

ARC OF ST. MARY
Centerville, Louisiana

Financial Report

Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-12
REQUIREMENTS OF THE <i>LOUISIANA GOVERNMENTAL AUDIT GUIDE</i>	
Independent accountant's report on applying agreed upon procedures	14-17
Summary schedule of prior findings	18
Schedule of findings	19
Corrective action plan for current findings	20
Louisiana attestation questionnaire	Exhibit A

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
ARC of St. Mary
Centerville, Louisiana

We have reviewed the accompanying financial statements of the ARC of St. Mary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the ARC of St. Mary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 21, 2022

ARC OF ST. MARY
Centerville, Louisiana

Statement of Financial Position
June 30, 2022

ASSETS

Current assets:	
Cash and cash equivalents	\$ 162,481
Receivables	
Due from other agencies	<u>28,712</u>
Total current assets	191,193
Property and equipment, net	<u>648,421</u>
Total assets	<u>\$ 839,614</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accrued and withheld payroll taxes	\$ 4,204
Accrued interest payable	<u>2,226</u>
Total current liabilities	6,430
Long-term liabilities:	
Notes payable	<u>100,000</u>
Total liabilities	<u>106,430</u>
Net assets:	
Without donor restrictions	
Undesignated	<u>733,184</u>
Total liabilities and net assets	<u>\$ 839,614</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Gains:			
Loan forgiveness	\$ 15,000	\$ -	\$ 15,000
Support:			
Appropriations from state and local governments:			
Operating grants			
State of Louisiana - DOTD	51,967	-	51,967
Local governments	15,000	-	15,000
Contributions	39,868	-	39,868
Total support	106,835	-	106,835
Revenue:			
Program service fees	70,805	-	70,805
Membership fees	1,597	-	1,597
Medicaid/Medicare	81,725	-	81,725
Interest income	21	-	21
Total revenue	154,148	-	154,148
Net assets released from restrictions	385,847	(385,847)	-
Total revenues, gains, and other support	661,830	(385,847)	275,983
EXPENSES:			
Program services:			
Adult habilitation	335,452	-	335,452
Support services:			
General and administrative	51,311	-	51,311
Total expenses	386,763	-	386,763
Change in net assets	275,067	(385,847)	(110,780)
Net assets, beginning as restated	458,117	385,847	843,964
Net assets, ending	\$ 733,184	\$ -	\$ 733,184

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services		
	Adult Habilitation	General and Administrative	Total Expenses
Salaries	\$ 134,330	\$ 14,926	\$ 149,256
Payroll taxes	18,775	2,086	20,861
Total salaries and related expenses	153,105	17,012	170,117
Conference and meetings	581	-	581
Insurance	34,307	3,812	38,119
Office expense	21,378	2,375	23,753
Postage	-	309	309
Professional fees	881	6,125	7,006
Repairs and maintenance	47,520	5,280	52,800
Supplies	572	64	636
Telephone	3,029	337	3,366
Thrift store occupancy	3,271	-	3,271
Thrift store rent	10,425	-	10,425
Transportation	19,123	-	19,123
Utilities	9,434	497	9,931
Loss on disposition of assets	-	968	968
Interest expense	3,443	383	3,826
Miscellaneous	106	11	117
Total expenses before depreciation	307,175	37,173	344,348
Depreciation expense	28,277	14,138	42,415
	<u>\$ 335,452</u>	<u>\$ 51,311</u>	<u>\$ 386,763</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Cash Flows
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (110,780)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	42,415
Loss from disposal of assets	968
Changes in assets and liabilities:	
Due from other agencies	(10,311)
Accounts payable	(4,215)
Accrued and withheld payroll taxes	1,611
Forgiveness of short-term loans	<u>(15,000)</u>
Net cash used by operating activities	<u>(95,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net change in long-term debt	<u>2,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(16,101)</u>
Net decrease in cash and cash equivalents	(109,087)
Cash and cash equivalents, beginning	<u>271,568</u>
Cash and cash equivalents, ending	<u>\$ 162,481</u>
Supplemental disclosures:	
Interest paid	<u>\$ 3,826</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of activities

The ARC of St. Mary (“ARC”) operates a non-profit day vocation program located in Centerville, Louisiana. The ARC provides adult day services to developmentally disabled adults in St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticultural and janitorial services. The ARC is supported primarily through Medicare/Medicaid waiver and support reimbursements from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities.

B. Income tax status

The ARC is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

C. 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.

D. Basis of accounting

The financial statements of ARC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Substantially all revenues are recognized when earned. Expenses are recognized in the period incurred.

ARC has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of the net assets. Accordingly, the net assets of ARC and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of ARC or by the passage of time.

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 ARC. These net assets may be used at the discretion of ARC’s management and board of directors.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

E. Cash and cash equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2022 there were no investments which were determined to be cash equivalents.

F. Property and equipment

Property and equipment are capitalized at purchased cost. Donated property and equipment are capitalized at its fair value on the date of the donation. It is the ARC's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Vehicles	5

G. Contributions

In accordance with *FASB Accounting Standards Codification 958-605, Revenue Recognition*, contributions are recognized when the donor makes a promise to give and are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as "net assets released from restrictions" in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

The ARC reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset 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 revenues of the with donor restrictions net asset class. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the ARC reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

H. Support and revenue

The ARC receives Medicare/Medicaid payments for billable client services. Revenues for these services are recorded when earned.

I. Program revenue

The ARC receives program service fees from janitorial services, recycling programs, and selling of second-hand items. Support and revenue are recognized when earned.

J. Advertising

Advertising costs are expensed as they are incurred. There are no advertising expense for the year ended June 30, 2022.

K. Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Specific expenses that are readily identifiable to a program or activity are charged directly. Expenses attributable to more than one program or activity are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy which are allocated based upon square footage and salaries and benefits which are allocated based upon time and effort.

(2) Credit Risk

Financial instruments which potentially subject the ARC to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents at June 30, 2022 consisted of cash and demand deposits at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent the deposits at financial institutions exceed FDIC insured limits. The ARC has no policy to actively monitor credit risk. At June 30, 2022, the ARC has deposits in two separate financial institutions, and deposits in each financial institution do not exceed FDIC insured limits; therefore, the ARC is not exposed to credit risk.

(3) Liquidity and Availability of Resources

At June 30, 2022, the ARC has \$191,193 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$162,481 and receivables of \$28,712. The ARC has no policy to invest cash and cash equivalents in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(4) Due From other Agencies

As of June 30, 2022, amounts due from other agencies were comprised of:

Medicaid/Medicare:	
Louisiana Department of Health and Hospitals	\$ 23,651
Operating Grant:	
Louisiana Department of Transportation and Development	<u>5,061</u>
Total	<u>\$ 28,712</u>

(5) Capital Assets

Capital assets consisted of the following at June 30, 2022:

Capital assets being depreciated	
Buildings and improvements	\$ 716,967
Furniture and equipment	67,433
Vehicles	<u>214,350</u>
	998,750
Less: accumulated depreciation	<u>(350,329)</u>
	<u>\$ 648,421</u>

Depreciation expense for the year ended June 30, 2022 totaled \$42,415.

(6) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2022:

Economic Injury Disaster Loan bearing interest at 2.75%, payable in monthly installments of \$428 including interest, beginning August 5, 2021 and maturing in August 2050, secured by all tangible and intangible personal property. Loan issued under the terms of the Small Business Act.	<u>\$ 100,000</u>
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The terms of the Economic Injury Disaster Loan require the ARC to pay monthly installments of \$428 beginning twelve months from the date of the loan or July 9, 2021. The terms also provide that each payment be applied first to accrued interest and the balance, if any, applied to principal. During the year ended June 30, 2022, the ARC made payments on the loan totaling \$1,500, all of which were applied to interest. At June 30, 2022 interest in arrears total \$2,226. Scheduled monthly payments to be made during the year ending June 30, 2023 will be applied to interest only. Therefore, the current portion of the long-term debt related to the Economic Injury Disaster Loan is \$0 at June 30, 2022.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

Principal maturities of long-term debt are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ -	\$ 5,136
2024	2,340	2,796
2025	2,405	2,731
2026	2,472	2,664
2027	2,541	2,595
2028 - 2032	13,808	11,872
2033 - 2037	15,841	9,839
2038 - 2042	18,173	7,507
2043 - 2047	20,848	4,832
2048 - 2050	21,572	4,231
	\$ 100,000	\$ 54,203

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which established the Payroll Protection Program (PPP). Under the terms of the PPP, all or a portion of loans received may be forgiven if certain criteria are met. The ARC has accounted for loan proceeds from the PPP in accordance with FASB *Accounting Standards Codification 470, Debt*.

In the prior fiscal period, the ARC obtained loans under the PPP through the Small Business Administration (SBA) totaling \$15,000 which were subject to being forgiven if certain requirements were satisfied by the ARC. During the current fiscal period, the ARC satisfied those requirements, and the loans were forgiven by the SBA. The resulting gains from loan forgiveness are reported as revenues, gains, and other support on the Statement of Activities.

(7) Line of Credit

The ARC has a revolving line of credit for up to \$50,000 as of June 30, 2022. Interest on the line of credit is payable monthly at a rate of 5.50% per annum. The ARC has no outstanding advances on the line of credit as of June 30, 2022. The line is secured by possessory collateral.

(8) Contingent Liabilities

The ARC receives grants and funding from governmental agencies that are subject to review and audit by the agencies providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants and agreements. In the opinion of management, such disallowances, if any, would be immaterial.

(9) Fund-raising Costs

The ARC did not occur fund-raising costs during the year ended June 30, 2022.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(10) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Louisiana Legislature amended R.S. 24:513A requiring additional disclosure of total compensation, benefits, reimbursements, or other payments made to the head of a political subdivision or quasi-public agency. The following is a summary of such payments made to/for Kristal Hebert, Executive Director, during the year ended June 30, 2022:

Salary	\$ 47,057
Reimbursements-Travel	<u>438</u>
Total	<u>\$ 47,495</u>

(11) Subsequent Events

Management has evaluated subsequent events through December 21, 2022, the date which the financial statements were available for issue.

(12) Prior Period Adjustment

The ARC received a capital grant from the Louisiana Department of Transportation and Development to purchase a passenger van. The van was purchased in May 2020. The table below illustrates the effect of the grant and van purchase.

	As Previously <u>Reported</u>	<u>Adjustments</u>	As <u>Restated</u>
Net Assets:			
Without Donor Restrictions	<u>\$ 416,902</u>	<u>\$ 41,215</u>	<u>\$ 458,117</u>

(13) New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The effects of implementation of this new pronouncement on the ARC's financial statements have not yet been determined.

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of ARC of St. Mary and
 Louisiana Legislative Auditor

We have performed the procedures enumerated below on the compliance of ARC of St. Mary (hereinafter “ARC”) with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the fiscal year ended June 30, 2022, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The management of the ARC is responsible for its financial records and compliance with applicable laws and regulations.

An agreed-upon procedures engagement involves the performing of specific procedures that the ARC has agreed to and acknowledged to be appropriate to meet the intended purpose of understanding the ARC’s compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A) and report on exceptions based upon the procedures performed. Additionally, the Louisiana Legislative Auditor (LLA) has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the ARC of St. Mary’s management.

The ARC provided us with the following list of expenditures made for federal, state and local grant awards received during the fiscal year ended June 30, 2022:

<i>Federal, State, or Local Grant Name</i>	<i>Award Year</i>	<i>Assistance Listing Number</i>	<i>Amount</i>
<i>United States Department of Transportation Passed through the Louisiana Department of Transportation Enhanced Mobility for Seniors and Individuals with Disabilities - Operating</i>	2021-2022	20.513	<u>\$ 51,967</u>

2. For each federal, state, and local award, randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

Six (6) disbursements from the Enhanced Mobility for Seniors and Individuals with Disabilities operating grant award were selected.

3. For the items selected in Procedure 2, trace the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, determine if the six disbursements are properly coded to the correct fund and general ledger account.

Each of the selected disbursements was properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, determine whether the six disbursements received approval from proper authorities.

Inspection of supporting documentation for each of the selected disbursements indicated appropriate approvals.

6. For each selected disbursement made for federal grant awards, obtain the Compliance Supplement for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the Compliance Supplement, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

We reviewed supporting documentation for each of the previously mentioned disbursements and found that each of the disbursements were considered to be allowable under the applicable grant program.

Eligibility

We reviewed supporting documentation for each of the previously mentioned disbursements and determined that all disbursements were in accordance with eligibility requirements.

Reporting

We reviewed supporting documentation for each of the previously mentioned disbursements and found that each of the disbursements had been properly included in applicable required reports.

7. For the programs selected for testing in Procedure 2 that had been closed out during the period under review, compare the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

The programs tested in Procedure 2 did not have a required close-out report.

Open Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

The ARC is not considered a “public body” as defined by R.S. 42:13. Additionally, the ARC has not been designated or funded as an agency to perform a government function or perform services entrusted to public bodies, nor does the ARC exercise policymaking, advisory, or administrative functions. Therefore, the ARC is not considered a public body for purposes of the Open Meetings Law and thus, is not required to comply with the Open Meetings Law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The ARC provided comprehensive budgets to the Louisiana Department of Transportation for the previously mentioned program. The budget specified the anticipated uses of the funds and estimates of the duration of the program.

Reporting

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The ARC provided for a timely report in accordance with RS 24:513.

11. Inquire of management and report whether the agency entered 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).

The ARC’s management represented that the ARC did not enter into any contracts during the fiscal year that were subject to the public bid law.

12. Report whether the agency complied the RS 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits, and other payments to the agency head, political subdivision head, or chief executive officer.

No exceptions were identified as a result of applying this procedure.

Prior Year Comments

13. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Our prior agreed-upon procedures report dated December 21, 2021 did not include any suggestions, exceptions, recommendations, or comments.

We were engaged by the ARC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the ARC’s compliance with the foregoing matters. Accordingly, we do not express such an opinion or

conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the ARC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the ARC's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A), as required by R.S. 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the ARC's management and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 21, 2022

ARC OF ST. MARY
Centerville, Louisiana

Summary Schedule of Prior Findings
Year Ended June 30, 2022

2021-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

STATUS: See schedule of findings item 2022-001.

2021-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared.

RECOMMENDATION: The ARC of St. Mary should implement policies and procedures to ensure that bank reconciliations are properly prepared and reviewed.

STATUS: Not resolved. See schedule of findings item 2022-002.

ARC OF ST. MARY
Centerville, Louisiana

Schedule of Findings
Year Ended June 30, 2022

Findings Reported in Accordance with *Government Auditing Standards*

2022-001 Inadequate Segregation of Duties

CONDITION: Due to the limited number of personnel performing administrative functions, the ARC of St. Mary does not have adequate segregation of duties within its accounting and financial functions.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

2022-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared on a periodic basis.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary failed to prepare periodic bank reconciliations.

EFFECT: Errors in the ARC of St. Mary’s general ledger cash balances may not be able to be detected by the ARC of St. Mary.

RECOMMENDATION: We recommend that the ARC of St. Mary implement policies and procedures to ensure that bank reconciliations are properly prepared and reviewed.

ARC OF ST. MARY
Centerville, Louisiana

Corrective Action Plan for Current Findings
Year Ended June 30, 2022

2022-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: The Board has determined that it is not economically feasible to hire additional personnel. At the present time the Director is handling the duties under the oversight of the Board.

2022-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared on a periodic basis.

MANAGEMENT'S RESPONSE: Policies and procedures will be implemented in which bank reconciliations are prepared and reviewed on a periodic basis.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

ARC of St. Mary
Louisiana Attestation Questionnaire
Year Ended June 30, 2022

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana

In connection with your review of our financial statements as of June 30, 2021 and for the period then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Federal, State, and Local Awards

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 []

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

Yes No [] N/A []

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

Yes No [] N/A []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No [] N/A []

Open Meetings

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.**

Yes No [] N/A [X]

Budget

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

Yes No [] N/A []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [] N/A []

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 []

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 []

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 []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes [] No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes [] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

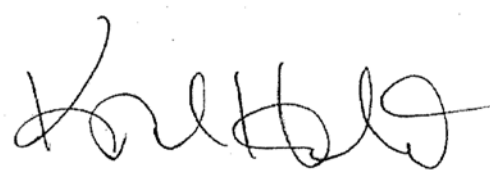
Yes [] No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes [] No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

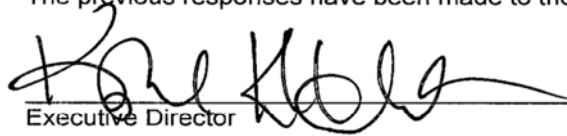
Yes [] No [] N/A []



We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.


Executive Director

7.20.22
Date