



**St. John ARC**  
LaPlace, Louisiana

**Independent Accountant's Audit Report and  
Financial Statements**

**For the Year Ended June 30, 2024**

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**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**June 30, 2024 and 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
St. John ARC

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

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

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. John ARC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. John ARC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. John ARC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. John ARC's ability to continue as a going concern for a reasonable period of time.

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

### **Report on 2023 Financial Statements**

The accompanying 2023 financial statements of the St. John ARC were reviewed by us and we issued our report dated December 31, 2023. A review includes primarily applying analytical procedures to the financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion. We have not performed any review procedures since the date of our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 05, 2024, on our consideration of the St. John ARC'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 the St. John ARC's internal control over financial reporting and compliance.



T.S. Kearns & Co., CPA  
Thibodaux, Louisiana  
November 05, 2024

## **FINANCIAL STATEMENTS**

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Financial Position**  
**June 30, 2024 and 2023**

**ASSETS**

	<b>2024</b>	<b>2023</b>
<b>Current Assets:</b>		
Cash	\$ 1,414,553	\$ 1,444,617
Certificates of Deposit	507,398	-
Contract Receivables	56,720	36,102
Receivable from St. John Parish (Ad Valorem)	220,000	74,385
Prepaid Expenses	26,308	41,994
Unconditional promise to give, net present value	41,428	41,428
<b>Total Current Assets</b>	2,266,408	1,638,526
<b>Long-Term Assets:</b>		
Certificate of Deposit	252,342	-
Annuities	453,052	-
Unconditional promise to give, net present value	310,712	352,140
Property and Equipment, net	3,399,028	3,224,942
<b>Total Long-Term Assets</b>	4,415,134	3,577,082
<b>Total Assets</b>	\$ 6,681,542	\$ 5,215,608

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accrued expenses and other payables	\$ 52,517	\$ 634,638
Short term portion of long term obligations	2,553	2,416
<b>Total Current Liabilities</b>	55,070	637,055
<b>Long-Term Liabilities</b>	5,383	7,924
<b>Total Liabilities</b>	60,452	644,978
<b>Net Assets:</b>		
Without donor restrictions	6,268,950	4,177,062
With donor restrictions	352,140	393,568
<b>Total Net Assets</b>	6,621,089	4,570,630
<b>Total Liabilities and Net Assets</b>	\$ 6,681,542	\$ 5,215,608

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

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Activities**  
**June 30, 2024**

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and Other Support</b>			
Contract revenues - DHH - Medicaid	\$ 1,361,475		\$ 1,361,475
Contract revenues - Betr-Care	26,030		26,030
Ad valorem tax	2,376,264		2,376,264
Client contracts	7,871		7,871
Donations	15,984		15,984
Miscellaneous income	30,284		30,284
Net assets released from restrictions	41,428	\$ (41,428)	-
<b>Total revenues and other support</b>	<u>3,859,336</u>	<u>(41,428)</u>	<u>3,817,907</u>
<b>Expenses</b>			
Program services:			
Day Developmental Work-Training Center	606,509	-	606,509
Individual Family Support Services program	955,938	-	955,938
Supporting services:			
Management and general	205,003	-	205,003
<b>Total expenses</b>	<u>1,767,450</u>	<u>-</u>	<u>1,767,450</u>
<b>Change in net assets</b>	2,091,888	(41,428)	2,050,457
<b>Net Assets - Beginning of the Year</b>	<u>4,177,062</u>	<u>393,568</u>	<u>4,570,630</u>
<b>Net Assets - End of the Year</b>	<u>\$ 6,268,950</u>	<u>\$ 352,140</u>	<u>\$ 6,621,089</u>

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

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Activities**  
**June 30, 2023**

	<b>2023</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Contract revenues - DHH - Medicaid	\$ 1,075,643		\$ 1,075,643
Contract revenues - Betr-Care	31,620		31,620
Ad valorem tax	273,854		273,854
Client contracts	7,636		7,636
Contributed rent	-	\$ 415,580	415,580
Miscellaneous income	186,854	-	186,853
Net assets released from restrictions	42,000	(42,000)	-
<b>Total revenues and other support</b>	<u>1,617,606</u>	<u>373,580</u>	<u>1,991,186</u>
<b>Expenses</b>			
Program services:			
Day Developmental Work-Training Center	438,583		438,583
Individual Family Support Services Program	846,052		846,052
Supporting services:			
Management and general	176,513		176,513
<b>Total expenses</b>	<u>1,461,148</u>	<u>-</u>	<u>1,461,144</u>
<b>Change in net assets</b>	156,458	373,580	530,042
<b>Net Assets - Beginning of the Year</b>	<u>4,020,603</u>	<u>19,988</u>	<u>4,040,593</u>
<b>Net Assets - End of the Year</b>	<u>\$ 4,177,062</u>	<u>\$ 393,568</u>	<u>\$ 4,570,630</u>

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



**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Day Development Work-Training Program</u>	<u>Individual Family Support Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	
Compensation and related expenses						
Compensation:						
Staff	\$ 247,542	\$ 770,828	\$ 1,018,370	\$ 71,036	\$ 71,036	\$ 1,089,406
Clients	12,025	-	12,025	-	-	12,025
Employee benefits - health insurance	33,477	22,553	56,030	-	-	56,030
Payroll taxes	23,267	58,657	81,923	-	-	81,923
Worker's compensation insurance	8,229	12,121	20,350	-	-	20,350
Conference and training	852	4,109	4,961	26	26	4,987
Client lunches	451	-	451	33	33	484
Client Holiday Celebration	4,800	800	5,600	42	42	5,642
Depreciation	15,586	25,276	40,862	110,101	110,101	150,963
Dues, subscriptions, licenses, and fees	827	3,856	4,683	-	-	4,683
Insurance	54,258	19,452	73,710	3,949	3,949	77,659
Medicaid billing software and support	1,750	1,750	3,500	-	-	3,500
Occupancy:						
Utilities	17,078	589	17,667	1,963	1,963	19,630
Maintenance	69,840	2,408	72,248	8,028	8,028	80,276
Rent	36,043	1,243	37,285	4,143	4,143	41,428
Professional services	13,208	13,208	26,417	-	-	26,417
Supplies:						
Operating	12,552	433	12,985	1,443	1,443	14,427
Office	26,841	926	27,766	3,085	3,085	30,851
Telephone and internet	7,723	266	7,990	888	888	8,877
Transportation expense	10,212	-	10,212	-	-	10,212
Travel and meals	253	8,047	8,300	66	66	8,366
Interest	278	278	555	-	-	555
Other	9,418	9,137	18,556	200	200	18,756
Total expenses	<u>\$ 606,509</u>	<u>\$ 955,938</u>	<u>\$ 1,562,445</u>	<u>\$ 205,003</u>	<u>\$ 205,003</u>	<u>\$ 1,767,448</u>

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

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Day Development Work-Training Program</u>	<u>Individual Family Support Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Supporting Services</u>	
Compensation and related expenses						
Compensation:						
Staff	\$ 232,898	\$ 634,258	\$ 867,156	\$ 85,694	\$ 85,694	\$ 952,850
Clients	7,350	-	7,350	-	-	7,350
Employee benefits - health insurance	28,646	23,458	52,104	-	-	52,104
Payroll taxes	22,842	50,338	73,180	-	-	73,180
Worker's compensation insurance	7,730	10,290	18,021	-	-	18,021
Conference and training	1,432	3,766	5,198	-	-	5,198
Client lunches	62	531	593	-	-	593
Client Holiday Celebration	1,132	-	1,132	895	895	2,027
Depreciation	10,000	3,540	13,540	78,890	78,890	92,429
Dues, subscriptions, licenses, and fees	400	5,360	5,760	-	-	5,760
Insurance	17,738	80,528	98,266	-	-	98,266
Medicaid billing software and support	1,938	1,063	3,000	100	100	3,100
Occupancy:						
Utilities	8,691	300	8,991	999	999	9,990
Maintenance	10,874	375	11,249	1,250	1,250	12,499
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	12,774	12,765	25,539	-	-	25,539
Supplies:						
Operating	9,351	322	9,673	1,075	1,075	10,748
Office	8,876	306	9,182	1,020	1,020	10,203
Telephone and internet	6,463	223	6,686	743	743	7,429
Transportation expense	2,209	-	2,209	-	-	2,209
Travel and meals	293	8,714	9,007	-	-	9,007
Interest	347	347	695	-	-	695
Other	9,976	8,314	18,290	1,662	1,662	19,952
Total expenses	<u>\$ 438,565</u>	<u>\$ 846,056</u>	<u>\$ 1,284,621</u>	<u>\$ 176,529</u>	<u>\$ 176,529</u>	<u>\$ 1,461,148</u>

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

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Statement of Cash Flows**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Change in net assets	\$ 2,050,460	\$ 530,038
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Expenses not requiring cash:		
Depreciation expense	150,963	92,429
Income not providing cash:		
Unrealized gains on investments	(10,234)	
(Increase) decrease in unconditional promise to give, net	41,428	(373,580)
(Increase) decrease in contract receivables	(20,618)	6,342
(Increase) decrease in receivable from St. John Parish (ad valorem)	(145,615)	72,490
(Increase) decrease in other receivable	-	182,133
(Increase) decrease in prepaid expenses	15,685	(17,575)
Increase (decrease) in accrued expenses and other payables	<u>(582,122)</u>	<u>714</u>
Net cash provided by (used in) operating activities	<u>1,499,947</u>	<u>492,992</u>
<b>Investing Activities</b>		
Purchases of investments	(1,200,000)	-
Purchases of property and equipment	<u>(327,607)</u>	<u>(469,082)</u>
Net cash used in investing activities	<u>(1,527,607)</u>	<u>(469,082)</u>
<b>Financing Activities</b>		
Reduction in ROU Financing Obligations	<u>(2,404)</u>	<u>(2,265)</u>
Net cash used in financing activities	<u>(2,404)</u>	<u>(2,265)</u>
Net increase (decrease) in cash	(30,064)	21,644
Cash and cash designated for long-term purposes, beginning of year	<u>1,444,617</u>	<u>1,422,972</u>
Cash and cash designated for long-term purposes, end of year	<u>\$ 1,414,553</u>	<u>\$ 1,444,617</u>

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

**ST. JOHN ARC**  
**LAPLACE, LOUISIANA**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**INTRODUCTION**

St. John ARC (the Organization) is a 501 (c) (3) non-profit corporation founded for the purpose of helping citizens with mental and physical developmental disabilities and was incorporated on October 30, 1972, under the laws of the State of Louisiana. The Organization operates a Day Developmental Work-Training Center and an Individual Family Support Services program. The day developmental work-training center trains the mentally and physically handicapped citizens of the parish who are 21 years of age and older. The areas of training are geared toward helping the individuals adjust to society. The Organization also provides free transportation for all activities including daily instruction classes. The individual family support service provides twenty-four hour a day in-home care by trained workers and is available for mentally handicapped citizens of all ages.

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

**A. Basis of Accounting and Financial Statement Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*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 board of directors.

*Net assets with donor restrictions* — Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has net assets with donor restrictions related to the contributed use of its facility which is restricted as to time.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**B. Cash and Cash Equivalents**

Cash consists of amounts held at financial institutions. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with initial

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maturity of three months or less to be cash equivalents. The Organization had no cash equivalents of as of June 30, 2024 and 2023.

Certificates of Deposits with original maturities of one year or less are classified as current assets. Certificates with original maturities in excess of one year are reported as long-term assets.

**C. Contract Receivables**

Contract receivables are stated at unpaid balances, less an allowance for doubtful accounts, if required. The Organization provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was zero for each of the years ended June 30, 2024 and 2023.

**D. Property and Equipment**

All acquisitions of property and equipment in excess of \$2,500 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.

Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as an increase in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-39 years
Land improvements	15 years
Equipment, furniture, and fixtures	5-20 years
Vehicles	5 years

**E. Leases**

The Organization determines if an arrangement is a lease at inception. Operating leases with an initial term greater than 12 months are included in operating right-of-use (ROU) assets, other current liabilities, and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment, other current liabilities,

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and other long-term liabilities on the statement of financial position. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

**F. Ad Valorem Tax**

In 2012, Proposition II was renewed and levied a one mill tax on all the property within the Parish for a period of ten years beginning with the year 2013 and ending with tax year 2022. In November 2022, Proposition II, was renewed and will levy a one mill tax on all the property within the Parish for a period of ten years beginning with the tax year 2023 and ending with tax year 2032. The ad valorem funds are to be used for maintaining and operating the public building used to train developmentally disabled citizens (including payment of salaries and costs and conducting training programs for the developmentally disabled citizens).

**G. Revenue Recognition**

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year.

The Organization reports gifts of land, buildings, and equipment as revenue 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 the gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue 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.

Contributions of noncash assets as well as contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The majority of the Organization's revenue is derived from contract revenue (DHH — Medicaid). Other revenue sources include Ad Valorem tax revenue, client contracts, contributed rent, client lunches, and other miscellaneous income. The ad valorem tax and contributions are non-exchange transactions that benefit the general public and are recognized when received.

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The Contract revenues are earned over time based upon contractually determined hourly rates associated with attendant care and day habilitation services and day in-home care that are provided to the developmentally disabled citizens. The day habilitation services, and day in-home care are billed on a weekly basis after the services are provided.

**H. Compensated Absences**

Salaried employees of the Organization accrue leave time of one day for each operational month. Leave must be taken by June 30 each year, or the leave time is lost. Accordingly, the financial statements do not include a provision for compensated absences.

**I. Contributed Services and Contributed Rent**

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it does not meet the criteria for recognition under US GAAP. The Organization occupies a parish government owned building located at 101 Bamboo Street, Laplace, Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. The contributed rent is accounted for as an unconditional promise to give and is recorded at net present value.

**J. Functional Expenses**

Expenses are charged directly to management and general or program services in general categories based on specific identification. Indirect expenses have been allocated using the following methodologies: Salaries and employee-related expenses — time and effort; occupancy and other expenses — management's estimate of usage of the leased premises.

**K. Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**L. Concentration of Credit Risk**

The Organization maintains cash in multiple bank accounts at multiple bank locations in the Laplace, Louisiana area. These bank accounts periodically incur balances in excess

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of the FDIC insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**M. Income Taxes**

The Organization is exempt from income tax under IRC section 501(c)(3), though subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**NOTE 2. LIQUIDITY AND AVAILABILITY**

The financial state of the Organization is overseen by its board of directors. The Organization maintains operating revenues for general expenditures. The Organization's current assets are \$2,266,408 and \$1,638,526 for the years ended June 30, 2024 and 2023, respectively. The ARC had cash (book balances) of \$1,414,553 and certificates of deposits (book balances), with a maturity of less than a year, of \$507,398 for the year ended June 30, 2024. These assets are available for general expenditures. It is the ARC's goal to maintain current assets to meet 90 days of normal operating expenses, which are on average \$441,795. In addition, the Organization has a \$50,000 line of credit with Regions Bank available to meet cash flow needs.

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	2024	2023
Land	\$ 50,412	\$ 50,412
Land Improvements	33,266	39,449
Building and Improvements	3,217,772	2,894,466
Equipment	36,281	29,773
Vehicles	443,086	302,660
Construction in progress	13,120	162,082
Less: Accumulated Depreciation	(402,335)	(263,606)
Property and Equipment, Net	3,391,602	3,215,234
Financing right-of-use assets	12,788	12,788
Less: Accumulated Depreciation	(5,361)	(3,080)
Total financing ROU assets, net	7,427	9,708
Net investment in property and equipment	\$ 3,399,028	\$ 3,224,942



**ST. JOHN ARC  
LAPLACE, LOUISIANA  
Notes to the Financial Statements  
June 30, 2024 and 2023**

Depreciation expense for the year ended June 30, 2024 is \$150,963.

**NOTE 4. LINE OF CREDIT**

The Organization has an unsecured line of credit of \$50,000 at Regions Bank with a variable interest rate based on current bank prime rate. The line of credit will continue until the Organization, or the lender terminates the agreement. At both June 30, 2024 and 2023, the balance on the line of credit was \$0 and the interest rate was 7.25% and 12.25%, respectively.

**NOTE 5. CONTRIBUTED RENT**

The Organization occupies a parish government owned building located at 101 Bamboo Street, Laplace, Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. An asset related to the contributed use of the facility through the period ending December 31, 2023, the period for which the current Proposition II millage has been approved, has been recorded at its net present value in the amount of \$352,140 and \$393,568 for the years ended June 30, 2024 and 2023, respectively, on the statement of financial position. A risk-free rate of 2.5% was used to determine the present value for the year ended June 30, 2024 and 2023. The Unconditional Promise to Give asset is presented net of the discount on the Statement of Financial Position.

Summary of the Unconditional Promise to Give for the following 5 years:

Year Ended June 30,	Five-year Commitment
2025	\$41,428
2026	\$41,428
2027	\$41,428
2028	\$41,428
2029	\$41,428
Aggregate Payments	<u>\$207,140</u>

**NOTE 6. CONCENTRATION OF REVENUES**

The Organization receives approximately 36% and 54% of total revenue for the years ended June 30, 2024 and 2023, respectively, from the State of Louisiana, Department of Health and Hospitals.

**ST. JOHN ARC  
LAPLACE, LOUISIANA  
Notes to the Financial Statements  
June 30, 2024 and 2023**

**NOTE 7. LEASES**

*Copy machine*

On June 1, 2022, the ARC entered into a lease agreement with Xerox Financial Services, LLC for a Xerox Copier. The agreement is for 60 months. Monthly payments are \$245.99. Management has determined this lease to be a financing right-of-use asset with an imputed interest rate of 6%. Management cannot cancel or terminate the lease but does have the option to buy the copier at fair market value or extend the agreement in three-month terms at the end of the initial agreement term.

At June 30, 2024 and 2023, the remaining financing lease liability for this agreement was \$7,936 and \$10,340, respectively. The lease liability is reported as the short-term and long-term portions on the statement of financial position. The amortization of the right-of-use asset is recorded in the depreciation expense on the statement of activities in the Day Development Work Training Program and the Individual Family Support Services.

Future minimum commitments required under financing leases are as follows:

Year Ended June 30,	Total Commitment
2025	\$ 2,553
2026	2,710
2027	<u>2,631</u>
Total minimum payments	<u>\$ 7,894</u>

Interest expense for the year ended June 30, 2024 and 2023, was \$555 and \$695, respectively.

**NOTE 8. INVESTMENTS**

In 2024, the ARC's board of directors approved to invest excess cash in the purchase of certificates of deposits and annuities. Certificates of deposit with an original maturity date of 12 months or more and annuities are classified in long term assets on the statement of financial position and are summarized as follows:

<b>Annuities – Regions Bank</b>					
June 30, 2024			June 30, 2023		
Cost	Fair Value	Unrealized Gain/(Loss)	Cost	Fair Value	Unrealized Gain/(Loss)
\$450,000	\$453,052	\$3,052	\$ -	\$ -	\$ -

**ST. JOHN ARC  
LAPLACE, LOUISIANA  
Notes to the Financial Statements  
June 30, 2024 and 2023**

**Certificates of Deposit – First National Bank**

June 30, 2024			June 30, 2023		
Cost	Fair Value	Accrued Interest	Cost	Fair Value	Accrued Interest
\$250,000	\$252,342	\$2,342	\$ -	\$ -	\$ -

The annuities are reported at fair value, which includes any unrealized gains or losses. The certificates of deposits are reported at their fair value which includes accrued interest. Accrued interest and unrealized gains and losses are reported as increases or decreases to net assets without donor restrictions.

**NOTE 9. 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 act was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not-for-profit local auditees are required to report on payments made from public funds only.

The following is a summary of such payments, made with public funds, for Linda Lambert, Day Program Director, during the year ended June 30, 2024. Payments made with nonpublic funds are not required, and therefore, not reported.

Reimbursements	\$ 4,646
Total	<u>\$ 4,646</u>

**NOTE 10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 05, 2024, the date that the financial statements were available to be issued and determined that there were no events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**NOTE 11. LITIGATIONS AND CLAIMS**

The ARC is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; and natural disasters. Commercial insurance coverage is purchased to cover real and personal property, general liability, automobile, and criminal liability. There has been no significant reduction in insurance coverage during the current or previous fiscal year.

**SPECIAL REPORTS OF  
CERTIFIED PUBLIC ACCOUNTANTS**



**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**

**Board of Directors  
St. John ARC  
LaPlace, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. John ARC (the Organization), a nonprofit organization, which comprise the statement of financial position as of and for the year ended June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report there on dated November 05, 2024.

**Report on Internal Control over Financial Reporting**

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

We did identify certain deficiencies in internal control, described in the accompanying schedule of current year findings and responses, 2024-01 and 2024-02, that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings and responses, 2024-03 and 2024-04.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



T.S. Kearns & Co., CPA  
Thibodaux, Louisiana  
November 05, 2024

## **OTHER REPORTS**

**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**Summary Schedule of Prior Year Findings  
June 30, 2024**

**Section I – Internal Control and Compliance Material to the Financial Statements:**

There were no findings reported in the prior fiscal year.

**Section II – Management Letter:**

There was no management letter issued in the prior year.



**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**Current Year Findings and Responses  
For the Year Ended June 30, 2024**

**Section I – Internal Control and Compliance Material to the Financial Statements**

<b><u>Ref. No.</u></b>	2024-01
<b><u>Condition:</u></b>	Inadequate Controls over Credit Cards – Internal Control Material Weakness
<b><u>Criteria:</u></b>	Effective internal controls are needed to ensure proper use and reporting of credit card activity.
<b><u>Cause:</u></b>	For the period under audit, the ARC did not have a written policy for credit cards. All transactions for the fiscal year for the primary credit card were tested for proper support. Approximately 36% of the transactions were missing proper support.
<b><u>Effect:</u></b>	Without adequate internal controls over credit card use, the risk of improper activity related to the purchases increases significantly.
<b><u>Recommendation:</u></b>	Management should adopt a credit card policy which outlines (1) how credit cards are to be controlled, (2) allowable business use, (3) documentation requirements, (4) required approvers of statements and (5) monitoring usage. Management should ensure that all credit card transactions are properly authorized, valid, and support the mission of the ARC. Additionally, supporting documentation for each transaction must be maintained and reconciled to the statement monthly by someone who is not an authorized user of that credit card.
<b><u>Management's response:</u></b>	The board agrees with the recommendations and will work to adopt a written policy over credit card use and implement stronger controls over all ARC credit cards.

**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**Current Year Findings and Responses  
For the Year Ended June 30, 2024**

<b><u>Ref. No.</u></b>	2024-02
<b><u>Condition:</u></b>	Inadequate Controls over Supplies – Internal Control Material Weakness
<b><u>Criteria:</u></b>	Effective internal controls are needed to ensure safeguarding and proper use of consumable supplies.
<b><u>Cause:</u></b>	For the period under audit, the ARC did not have a written policy for purchasing. A substantial amount of supplies was purchased throughout the year which were delivered to the personal home of an employee and from there disbursed for use within the organization.
<b><u>Effect:</u></b>	Without adequate internal controls over supplies, both purchase and storage, the risk of misappropriation related to the purchases increases significantly.
<b><u>Recommendation:</u></b>	Management should adopt a written purchasing policy which outlines, at a minimum, (1) how purchases are initiated, (2) the approval process for purchases, including how the approvals are documented, and (3) a requirement that all purchases are to be delivered to the main office.
<b><u>Management's response:</u></b>	The board agrees with the recommendations and will work to adopt a written purchasing policy including the recommended criteria.

**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**Current Year Findings and Responses  
For the Year Ended June 30, 2024**

<b><u>Ref. No.</u></b>	2024-03
<b><u>Condition:</u></b>	Noncompliance with Article VII of the Louisiana Constitution – Gifts
<b><u>Criteria:</u></b>	Article 7, Section 14 of the Louisiana Constitution prohibits the use of public funds to purchase something of value when it is under no obligation to do so.
<b><u>Cause:</u></b>	The ARC purchased gift cards with public funds totaling \$4,852 to be given to both employees and clients as Christmas gifts.
<b><u>Effect:</u></b>	Noncompliance. Gifts are a prohibited use of public funds.
<b><u>Recommendation:</u></b>	Management should review the laws surrounding public funds, including the prohibited uses and communicate this to accounting personnel. Any purchases which would be considered a prohibited use of public funds should be paid for with nonpublic funds.
<b><u>Management's response:</u></b>	The board agrees with the recommendations and will develop procedures to ensure public funds are used only for allowable payments. Additionally, the board will reimburse the public fund account from a non-public fund account the \$4,852 paid in error from the public fund account.

**ST. JOHN ARC  
LAPLACE, LOUISIANA**

**Current Year Findings and Responses  
For the Year Ended June 30, 2024**

<b><u>Ref. No.</u></b>	2024-04
<b><u>Condition:</u></b>	Noncompliance with IRS Payroll Reporting Requirements
<b><u>Criteria:</u></b>	The Internal Revenue Service requires that all payments made to employees, in cash or gift cards, are required to be paid through the normal payroll process and reported at year end on the employee's Form W-2.
<b><u>Cause:</u></b>	The ARC issued \$5,600 in gift cards to employees as Christmas gifts. These payments were not included in the employee's W2s. Also, a payment of \$3,183 was paid for unused paid time off to an employee. This payment was not processed through payroll and included on the employee's W-2. Finally, payments made to clients for their work within the ARC were not processed through payroll nor reported on Form W-2.
<b><u>Effect:</u></b>	Noncompliance with IRS requirements for reporting and paying payroll taxes and preparing and filing Form W-2.
<b><u>Recommendation:</u></b>	Management should adopt policies whereby all payments to employees, including gift card payments, should be included in payroll to ensure that all taxes are properly paid, and all forms, including Form W-2, are correctly reported.
<b><u>Management's response:</u></b>	The board agrees with the recommendations and will process all employee payments through the normal payroll process.

**Section II – Management Letter:**

There was no management letter issued in the current year.



**St. John ARC**  
LaPlace, Louisiana

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
Year Ended June 30, 2024**

**T.S. KEARNS & CO.**  
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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2023 through June 30, 2024. The St. John ARC's (the ARC) management is responsible for those C/C areas identified in the SAUPs.

The ARC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 01, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**1) Written Policies and Procedures**

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

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

Exception noted. There were no written policies addressing this item.

- ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Exception noted. There were no written policies addressing this item.

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

Exception noted. There were no written policies addressing this item.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Exception noted. There were no written policies addressing this item.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Exception noted. There were no written policies addressing this item.

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

Exception noted. There were no written policies addressing this item.

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

Exception noted. There were no written policies addressing this item.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Exception noted. There were no written policies addressing this item.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a

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

Not applicable to a nonprofit organization.

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

Not applicable to a nonprofit organization.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception noted. There were no written policies addressing this item.

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

Not applicable to a nonprofit organization.

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those*



*public funds comprised more than 10% of the entity's collections during the fiscal period.*

Exception noted. Minutes did include certain expensed amounts but did not specifically reference when public funds would be used.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable to a nonprofit organization.

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

Not applicable. No prior year findings.

### **3) Bank Reconciliations**

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

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Exception noted. No written evidence of reconciliations being reviewed.

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

No exception.

#### **4) Collections (excluding electronic funds transfers)**

---

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

There is only one collection and deposit site for public funds.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

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

Not applicable as cash is not collected.

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

No exceptions.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions.

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

No exceptions.

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

No exceptions.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

Not applicable as all collections are noncash and are checks received through the mail.

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

No exceptions.

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

No exceptions.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Exception noted. There was no written evidence the receipt of the deposit; therefore, this could not be tested.

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

No exceptions.

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

---

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

Obtained a listing of locations that process payments and management's representation that the list is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

Exception noted. Program directors can make purchases under \$500 without prior approval.

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

No exceptions.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Exception noted. The employee has the ability to modify vendor files. There is no vendor review.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions.

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

No exceptions.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

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

Exception noted. Invoices did not include whether the deliverables were received when applicable.

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

Exception noted. No written evidence of segregation of duties.

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

Exception noted. The Board approved the disbursements in the November 2023 meeting, but there is no written evidence of approval on the documentation.

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards and obtained management's representation that the list is complete.

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

monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Exceptions noted. There is no written evidence of review and approval on the statements.

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

No exceptions.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Exceptions noted. Some statements were missing original receipts, no written evidence of review or approval on any statements. Business purpose was not evident on every invoice.

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

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- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable. Management represents that travel and travel-related expense reimbursements were not paid with public funds.

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Not applicable. Management represents that there were no contract payments paid with public funds during the year.

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Not applicable. Management represents that payroll wages were not paid with public funds.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Not applicable.

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

Not applicable.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of third-party payroll related amounts, and associated forms have been filed, by required deadlines.



## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This section is not applicable to a nonprofit organization.

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section is not applicable to a nonprofit organization.

## **12) Fraud Notice**

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

Management has asserted that there have been no misappropriations of public funds or assets during the fiscal period.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions.

### **13) Information Technology Disaster Recovery/Business Continuity**

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

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

We performed the procedures and discussed the results with management.

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

We performed the procedures and discussed the results with management.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

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

Not applicable.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
  - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

This section is not applicable to a nonprofit organization.

#### **14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

This section is not applicable to a nonprofit organization.

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**Managements Response:** The ARC's Board agrees with all exceptions and will continue to work to improve processes to ensure effective and efficient handling of all transactions and compliance with all requirements.

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We were engaged by St. John ARC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Thibodaux, Louisiana  
November 05, 2024