

LARC, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

LARC, INC.

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& FREDERICK**
A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LARC, Inc.
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of LARC, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LARC, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 LARC, Inc. and to meet our other ethical responsibilities relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility 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 LARC, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 LARC, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LARC Inc's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by component 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 13, 2024, on our consideration of LARC, Inc.'s internal control over financial reporting and on 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 LARC, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LARC, Inc.'s internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

December 13, 2024
Lafayette, Louisiana

LARC, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Interest Bearing Deposits	\$ 3,276,151	\$ 3,702,913
Accounts Receivable (net of allowance for credit losses of \$5,000 and \$5,000, respectively)	822,216	842,318
Investments	1,783,158	1,581,673
Inventory	48,001	9,423
Deposits	15,180	14,980
Total Current Assets	<u>5,944,706</u>	<u>6,151,307</u>
PROPERTY AND EQUIPMENT (NET)	<u>8,451,072</u>	<u>8,490,024</u>
OTHER ASSETS		
Escrow	190,485	190,485
Intangible Asset	701,057	701,057
Total Other Assets	<u>891,542</u>	<u>891,542</u>
TOTAL ASSETS	<u>\$ 15,287,320</u>	<u>\$ 15,532,873</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 348,130	\$ 359,441
Accrued Payroll and Related Liabilities	241,641	235,397
Deferred Revenue	21,790	22,351
Current Portion of Long-Term Debt	143,605	137,673
Total Current Liabilities	<u>755,166</u>	<u>754,862</u>
LONG-TERM LIABILITIES		
Long-Term Debt (Less Current Maturities)	<u>3,133,395</u>	<u>3,401,390</u>
TOTAL LIABILITIES	<u>3,888,561</u>	<u>4,156,252</u>
NET ASSETS		
Without Donor Restrictions	<u>11,398,759</u>	<u>11,376,621</u>
Total Net Assets	<u>11,398,759</u>	<u>11,376,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,287,320</u>	<u>\$ 15,532,873</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
WITHOUT DONOR RESTRICTIONS		
PUBLIC SUPPORT		
Donations	\$ 68,903	\$ 2,048,171
Fundraising	850,072	657,531
Total Public Support	<u>918,975</u>	<u>2,705,702</u>
 REVENUES		
Program Revenues	10,580,235	11,479,148
Interest	41,743	17,840
Membership Dues	25	-
Other Revenue	289,906	501
Gain on Disposal of Assets	54,600	101,173
Gain (Loss) on Investment Transactions:		
Unrealized	164,515	164,296
Realized	138,805	(65,471)
Total Revenues	<u>11,269,829</u>	<u>11,697,487</u>
 TOTAL PUBLIC SUPPORT AND REVENUES	 <u>12,188,804</u>	 <u>14,403,189</u>
 EXPENSES AND LOSSES		
Vocational Services	5,703,081	5,238,679
Residential Services	2,171,787	2,286,531
Community Support and Services	1,762,070	1,639,977
Acadian Village	563,852	746,384
Supporting Services:		
Management and General	1,443,661	1,198,940
Fundraising	522,215	556,018
Total Expenses	<u>12,166,666</u>	<u>11,666,529</u>
 CHANGE IN NET ASSETS	 22,138	 2,736,660
 NET ASSETS AT BEGINNING OF YEAR	 <u>11,376,621</u>	 <u>8,639,961</u>
 NET ASSETS AT END OF YEAR	 <u>\$11,398,759</u>	 <u>\$11,376,621</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 22,138	\$ 2,736,660
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	502,297	480,176
Gain on Disposal of Assets	(54,600)	(101,173)
Unrealized Gain (Loss) on Investment Transactions	164,515	164,296
Amortization of Loan Costs	3,339	3,339
Changes in Current Assets and Liabilities:		
Accounts Receivable	20,102	124,201
Inventory	(38,578)	4,337
Accounts Payable	(11,311)	191,369
Accrued Payroll and Related Liabilities	6,244	51,641
Deferred Revenue	(561)	(539)
Net Cash Provided By Operating Activities	<u>613,385</u>	<u>3,654,307</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(514,186)	(1,072,716)
Proceeds from Sale of Fixed Asset	105,441	170,034
Purchase of Investments	(4,647,873)	(5,586,511)
Proceeds from Sale of Investments	<u>4,281,873</u>	<u>5,281,437</u>
Net Cash Used In Investing Activities	<u>(774,745)</u>	<u>(1,207,756)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	<u>(265,402)</u>	<u>(170,290)</u>
Net Cash Used in Financing Activities	<u>(265,402)</u>	<u>(170,290)</u>
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(426,762)	2,276,261
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,702,913</u>	<u>1,426,652</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,276,151</u>	<u>\$ 3,702,913</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest Paid	<u>\$ 149,645</u>	<u>\$ 148,345</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
Compensation and Related Expenses							
Salaries	\$ 2,636,115	\$ 1,167,207	\$ 1,451,103	\$ 151,538	\$ 747,527	\$ 51,469	\$ 6,204,959
Client Salaries	144,652	-	-	-	-	-	144,652
Payroll Taxes	211,630	89,728	113,608	11,262	54,179	3,943	484,350
Employee Benefits	164,689	67,710	39,261	14,993	48,559	7,709	342,921
Retirement Plan Contributions	18,334	6,638	9,138	4,173	13,519	3,530	55,332
	<u>3,175,420</u>	<u>1,331,283</u>	<u>1,613,110</u>	<u>181,966</u>	<u>863,784</u>	<u>66,651</u>	<u>7,232,214</u>
Advertising	8,780	851	806	14,475	16,573	77,686	119,171
Bank Charges	36	-	-	5,826	25,490	2,175	33,527
Christmas Program	-	-	-	-	-	286,862	286,862
Conferences	1,321	-	-	-	5,787	-	7,108
Cost of Goods Sold	-	-	-	37,889	-	-	37,889
Day Program Services	33,460	13,940	-	-	-	-	47,400
Depreciation	204,485	90,356	3,361	69,147	90,659	44,289	502,297
Dues and Subscriptions	8,634	10,641	753	2,623	13,298	2,222	38,171
Equipment Leases	2,000	2,500	1,000	-	13,092	-	18,592
Food	146,561	78,871	-	-	-	-	225,432
Fuel	105,910	13,966	-	-	843	-	120,719
Insurance	244,758	83,539	31,719	51,987	38,181	4,225	454,409
Interest	118,885	-	-	-	30,760	-	149,645
Miscellaneous Expenses	28,516	5,691	11,002	2,001	83,108	-	130,318
Performers and Concessions	-	-	-	15,847	-	-	15,847
Postage	61	30	276	29	(101)	122	417
Professional Services	701,583	118,165	57,382	3,071	135,785	3,045	1,019,031
Repairs and Maintenance	122,051	28,919	1,118	96,343	57,028	20,556	326,015
Supplies	117,752	86,171	2,308	16,666	15,390	11,240	249,527
Taxes and Licenses	284,613	213,241	267	-	593	-	498,714
Telephone	50,453	23,465	9,800	-	26,137	1,237	111,092
Travel	11,809	1,896	26,696	1,945	16,364	1,905	60,615
Utilities and Garbage	136,724	57,183	2,472	64,037	10,890	-	271,306
Vehicle Repairs and Maintenance	161,298	11,079	-	-	-	-	172,377
Work Activity Expense	37,971	-	-	-	-	-	37,971
TOTAL	<u>\$ 5,703,081</u>	<u>\$ 2,171,787</u>	<u>\$ 1,762,070</u>	<u>\$ 563,852</u>	<u>\$ 1,443,661</u>	<u>\$ 522,215</u>	<u>\$ 12,166,666</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
Compensation and Related Expenses							
Salaries	\$ 2,615,129	\$ 1,213,300	\$ 1,370,872	\$ 121,077	\$ 615,034	\$ 60,803	\$ 5,996,215
Client Salaries	137,997	-	-	-	-	-	137,997
Payroll Taxes	206,669	92,196	106,132	9,081	44,518	4,341	462,937
Employee Benefits	190,348	69,204	55,213	8,913	41,489	7,374	372,541
Retirement Plan Contributions	17,589	6,924	9,984	2,313	12,009	3,257	52,076
	<u>3,167,732</u>	<u>1,381,624</u>	<u>1,542,201</u>	<u>141,384</u>	<u>713,050</u>	<u>75,775</u>	<u>7,021,766</u>
Advertising	7,937	3,109	1,133	10,575	5,421	104,540	132,715
Bank Charges	62	-	-	3,571	27,134	1,860	32,627
Christmas Program	-	-	-	-	-	297,481	297,481
Conferences	40	168	-	495	665	-	1,368
Cost of Goods Sold	-	-	-	65,277	-	-	65,277
Day Program Services	41,838	15,900	-	-	-	-	57,738
Depreciation	261,130	56,323	1,639	50,583	80,939	29,562	480,176
Dues and Subscriptions	8,252	6,100	163	1,626	15,217	2,334	33,692
Equipment Leases	8,714	4,983	2,975	-	12,581	-	29,253
Food	132,612	84,888	-	-	-	-	217,500
Fuel	117,101	14,752	-	801	598	-	133,252
Grant Expenses	-	-	-	269,288	-	-	269,288
Insurance	232,278	75,530	32,483	46,907	51,947	4,770	443,915
Interest	119,460	-	-	-	28,885	-	148,345
Miscellaneous Expenses	28,758	5,560	9,157	15,259	3,507	-	62,241
Performers and Concessions	-	-	-	6,512	-	-	6,512
Postage	287	74	694	57	(434)	462	1,140
Professional Services	290,841	109,615	6,844	2,737	134,923	8,790	553,750
Repairs and Maintenance	111,540	133,682	1,225	82,175	55,980	22,099	406,701
Supplies	124,715	84,516	4,114	7,889	25,629	5,571	252,434
Taxes and Licenses	298,834	214,629	267	-	(2,639)	-	511,091
Telephone	60,427	24,088	13,584	-	21,209	1,291	120,599
Travel	16,582	2,618	19,936	1,285	14,268	1,483	56,172
Utilities and Garbage	135,049	57,790	3,562	39,963	10,060	-	246,424
Vehicle Repairs and Maintenance	46,117	10,582	-	-	-	-	56,699
Work Activity Expense	28,373	-	-	-	-	-	28,373
TOTAL	<u>\$ 5,238,679</u>	<u>\$ 2,286,531</u>	<u>\$ 1,639,977</u>	<u>\$ 746,384</u>	<u>\$ 1,198,940</u>	<u>\$ 556,018</u>	<u>\$ 11,666,529</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – LARC, Inc. (the “Association”) was incorporated in February 1961. The Association administers programs for the benefit of citizens with intellectual and developmental disabilities in an eight-parish area of Southwest Louisiana. The programs are primarily funded from various governmental sources. The Association also operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admissions, gift shop sales and facilities rentals.

Basis of Presentation - The Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Currently the Association has no net assets with donor restrictions.

Basis of Accounting – The financial statements of LARC, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation are in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Revenue – Fee for service contract revenue is recognized as services are provided. Grant revenue is recognized when the related expenses are incurred and all eligibility requirements imposed by the provider have been met.

Recognition of Donor Restrictions – Contributions are recognized as revenue when the donor makes a promise to give the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Accounts Receivable/Allowance for Credit Losses – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through an adjustment to earnings and a valuation allowance account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance account and a credit to accounts receivable. Changes in the valuation account have not been material to the financial statements. The total allowance at June 30, 2024 and 2023 was \$5,000 and \$5,000, respectively.

Investments - The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Inventories – Inventories consist of merchandise in the Acadian Village Store and Mardi Gras beads held for resale and is stated at the lower of cost or realizable market. Cost is determined on the first-in, first-out method.

Property and Equipment – Purchased property and equipment are recorded at cost at the date of the acquisition. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Association has adopted a policy of implying a time restriction that expires over the useful life of the assets. The Association has a capitalization threshold of \$500. Depreciation is computed by the straight-line method over estimated useful lives ranging from four to thirty years. The Association has historical buildings in the amount of \$284,930 which are exempt from depreciation under FASB ASC 958-360-35-3.

Net Assets – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of LARC, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LARC, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Compensated Absences - Employees of the Association earn annual leave in varying amounts depending on length of service. Vacation days that are unused within one year of accrual are lost without monetary compensation. Sick leave is also earned but follows the same policy as annual leave. Based on this, there is no accrual for compensated absences necessary at June 30, 2024 and 2023.

Donated Services – The Association receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under Accounting Standards Codification (ASC) 958-605-25-16 have not been satisfied.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was \$119,171 and \$132,715, respectively.

Income Taxes – LARC, Inc. is an exempt Organization for Federal income tax purposes under section 501(c)(3) of the Internal Revenue Code.

As of June 30, 2024, tax returns for 2021, 2022, and 2023 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairments – Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2024, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management’s estimate of the recoverability of these assets.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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.

Fair Value Considerations - Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). 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. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item’s fair value in subsequent reporting periods must be recognized in current earnings. The fair value option was not elected for the measurements of any eligible assets or liabilities.

The estimated fair values of each entity’s short-term financial instruments (primarily cash and cash equivalents, receivables, accounts payables, accrued expenses, short-term debt and lines of credit) approximate their individual carrying amounts due to the relatively short period between their origination and expected realization or payment. Based on market rates for similar loans, the fair value of long-term debt approximates their carrying value.

Adoption of FASB ASC 842 - Effective July 1, 2022, the Association adopted FASB ASC 842, Leases. The new accounting standard requires the recognition on the balance sheet of right-of-use assets and lease liabilities for all leases having an original term of longer than twelve months. The Association elected the optional transition method which allows the Association to apply the provisions of the standard at the effective date without adjusting the comparative periods. As allowed under the new accounting standard, the Association also elected certain practical expedients provided by the new standard, including not recording as asset or liability for leases having a term of twelve months or less. The lease asset, if any, is reflected within other noncurrent assets, and the current and noncurrent portions of the lease liability, if any, are reflected within other liabilities and other noncurrent liabilities, respectively on the balance sheet. The adoption of FASB ASC 842 did not result in the recognition of any right-of-use assets or liabilities as of July 1, 2022.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of FASB ASU 2016-13 - Effective July 1, 2023, the Association adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Association’s financial statements but did change how the allowance for credit loss is determined.

(B) INVESTMENTS

Investments consist of mutual funds, exchange-traded and closed-end funds (ETFs & CEFs), and common stocks, are stated at fair value based on quoted prices in active markets (all Level 1 measurements), and are summarized as follows, at June 30, 2024 and 2023:

	June 30, 2024		June 30, 2023	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 200,779	\$ 200,779	\$ 301,195	\$ 301,195
ETFs & CEFs	361,659	403,701	380,535	417,121
Common Stocks	924,470	1,178,678	762,492	863,357
Total	\$ 1,486,908	\$ 1,783,158	\$ 1,444,222	\$ 1,581,673

(C) FIXED ASSETS

Property and equipment consisted of the following at June 30:

	2024	2023
Buildings	\$ 12,065,589	\$ 11,807,478
Furniture and Fixtures	171,679	169,305
Machinery and Equipment	1,569,066	1,472,918
Transportation Equipment	1,134,860	1,044,351
Land	941,689	950,405
	15,882,883	15,438,457
Less: Accumulated Depreciation	(7,431,811)	(6,948,432)
Net Fixed Assets	\$ 8,451,072	\$ 8,490,025

Total depreciation expense for the years ended June 30, 2024 and 2023 was \$502,297 and \$480,176, respectively.

(D) INTANGIBLE ASSETS

For the years ended June 30, 2024 and 2023, the Association had two Certificates of Need totaling \$701,057 from a third party. These Certificates allow the Association to expand its licensed bed capacity. The Certificates have no set useful life and can be sold at any point in time and is therefore considered to have an indefinite useful life. These assets will be tested for impairment at least annually or more frequently if events and circumstances exist that indicate an impairment test should be performed.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(E) LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2024 and 2023:

On November 4, 2021, the Association entered into a loan agreement with First National Bank of Louisiana in the amount of \$676,000 for the purpose of acquiring land adjacent to their current campus and to refinance an existing note. The loan is a 10-year loan bearing interest at 3.95 per annum with monthly payments of \$4,095 and a balloon payment due October 31, 2031. The loan is secured by the land purchased.

On October 27, 2021, the Association signed a purchase agreement to acquire eight residential group homes. The total purchase price is \$3,840,000. In addition, personal property of \$660,000 was also acquired. This acquisition was funded by entering into two loan agreements, both dated October 27, 2021 and maturing on October 27, 2031 in the amounts of \$2,760,000 and \$388,000, respectively. These loans bear interest at 3.95 percent per annum and have monthly payments of \$16,736 and \$2,353, respectively with both having balloon payments due October 27, 2031. The loans are secured by the property purchased.

Amortization of loan issuance costs is reported in the income statement as interest expense.

	2024	2023
Total Long-Term Debt	\$ 3,301,761	\$ 3,567,163
Less: Unamortized Debt Issuance Cost	<u>(24,762)</u>	<u>(28,100)</u>
Long-Term Debt, Less Unamortized Debt Issuance Cost	3,277,000	3,539,063
Less: Current Maturities	<u>(143,605)</u>	<u>(137,673)</u>
Total Long-Term Debt	<u>\$ 3,133,395</u>	<u>\$ 3,401,390</u>

The five-year maturities of long-term debt are as follows:

2025	\$ 143,605
2026	149,389
2027	155,409
2028	161,351
2029	168,171
Thereafter	<u>2,523,836</u>
Total Long-Term Debt	<u>\$ 3,301,761</u>

(F) RISKS AND UNCERTAINTIES

The State of Louisiana is the primary source of revenues for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(G) GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

(H) EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 92% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$55,332 and \$52,076 was made for the years ended June 30, 2024 and 2023, respectively.

(I) CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances at multiple financial institutions. At times, cash balances exceed the Federal Deposit Insurance Corporation limits of up to \$250,000 per institution. It is the opinion of management that the solvency of these financial institutions is not of particular concern at this time. The excess amount at June 30, 2024 and 2023 was \$2,027,002 and \$2,714,917, respectively.

The Association's main funding source is the State of Louisiana. Funding is received through fee for service contracts. For the years ended June 30, 2024 and 2023, funding received from the State of Louisiana was \$5,711,382 or 41% and \$6,137,935 or 38% , of total revenues, gains, and other support, respectively.

(J) LINE OF CREDIT

The Association has a line of credit with a maximum borrowing limit of \$50,000. The line of credit bears a variable interest rate of Wall Street Journal prime (7.75%) and matures on January 27, 2025. As of June 30, June 30, 2024 and 2023, the Association has no outstanding balance on this line of credit.

(K) COMPENSATION, BENEFITS AND OTHER PAYMENTS TO DIRECTOR

There were no compensation, benefits and other payments paid in fiscal years ended June 30, 2024 and 2023 from public funds.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS

(L) LIQUIDITY AND AVAILABILITY

The Association strives to maintain liquid financial assets sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other investments.

The following table reflects the Association's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash	\$ 3,276,151	\$ 3,702,913
Investments	1,783,158	1,581,673
Accounts Receivable	<u>822,216</u>	<u>842,317</u>
Total Financial Assets	<u>\$ 5,881,525</u>	<u>\$ 6,126,903</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,881,525</u>	<u>\$ 6,126,903</u>

(M) SUBSEQUENT EVENTS

The Association has evaluated subsequent events through December 13, 2024, the date which the financial statements were available to be issued.

LARC, INC.

SCHEDULE OF ACTIVITIES BY COMPONENT
YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
REVENUE AND SUPPORT:							
Program Revenue	\$ 1,930,206	\$ 6,696,705	\$ 1,692,702	\$ 260,622	\$ -	\$ -	\$ 10,580,235
Christmas Program	-	-	-	-	-	850,072	850,072
Other	<u>35,836</u>	<u>9,138</u>	<u>8,614</u>	<u>636</u>	<u>704,273</u>	<u>-</u>	<u>758,497</u>
Total Revenue and Support	1,966,042	6,705,843	1,701,316	261,258	704,273	850,072	12,188,804
EXPENSES:							
TOTAL EXPENSES	<u>5,703,081</u>	<u>2,171,787</u>	<u>1,762,070</u>	<u>563,852</u>	<u>1,443,661</u>	<u>522,215</u>	<u>12,166,666</u>
Increase (Decrease) in Net Assets	<u>\$ (3,737,039)</u>	<u>\$ 4,534,056</u>	<u>\$ (60,754)</u>	<u>\$ (302,594)</u>	<u>\$ (739,388)</u>	<u>\$ 327,857</u>	<u>\$ 22,138</u>

See Independent Auditor's Report.

LARC, INC.

SCHEDULE OF ACTIVITIES BY COMPONENT
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
REVENUE AND SUPPORT:							
Program Revenue	\$ 1,815,912	\$ 7,415,063	\$ 1,972,004	\$ 276,169	\$ -	\$ -	\$ 11,479,148
Christmas Program	-	-	-	-	-	657,531	657,531
Other	<u>55,822</u>	<u>9,984</u>	<u>7,174</u>	<u>1,963,182</u>	<u>230,348</u>	<u>-</u>	<u>2,266,510</u>
Total Revenue and Support	1,871,734	7,425,047	1,979,178	2,239,351	230,348	657,531	14,403,189
EXPENSES:							
TOTAL EXPENSES	<u>5,238,679</u>	<u>2,286,531</u>	<u>1,639,977</u>	<u>746,384</u>	<u>1,198,940</u>	<u>556,018</u>	<u>11,666,529</u>
Increase (Decrease) in Net Assets	<u>\$ (3,366,945)</u>	<u>\$ 5,138,516</u>	<u>\$ 339,201</u>	<u>\$ 1,492,967</u>	<u>\$ (968,592)</u>	<u>\$ 101,513</u>	<u>\$ 2,736,660</u>

See Independent Auditor's Report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
LARC, Inc.
Lafayette, 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 LARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LARC, Inc.'s internal control over financial reporting (internal control) to determine the 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 LARC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LARC, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

December 13, 2024

Lafayette, Louisiana

LARC, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

We have audited the financial statements of LARC, Inc. as of and for the year ended June 30, 2024, and have issued our report thereon dated December 13, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements of June 30, 2024 resulted in an unqualified opinion.

Section I – Summary of Auditors’ Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	___ Yes	___ <input checked="" type="checkbox"/> No
Significant Deficiencies	___ Yes	___ <input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	___ Yes	___ <input checked="" type="checkbox"/> No
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Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs

This section is not applicable.

LARC, INC.

**SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no prior year findings.