

**TARC, INC.**  
**(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

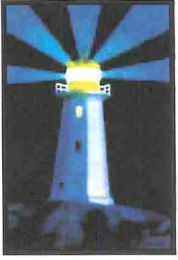
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

TARC, INC.

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JUNE 30, 2021 AND 2020

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**BERNARD & FRANKS**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
TARC, Inc.  
Hammond, Louisiana

We have audited the accompanying financial statements of TARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

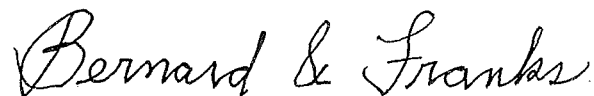
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TARC, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer on page 24 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 October 12, 2021, on our consideration of TARC, 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 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 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 TARC, Inc.'s internal control over financial reporting and compliance.



Metairie, Louisiana  
October 12, 2021

TARC, INC.

STATEMENTS OF FINANCIAL POSITION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 887,026	\$ 914,353
Accounts receivable	129,015	196,017
Unconditional promises to give	9,290	3,366
Prepaid expenses	12,686	1,005
Total current assets	<u>\$ 1,038,017</u>	<u>\$ 1,114,741</u>
LONG-TERM ASSETS		
Investments	\$ 84,230	\$ 71,059
Investments-certificate of deposit	85,941	85,941
Total long-term assets	<u>\$ 170,171</u>	<u>\$ 157,000</u>
LAND, PROPERTY AND EQUIPMENT		
	\$ 784,675	\$ 728,581
Less accumulated depreciation	(472,674)	(437,608)
Total land, property and equipment	<u>\$ 312,001</u>	<u>\$ 290,973</u>
OTHER ASSETS		
Lease value of land and building	<u>\$ 350,000</u>	<u>\$ 350,000</u>
 Total assets	 <u>\$ 1,870,189</u>	 <u>\$ 1,912,714</u>

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 13,785	\$ 28,038
Other payables	56,834	45,616
Accrued salaries and payroll taxes	96,396	128,383
Current maturities of note payable	5,748	6,126
Total current liabilities	<u>\$ 172,763</u>	<u>\$ 208,163</u>
LONG-TERM LIABILITIES		
Notes payable	\$ 104,842	\$ 111,424
Total long-term liabilities	<u>\$ 104,842</u>	<u>\$ 111,424</u>
Total liabilities	<u>\$ 277,605</u>	<u>\$ 319,587</u>
NET ASSETS		
Without donor restrictions		
Undesignated	\$ 1,242,584	\$ 1,243,127
With donor restrictions	350,000	350,000
Total net assets	<u>\$ 1,592,584</u>	<u>\$ 1,593,127</u>
Total liabilities and net assets	<u>\$ 1,870,189</u>	<u>\$ 1,912,714</u>

See Notes to Financial Statements.

TARC, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Revenues and gains			
Medicaid	\$ 3,016,726	\$ -	\$ 3,016,726
Fund raising	375,314	-	375,314
Contributions	65,758	-	65,758
Cares Act stimulus grant	60,750	-	60,750
In kind contributions	51,200	-	51,200
United Way	5,790	-	5,790
Other income	39,852	-	39,852
Investment income	4,163	-	4,163
Gain on sale of assets	2,100	-	2,100
Memberships	500	-	500
Total revenues, gains, and other support	<u>\$ 3,622,153</u>	<u>\$ -</u>	<u>\$ 3,622,153</u>
EXPENSES			
Program services			
Community support services	\$ 3,143,385	\$ -	\$ 3,143,385
Adult day habilitation	89,348	-	89,348
Early intervention	66,839	-	66,839
Support services			
Management and general	105,085	-	105,085
Fund-raising	218,039	-	218,039
Total expenses	<u>\$ 3,622,696</u>	<u>\$ -</u>	<u>\$ 3,622,696</u>
Change in net assets	\$ (543)	\$ -	\$ (543)
Net assets at beginning of year	<u>1,243,127</u>	<u>350,000</u>	<u>1,593,127</u>
Net assets at end of year	<u>\$ 1,242,584</u>	<u>\$ 350,000</u>	<u>\$ 1,592,584</u>

See Notes to Financial Statements.

TARC, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Revenues and gains			
Medicaid	\$ 3,100,277	\$ -	\$ 3,100,277
Paycheck Protection Plan grant	519,699	-	519,699
Fund raising	301,471	-	301,471
Other income	76,740	-	76,740
In kind contributions	61,500	-	61,500
Contributions	41,644	-	41,644
United Way	7,506	-	7,506
Memberships	1,950	-	1,950
Investment income	1,028	-	1,028
Net assets released from restrictions			
Expiration of time restriction-United Way Services	3,196	(3,196)	-
Total revenues, gains, and other support	<u>\$ 4,115,011</u>	<u>\$ (3,196)</u>	<u>\$ 4,111,815</u>
EXPENSES			
Program Services			
Community support services	\$ 2,929,419	\$ -	\$ 2,929,419
Adult day habilitation	166,223	-	166,223
Early intervention	67,510	-	67,510
Support Services			
Management and general	90,654	-	90,654
Fund-raising	202,939	-	202,939
Total expenses	<u>\$ 3,456,745</u>	<u>\$ -</u>	<u>\$ 3,456,745</u>
Change in net assets	\$ 658,266	\$ (3,196)	\$ 655,070
Net assets at beginning of year	<u>584,861</u>	<u>353,196</u>	<u>938,057</u>
Net assets at end of year	<u>\$ 1,243,127</u>	<u>\$ 350,000</u>	<u>\$ 1,593,127</u>

See Notes to Financial Statements.



**TARC, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services			Supporting Services		Total
	Community Support Services	Adult Day Habilitation	Early Intervention	Management and General	Fund-raising	
Salaries and related expenses:						
Salaries	\$ 2,511,286	\$ 45,406	\$ 50,998	\$ 43,568	\$ 69,709	\$ 2,720,967
Employee benefits & taxes	288,432	11,242	9,295	644	7,855	317,468
Workers' compensation	64,016	808	142	12	615	65,593
	<u>\$ 2,863,734</u>	<u>\$ 57,456</u>	<u>\$ 60,435</u>	<u>\$ 44,224</u>	<u>\$ 78,179</u>	<u>\$ 3,104,028</u>
Advertisement	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250
Bank charges	-	-	-	1,062	-	1,062
Client supplies	4,016	-	-	3,533	-	7,549
Computer supplies	21,198	1,558	492	3,111	1,230	27,589
Covid-19 expenses	1,884	-	-	6,021	-	7,905
Donations	-	-	-	-	1,250	1,250
Depreciation	39,116	2,794	931	1,397	2,328	46,566
Dues and subscriptions	3,534	142	47	71	2,221	6,015
Equipment	4,017	1,047	79	118	197	5,458
Fees and licenses	200	-	-	5,184	-	5,384
Fund raising	-	-	-	-	11,024	11,024
Hiring	4,676	336	1	106	64	5,183
Housekeeping	1,417	101	34	51	84	1,687
Information guide and calendar	-	-	-	639	-	639
Insurance						
Liability	11,037	788	263	394	5,032	17,514
Directors and officers	-	-	-	3,084	-	3,084
Motor vehicle	-	7,745	-	-	-	7,745
Interest	-	-	-	6,320	-	6,320
Miscellaneous	9,751	684	74	25,057	123	35,689
Motor vehicle expenses	-	-	-	-	44	44
Office supplies	9,816	1,189	354	196	879	12,434
Postage	2,899	210	82	136	167	3,494
Professional services	15,972	1,141	380	570	15,951	34,014
Program supplies	7,485	1,085	-	-	-	8,570
Rent	43,008	3,072	1,024	1,536	94,260	142,900
Repairs and maintenance	23,322	1,628	543	814	1,857	28,164
Taxes	-	-	-	-	386	386
Telephone and internet services	15,919	1,721	437	287	478	18,842
Travel and transportation	35,767	5,435	1,205	564	74	43,045
Seminars and training	7,858	19	59	10	963	8,909
Utilities	16,759	1,197	399	600	998	19,953
	<u>\$ 279,651</u>	<u>\$ 31,892</u>	<u>\$ 6,404</u>	<u>\$ 60,861</u>	<u>\$ 139,860</u>	<u>\$ 518,668</u>
Total expenses	<u>\$ 3,143,385</u>	<u>\$ 89,348</u>	<u>\$ 66,839</u>	<u>\$ 105,085</u>	<u>\$ 218,039</u>	<u>\$ 3,622,696</u>

See Notes to Financial Statements.

**TARC, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services			Supporting Services		Total
	Community Support Services	Adult Day Habilitation	Early Intervention	Management and General	Fund-raising	
Salaries and related expenses:						
Salaries	\$ 2,297,157	\$ 89,975	\$ 50,598	\$ 45,600	\$ 73,205	\$ 2,556,535
Employee benefits & taxes	291,931	9,640	8,812	686	7,836	318,905
Workers' compensation	57,187	1,869	136	11	530	59,733
	<u>\$ 2,646,275</u>	<u>\$ 101,484</u>	<u>\$ 59,546</u>	<u>\$ 46,297</u>	<u>\$ 81,571</u>	<u>\$ 2,935,173</u>
Advertisement	\$ -	\$ -	\$ -	\$ 575	\$ 965	\$ 1,540
Bank charges	-	-	-	1,164	-	1,164
Client supplies	437	-	-	5,458	-	5,895
Computer supplies	23,138	1,665	555	789	1,314	27,461
Covid-19 expenses	3,796	-	-	2,692	-	6,488
Donations	-	-	-	-	125	125
Depreciation	22,866	1,633	544	817	1,361	27,221
Dues and subscriptions	5,703	188	63	94	613	6,661
Equipment	2,375	371	53	79	132	3,010
Fees and licenses	605	800	-	8,225	-	9,630
Fund raising	-	-	-	-	20,631	20,631
Hiring	6,047	450	47	175	5	6,724
Housekeeping	1,757	125	42	63	105	2,092
Information guide and calendar	-	-	-	1,450	-	1,450
Insurance						
Liability	8,013	3,881	191	286	1,377	13,748
Directors and officers	-	-	-	3,084	-	3,084
Motor vehicle	-	7,745	-	-	-	7,745
Interest	-	-	-	9,654	-	9,654
Miscellaneous	7,897	968	139	4,737	42	13,783
Motor vehicle expenses	-	1,741	-	-	44	1,785
Office supplies	6,356	624	256	168	796	8,200
Postage	2,908	284	69	349	172	3,782
Professional services	18,937	1,353	451	676	16,127	37,544
Program supplies	6,988	274	-	-	-	7,262
Rent	43,008	3,072	1,024	1,536	74,035	122,675
Repairs and maintenance	37,765	2,077	692	1,143	1,731	43,408
Telephone and internet services	15,430	1,498	478	255	424	18,085
Travel and transportation	52,663	34,850	3,017	373	72	90,975
Seminars and training	2,247	125	5	8	451	2,836
Utilities	14,208	1,015	338	507	846	16,914
	<u>\$ 283,144</u>	<u>\$ 64,739</u>	<u>\$ 7,964</u>	<u>\$ 44,357</u>	<u>\$ 121,368</u>	<u>\$ 521,572</u>
Total expenses	<u>\$ 2,929,419</u>	<u>\$ 166,223</u>	<u>\$ 67,510</u>	<u>\$ 90,654</u>	<u>\$ 202,939</u>	<u>\$ 3,456,745</u>

See Notes to Financial Statements.

TARC, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (543)	\$ 655,070
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,566	27,221
Unrealized and realized (gain) loss on investments	(1,212)	(427)
Gain on sale of assets	278	-
(Increase) decrease in operating assets		
Accounts receivable	67,002	28,135
Promises to give	(5,924)	3,650
Prepaid expenses	(11,681)	(1,005)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,253)	(893)
Other payables	11,218	5,802
Accrued salaries and payroll taxes	(31,987)	51,357
Net cash provided by operating activities	<u>\$ 59,464</u>	<u>\$ 768,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	\$ (78,972)	\$ (192,682)
Sale of property and equipment	11,100	-
Purchase of investments	(11,959)	-
Net cash used in investment activities	<u>\$ (79,831)</u>	<u>\$ (192,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds and payments from line of credit	\$ -	\$ (381)
Principal payments on notes payable	(6,960)	5,497
Net cash used in financing activities	<u>\$ (6,960)</u>	<u>\$ 5,116</u>
Net increase (decrease) in cash and cash equivalents	\$ (27,327)	\$ 581,344
Beginning cash and cash equivalents	<u>\$ 914,353</u>	<u>\$ 333,009</u>
Ending cash and cash equivalents	<u>\$ 887,026</u>	<u>\$ 914,353</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 6,320</u>	<u>\$ 9,654</u>

See Notes to Financial Statements.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

TARC, Inc. is a nonprofit organization which provides opportunities for children and adults with disabilities to realize their full potential, and to become self-directed and contributing citizens. The services the Organization provides to achieve this goal are as follows:

**Children's Choice**

The purpose of this service is to provide supplemental support services to children with disabilities, from birth to 18 years of age, who currently live at home with their families or will leave an institutional setting to return home. Services provided include: family support, crisis support, family training, diaper acquisition, environmental modification and vehicle adaptation.

**Adult Day Habilitation**

This program teaches skills such as, computer, life, safety, health and wellness, gardening and community integration skills for qualifying adults with special needs.

**Early Intervention**

Early intervention applies to children from birth to three years old who are eligible to be at risk or special need that may affect their development. Early intervention consists in the provision of services for such children and their families for the purpose of lessening the effects of the condition. Early intervention can be remedial or preventive in nature—remediation existing developmental problems or preventing their occurrence.

Basis of Accounting

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

Financial Statement Presentation

The Organization follows the financial statement presentation recommended by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (continued)

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 the Organization's management and the board of directors. The revenues received in conducting the mission of the Organization are included in the category.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated these funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, TARC, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization holds investments in mutual funds and exchange traded and closed end funds (Level 1 measurement) and municipal bonds (Level 2 measurement). The unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by a donor are reported as increases in temporarily restricted net assets and released to without donor restriction net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Certificates of deposit

Certificates of deposit held for investment that are not debt securities are included in "investments-certificate of deposit". The certificate of deposit has a remaining maturity greater than one year and is classified as long-term investments-certificate of deposit.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounts Receivable

Accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal amounts are not received. In management's opinion no allowance for doubtful accounts is necessary at June 30, 2021 and 2020.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization 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 contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for the years ended June 30, 2021 and 2020.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets. State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

Revenue Recognition

The Organization reports public support contributions as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support and revenue that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Funds with donor restrictions are used to differentiate the resources whose use is restricted by donors or grantors from the resources on which donors or grantors have placed no restriction or the resources that arise as a result of the operations of the Organization for a stated purpose.

Revenue is recognized for services provided to our clients. Revenue for these services is measured based on the amount charged for the service. Revenue is recognized and considered earned at the time of completion of the services.

Concentrations

The Organization's primary source of revenue is Medicaid (Title XIX) revenue. For the fiscal year ended June 30, 2021 and 2020, \$3,016,726 and \$3,100,277, or 83% and 75% of the Organization's total gross revenue was from Title XIX. Federal stimulus grants were responsible for \$60,750 and \$519,699 or 2% and 13% of total revenue. Additionally, \$71,548 and \$41,644 or 2% and 1% of the Organization's total gross revenue was from contributions and \$375,314 and \$301,471 10% and 7% of the total gross revenue was from fund raising. The remaining \$97,185 and \$79,718 of the total gross revenue was from membership dues, interest and investment income and other miscellaneous income.

Income Tax Status

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private Organization. The Organization's Form 990, *Return of Organizations Exempt from Income Tax*, for the years ending June 30, 2018 - 2021 are subject to examination by the IRS, generally for three years after they were filed.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2021 and 2020, were \$250 and \$675, respectively.

TARC, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Refundable Advance

During 2020, the Organization received restricted grant totaling \$529,699 that contained donor conditions. Since this grant is a promise, conditioned on future uncertain events, it is not recorded as contribution revenue until donor conditions are met. Funds received from the donor in advance of the conditions being met totaled \$10,000 and were recorded as a refundable advance. Due to changes in regulations the SBA considered the refundable advance a grant and has since been recognized as revenue in the amount of \$10,000 for the year ended June 30, 2021.

Pending Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees to recognize right-of-use assets and lease liabilities for all leases with terms longer than 12 months. The adoption of this standard is expected to result in the Bureau's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Bureau's financial statements. Organizations may apply the guidance of Update No. 2016-02 to annual reporting periods beginning after December 15, 2021.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU amends the existing accounting standards for revenue recognition, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Organizations may apply the guidance to annual reporting periods beginning after December 15, 2021.

**NOTE 2. CASH AND CASH EQUIVALENTS**

TARC, Inc. maintains several bank accounts at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000 for interest bearing accounts. Cash at these institutions exceeded FDIC limits by \$0 and \$574,017 for June 30, 2021 and 2020, respectively.



**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3. UNCONDITIONAL PROMISE TO GIVE**

At June 30, 2021 and 2020 unconditional promises to give consisted of:

	2021	2020
Radiothon Pledges	\$ 9,290	\$ 3,366
Less: Allowance for uncollectible	-	-
	\$ 9,290	\$ 3,366

The unconditional promises to give is receivable in the next fiscal year. All amounts are deemed collectible by management.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 47,065	\$ 47,065
Buildings & improvements	508,638	435,007
Furniture & fixtures	228,972	246,509
	784,675	728,581
Less: Accumulated depreciation	(472,674)	(437,608)
	\$ 312,001	\$ 290,973

Depreciation expense totaled \$46,566 and \$27,461 for the years ended June 30, 2021 and 2020, respectively

**NOTE 5. CERTIFICATE OF DEPOSIT**

The certificate of deposit balance at June 30, 2021 and 2020, held with First Guaranty Bank, was \$85,941. The certificate was opened on October 2, 2018 and yields a 3% interest rate per annum. The certificate matures on February 22, 2022, which is when the interest will be paid.

**NOTE 6. INVESTMENTS**

Long-term investments are carried at fair value and consist of the following:

	2021	2020
Municipal bonds	\$ 25,709	\$ 56,759
Mutual funds	46,385	14,300
Exchange traded and closed end funds	12,136	-
	\$ 84,230	\$ 71,059

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6. INVESTMENTS (Continued)**

The following schedule summarizes the investment return in the statement of activities:

	2021	2020
Unrealized gain or (loss) on bonds	\$ 705	\$ 423
Realized gain	507	-
Interest and dividends	2,951	605
Total	\$ 4,163	\$ 1,028

**NOTE 7. FAIR VALUE MEASUREMENTS**

The fair value measurement provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Organization has access to. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, of the Organization's assets measured at fair value for the year ended June 30, 2021:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal bonds	\$ 25,709	\$ -	\$ 25,709	\$ -
Mutual funds	46,385	46,385	-	-
Exchange Traded & Closed End Funds	12,136	12,136	-	-
	\$ 84,230	\$ 58,521	\$ 25,709	\$ -

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7. FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy of the Organization's assets measured at fair value for the year ended June 30, 2020:

Recurring fair value measurements	Total	Quoted Prices	Significant	Significant
		in Active	Observable	Unobservable
		Markets for	Inputs	Inputs
		Identical Assets	(Level 2)	(Level 3)
		(Level 1)		
Municipal bonds	\$ 56,759	\$ -	\$ 56,759	\$ -
Mutual funds	14,300	14,300	-	-
	<u>\$ 71,059</u>	<u>\$ 14,300</u>	<u>\$ 56,759</u>	<u>\$ -</u>

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2021 and 2020.

**NOTE 8. PROPERTY LEASE**

The Organization maintains a cancellable lease for the space that it occupies for bingo fund raising sessions. Rental expense for the hall is \$475 per session. The Organization is also responsible for providing bingo supplies. Rental expense for the years ended June 30, 2021 and 2020 was \$91,700 and \$71,475, respectively.

**NOTE 9. DONATED FACILITIES**

TARC, Inc. entered into a lease agreement with the State of Louisiana on October 19, 2003 for 25 years, in which the Organization had free use of a 6,400 square foot building. The consideration was the mutual benefit, advantages, and convenience to be derived by the public in the operation of TARC, Inc. The present value of the building is reflected on the statement of financial position at \$350,000, which is less than the fair market value. The fair value rental expense is \$51,200 annually, which is recorded as an in-kind contribution on the Statement of Activities and Statement of Functional Expenses.

**NOTE 10. LONG- TERM DEBT**

The Organization has a note payable to Regions Bank which requires monthly principal and interest payments of \$1,086. This note payable is secured by a mortgage on the Organization's land and building.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10. LONG- TERM DEBT (Continued)**

The following schedules are a summary of long-term liability as of June 30, 2021 and 2020:

Description	June 30, 2021	Interest Rate	Current Portion	Long Term
Regions Loan	\$ 110,590	6.25%	\$ 5,748	\$ 104,842

Description	June 30, 2020	Interest Rate	Current Portion	Long Term
Regions Loan	\$ 117,550	6.25%	\$ 6,126	\$ 111,802

The following principal amounts on the mortgage loan are due over the next five years and thereafter:

Year ended June 30, 2021	Amount
2022	\$ 7,127
2023	6,803
2024	7,122
2025	7,597
2026	8,085
Thereafter	73,856
	<u>\$ 110,590</u>

Interest expense for the years ended June 30, 2021 and 2020 was \$6,320 and \$8,300, respectively.

**NOTE 11. REFUNDABLE ADVANCE**

In accordance with ASC 958-605, conditional contributions aren't recognized until the conditions are substantially met or explicitly waived. In cases where conditions are met over time or in stages, contributions should be recognized as qualifying expenses are incurred.

Under this model, the proceeds from a PPP loan would initially be recognized as a refundable advance—a liability—until the conditions for forgiveness are substantially met. The borrower would subsequently recognize contribution revenue as it incurs qualifying PPP expenses, assuming all other conditions are substantially met.

On May 1, 2020, the Organization received loan proceeds in the amount of approximately \$519,699 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 11. REFUNDABLE ADVANCE (Continued)**

The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

During 2020, the Organization completed an application to the Small Business Administration (SBA) for complete forgiveness of both the initial PPP loan of \$519,699, as well as any accrued interest. As anticipated, the SBA forgave the initial loan amount and all accrued interest prior to year-end and is presented as revenue on the Statement of Activities.

**NOTE 12. LINE OF CREDIT**

The Organization has a \$85,000 line of credit bearing interest at a fixed rate of 5.250%, and is secured by a certificate of deposit for the years ended June 30, 2021 and 2020, respectively. The balance due for the years ended June 30, 2021 and 2020 was \$0. Interest expense was \$1,354 and \$2,185, for the years ended June 30, 2021 and 2020, respectively.

The Organization also has a second line of credit for \$50,000 that was unused for the years ended June 30, 2021 and 2020. The line of credit bears an interest rate of 7.25%.

**NOTE 13. ACCRUED VACATION AND LEAVE**

The Organization accrues vacation and leave at various rates and number of days for long term employees. Accrued vacation and leave for the years ended June 30, 2021 and 2020 was \$1,817 and \$9,430.

**NOTE 14. LIQUIDITY AND AVAILABILITY OF RESOURCES**

TARC, Inc. had the following financial assets available within one year of the statement of financial position date for general expenditures for the year ended June 30, 2021:

Cash and cash equivalents	\$ 887,026
Accounts receivable	129,015
Unconditional promise to give	9,290
	<u>\$ 1,025,331</u>

None of the financial assets listed above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position. TARC, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As described in Note 11, TARC, Inc. also has two lines of credit in the amounts of \$85,000 and \$50,000, which it could draw upon in the event of an unanticipated liquidity need.

**TARC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 15. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2021 and 2020, TARC, Inc. had \$350,000 in net assets with donor restrictions related to the lease value of land and building.

**NOTE 16. COMPENSATION**

The Board of Directors serves TARC, Inc. without compensation.

**NOTE 17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 12, 2021, the date which the financial statements were available for use. Management's evaluation revealed no subsequent events that require adjustment to or disclosure in the financial statements.



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

To the Board of Directors of  
TARC, Inc.

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 TARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TARC, 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 TARC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of TARC, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TARC, 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bernard & Frank".

October 12, 2021



**TARC, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SUMMARY OF AUDITOR'S RESULTS**

**YEAR ENDED JUNE 30, 2021**

**SUMMARY OF AUDIT RESULTS**

The auditor's report expresses an unmodified opinion on the financial statements of TARC, Inc. which was prepared in accordance with generally accepted accounting principles.

No significant deficiencies or material weaknesses in internal control were disclosed during the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in accordance with *Government Auditing Standards*.

No instances of noncompliance material to the financial statements of TARC, Inc. were disclosed in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in accordance with *Government Auditing Standards*.

No management letter was issued for the years ended June 30, 2021 and 2020.

TARC, Inc. did not expend more than \$750,000 in federal awards during the years ended June 30, 2021 and 2020, and therefore, is exempt from the audit requirements under the *Uniform Guidance*.

**FINDINGS-FINANCIAL STATEMENTS**

There were no findings for the years ended June 30, 2021 and 2020.

**FINDINGS-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This is not applicable to the Organization for the years ended June 30, 2021 and 2020.

**TARC, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

There were no prior year findings.

**TARC, INC.**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2021**

Agency Head Name: Kathleen Abels

Salary	\$ 69,962
Benefits-insurance	17,116
Benefits-term life and AD&D	168
Cell phone	837
Dues	1,500
Meals	500
Travel-mileage	977
	<hr/>
	\$ 91,060

**LOUISIANA COMPLIANCE QUESTIONNAIRE  
(For Audit Engagements of Quasi-Public Agencies)**

\_\_\_\_\_ (Date Transmitted)

Bernard & Franks, A Corporation of CPA's (CPA Firm Name)

4141 Veterans Memorial Boulevard, Suite 313 (CPA Firm Address)

Metairie, Louisiana 70002 (City, State Zip)

In connection with your audit of our financial statements as of June 30, 2021 and for July 1, 2020- June 30, 2021 (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of August 9, 2021 (date completed/date of the representations).

**PART I. Agency Profile**

1. Name and address of the organization.

TARC, INC.  
201 E Church Street  
Hammond, LA 70401

2. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

See attachment

3. Period of time covered by this questionnaire.

July 1, 2020 - June 30, 2021

4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

501 (C)(3)

5. Briefly describe the public services provided.

TARC, Inc. is a nonprofit organization which provides opportunities for children and adults with disabilities to realize their full potential, and to become self-directed and contributing citizens.

6. Expiration date of current elected/appointed officials' terms.

See attachment

**Part II. Federal, State, and Local Awards**

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes  No  N/A

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes  No  N/A

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes  No  N/A

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes  No  N/A

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes  No  N/A

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes  No  N/A

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes  No  N/A

14. We have complied with all applicable compliance requirements of all federal programs we administer,

Yes  No  N/A

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes  No  N/A

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes  No  N/A

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes  No  N/A

**Part III. Public Records**

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes  No  N/A

**Part IV. Open Meetings**

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication “Open Meeting FAQs,” available on the Legislative Auditor’s website to determine whether a non-profit agency is subject to the open meetings law.**

NOT APPLICABLE

Yes  No  N/A

**Part V. Budget**

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes  No  N/A

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes  No  N/A

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes  No  N/A

**Part VI. Reporting**

23. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes  No  N/A

24. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes  No  N/A

25. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

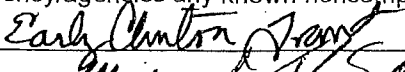
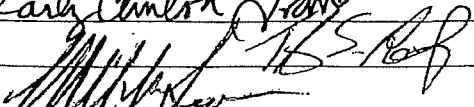
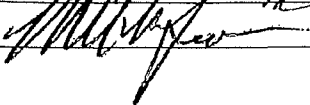
Yes  No  N/A

26. We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes  No  N/A

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur subsequent to the issuance of your report.

	Secretary	August 8, 2021	Date
	Treasurer	August 8, 2021	Date
	President	August 8, 2021	Date