

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)

AUDITED FINANCIAL REPORT

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The ARC of St. Charles, Inc.
Boutte, Louisiana

Opinion

We have audited the accompanying financial statements of The ARC of St. Charles, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 The ARC of St. Charles, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The ARC of St. Charles, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, 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, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of The ARC of St. Charles, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The ARC of St. Charles, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The ARC of St. Charles, Inc.'s internal control over financial reporting and compliance.



Harvey, Louisiana
December 20, 2023

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,672,040	\$ 1,775,117
Investments	620,569	350,130
Accounts Receivable	326,538	324,533
Deposits	10,515	9,515
Inventory	227,602	111,011
Prepaid Expenses	19,260	81,414
Unrealized Loss on Investments	<u>24,091</u>	<u>31,284</u>
Total Current Assets	<u>2,900,615</u>	<u>2,683,004</u>
Property and Equipment		
Buildings	753,691	731,291
Furniture and Equipment	392,828	371,022
Vehicles	<u>530,155</u>	<u>446,329</u>
	1,676,674	1,548,642
Less: Accumulated Depreciation	<u>(1,047,966)</u>	<u>(938,278)</u>
Net Property and Equipment	<u>628,708</u>	<u>610,364</u>
TOTAL ASSETS	<u>\$ 3,529,323</u>	<u>\$ 3,293,368</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION - CONTINUED
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Accounts Payable	\$ 27,091	\$ 24,234
Comp Absences – Current Portion	51,747	39,023
Notes Payable – Current Portion	33,554	42,387
Accrued Payroll	<u>40,292</u>	<u>27,008</u>
Total Current Liabilities	<u>152,684</u>	<u>132,652</u>
Long-Term Liabilities		
Comp Absences – Non Current Portion	23,678	21,392
Notes Payable – Non Current Portion	<u>63,333</u>	<u>194,908</u>
Total Long-Term Liabilities	<u>87,011</u>	<u>216,300</u>
Net Assets		
Without Donor Restrictions	<u>3,289,628</u>	<u>2,944,416</u>
Total Net Assets	<u>3,289,628</u>	<u>2,944,416</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,529,323</u>	\$ <u>3,293,368</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

**REVENUES, GAINS, AND
OTHER SUPPORT**

	<u>2023</u>	<u>2022</u>
Ad Valorem Tax	\$ 1,178,500	\$1,141,000
Dept. of Health and Hospital Services - Office of Citizens with Developmental Disabilities	14,758	-0-
Dept. of Health and Hospital Services - Medicaid	1,922,253	1,982,031
Row Day Habilitation - Medicaid	266,634	122,499
United Way	114,000	132,815
L/T Personal Care Services	194,979	139,312
Supported Employment/Job Revenue	421,985	444,776
Respite/Sitter Services	12,176	12,032
Contributions	156,957	20,508
Interest & Dividend Income	48,653	4,599
Fund Raising	3,626	3,624
ARC Festival	130	97
Grants	5,350	91,260
Employee Retention Credit	357,202	-0-
Other Income	89,824	84,176
Insurance Proceeds/Warranty	2,400	42,168
Gain on Investments	<u>-0-</u>	<u>3,887</u>

TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>4,789,427</u>	<u>4,224,784</u>
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EXPENSES

Program Services	3,669,895	2,936,621
Administrative Services	<u>774,320</u>	<u>702,860</u>

TOTAL EXPENSES	<u>4,444,215</u>	<u>3,639,481</u>
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INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>345,212</u>	<u>585,303</u>
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Net Assets Without Donor Restrictions, Beginning of Year	<u>2,944,416</u>	<u>2,359,113</u>
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Net Assets Without Donor Restrictions, End of Year	\$ <u>3,289,628</u>	\$ <u>2,944,416</u>
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The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023			June 30, 2022		
	PROGRAM SERVICES	ADMINISTRATIVE SERVICES	TOTAL	PROGRAM SERVICES	ADMINISTRATIVE SERVICES	TOTAL
Payroll – Staff	\$2,293,567	\$376,237	\$2,669,804	\$2,078,326	\$379,542	\$2,457,868
Payroll - Clients	90,278	-0-	90,278	63,346	-0-	63,346
Payroll Taxes	184,831	23,429	208,260	166,921	29,188	196,109
Bonus and Awards	-0-	7,700	7,700	15,004	7,759	22,763
Insurance - Health	143,778	28,875	172,653	104,616	30,768	135,384
Professional Fees	168,450	62,861	231,311	27,779	41,275	69,054
Dues	54,162	-0-	54,162	41,635	-0-	41,635
Equipment	14,833	-0-	14,833	1,043	-0-	1,043
Donations	-0-	1,500	1,500	1,033	-0-	1,033
Licenses	1,360	-0-	1,360	1,754	-0-	1,754
Maintenance and Repairs	112,759	53,016	165,775	50,898	240	51,138
Office Supplies	3,048	49,440	52,488	-0-	39,366	39,366
Supplies	45,937	-0-	45,937	41,093	-0-	41,093
Telephone	4,325	25,989	30,314	5,568	29,387	34,955
Travel and Seminars	11,596	17,096	28,692	10,873	20,111	30,984
Fuel	56,525	-0-	56,525	36,422	-0-	36,422
Property and Liability Insurance	200,031	14,697	214,728	65,449	5,456	70,905
Insurance - Workers' Compensation	49,016	435	49,451	55,809	5,510	61,319
Bank Charges & Fees	4,572	-0-	4,572	1,825	8	1,833
Meetings and Events	11,518	-0-	11,518	8,266	-0-	8,266
Fines and Penalties	342	-0-	342	46	-0-	46
Depreciation	91,175	18,513	109,688	93,394	15,604	108,998
Employee Expense	6,514	-0-	6,514	6,909	283	7,192
Fund Raising	-0-	8,206	8,206	-0-	8,641	8,641
Utilities	18,700	9,926	28,626	17,512	3,673	21,185
Interest	-0-	16,940	16,940	-0-	16,122	16,122
Advertising	611	4,301	4,912	451	1,290	1,741
Auto	6,866	-0-	6,866	5,058	-0-	5,058
Rent	15,884	34,690	50,574	10,158	24,991	35,149
Contractual Service	79,217	-0-	79,217	25,433	-0-	25,433
Evacuation Expense	-0-	-0-	-0-	-0-	25,750	25,750
Loss on Investments	-0-	1,539	1,539	-0-	554	554
Retirement	-0-	18,930	18,930	-0-	17,342	17,342
Total	<u>\$3,669,895</u>	<u>\$774,320</u>	<u>\$4,444,215</u>	<u>\$2,936,621</u>	<u>\$702,860</u>	<u>\$3,639,481</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Net Assets	\$ 345,212	\$ 585,303
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	109,688	108,998
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,005)	(205,163)
Inventory	(116,591)	(7,471)
Unrealized Loss on Investments	7,193	(31,284)
Prepaid Expenses	62,154	(73,177)
Deposits	(1,000)	-0-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,857	(9,440)
Comp Absences Payable	15,010	(8,160)
Accrued Payroll	<u>13,284</u>	<u>(83,839)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>435,802</u>	 <u>275,767</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Investments	(270,439)	18,207
Purchases of Property and Equipment	(128,032)	(48,889)
Gain on Investments	-0-	3,887
Sale of Property and Equipment	<u>-0-</u>	<u>1,266</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(398,471)</u>	 <u>(25,529)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Notes payable	<u>(140,408)</u>	<u>(14,753)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>(140,408)</u>	 <u>(14,753)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (103,077)	 235,485
Cash and Cash Equivalents, Beginning of Year	<u>1,775,117</u>	<u>1,539,632</u>
Cash and Cash Equivalents, End of Year	\$ <u>1,672,040</u>	\$ <u>1,775,117</u>

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

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

1. SIGNIFICANT ACCOUNTING POLICIES

A. The ARC of St. Charles, Inc., a nonprofit organization, is committed to providing services and supports that enable people of all ages with developmental and intellectual disabilities and special needs to attain their full potential. The financial statements of The ARC of St. Charles, Inc. have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when earned rather than when received, and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

B. Business Activity

The ARC of St. Charles, Inc. trains the intellectually and developmentally disabled citizens of the parish that are over 17 years of age. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, personal hygiene, daily living skills (making change, telling time, safety), recognition of danger signs, physical training, and maximization of individual potential. The Organization also provides transportation for all activities including daily instruction classes. Funding for the Organization is primarily derived from the dedicated millage provided by St. Charles Parish taxpayers, and from third party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies. In addition, the Organization also receives funding from appropriations from State agencies, and contributions from the public. Additional revenue is also generated from services performed by clients.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

D. Investments

Investments with maturities greater than 3 months when purchased are classified as investments. Investments are stated at fair value as established by the open market unless otherwise designated below.

Under State law, The ARC of St. Charles, Inc. may invest in United States bonds, treasury notes, certificates, treasury bills, any other federally insured investment, or the Louisiana Asset Management Pool, Inc. (LAMP).

Investment policies are governed by state statutes.

E. Liquidity and Availability

The Organization has \$1,672,040 of cash in bank available within one year of the date of the statement of financial position to meet cash needs for general expenditures. Cash in bank is not subject to donor or other contractual restrictions that make it unavailable for general expenditures within one year of the date of the statement of financial position.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

E. Liquidity and Availability-continued

All of The ARC of St. Charles, Inc.'s financial assets are available for general expenditure, with the exception of revenue received from the St. Charles Parish millage. The cooperative endeavor agreement between The ARC of St. Charles, Inc. and the St. Charles Parish Council requires all revenue generated from this millage to be spent in activities pertaining to St. Charles Parish only. The ARC of St. Charles, Inc. has no financial assets with donor restrictions. As a part of its liquidity management, The ARC of St. Charles, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, The ARC of St. Charles, Inc. invests cash in excess of daily requirements in short-term investments.

F. Restricted Deposits

The Organization does not have any deposits that are restricted in use and that are not available for operating purposes at June 30, 2023 and 2022.

G. Accounts Receivable

The Organization, in regards to uncollectible accounts, utilizes the direct write off method. Therefore, no allowance for doubtful accounts is utilized. Management believes this to be the most effective method for purposes of recording uncollectible accounts. There were no bad debts written off for the years ended June 30, 2023 and 2022.

H. Inventory and Thrift Shop Donations

The Thrift Shop, which is owned and operated by the Organization, receives donated household items on a daily basis. These donations can be used, repaired, or cleaned for resale. However, some items received are of poor condition and are later discarded. It is, therefore, not practicable to determine the fair value of the donated items at the time of receipt. Accounting principles generally accepted in the United States of America require that donated property be recorded at its fair value at the time of receipt. The items retained for resale are, however, recorded at their fair value on an annual basis at the time the fiscal year end inventory is recorded. Thrift shop values are used to estimate the fair value of the items retained for inventory. This value is then utilized in the inventory adjustment and is, therefore, included in the overall determination of the Statement of Financial Position and the Statement of Activities.

I. Ad Valorem Tax/Millage

Annually, The ARC of St. Charles, Inc. receives a millage from St. Charles Parish (.70 mills for a term of 10 years) for funding purposes. The approximate amount of revenue from this millage is estimated to be \$1,178,500 for the upcoming year. The proceeds are required to be used exclusively in St. Charles Parish as a result of a cooperative endeavor agreement signed between The ARC of St. Charles, Inc. and the St. Charles Parish Council. Under the agreement, The ARC of St. Charles, Inc. will jointly engage in activities to achieve the goal of promoting the well-being of persons with special needs and developmental and intellectual disabilities.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

J. Contributions

Donor-restricted support whose restrictions are met in the same reporting period as the support recognized is reported as net assets without donor restrictions.

K. Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as structured by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful life. Acquisitions of property and equipment in excess of \$400 and having a useful life of over one year are capitalized.

L. Financial Statement Presentation

The financial statements have been prepared in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations" and Financial Accounting Standards Board Update to Topic 958 (ASU 2016-14), "Presentation of Financial Statements for Not-for-Profit Entities." Under SFAS No. 117 and Update to Topic 958 (ASU 2016-14), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 requires lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021.

New Accounting Pronouncement – The ARC of St. Charles, Inc. has adopted Accounting Standards Update No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Accounting Standards Update seeks to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The amendments in this Accounting Standards Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by nonprofit entities, as well as the amount of those contributions used in a nonprofit entities' programs and other activities. The adoption of Accounting Standards Update 2020-07 had no material impact on The ARC of St. Charles, Inc.'s financial statements as a whole.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those statements.

2. LEASES

The Organization leases its operating facilities from the St. Charles Parish School Board under a monthly operating lease at a charge of \$3,028.17 per month effective July 1, 2021 for a term of 3 years ending June 30, 2024. The Organization pays all insurance, maintenance, and improvements. The lessor may cancel the lease if the facilities are needed for school purposes. The Organization leased facilities for its Mardi Gras bead operations under a month-to-month lease which began January 29, 2023 at a rate of \$1,000 per month. The Organization also leases an apartment for a client on a six month lease which ends November 30, 2023 for \$1,250.00 per month. Additionally, the Organization leased various copiers under a four year lease which began on June 9, 2020 at a rate of \$292.58 per month.

The minimum lease payments payable on the Organization's leases for the next five years are as follows:

June 30, 2024	\$ 45,806
June 30, 2025	\$ -0-
June 30, 2026	\$ -0-
June 30, 2027	\$ -0-
June 30, 2028	\$ -0-

3. CONTRIBUTED SERVICES

A number of unpaid volunteers have made contributions of their time to the Organization during the year. The value of this contributed time is not reflected in these statements since it is not material and is not susceptible to objective measurement or valuation.

4. CONTRACT REVENUES

The Organization entered into a contract with the Department of Health and Hospitals to provide training to individuals with developmental and intellectual disabilities that are over 17 years of age in St. Charles Parish. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, and behavioral skills.

The Organization also entered into a contract with Res-Care, Inc. (a residential provider) to provide day training to other developmentally and intellectually disabled citizens. The type of training provided is explained in the preceding paragraph.

The Organization receives its largest operating revenue for providing training and daycare to Medicaid clients.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2023	2022
First American – Operating	\$ (92,473)	\$ 28,282
First National – Money Market	262	262
First National – Millage	1,763,996	1,746,323
GNO Federal Credit Union	5	-0-
Petty Cash	250	250
	<u>\$1,672,040</u>	<u>\$1,775,117</u>

6. INVESTMENTS AND FAIR VALUE MEASUREMENT

The ARC of St. Charles, Inc. can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The ARC of St. Charles, Inc.'s investments are categorized to give an indication of the level of risk assumed by The ARC of St. Charles, Inc. at year end. Category 1 includes investments that are insured or registered or for which the securities are held by The ARC of St. Charles, Inc. or the Organization's agent in The ARC of St. Charles, Inc.'s name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in The ARC of St. Charles, Inc.'s name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in The ARC of St. Charles, Inc.'s name.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by the GASB Codification Section because the investment is in a pool of funds and, thereby, not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments and non-profit organizations having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP and the other investments listed below include only securities and other obligations in which non-profit organizations in Louisiana are authorized to invest. Accordingly, these investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For the purpose of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments, that fall within the definitions of said statement, be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security and Exchange Commission's (SEC's) Rule 2-a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2-a7.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

6. INVESTMENTS AND FAIR VALUE MEASUREMENT - continued
As of June 30, 2023, The ARC of St. Charles, Inc. had the following investments:

Investment Type	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Louisiana Asset Management Pool (LAMP)	\$ 154,492	\$ 154,492	\$ -0-
FNB Certificate of Deposit (Category 1)	52,690	52,690	-0-
FAB Certificate of Deposit (Category 1)	100,000	100,000	-0-
Edward Jones Investments (Category 2)	<u>313,387</u>	<u>313,387</u>	<u>(24,091)</u>
Total	<u>\$ 620,569</u>	<u>\$ 620,569</u>	<u>\$ (24,091)</u>

7. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Dept. of Health and Hospitals	\$ 155,875	\$ 174,965
St. Charles Parish Finance Department	20,076	38,955
Res-Care, Inc.	4	319
United Way	17,917	36,029
St. Charles Parish Schools	78,018	40,111
OCDD	540	17,321
St. John Council on Aging	2,068	3,883
Entergy	14,325	7,725
Louisiana Rehabilitation	500	-0-
Paylocity	25,229	-0-
First National Bank	8,568	-0-
Miscellaneous	<u>3,418</u>	<u>5,225</u>
	<u>\$ 326,538</u>	<u>\$ 324,533</u>

8. PROPERTY AND EQUIPMENT

Property and equipment, and depreciation activity for the year ended June 30, 2023 are as follows:

	Balance 7-1-22	Additions	Deletions	Balance 6-30-23
Buildings	\$ 731,291	\$ 22,400	\$ -0-	\$ 753,691
Furniture & Equipment	371,022	21,806	-0-	392,828
Vehicles	446,329	83,826	-0-	530,155
	<u>1,548,642</u>	<u>128,032</u>	<u>-0-</u>	<u>1,676,674</u>
Less: Accumulated Depreciation	<u>(938,278)</u>	<u>(109,688)</u>	<u>-0-</u>	<u>(1,047,966)</u>
Net Property & Equipment	<u>\$ 610,364</u>	<u>\$ 18,344</u>	<u>\$ -0-</u>	<u>\$ 628,708</u>

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

9. NOTES PAYABLE

Notes payable as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
First American LOC	\$ 8,299	\$ 4,933
First National LOC	-	18,733
First American Bank	-	185,614
GNO Fed Credit Union	13,914	19,209
GNO Fed Credit Union	69,916	-
Ally Bank	4,758	8,806
	<u>\$ 96,887</u>	<u>\$ 237,295</u>

The notes payable as of June 30, 2023 and 2022 are shown on the financial statements as follows:

	<u>2023</u>	<u>2022</u>
Current Portion	\$ 33,554	\$ 42,387
Non Current Portion	63,333	194,908
	<u>\$ 96,887</u>	<u>\$ 237,295</u>

10. ECONOMIC DEPENDENCY

The Organization depends on the Department of Health and Hospitals and Ad Valorem Tax for a major portion of its support.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISKS

The ARC of St. Charles, Inc. extends a substantial amount of credit to several nonprofit and state agencies such as the Department of Health and Hospitals and Res-Care, Inc.

12. INCOME TAXES

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Organization has not recorded a provision for income taxes in the accompanying financial statements. The Organization files a federal income tax return under U. S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U. S. federal tax examination by tax authorities for the tax years before 2019. In regards to tax uncertainties, the Organization has reviewed its tax positions, and determined there were no outstanding or retroactive tax positions as of June 30, 2023.

13. NET ASSETS WITH DONOR RESTRICTIONS

The Organization does not have any net assets with donor restrictions on the use of the assets at June 30, 2023 and 2022.

14. THREATENED AND PENDING LITIGATION

Due to the nature of the work performed and in the regular course of business, The ARC of St. Charles, Inc. is subject to ongoing potential litigation. As of the year ended June 30, 2023, there is presently no pending litigation which would have a material effect upon the financial statements.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

15. 401K PROFIT SHARING PLAN

The Organization maintains a 401K Profit Sharing Plan to enable its employees to accumulate long term savings for retirement while benefiting from favorable tax treatment. The plan is administered by Mutual of America Life Insurance Company who receives the plan contributions, maintains participants' individual accounts, offers the investment options, and pays benefits to participants and their beneficiaries. Benefits are based on a stated contribution formula and are fully funded at all times. Therefore, the plan is classified as a defined contribution plan and is not covered for plan termination insurance provided by the Pension Benefit Guaranty Corporation.

Eligibility

All employees of the Organization are eligible to participate in this plan, except those who are non-resident aliens with no U. S. source income and those who are classified or treated as independent contractors (even if a government agency or court within the jurisdiction determines that such persons are deemed to be employees for any purpose under common-law principles or federal, state, or local law).

In addition, "leased employees" are generally eligible to participate. Leased employees are individuals who provide services to the Organization even though they are actually employed by a leasing organization. In general, leased employees are eligible to participate in this plan unless: (1) the leased employees are covered by their own retirement plan sponsored by the leasing organization and (2) no more than 20% of the Organization's non-highly compensated workforce is leased.

Salary Reduction Contributions

An employee must be at least 21 years of age to make salary reduction contributions, including designated Roth contributions, to this plan.

An employee must complete at least one year of service to make salary reduction contributions to this plan.

Employer Matching Contributions

An employee must be at least 21 years of age to receive employer matching contributions under this plan.

An employee must complete at least one year of service to receive employer matching contributions under this plan.

Participation In The Plan

An employee is included as a participant in the plan on the first day of the month coinciding with or immediately following the date the employee meets all of the above requirements.

The employee will be credited with a year of service for eligibility at the end of the employee's first twelve months of employment provided the employee completes at least 1,000 hours of service within the twelve month period. If the employee completes fewer than 1,000 hours during his/her first twelve months with the Organization, the employee will be credited with a year of service for eligibility at the end of the first twelve month period, beginning on the anniversary date of the employee's date of hire, in which the employee completes 1,000 hours of service.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

15. 401K PROFIT SHARING PLAN-continued

If the employee has a break-in-service after becoming a participant in the plan and is later rehired, the employee will be eligible to resume participation in the plan immediately following the date the employee is rehired:

- (a) if the employee is at least partially vested in his/her benefit before terminated service, or
- (b) if, regardless of the employee's vesting status when he/she terminated service, the employee's break-in-service did not exceed five consecutive years.

In any other case, the employee will be eligible to resume participation in the plan only upon completion of the applicable service requirement.

A break-in-service means a twelve consecutive month period during which the employee does not complete more than 500 hours of service with the Organization due to his/her termination, layoff, leave, or similar reason.

The matching contributions made for the years ended June 30, 2023 and 2022 were \$18,930 and \$17,342, respectively.

16. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. The Organization maintains an investment account with Edward Jones which is primarily invested in certificates of deposit and exchange traded funds. In addition, the Organization also maintains a business checking account at First National Bank USA which is covered by FDIC insurance up to \$250,000. As of June 30, 2023, the balance of the account per the bank was \$1,788,996, which exceeded the FDIC limitations. Concentrations of credit risk with respect to trade receivables are limited due to the number of customers comprising the Organization's customer base and their dispersion across different industries.

17. COMPENSATED ABSENCES

The employees of The ARC of St. Charles, Inc. are currently not reimbursed for unused vacation and sick leave, and must actually use leave time for it to be incurred. Employees may carry no more than eighty hours into a new calendar year. The balance of the accrued liability for compensated absences for June 30, 2023 and 2022 was \$75,425 and \$60,415, respectively.

Compensated absences are shown on the financial statements as follows:

	<u>2023</u>	<u>2022</u>
Current Portion	\$ 51,747	\$ 39,023
Non Current Portion	23,678	21,392
	<u>\$ 75,425</u>	<u>\$ 60,415</u>

18. POST-EMPLOYMENT BENEFITS

At present, there are no former employees of The ARC of St. Charles, Inc. who are receiving post-employment benefits, and any liability due to the Organization's benefit structure is considered to be immaterial.

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022

19. FUNCTIONAL BASIS PRESENTATION

Expenditures incurred in connection with administrative services and program services have been summarized on a functional basis in the statement of functional expenses according to Financial Accounting Standards Board Update to Topic 958 (ASU 2016-14), "*Presentation of Financial Statements of Not-for-Profit Entities.*"

20. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements to determine the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 20, 2023 which is the date the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER SUPPLEMENTAL INFORMATION

THE ARC OF ST. CHARLES, INC.
 (A NONPROFIT ORGANIZATION)
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Victoria Bryant

Purpose:	<u>Amount</u>
Salary	\$ 111,132
Benefits – insurance	14,706
Benefits – retirement	1,950
Benefits – other	-0-
Car Allowance	-0-
Vehicle provided by Organization	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	6,130
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Cell phone	928
Unvouchered expenses	-0-
Meals	-0-
	<u>\$ 134,846</u>

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

To the Board of Directors
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The ARC of St. Charles, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 thereon dated December 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The ARC of St. Charles, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ARC of St. Charles, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The ARC of St. Charles, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Response to Findings

The ARC of St. Charles, Inc.'s response to the findings identified in our audit is described in the accompanying schedules of current and prior year audit findings and responses. The ARC of St. Charles, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of Management, the Board of Directors, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.


Harvey Louisiana
December 20, 2023

THE ARC OF ST. CHARLES, INC.
(A NONPROFIT ORGANIZATION)
SCHEDULES OF FINDINGS
YEARS ENDED JUNE 30, 2023 and 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unmodified opinion on the basic financial statements of The ARC of St. Charles, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported as of June 30, 2023 and 2022.
3. No instances of noncompliance material to the financial statements of The ARC of St. Charles, Inc. as of June 30, 2023 and 2022 were disclosed in Part B of this schedule.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

THE ARC OF ST. CHARLES, INC.
 (A NONPROFIT ORGANIZATION)
 SCHEDULES OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
 AND RESPONSES
 YEARS ENDED JUNE 30, 2023 AND 2022

<u>Ref No.</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Responses</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (6/30/23)						
<u>Internal Control:</u>						
23-01	Unknown	None	N/A	N/A	Victoria Bryant Executive Director	N/A
PRIOR YEAR (6/30/22)						
<u>Internal Control:</u>						
22-01	Unknown	None	N/A	N/A	Victoria Bryant Executive Director	N/A

THE ARC OF ST. CHARLES, INC.
(A Non-Profit Organization)

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Fiscal Year Ended June 30, 2023

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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Directors of
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have performed the procedures enumerated below, which were agreed to by The ARC of St. Charles, Inc. and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the period July 1, 2022 through June 30, 2023. The ARC of St. Charles, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation);
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules;
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process;
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers;
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases);
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy;
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements;
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event;
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: We obtained The ARC of St. Charles, Inc.'s written policies and procedures manual. The policies and procedures manual addresses each of the following categories and subcategories as listed above, except ethics and debt service, which are not applicable to The ARC of St. Charles, Inc.:

- *Budgeting.*
- *Purchasing.*
- *Disbursements.*
- *Receipts/Collections.*
- *Payroll/Personnel.*
- *Contracting.*
- *Travel and Expense Reimbursement.*
- *Credit Cards, Debit Cards, Fuel Cards, and Purchase Cards.*
- *Ethics (not applicable).*
- *Debt Service (not applicable).*
- *Information Technology Disaster Recovery/Business Continuity.*
- *Prevention of Sexual Harassment.*

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document;
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the period;*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund;
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Findings: We obtained the board minutes for the period as well as the Organization's bylaws from the management of The ARC of St. Charles, Inc.

We found that the board met at least every two months (always with a quorum) which is in accordance with the Organization's bylaws.

The minutes frequently referred to financial matters. The minutes also include or reference financial activity relating to public funds.

(Item iii, the section relating to governmental entities, does not apply to The ARC of St. Charles, Inc. because the Organization is a non-profit entity).

The board is updated at each meeting of progress made toward any audit findings (if any).

3) Bank Reconciliations

- A. Obtain a listing of the entity bank accounts for the 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 period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: We obtained a listing of The ARC of St. Charles, Inc.'s bank accounts from the client's trial balance. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We obtained from the listing, the bank accounts and bank reconciliations for each month in the period for all of the Organization's bank accounts.

Not all bank reconciliations were prepared within two months of the related statement closing date. A recommendation was made that all bank reconciliations in the future be prepared within two months of the related statement closing date.

Most bank reconciliations were signed by the preparer, stamped with the Executive Director's signature stamp (used only with her permission), and dated. The Executive Director does not handle cash, post ledgers, or issue checks. A recommendation was made that all future bank reconciliations be signed and dated by the preparer and Executive Director.

Not all old outstanding items over twelve months were researched and written off by the end of the period. A recommendation was made that all old outstanding items on the bank reconciliations be researched and written off within 12 months of the statement closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered;
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip;
 - iii. Trace the deposit slip total to the actual deposit per the bank statement;

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

Findings: We obtained a listing of The ARC of St. Charles, Inc.'s deposit sites and collection locations for the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

The ARC of St. Charles, Inc.'s deposit site is their main office. The Cajun Village Thrift Store and the Throw Me Something Mister Mardi Gras Bead Distribution Center are not deposit sites because all of their deposits are forwarded to the main office for the deposit slip to be completed and the deposit taken to the bank.

The ARC of St. Charles, Inc.'s collection locations consist of its main office and the Cajun Village Thrift Store. The Throw Me Something Mister Mardi Gras Bead Distribution Center is not a collection site at this time.

We obtained and inspected written policies and procedures relating to employee job duties at each collection location and observed that job duties are properly segregated.

Collection location #1 (Main Office):

The main office collects cash, checks, and money orders from the mail, employees, and others. All funds are immediately listed on a deposit slip and deposited into the bank. Collections are recorded in the general ledger by an employee who is not responsible for collecting funds. Deposits are reconciled by an independent CPA who is not responsible for collecting cash.

Collection location #2 (Cajun Village Thrift Store):

The person in charge of collecting funds forwards the deposits to the main office for the deposit slip to be completed and the deposit taken to the bank. Two employees verify the amounts before they are sent to the main office. She does not reconcile the related bank account or record the related transaction. It was also found that she shares the same cash register with other employees, but separate user codes are utilized to differentiate transactions by employee. Deposits are reconciled by an independent CPA who is not responsible for collecting cash.

Our examination found that all employees, including the employees who collect cash, were covered by a crime and fidelity policy which was in force during the audit period.

We selected ten deposit dates from the Organization's bank accounts. The Organization does not utilize sequentially pre-numbered receipts.

We traced the receipts to the deposit slips, traced the deposit slips to the actual deposit on the bank statement, and traced the actual deposit per the bank statement to the general ledger. Most deposits were made within one day of receipt at the collection location unless received too late in the business day (in which case they were deposited the next day).

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

- A. Obtain a listing of locations that process payments for the period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- 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 deliverables included on the invoice were received by the entity; and

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

Findings: We obtained a listing of locations that process payments for the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

The only location that processes payments for The ARC of St. Charles, Inc. is their main office.

We obtained a listing of those employees involved in non-payroll purchasing and payment functions. We obtained the policies and procedures relating to these employees' job duties and observed that the job duties are properly segregated.

Purchases were initiated using a purchase requisition form for those type of purchases which were required by policy. Certain recurring expenses (i.e., utilities) did not include a purchase requisition form. The Executive Director has final signatory authority and makes the final authorization for disbursements. The required authorization on the purchase requisition forms and the Executive Director's signature requirement on all checks assures that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. This also assures that at least two employees are involved in processing and approving payments to vendors.

The ARC of St. Charles, Inc.'s policies and procedures manual prohibits anyone from adding vendors to the Organization's purchasing disbursement system without the approval of the Executive Director.

After the disbursement checks are approved and signed by the Executive Director, they are mailed. The disbursement checks are always mailed by an employee who is not responsible for processing payments.

All electronic disbursements of funds are approved by the Executive Director and contain authorization as listed above for a check disbursement.

We obtained a listing of the Organization's non-payroll disbursement transaction population from their check registers. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We selected five disbursements from the disbursement population and obtained supporting documentation for each transaction.

Our examination found that original itemized receipts were not included on all disbursements. A recommendation was made that all disbursements have original itemized receipts attached supporting the disbursement and showing that deliverables were received.

The check disbursement and electronic disbursement documentation observed includes evidence of segregation of duties (such as approval by the Executive Director). All check disbursements and electronic disbursements of funds were approved by a person who was authorized to disburse funds and approved by the required number of authorized signers.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the 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) was 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 mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #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.

Findings: We obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards, including the card numbers and the names of the persons who maintained possession of the cards. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

Management stated that there were no changes to the credit cards maintained by the Organization.

We selected over 5 of the credit cards that were used during the period. We selected one monthly statement for each of the credit cards and obtained supporting documentation.

Our inspection showed that not all of the credit card statements were approved by the Executive Director or someone who is not the authorized card holder. A recommendation was made that all of the credit card statements paid in the future contain authorization by the Executive Director or someone who is not the authorized card holder.

Some of the credit card statements showed assessment of finance charges and late fees. A recommendation was made that these statements be paid prior to finance charges and late fees being assessed.

We selected ten transactions from each of the statements selected above and obtained supporting documentation for the transactions. Some of the transactions lacked original itemized receipts. The documentation also did not include the business/public purpose for each transaction. A recommendation was made that the Organization develop a missing receipt statement to enable employees to document the reason that the receipts are missing and would require approval by a supervisor. A recommendation was also made that all documentation should include the business/public purpose for each transaction. There were no instances of any meal charges which would require documentation of the individuals participating in the meals.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U. S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: We obtained a listing of all travel and travel-related expense reimbursements during the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We selected 5 travel reimbursements and requested back-up documentation on each, as well as supporting documentation.

All travel-related expenses are reimbursed using actual costs and supporting documentation was attached. However, not all reimbursements listed the business/public purpose. A recommendation was made to include the business/public purpose on all travel-related expense documentation.

All travel-related expense documentation was approved by the Executive Director or someone other than the person receiving the reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the 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 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.

Findings: We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We selected all contracts from the listing obtained above, and found the following:

The ARC of St. Charles, Inc. is not subject to the Louisiana Public Bid Law. However, as a best practice, the Organization's policies require board approval and recommendation, and three bids to be obtained, on all contracts of \$10,000 and over.

At no time were any contracts under examination amended.

We selected one payment from each of the contracts selected above for the period, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the 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.
- C. Obtain a listing of those employees or officials that received termination payments during the period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the

pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

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

Findings: We obtained a listing of all employees who were employed during the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We selected more than five employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

We selected one pay period during the period and obtained attendance records and leave documentation for the five employees selected above. We observed that all of the selected employees documented their daily attendance and leave, and that supervisors approved the attendance and leave of the selected employees. All leave taken by the selected employees was reflected in the Organization's cumulative leave records. All rates paid to the employees agreed to the authorized salary/pay rate found within the employees' personnel files.

We obtained a listing of those employees that received termination payments during the period. Management stated that this listing is complete in their management representation letter dated December 20, 2023.

We selected two employees who were entitled to termination benefits. Only full-time employees and employees who give their required two week notice are entitled to termination benefits. Any employees who were not full-time employees or who did not give the required two week notice of separation did not receive termination payments.

We obtained related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments, agreed the hours to the employees' cumulative leave records, and agreed the pay rates to the employees' authorized pay rates in the employees' personnel file. All termination payments were made in accordance with the Organization's policy and approved by management.

We obtained, in their management representation letter dated December 20, 2023, management's representation that all employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and associated forms have been filed, by the required deadlines.

10) Ethics

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

Findings: This section is not applicable to The ARC of St. Charles, Inc. because the Organization is a non-profit entity.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the 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 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 debt covenants).

Findings: This section is not applicable to The ARC of St. Charles, Inc. because the Organization is a non-profit entity.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: We inquired regarding a listing of all misappropriations of public funds and assets during the period. Management stated, in their management representation letter dated December 20, 2023 that, if applicable, such a listing would be provided.

No misappropriations of public funds and assets were reported to us during the period.

The Organization has posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. The Organization's website contains a link which takes the user to the Louisiana Legislative Auditor's notice required by R.S. 24:523.1.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted;
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months;
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings: We performed the above procedures and discussed the results with management.

14) Prevention of Sexual Harassment

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

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

Findings: We randomly selected over 5 employees during the procedure and obtained documentation on their sexual harassment training during the year. The Organization provided proof that all of the employees selected have completed at least one hour of sexual harassment training during the year.

The Organization has included their sexual harassment policy in its policies and procedures manual and has posted this policy on its website.

The Organization has completed their annual sexual harassment report, but the report was not dated by February 1, 2023. A recommendation was made that the Organization's annual sexual harassment report be completed by February 1st of each year for the preceding calendar year.

We were engaged by The ARC of St. Charles, Inc. 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 control and compliance areas identified in the Statewide Agreed-Upon Procedures. 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 of St. Charles, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.



Uzee, Butler, Arceneux & Bowes
Certified Public Accountants
Harvey, Louisiana

December 20, 2023

The Arc of St. Charles, Inc.

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December 20, 2023

Independent Accountant's Report on Applying Agreed-Upon Procedures
Management Response

Year Ended June 30, 2023

1) BANK RECONCILIATIONS

A. Procedure #3Ai:

3A. Obtain a listing of the entity bank accounts for the 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 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);

FINDING:

Not all bank reconciliations were prepared within two months of the related statement closing date. A recommendation was made that all bank reconciliations in the future be prepared within two months of the related statement closing date.

MANAGEMENT'S RESPONSE:

We will ensure that all bank reconciliations in the future be prepared within two months of the related statement closing date.

B. Procedure #3Aii:

3A. Obtain a listing of the entity bank accounts for the 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 period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

FINDING:

Most bank reconciliations were signed by the preparer, stamped with the Executive Director's signature stamp (used only with her permission), and dated. The Executive Director does not handle cash, post ledgers, or issue checks. A recommendation was made that all future bank reconciliations be signed and dated by the preparer and Executive Director.

MANAGEMENT'S RESPONSE:

We will ensure that all bank reconciliations in the future are signed and dated by the Executive Director, as well as the preparer.

C. Procedure #3Aiii:

3A. Obtain a listing of the entity bank accounts for the 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 period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- 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.

FINDING:

Not all old outstanding items over twelve months were researched and written off by the end of the period. A recommendation was made that all old outstanding items on the bank reconciliations be researched and written off within 12 months of the statement closing date.

MANAGEMENT'S RESPONSE:

We will ensure that all reconciling items on the bank reconciliations that have been outstanding for more than 12 months from the statement closing date are researched and written off before year end.

2) NON-PAYROLL DISBURSEMENTS

Procedure #5Ci:

5C. 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 deliverables included on the invoice were received by the entity; and

FINDING:

Our examination found that original itemized receipts were not included on all disbursements. A recommendation was made that all disbursements have original itemized receipts attached supporting the disbursement and showing that deliverables were received.

MANAGEMENT'S RESPONSE:

We will ensure that original itemized receipts are attached to all disbursement documentation supporting the disbursement and showing that deliverables were received.

3) CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS

A. Procedures #6Bi:

6B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the 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) was 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 mayor of a Lawrason Act municipality, should not be reported); and

FINDING:

Our inspection showed that not all of the credit card statements were approved by the Executive Director or someone who is not the authorized card holder. A recommendation was made that all of the credit card statements paid in the future contain authorization by the Executive Director or someone who is not the authorized card holder.

MANAGEMENT'S RESPONSE:

We will ensure that all of the credit card statements paid in the future contain authorization by the Executive Director or someone who is not the authorized card holder.

B. Procedure #6Bii:

6B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the 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

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

FINDING:

Some of the credit card statements showed assessment of finance charges and late fees. A recommendation was made that these statements be paid prior to finance charges and late fees being assessed.

MANAGEMENT'S RESPONSE:

We will ensure that all credit card statements in the future be paid prior to finance charges and late fees being assessed.

C. Procedure #6C:

6C. 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.

FINDING:

We selected ten transactions from each of the statements selected above and obtained supporting documentation for the transactions. Some of the transactions lacked original itemized receipts. The documentation also did not include the business/public purpose for each transaction. A recommendation was made that the Organization develop a missing receipt statement to enable employees to document the reason that the receipts are missing and would require approval by a supervisor. A recommendation was also made that all documentation should include the business/public purpose for each transaction. There were no instances of any meal charges which would require documentation of the individuals participating in the meals.

MANAGEMENT'S RESPONSE:

We will ensure that an original itemized receipt is attached for each credit card purchase. If the original itemized receipt is not available, we will ensure that a missing receipt statement is attached to enable employees to document the reason that the receipt is missing and will ensure that each missing receipt statement contains approval by a supervisor. We will also ensure that all credit card documentation includes the business/public purpose for each transaction.

4) TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS
Procedure #7Aiii:

7A. Obtain from management a listing of all travel and travel-related expense reimbursements during the period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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

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

FINDING

All travel-related expenses are reimbursed using actual costs and supporting documentation was attached. However, not all reimbursements listed the business/public purpose. A recommendation was made to include the business/public purpose on all travel-related expense documentation.

MANAGEMENT'S RESPONSE:

We will ensure that all travel and travel-related expense documentation in the future includes the business/public purpose.

5) PREVENTION OF SEXUAL HARASSMENT

Procedure #14C:

14C. Obtain the entity's annual sexual harassment report for the current 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.

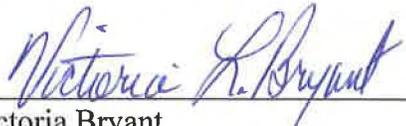
FINDING:

The Organization has completed their annual sexual harassment report, but the report was not dated by February 1, 2023. A recommendation was made that the Organization's annual sexual harassment report be completed by February 1st of each year for the preceding calendar year.

MANAGEMENT'S RESPONSE

We will ensure that the Organization's annual sexual harassment report is completed by February 1st of each year for the preceding calendar year.

Respectfully submitted,

 12/20/23
Victoria Bryant
Executive Director