Total liabilities	<u>117,700</u>	<u>20,033</u>	<u>21,845</u>	<u>627,190</u>
Net assets				
Without donor restrictions	-	-	-	1,519,627
With donor restrictions	-	-	-	131,919
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651,546</u>
Total liabilities and net assets	<u>\$ 117,700</u>	<u>\$ 20,033</u>	<u>\$ 21,845</u>	<u>\$ 2,278,736</u>

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 2021 (Compiled)

With Comparative Totals for the Year Ended June 30, 2020 (Audited)

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Support and Revenue				
Intergovernmental	\$ 64,550	\$ 97,090	\$ 21,806	\$ 262
Charges For Services	-	-	-	270,128
Contributions and Grants	745,583	42,369	-	4,449
United Way Allocation	-	12,756	-	-
Membership Dues	23,275	-	-	-
Contributions and Net Revenues from Special Events	-	-	-	-
Contributions	45,079	-	-	-
Other Revenues	3,845	1,000	-	-
Total support and revenue	882,332	153,215	21,806	274,839
Expenses				
Depreciation and Amortization	4,571	12,183	28,878	16,517
Dues and Subscriptions	11,318	2,173	114	836
Food	1,797	204	2	52
Insurance	6,616	32,510	11,471	22,051
Interest	-	-	-	8,059
Licenses and Inspections	40	826	59	161
Maintenance	5,100	14,445	4,192	22,468
Medical	1,418	1,293	10	1,007
Miscellaneous	13,395	1,093	32	7,826
Office Supplies and Postage	4,936	1,152	46	340
Payroll Taxes	7,596	16,048	687	5,419
Pension	3,014	2,480	91	663
Professional Fees	6,082	6,641	287	5,621
Public Awareness	6,160	2,456	292	4,180
Rent	7,161	10,119	295	20,353
Salaries	109,764	211,387	8,412	73,735
Supplies	5,091	683	375	3,137
Telephone	1,865	6,008	2,168	6,413
Training	655	951	-	45
Transportation	4	5,009	266	3,355
Travel	215	798	1	124
Utilities	3,957	3,850	5,979	26,280
Total Expenses	200,755	332,309	63,657	228,642
Excess (Deficiency) of Revenues Over Expenses	681,577	(179,094)	(41,851)	46,197

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities (Concluded)
 For the Year Ended June 30, 2021 (Compiled)
 With Comparative Totals for the Year Ended June 30, 2020 (Audited)

	Schedule 2			Total June 30,	
	Program Services				
	Supported Living	Mallard Home	Early Intervention	2021 (Compiled)	2020 (Audited)
Support and Revenue					
Intergovernmental	\$ 2,469,880	\$ 261,247	\$ 44,422	\$ 2,959,257	\$ 3,375,708
Charges For Services	7,523	41,347	-	318,998	358,433
Contributions and Grants	-	50	43,612	836,063	250,293
United Way Allocation	-	-	16,182	28,938	160,216
Membership Dues	-	-	-	23,275	33,664
Contributions and Net Revenues from Special Events					
Contributions	-	-	-	45,079	18,149
Other Revenues	1,000	-	20	5,865	4,450
Total support and revenue	2,478,403	302,644	104,236	4,217,475	4,200,913
Expenses					
Depreciation and Amortization	4,943	1,258	256	68,606	80,197
Dues and Subscriptions	12,086	1,176	1,616	29,319	17,733
Food	1,287	7,221	17	10,580	19,332
Insurance	107,129	20,655	10,319	210,751	220,301
Interest	-	-	-	8,059	9,422
Licenses and Inspections	429	1,587	-	3,102	1,919
Maintenance	50,231	7,079	3,653	107,168	131,935
Medical	11,178	6,929	68	21,903	26,556
Miscellaneous	5,852	27,188	234	55,620	111,439
Office Supplies and Postage	8,053	712	503	15,742	19,187
Payroll Taxes	145,947	13,412	11,376	200,485	214,326
Pension	29,451	1,606	4,508	41,813	41,636
Professional Fees	78,171	8,607	4,894	110,303	85,779
Public Awareness	19,007	1,538	2,328	35,961	40,575
Rent	29,644	2,590	53,344	123,506	130,500
Salaries	1,866,872	172,191	155,527	2,597,888	2,814,311
Supplies	3,930	5,722	143	19,081	27,325
Telephone	27,978	3,054	3,703	51,189	57,570
Training	10,302	1,074	343	13,370	25,063
Transportation	717	526	-	9,877	23,325
Travel	14,434	25	1,944	17,541	43,393
Utilities	16,677	10,394	2,618	69,755	70,701
Total Expenses	2,444,318	294,544	257,394	3,821,619	4,212,525
Excess (Deficiency) of Revenues Over Expenses	34,085	8,100	(153,158)	395,856	(11,613)

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 2021 (Compiled)

With Comparative Totals for the Year Ended June 30, 2020 (Audited)

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Other financing sources (uses)				
Operating Transfers In	-	179,094	41,851	(46,197)
Operating Transfers (Out)	(285,721)	-	-	-
Total Other Financing Sources (Uses)	(285,721)	179,094	41,851	(46,197)
Increase (Decrease) in Net Assets	395,856	-	-	-
Net Assets at Beginning of Year	1,255,690	-	-	-
 Net Assets at End of Year	\$ 1,651,546	\$ -	\$ -	\$ -

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities(Concluded)

For the Year Ended June 30, 2021 (Compiled)

With Comparative Totals for the Year Ended June 30, 2020 (Audited)

Schedule 2

	Program Services			Total June 30,	
	Supported Living	Mallard Home	Early Intervention	2021	2020
Other financing sources (uses)					
Operating Transfers In	(34,085)	(8,100)	153,158	285,721	251,364
Operating Transfers (Out)	-	-	-	(285,721)	(251,362)
Total Other Financing Sources (Uses)	<u>(34,085)</u>	<u>(8,100)</u>	<u>153,158</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	-	-	-	395,856	(11,613)
Net Assets at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255,690</u>	<u>1,267,303</u>
Net Assets at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,651,546</u>	\$ <u>1,255,690</u>

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, 2021 (Compiled)

Schedule 3

Agency Head: Roma Kidd, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 64,817
Benefits - Retirement	\$ 1,947
Reimbursements	\$ 8
Conference	\$ 30