THE ARC OF ACADIANA, INC.

Financial Statements

Years Ended June 30, 2024 (Audited)
and 2023 (Reviewed)

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
The Arc of Acadiana, Inc.
New Iberia, Louisiana

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of The Arc of Acadiana, Inc. (the Arc) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Arc as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Arc 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.

Report on 2023 Financial Statements
The financial statements of the Arc, as of and for the year ended June 30, 2023, were reviewed by us and our report thereon, dated December 11, 2023, stated that, based on our procedures, we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Arc's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to the agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the Arc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Arc'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's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 12, 2024

THE ARC OF ACADIANA, INC.
Statements of Financial Position
June 30, 2024 (Audited) and 2023 (Reviewed)

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents - Unrestricted	**$ 12,584,206**	$ 14,458,312
Investments	**22,340,179**	17,559,155
Receivables	**136,219**	146,989
Due from Other Agencies, Net	**1,912,681**	1,805,237
Prepaid Expenses	**107,843**	241,572
Other Current Assets	**18,419**	134,765
Total Current Assets	**37,099,547**	34,346,030
Fixed Assets		
Property and Equipment, Net	**20,007,727**	18,364,368
Total Fixed Assets	**20,007,727**	18,364,368
Other Assets		
Cash Held for Others	**158,692**	199,927
Assets Held for Sale	**24,442**	192,966
Total Other Assets	**183,134**	392,893
Total Assets	**$ 57,290,408**	$ 53,103,291

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

THE ARC OF ACADIANA, INC.
Statements of Financial Position (Continued)
June 30, 2024 (Audited) and 2023 (Reviewed)

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 357,335	$ 436,527
Accrued Liabilities	1,085,195	930,779
Accrued Compensated Absences	536,540	486,236
Due to Other Agencies	922,254	637,043
Total Current Liabilities	2,901,324	2,490,585
Other Liabilities		
Deposits Held for Others	158,692	199,927
Total Other Liabilities	158,692	199,927
Total Liabilities	3,060,016	2,690,512
Net Assets		
Without Donor Restrictions	53,591,580	50,348,139
With Donor Restrictions	638,812	64,640
Total Net Assets	54,230,392	50,412,779
Total Liabilities and Net Assets	$ 57,290,408	$ 53,103,291

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

THE ARC OF ACADIANA, INC.
Statement of Activities
For the Year Ended June 30, 2024 (Audited)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Program Revenue	$ 30,436,504	$ -	$ 30,436,504
Contributions	23,628	-	23,628
Contributions, In-Kind	1,094,944	725,441	1,820,385
Investment Return, Net	1,385,896	-	1,385,896
Miscellaneous Revenue	51,009	-	51,009
Membership Revenue	12,433	-	12,433
	33,004,414	725,441	33,729,855
Net Assets Released from Restrictions			
Expiration of Time Restrictions	151,269	(151,269)	-
Total Revenues, Gains, and Other Support	33,155,683	574,172	33,729,855
Expenses and Losses			
Program Expenses			
Community Services	12,424,298	-	12,424,298
Employment Services	6,288,569	-	6,288,569
Residential Services	8,918,486	-	8,918,486
Supporting Expenses			
General and Administrative	2,303,385	-	2,303,385
Total Expenses	29,934,738	-	29,934,738
Gain on Sale of Property and Equipment, Net	(22,496)	-	(22,496)
Total Expenses and Losses	29,912,242	-	29,912,242
Change in Net Assets	3,243,441	574,172	3,817,613
Net Assets, Beginning of Year	50,348,139	64,640	50,412,779
Net Assets, End of Year	$ 53,591,580	$ 638,812	$ 54,230,392

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

THE ARC OF ACADIANA, INC.
Statement of Activities
For the Year Ended June 30, 2023 (Reviewed)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Program Revenue	$ 28,467,837	$ -	$ 28,467,837
Contributions	25,921	-	25,921
Contributions, In-Kind	1,091,391	-	1,091,391
Investment Return, Net	579,742	-	579,742
Miscellaneous Revenue	32,865	-	32,865
Membership Revenue	12,035	-	12,035
	30,209,791	-	30,209,791
Net Assets Released from Restrictions			
Expiration of Time Restrictions	135,576	(135,576)	-
Total Revenues, Gains, and Other Support	30,345,367	(135,576)	30,209,791
Expenses and Losses			
Program Expenses			
Community Services	9,970,876	-	9,970,876
Employment Services	5,767,614	-	5,767,614
Residential Services	8,381,444	-	8,381,444
Supporting Expenses			
General and Administrative	2,520,371	-	2,520,371
Total Expenses	26,640,305	-	26,640,305
Gain on Sale of Property and Equipment, Net	(73,318)	-	(73,318)
Total Expenses and Losses	26,566,987	-	26,566,987
Change in Net Assets	3,778,380	(135,576)	3,642,804
Net Assets, Beginning of Year	46,569,759	200,216	46,769,975
Net Assets, End of Year	$ 50,348,139	$ 64,640	$ 50,412,779

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

THE ARC OF ACADIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024 (Audited)

	Program Services			Supporting Services	
	Community Services	Employment Services	Residential Services	General and Administrative	Total
Advertising	$ -	$ 813	$ -	$ 717	$ 1,530
Assistance Payments	-	22	-	-	22
Bed Fees	-	-	588,134	-	588,134
Clothing	-	-	11,957	-	11,957
Cost of Sales	-	1,092,506	-	-	1,092,506
Data Processing	77,782	42,096	23,603	3,792	147,273
Depreciation	30,532	587,820	194,649	92,976	905,977
Dietary	4,663	6,647	382,166	5,777	399,253
Drugs and Drug Screening	-	143	27,778	-	27,921
Dues and Subscriptions	651	600	1,013	34,744	37,008
Employee Benefits	278,511	91,419	167,195	85,978	623,103
Gifts and Rememberances	38	202	1,405	2,175	3,820
Insurance	112,418	603,025	368,309	74,535	1,158,287
Interest and Late Fees	121	1,413	94	40	1,668
Laundry and Linen	-	221	14,294	-	14,515
Licenses	800	2,233	8,637	-	11,670
Medical Services	1,399	305	56,640	-	58,344
Medical Supplies	3,002	3,630	176,928	-	183,560
Miscellaneous	4,058	8,006	2,976	15,284	30,324
Office Supplies	17,447	14,412	26,742	32,996	91,597
Payroll Taxes	826,886	207,040	332,766	94,708	1,461,400
Professional Fees	72,914	35,955	1,153,199	106,160	1,368,228
Purchase of Assets < $5,000	741	15,565	25,474	3,940	45,720
Recruitment	34,453	1,059	26,264	3,219	64,995
Rent	-	68,880	-	-	68,880
Repairs and Maintenance	21,098	158,715	225,770	22,759	428,342
Salaries and Wages	10,853,090	2,720,964	4,501,468	1,638,709	19,714,231
Supplies	2,123	72,452	99,245	7,151	180,971
Taxes and Fees	1,513	343	249	10,400	12,505
Telephone	11,357	27,339	43,359	28,001	110,056
Training	27,614	5,530	6,594	1,809	41,547
Transportation	13,743	352,511	63,977	7,386	437,617
Travel	19,007	15,107	31,307	9,674	75,095
Utilities	8,337	151,596	356,294	20,455	536,682
Total	$ 12,424,298	$ 6,288,569	$ 8,918,486	$ 2,303,385	$ 29,934,738

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

THE ARC OF ACADIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023 (Reviewed)

	Program Services			Supporting Services	
	Community Services	Employment Services	Residential Services	General and Administrative	Total
Advertising	$ 304	$ 3,123	$ 250	$ 690	$ 4,367
Assistance Payments	639	14	-	-	653
Bed Fees	-	-	599,345	-	599,345
Clothing	-	-	8,174	-	8,174
Cost of Sales	-	1,089,941	-	-	1,089,941
Data Processing	69,728	38,465	22,578	3,194	133,965
Depreciation	13,644	544,989	238,756	102,786	900,175
Dietary	2,796	6,036	359,542	8,115	376,489
Drugs and Drug Screening	-	467	30,655	-	31,122
Dues and Subscriptions	726	1,317	700	37,672	40,415
Employee Benefits	226,614	73,817	153,066	79,996	533,493
Gifts and Rememberances	470	665	422	203,941	205,498
Insurance	171,791	600,935	372,712	101,084	1,246,522
Interest and Late Fees	224	563	2,025	503	3,315
Laundry and Linen	-	517	17,289	-	17,806
Lease Equipment	-	-	435	-	435
Licenses	800	2,210	7,204	-	10,214
Medical Services	1,925	548	52,749	-	55,222
Medical Supplies	2,596	3,820	175,053	-	181,469
Miscellaneous	3,926	22,436	3,034	20,425	49,821
Office Supplies	9,817	18,299	26,913	22,362	77,391
Payroll Taxes	669,196	177,322	317,453	94,340	1,258,311
Professional Fees	63,285	29,698	893,720	88,499	1,075,202
Purchase of Assets < $5,000	2,933	7,933	46,596	6,706	64,168
Recruitment	6,328	462	13,197	24,674	44,661
Rent	-	75,610	-	-	75,610
Repairs and Maintenance	16,559	177,485	213,873	18,681	426,598
Salaries and Wages	8,634,948	2,331,181	4,237,740	1,626,281	16,830,150
Supplies	2,871	48,551	94,195	3,052	148,669
Taxes and Fees	1,478	1,756	926	8,379	12,539
Telephone	9,526	26,577	42,155	27,173	105,431
Training	25,246	5,058	6,837	618	37,759
Transportation	8,380	300,980	73,355	11,104	393,819
Travel	13,439	5,493	19,679	9,232	47,843
Utilities	10,687	171,346	350,816	20,864	553,713
Total	$ 9,970,876	$ 5,767,614	$ 8,381,444	$ 2,520,371	$ 26,640,305

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

THE ARC OF ACADIANA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2024 (Audited) and 2023 (Reviewed)

	2024	2023
Cash Flows from Operating Activities		
Changes in Net Assets	$ 3,817,613	$ 3,642,804
Adjustments to Reconcile Changes in Net Assets		
to Net Cash Provided by Operating Activities		
Depreciation and Amortization	905,977	900,175
Realized and Unrealized Gain on Investments, Net	(787,268)	(246,690)
Donated Property	-	200,000
Loss (Gain) on Sale of Property and Equipment, Net	25,125	(73,318)
Gain on Sale of Assets Held for Sale	(47,621)	-
Donated Property and Equipment	(725,441)	-
(Increase) Decrease in Assets		
Receivables	10,770	15,649
Due from Other Agencies	(107,444)	478,255
Prepaid Expenses	133,729	(23,556)
Other Current Assets	116,346	(99,206)
Increase (Decrease) in Liabilities		
Accounts Payable	(79,192)	8,187
Accrued Liabilities	154,416	78,831
Accrued Compensated Absences	50,304	356
Due to Other Agencies	285,211	637,043
Deposits Held for Others and Other Liabilities	(41,235)	10,571
Net Cash Provided by Operating Activities	3,711,290	5,529,101
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(1,889,966)	(1,326,565)
Proceeds from Sale of Property and Equipment	40,946	80,652
Proceeds from Sale of Assets Held for Sale	216,145	-
Purchase of Investments	(9,314,753)	(10,795,000)
Proceeds from Sale of Investments	5,320,997	-
Net Cash Used in Investing Activities	(5,626,631)	(12,040,913)
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(1,915,341)	(6,511,812)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	14,658,239	21,170,051
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 12,742,898	$ 14,658,239
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	$ 11	$ 331
Supplemental Schedule of Non-Cash Investing Activities		
Transfer of Land from Property and Equipment to Assets Held for Sale	$ -	$ 168,524

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

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The accompanying basic financial statements include the accounts of The Arc of Acadiana, Inc. (the Arc), a Louisiana nonprofit corporation originally charted in August 1954. The Arc's purpose is to promote the general welfare of developmentally disabled physically handicapped and incapacitated citizens in the Acadiana area and to aid their parents and families. The following is a description of the various programs:

Community Services

The programs listed below are consolidated into one program. These programs operate in New Iberia, Lafayette, Rayne, Vermilion and Opelousas, Louisiana.

Independent Living - The Arc supervises adults who are developmentally disabled that live in their own home or apartment.

Personal Care Assistance (PCA) and Individual Family Support (IFS) - The PCA and IFS programs provide the services to the Independent Living program on more of a "one-on-one" basis. These programs are administered completely out of the clients' homes.

Employment Services

Employment Services is a day program for citizens of the community who are developmentally disabled. The day program operates in Iberia, Lafayette, St. Landry, and Vermilion Parishes. Employment Services also operates several used clothing stores with locations in New Iberia, Lafayette, Eunice, Abbeville, and Opelousas, Louisiana as well as provides various services such as janitorial and lawn care. Sales from these stores and services account for approximately 4% of program revenue for each of the years ended June 30, 2024 and 2023.

Residential Services

Residential Services provides homes in Iberia, Lafayette, Acadia, and Bossier Parishes for adults who are developmentally disabled.

Operating Fund

The operating fund is used to account for all general and administrative expenses of the Arc.

Basis of Accounting

The accompanying basic financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and liabilities.

Basis of Presentation

Financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Arc is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor- or grantor-imposed time and/or purpose restrictions. Contributions with donor restrictions are reported as revenues with donor restrictions. Once funds are expended for their restricted purpose, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2024 and 2023, there was $638,812 and $64,640, respectively, of net assets with donor restrictions.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Arc considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. See Note 9 for further information regarding the cash held for others.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported on the statements of financial position that sum to the total of such amounts reported on the statements of cash flows at June 30:

	2024	2023
Cash and Cash Equivalents - Unrestricted	**$ 12,584,206**	$ 14,458,312
Cash Held for Others	**158,692**	199,927
Total	**$ 12,742,898**	$ 14,658,239

Investments

Investments in certificates of deposit and money market funds are presented in the financial statements at cost which approximates fair market value. Investments in equity securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses, interest and dividends, and investment expenses are reported net of investment fees in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

It is the Arc's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management believes use of this method does not result in a material difference from the valuation method required by accepted principles generally accepted in the United States of America (U.S. GAAP). As of July 1, 2023, in accordance with the new credit loss standard (see *Recent Accounting Pronouncements - Adopted*) management determines the necessity and amount of allowance for credit losses for trade receivables based on historical experience, current economic conditions, and certain forward-looking information. Account balances are written-off against the established allowance when management determines it is probable the receivable will not be collected. As of June 30, 2024, management's analysis determined potential credit losses were trivial and, as such, have recorded no allowance for credit losses for trade receivables.

Property and Equipment

Purchased property and equipment in excess of $5,000 are capitalized and recorded at cost at the date of acquisition. Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Arc has adopted a policy of implying a time restriction on contributions of such assets which expire over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Depreciation and amortization are computed by the straight-line method at rates based on the following estimated useful lives:

Furniture and Equipment	5 - 20 Years
Building and Improvements	7 - 30 Years
Transportation Equipment	3 - 5 Years

Assets Held for Sale

Individual long-lived assets to be disposed of by sale are classified as assets held for sale. Assets held for sale are carried at the lower of their carrying amount or fair value less selling costs and are presented separately on the face of the statements of financial position. Upon classification as assets held for sale, the assets are no longer depreciated. Assets held for sale consist of one property totaling $24,442 as of June 30, 2024, and two properties totaling $192,966 as of June 30, 2023.

Impairment of Long-Lived Assets

The Arc reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets (Continued)
Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended June 30, 2024 and 2023, there were no impairment losses recognized for long-lived assets.

Revenue and Revenue Recognition
Program Revenue
A portion of the Arc's program revenues are derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Arc has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were $922,254 and $637,043 of refundable advances as of June 30, 2024 and 2023, respectively, which are included in due to other agencies in the statements of financial position.

Contributions
The Arc recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received with donor restrictions that are met in the same year are recognized as increases in net assets without donor restrictions. There were no conditional promises to give as of June 30, 2024 or 2023.

Compensated Absences
Employees of the Arc earn annual leave per month depending on years of service. Annual leave is cumulative from one year to the next, up to a maximum of 240 hours.

Upon resignation or termination of employment for cause, an employee may be paid for the value of any accrued leave up to a maximum of 240 hours.

Non-Direct Response Advertising
The Arc expenses advertising costs as incurred. Advertising expense charged to operations totaled $1,530 and $4,367 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes
The Arc qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)
The Arc believes that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Leases
The Arc determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Arc obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Arc also considers whether its service arrangements include the right to control the use of an asset.

The Arc made an accounting policy election available under Topic 842 not to recognize ROU (right-of-use) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Arc made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Arc has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for all asset classes. The nonlease components typically represent additional services transferred to the Arc, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Use of Estimates
The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value in the statements of financial position.

The Arc follows the *Fair Value Measurement* Topic of the FASB ASC. Under this topic, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, include but are not limited to actively traded equities and certain money market securities.

Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date. Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, less liquid listed equities, state, municipal and principal obligations, and most physical commodities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 4).

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include salaries and wages, employee benefits, and payroll taxes which are allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements - Adopted

On July 1, 2023, the Arc implemented Accounting Standards Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses.* This standard modified guidance related to estimating allowances for credit losses for amortized assets, such as trade receivables. The Arc implemented this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period information in accordance with the previous accounting guidance. The implementation of ASC 326 did not result in a significant impact to the financial statements.

Note 2. Due from Other Agencies, Net

Due from other agencies, net, at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Due from Medicaid, Net	**$ 1,832,557**	$ 1,718,365
Due from Other Facilities, Net	**61,856**	57,774
Due from O.C.D.D.	**14,124**	20,760
Due from Louisiana Rehabilitation Services, Net	**4,144**	8,338
Total	**$ 1,912,681**	$ 1,805,237

Note 3. Investments

As more fully described in Note 1, investments are presented in the financial statements at fair value and are composed of the following as of June 30, 2024 and 2023:

	2024	2023
Debt Securities	**$ 11,482,142**	$ 8,167,966
Money Market Funds and Certificates of Deposit	**9,065,178**	7,875,809
Equity Securities	**1,792,859**	1,515,380
Total	**$ 22,340,179**	$ 17,559,155

Note 4. Fair Value Measurements

The Arc's assets recorded at fair value have been categorized based upon a fair value hierarchy with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the Arc's policies and valuation techniques.

The valuation of the Arc's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 is as follows:

June 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Money Market Funds and Certificates of Deposit	**$ 1,291,531**	**$ 7,773,647**	**$ -**	**$ 9,065,178**
Corporate Fixed Income	**707,005**	**68,107**	**-**	**775,112**
Corporate Stocks and ETFs	**1,473,399**	**-**	**-**	**1,473,399**
Open End Mutual Funds	**319,460**	**-**	**-**	**319,460**
U.S. Government Obligations	**10,023,613**	**683,417**	**-**	**10,707,030**
Total	**$ 13,815,008**	**$ 8,525,171**	**$ -**	**$ 22,340,179**

June 30, 2023	Level 1	Level 2	Level 3	Net Balance
Money Market Funds and Certificates of Deposit	$ 7,875,809	$ -	$ -	$ 7,875,809
Corporate Fixed Income	989,863	64,645	-	1,054,508
Corporate Stocks and ETFs	1,204,067	-	-	1,204,067
Open End Mutual Funds	311,313	-	-	311,313
U.S. Government Obligations	6,225,002	888,456	-	7,113,458
Total	$ 16,606,054	$ 953,101	$ -	$ 17,559,155

Note 5. In-Kind Contributions

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Resale Items (Clothing and Household Goods)	**$ 1,094,944**	$ 1,091,391
Vehicles	**725,441**	-
Total	**$ 1,820,385**	$ 1,091,391

The Arc recognized contributed nonfinancial assets within revenue, gains, and other support, including among other things resale items (clothing and household goods). Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions.

The contributed resale items were utilized in the resale stores. These items, which include clothing and household goods, were valued using estimated average U.S. prices of identical or similar products using pricing data of similar products under a “like-kind” methodology, considering the utility of the goods at the time of the contribution.

The contributed vehicles were restricted by donor to use in specific programs. The vehicles were recorded based on fair value.

Note 6. Property and Equipment, Net

Property and equipment, net, at June 30, 2024 consisted of the following:

June 30, 2024	Purchased Assets Historical Cost	Donated Value	Total
Land	$ 4,967,062	$ -	$ 4,967,062
Building and Improvements	18,297,812	-	18,297,812
Furniture and Equipment	1,002,420	42,300	1,044,720
Vehicles	1,176,264	2,368,999	3,545,263
Construction in Progress	158,285	-	158,285
	25,601,843	2,411,299	28,013,142
Less: Accumulated Depreciation	(6,232,928)	(1,772,487)	(8,005,415)
Net Property and Equipment	$ 19,368,915	$ 638,812	$ 20,007,727

Note 6. Property and Equipment, Net (Continued)

Property and equipment, net, at June 30, 2023 consisted of the following:

June 30, 2023	Purchased Assets Historical Cost	Donated Value	Total
Land	$ 5,033,172	$ -	$ 5,033,172
Building and Improvements	16,542,954	-	16,542,954
Furniture and Equipment	973,090	42,300	1,015,390
Vehicles	1,141,711	1,643,558	2,785,269
Construction in Progress	173,806	-	173,806
	23,864,733	1,685,858	25,550,591
Less: Accumulated Depreciation	(5,565,005)	(1,621,218)	(7,186,223)
Net Property and Equipment	$ 18,299,728	$ 64,640	$ 18,364,368

Total depreciation expense for the years ended June 30, 2024 and 2023 was $905,977 and $900,175, respectively, of which $151,269 and $135,576, respectively, was related to donated assets.

Note 7. Detail of Program Revenue

Program revenue included the following for the years ended June 30, 2024 and 2023:

June 30, 2024	**Total**	**Program**		
		Employment Services	**Community Services**	**Residential Services**
Medicaid	**$ 27,731,710**	**$ 4,631,458**	**$ 13,837,194**	**$ 9,263,058**
Office of Citizens with Developmental Disabilities	**235,035**	**228,780**	**6,255**	**-**
Louisiana Rehab Services	**750**	**750**	**-**	**-**
Sales	**1,248,367**	**1,246,945**	**-**	**1,422**
Client Billings	**1,091,102**	**15,000**	**11,202**	**1,064,900**
Other Residential Facilities	**129,540**	**129,540**	**-**	**-**
Total Program Revenue	**$ 30,436,504**	**$ 6,252,473**	**$ 13,854,651**	**$ 10,329,380**

June 30, 2023	Total	Program		
		Employment Services	Community Services	Residential Services
Medicaid	$ 25,944,042	$ 4,085,524	$ 12,019,253	$ 9,839,265
Office of Citizens with Developmental Disabilities	241,420	241,020	400	-
Louisiana Rehab Services	5,250	5,250	-	-
Sales	1,208,120	1,206,360	-	1,760
Client Billings	965,745	14,580	5,158	946,007
Other Residential Facilities	103,260	103,260	-	-
Total Program Revenue	$ 28,467,837	$ 5,655,994	$ 12,024,811	$ 10,787,032

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

		2024		2023
Subject to the Passage of Time				
Donated Vehicles from LDOTD	**$**	**638,812**	$	64,640
Total Net Assets with Donor Restrictions	**$**	**638,812**	$	64,640

Note 9. Fiduciary Funds

The Arc acts as a fiduciary agent for several of its resident clients. The balance of the reconciled checking accounts maintained by the Arc totaled $81,421 and $98,693 as of June 30, 2024 and 2023, respectively.

The Community Services Program, through its Independent Living Program, also acts as fiduciary agent for several of its clients. Checking accounts are maintained for each client, as applicable. Deposits include the client's social security benefits, the payroll checks, if employed, and miscellaneous gifts from family members. Disbursements consist of day-to-day living expenses and are based on the individual client's needs. The balance in these reconciled checking accounts at June 30, 2024 and 2023 was $77,271 and $101,234, respectively.

Note 10. Retirement Plan

The Arc offers a 401(k) retirement plan to all employees who have met the eligibility requirement of 1 year of service. Participants may elect to contribute portions of their eligible compensation, up to the maximum allowed by law. The Arc contributes a safe harbor matching contribution equal to 100% of the amount of the participant’s salary deferrals, up to 4% of the participant’s eligible compensation. In addition, the Arc may choose to make a discretionary matching contribution. Participants become fully vested in discretionary employer matching contributions after six years of service. The Arc’s matching contributions for the years ended June 30, 2024 and 2023 were $228,194 and $227,476, respectively.

Note 11. Concentration of Credit Risk

The Arc periodically maintains cash and time deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage at its banks. A large majority of funds held on deposit by the Arc is transferred each night to a repurchase account and collateralized with direct U.S. Government obligations, U.S. Government Agency obligations, or collateralized mortgage obligations. As of June 30, 2024 and 2023, amounts over FDIC coverage were approximately $5,264,000 and $13,264,000, respectively.

The Arc also receives a considerable amount of its total support and revenues from Medicaid for payments for services provided to clients. During the years ended June 30, 2024 and 2023, the Arc received $27,731,710 and $25,944,042, respectively, from Medicaid, which was 82% and 86% of total revenues, gains, and other support, respectively.

Note 12. Pending Litigation

The Arc is a party to various legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance and, if not so covered, are without merit or are of such kind, or involve such amounts as would not have a significant effect on the financial position or results of operations of the Arc if disposed of unfavorably.

Note 13. Related-Party Transactions

As of June 30, 2024 and 2023, the Arc held investments with a company managed by a member of the Board of Directors.

Note 14. Risks and Uncertainties

The Arc invests in various equity and debt securities, which are subject to potential loss arising from adverse changes in quoted market prices. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect investment amounts reported in the financial statements. The Arc's management continues to monitor its investment holdings as it has done in the past but has no immediate plans to change its investment portfolio.

Note 15. Commitments

At June 30, 2024, the Arc had an active construction project in the amount of $310,700, of which $158,285 had been completed. The Arc's remaining commitment on this contract is $151,328.

Note 16. Liquidity

The Arc has $14,633,106 of financial assets, consisting of cash and cash equivalents as well as accounts receivable and amounts due from other agencies, that are available within one year of the statement of financial position dated June 30, 2024 for normal operating expenditures.

As part of its liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit, equity securities, and debt securities, in the amount of $22,340,179 that can be liquidated and made available.

The Arc regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Arc has available. In addition, the Arc operates with a budget to monitor sources and uses of funds throughout the year.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was December 12, 2024, and determined that the following events occurred that require disclosure:

In October 2024, the Arc sold land and one of its facilities in Bossier City, Louisiana for $5,300,000. The transaction resulted in a gain of approximately $1,600,000, which will be included in operations during the year ending June 30, 2025. The Arc also entered into an agreement with the seller at this time to lease part of the sold facilities for $10,000 a month for a term of 12 months.

In October 2024, the Arc purchased land in Bossier City, Louisiana for approximately $595,900, none of which was financed.

No further subsequent events occurring after December 12, 2024 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

THE ARC OF ACADIANA, INC.
Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2024

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2016, Act 462 of the 2016 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Kenny Patton, Chief Executive Officer (July 2023 through October 2023)
Cindy Leleux, Chief Executive Officer (November 2023 through June 2024)

	Kenny Patton	Cindy Leleux
Purpose	Compensation and Benefits Funded by Use of Public Funds	Compensation and Benefits Funded by Use of Public Funds
Salary	$-0-	$-0-
Benefits - Insurance	$-0-	$-0-
Benefits - Retirement	$-0-	$-0-
Benefits - Other	$-0-	$-0-
Car Allowance	$-0-	$-0-
Vehicle Provided by Organization	$-0-	$-0-
Per Diem	$-0-	$-0-
Reimbursements	$-0-	$-0-
Travel	$-0-	$-0-
Registration Fees	$-0-	$-0-
Conference Travel	$-0-	$-0-
Housing	$-0-	$-0-
Unvouchered Expenses	$-0-	$-0-

See independent auditor's report.

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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*

Independent Auditor's Report

To the Board of Directors
The Arc of Acadiana, Inc.
New Iberia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of The Arc of Acadiana, Inc. (the Arc), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Arc's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Arc'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 may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Arc's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 12, 2024

Part I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting and compliance and other matters:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
c. Noncompliance material to the financial statements?	No

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

THE ARC OF ACADIANA, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

None.

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AGREED-UPON PROCEDURES REPORT

The Arc of Acadiana, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2023 - June 30, 2024

To Board of Directors
The Arc of Acadiana, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on The Arc of Acadiana, Inc.'s (the Arc) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2023 through June 30, 2024. The Arc's management is responsible for those C/C areas identified in the SAUPs.

The Arc has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 1, 2023 through June 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   ii. ***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.

   iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***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 additions (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).

v. ***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 rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase 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).

ix. ***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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***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.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Management has determined that procedures #1A(ix) (Ethics), #1A(x) (Debt Service), and #1A(xii) (Prevention of Sexual Harassment) are not applicable to the Arc. No exceptions identified as a result of the procedures performed.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   i. 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.

   ii. 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. *Alternatively, for those entities reporting on the not-for-profit 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 entity's collections during the fiscal period.*

   iii. 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 fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions identified as a result of the procedures performed.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   i. 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);

   ii. Bank reconciliations include written evidence that a member of management or a 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

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For one (1) of the five (5) bank reconciliations sampled, we noted no documentation reflecting that management had researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

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

B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:

i. Employees responsible for cash collections do not share cash drawers/registers;

ii. Each employee responsible for collecting cash is not also responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

iii. Each employee responsible for collecting cash is not also 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; and

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

   i. Observe that receipts are sequentially pre-numbered.

   ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

   iv. 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).

   v. Trace the actual deposit per the bank statement to the general ledger.

   Results: No exceptions identified as a result of the procedures performed.

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

   iii. 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;

   iv. 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; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

C. For each location selected under procedure #5A above, obtain the entity'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:

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No exceptions identified as a result of the procedures performed.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal 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.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal 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:

i. 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions identified as a result of the procedures performed.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and 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:

i. 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);

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. 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 Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions identified as a result of the procedures performed.

8) Contracts

A. 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 fiscal period. *Alternatively, 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:

   i. 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;

   ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

   iii. 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, the documented approval); and

   iv. Randomly select one payment from the fiscal 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.

Results: Management has determined that this procedure is not applicable to the Arc.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal 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.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

   iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. 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, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions identified as a result of the procedures performed.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: Management has determined that this procedure is not applicable to the Arc.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal 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 as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal 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 the debt covenants).

Results: Management has determined that this procedure is not applicable to the Arc.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. 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.

Results: No exceptions identified as a result of the procedures performed.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity'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.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

i. Hired before June 9, 2020 - completed the training and;
ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

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

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Results: Management has determined that this procedure is not applicable to the Arc.

We were engaged by the Arc 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 C/C areas identified in the SAUPs. 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 9, 2024