

# **THE ARC OF ACADIANA, INC.**

Audits of Financial Statements

June 30, 2022 and 2021



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## **Independent Auditor's Report**

To the Board of Directors  
The Arc of Acadiana, Inc.  
New Iberia, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of The Arc of Acadiana, Inc. (the Arc), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Arc as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Arc's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer and schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022 on our consideration of the Arc'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Arc's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
December 28, 2022

**THE ARC OF ACADIANA, INC.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	<b>2022</b>	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 20,980,695	\$ 22,823,275
Investments	6,517,465	6,747,670
Receivables	162,638	158,631
Due from Other Agencies, Net	2,283,492	1,400,029
Prepaid Expenses	218,016	124,844
Other Current Assets	35,559	27,382
	<hr/>	
<b>Total Current Assets</b>	<b>30,197,865</b>	31,281,831
	<hr/>	
<b>Fixed Assets</b>		
Property and Equipment, Net	18,113,836	14,997,953
	<hr/>	
<b>Total Fixed Assets</b>	<b>18,113,836</b>	14,997,953
	<hr/>	
<b>Other Assets</b>		
Deposits Held for Others	189,356	290,599
Assets Held for Sale	224,442	493,850
	<hr/>	
<b>Total Other Assets</b>	<b>413,798</b>	784,449
	<hr/>	
<b>Total Assets</b>	<b>\$ 48,725,499</b>	\$ 47,064,233
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The accompanying notes are an integral part of these financial statements.

**THE ARC OF ACADIANA, INC.**  
**Statements of Financial Position (Continued)**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 428,340	\$ 324,731
Accrued Liabilities	851,948	801,405
Accrued Compensated Absences	485,880	460,639
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>1,766,168</b>	<b>1,586,775</b>
<b>Other Liabilities</b>		
Deposits Held for Others	189,356	290,599
	<hr/>	<hr/>
<b>Total Other Liabilities</b>	<b>189,356</b>	<b>290,599</b>
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>1,955,524</b>	<b>1,877,374</b>
<b>Net Assets</b>		
Without Donor Restrictions	46,569,759	44,805,779
With Donor Restrictions	200,216	381,080
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>46,769,975</b>	<b>45,186,859</b>
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 48,725,499</b>	<b>\$ 47,064,233</b>
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The accompanying notes are an integral part of these financial statements.

**THE ARC OF ACADIANA, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Program Revenue	\$ 26,275,158	\$ -	\$ 26,275,158
Contributions	35,424	-	35,424
Contributions, In-Kind	1,038,415	-	1,038,415
Investment Return, Net	(230,806)	-	(230,806)
Miscellaneous Revenue	9,035	-	9,035
Membership Revenue	3,519	-	3,519
	<u>27,130,745</u>	<u>-</u>	<u>27,130,745</u>
<b>Net Assets Released from Restrictions</b>			
Expiration of Time Restrictions	180,864	(180,864)	-
	<u>27,311,609</u>	<u>(180,864)</u>	<u>27,130,745</u>
<b>Expenses and Losses</b>			
Program Expenses			
Community Services	9,807,154	-	9,807,154
Employment Services	5,482,708	-	5,482,708
Residential Services	7,967,189	-	7,967,189
Supporting Expenses			
General and Administrative	2,265,243	-	2,265,243
	<u>25,522,294</u>	<u>-</u>	<u>25,522,294</u>
Gain on Sale of Property and Equipment and Assets Held for Sale, Net	(123,665)	-	(123,665)
Impairment Loss	149,000	-	149,000
	<u>25,547,629</u>	<u>-</u>	<u>25,547,629</u>
<b>Change in Net Assets</b>	1,763,980	(180,864)	1,583,116
<b>Net Assets, Beginning of Year</b>	<u>44,805,779</u>	<u>381,080</u>	<u>45,186,859</u>
<b>Net Assets, End of Year</b>	<u>\$ 46,569,759</u>	<u>\$ 200,216</u>	<u>\$ 46,769,975</u>

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



**THE ARC OF ACADIANA, INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains, and Other Support</b>			
Program Revenue	\$ 23,831,288	\$ -	\$ 23,831,288
Provider Relief Funds	1,346,246	-	1,346,246
Contributions	44,888	-	44,888
Contributions, In-Kind	691,282	50,468	741,750
Contribution Received in Donation of The Arc of Vermillion, Inc.	555,100	-	555,100
Investment Return, Net	293,111	-	293,111
Miscellaneous Revenue	43,941	-	43,941
Membership Revenue	13,231	-	13,231
	<u>26,819,087</u>	<u>50,468</u>	<u>26,869,555</u>
<b>Net Assets Released from Restrictions</b>			
Expiration of Time Restrictions	194,656	(194,656)	-
	<u>27,013,743</u>	<u>(144,188)</u>	<u>26,869,555</u>
<b>Expenses and Losses</b>			
Program Expenses			
Community Services	9,465,370	-	9,465,370
Employment Services	4,523,433	-	4,523,433
Residential Services	7,857,356	-	7,857,356
Supporting Expenses			
General and Administrative	2,276,551	-	2,276,551
	<u>24,122,710</u>	<u>-</u>	<u>24,122,710</u>
Loss on Sale of Property and Equipment	3,609	-	3,609
Impairment Loss	187,474	-	187,474
	<u>24,313,793</u>	<u>-</u>	<u>24,313,793</u>
<b>Change in Net Assets</b>	2,699,950	(144,188)	2,555,762
<b>Net Assets, Beginning of Year</b>	42,105,829	525,268	42,631,097
<b>Net Assets, End of Year</b>	<u>\$ 44,805,779</u>	<u>\$ 381,080</u>	<u>\$ 45,186,859</u>

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

**THE ARC OF ACADIANA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total</u>
	<u>Community Services</u>	<u>Employment Services</u>	<u>Residential Services</u>	<u>General and Administrative</u>	
Advertising	\$ 1,753	\$ 181	\$ 1,905	\$ 6	\$ 3,845
Assistance Payments	2,560	40	-	-	2,600
Bed Fees	-	-	602,298	-	602,298
Clothing	-	-	6,900	-	6,900
Cost of Sales	-	1,043,664	2	5	1,043,671
Data Processing	70,454	31,691	29,034	5,662	136,841
Depreciation	346	584,629	219,985	95,075	900,035
Dietary	2,233	3,209	332,915	7,093	345,450
Drugs and Drug Screening	-	125	21,069	-	21,194
Dues and Subscriptions	425	540	1,039	32,523	34,527
Employee Benefits	230,273	76,225	169,957	76,854	553,309
Gifts and Remembrances	723	630	1,252	3,427	6,032
Insurance	198,376	587,513	335,443	97,176	1,218,508
Interest and Late Fees	54	1,575	557	-	2,186
Laundry and Linen	-	109	17,515	-	17,624
Licenses	800	2,376	8,803	-	11,979
Medical Services	4,667	2,265	39,743	313	46,988
Medical Supplies	7,012	6,409	155,409	66	168,896
Miscellaneous	8,740	7,544	6,210	13,404	35,898
Office Supplies	15,007	13,161	27,779	18,544	74,491
Payroll Taxes	646,506	159,356	324,515	89,594	1,219,971
Professional Fees	58,313	31,172	330,533	115,039	535,057
Purchase of Assets < \$5,000	3,507	5,881	69,301	1,220	79,909
Recruitment	100,632	742	57,340	36,931	195,645
Rent	-	80,306	-	-	80,306
Repairs and Maintenance	9,070	143,716	230,839	14,656	398,281
Salaries and Wages	8,391,808	2,104,161	4,356,110	1,541,222	16,393,301
Supplies	157	48,790	104,466	3,708	157,121
Taxes and Fees	240	2,371	555	7,363	10,529
Telephone	9,459	23,365	44,460	24,453	101,737
Training	10,831	2,322	3,365	27,940	44,458
Transportation	7,091	346,784	80,934	20,137	454,946
Travel	17,954	11,527	14,320	14,642	58,443
Utilities	8,163	160,329	372,636	18,190	559,318
<b>Total</b>	<b>\$ 9,807,154</b>	<b>\$ 5,482,708</b>	<b>\$ 7,967,189</b>	<b>\$ 2,265,243</b>	<b>\$ 25,522,294</b>

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

**THE ARC OF ACADIANA, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total</u>
	<u>Community Services</u>	<u>Employment Services</u>	<u>Residential Services</u>	<u>General and Administrative</u>	
Advertising	\$ -	\$ 3,311	\$ 32	\$ 1,209	\$ 4,552
Assistance Payments	1,577	-	60	-	1,637
Bed Fees	-	-	627,202	-	627,202
Clothing	-	11	10,828	-	10,839
Cost of Sales	-	759,544	-	-	759,544
Data Processing	70,216	15,291	37,482	11,709	134,698
Depreciation	2,218	566,352	200,916	105,267	874,753
Dietary	2,322	4,867	307,874	8,626	323,689
Drugs and Drug Screening	120	144	13,075	-	13,339
Dues and Subscriptions	429	1,040	390	32,895	34,754
Employee Benefits	190,412	56,947	189,096	82,520	518,975
Gifts and Remembrances	676	1,033	1,402	1,543	4,654
Insurance	218,874	391,355	333,218	78,536	1,021,983
Interest and Late Fees	50	574	693	77	1,394
Laundry and Linen	-	313	19,166	-	19,479
Lease Equipment	-	-	142	-	142
Licenses	200	2,879	8,071	654	11,804
Medical Services	2,114	678	42,292	-	45,084
Medical Supplies	14,524	12,583	196,007	202	223,316
Miscellaneous	43,723	6,064	(1,482)	882	49,187
Office Supplies	20,621	27,677	40,503	18,323	107,124
Payroll Taxes	637,076	133,767	337,335	93,659	1,201,837
Professional Fees	40,548	23,808	135,625	73,194	273,175
Purchase of Assets < \$5,000	1,356	112,922	67,835	1,338	183,451
Recruitment	1,986	257	1,928	47,517	51,688
Rent	-	84,325	-	-	84,325
Repairs and Maintenance	6,101	111,773	180,669	26,779	325,322
Salaries and Wages	8,169,854	1,800,393	4,517,023	1,570,254	16,057,524
Supplies	130	49,497	105,367	3,687	158,681
Taxes and Fees	40	3,854	554	4,900	9,348
Telephone	6,392	32,297	48,657	43,137	130,483
Training	2,865	1,505	1,960	31,158	37,488
Transportation	11,569	176,503	47,260	12,000	247,332
Travel	13,671	465	5,882	2,688	22,706
Utilities	5,706	141,404	380,294	23,797	551,201
<b>Total</b>	<b>\$ 9,465,370</b>	<b>\$ 4,523,433</b>	<b>\$ 7,857,356</b>	<b>\$ 2,276,551</b>	<b>\$ 24,122,710</b>

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

**THE ARC OF ACADIANA, INC.**  
**Statements of Cash Flows**  
**June 30, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	\$ 1,583,116	\$ 2,555,762
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	900,035	874,753
Realized and Unrealized Loss (Gain) on Investments, Net	254,305	(250,560)
(Gain) Loss on Sale of Fixed Assets, Net	(103,616)	3,609
Gain on Sale of Assets Held for Sale	(20,049)	-
Contribution Received in Acquisition of The Arc of Vermilion, Inc.	-	(555,100)
Impairment Loss on Assets Held for Sale	149,000	187,474
(Increase) Decrease in Assets		
Receivables	(4,007)	(6,308)
Due from Other Agencies	(883,463)	1,336,880
Prepaid Expenses	(93,172)	153,339
Other Current Assets	(8,177)	(297)
Increase (Decrease) in Liabilities		
Accounts Payable	103,609	(198,542)
Accrued Liabilities	50,543	17,574
Accrued Compensated Absences	25,241	6,603
Deposits Held for Others and Other Liabilities	(101,243)	(1,689)
<b>Net Cash Provided by Operating Activities</b>	<b>1,852,122</b>	<b>4,123,498</b>
<b>Cash Flows from Investing Activities</b>		
Cash Received in Acquisition of The Arc of Vermilion, Inc.	-	61,280
Purchase of Fixed Assets	(4,083,803)	(528,218)
Proceeds from Sale of Fixed Assets	147,058	111,097
Proceeds from Sale of Assets Held for Sale	164,900	-
Purchase of Investments	(24,100)	(2,000,000)
Proceeds from Sale of Investments	-	3,635,084
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(3,795,945)</b>	<b>1,279,243</b>
<b>Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(1,943,823)</b>	<b>5,402,741</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<b>23,113,874</b>	<b>17,711,133</b>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<b>\$ 21,170,051</b>	<b>\$ 23,113,874</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 17	\$ 107
<b>Supplemental Schedule of Non-Cash Investing Activities</b>		
Fair Value of Noncash Contributions Received in Acquisition of The Arc of Vermilion, Inc.	\$ -	\$ 493,930
Transfer of Land from Property and Equipment to Assets Held for Sale	\$ 24,442	\$ -

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

**Note 1. Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

The accompanying basic financial statements include the accounts of The Arc of Acadiana, Inc. (the Arc), a Louisiana nonprofit corporation originally chartered in August 1954. The Arc's purpose is to promote the general welfare of developmentally disabled physically handicapped and incapacitated citizens in the Acadiana area and to aid their parents and families. The following is a description of the various programs:

**Community Services**

The programs listed below are consolidated into one program. These programs operate in New Iberia, Lafayette, Rayne, Vermilion and Opelousas, Louisiana.

Independent Living - The Arc supervises adults who are developmentally disabled that live in their own home or apartment.

Personal Care Assistance (PCA) and Individual Family Support (IFS) - The PCA and IFS programs provide the services to the Independent Living program on more of a "one-on-one" basis. These programs are administered completely out of the clients' homes.

**Employment Services**

Employment Services is a day program for citizens of the community who are developmentally disabled. The day program operates in Iberia, Lafayette, St. Landry, and Vermilion Parishes. Employment Services also operates several used clothing stores with locations in New Iberia, Lafayette, Eunice, Jeanerette, and Opelousas, Louisiana as well as provides various services such as janitorial and lawn care. Sales from these stores and services account for approximately 5% and 4% of program revenue for the years ended June 30, 2022 and 2021, respectively.

**Residential Services**

Residential Services provides homes in Iberia, Lafayette, Acadia, and Bossier Parishes for adults who are developmentally disabled.

**Operating Fund**

The operating fund is used to account for all general and administrative expenses of the Arc.

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Arc is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

# THE ARC OF ACADIANA, INC.

## Notes to Financial Statements

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### Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

Net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for general use and not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets whose use is limited by donor- or grantor-imposed time and/or purpose restrictions. Contributions with donor restrictions are reported as revenues with donor restrictions. Once funds are expended for their restricted purpose, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2022 and 2021, there was \$200,216 and \$381,080, respectively, of net assets with donor restrictions.

#### Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Arc considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. See Note 10 for further information regarding the cash held for others.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported on the statements of financial position that sum to the total of such amounts reported on the statements of cash flows at June 30:

	2022	2021
Cash and Cash Equivalent - Unrestricted	\$ 20,980,695	\$ 22,823,275
Cash Held for Others	189,356	290,599
<b>Total</b>	<b>\$ 21,170,051</b>	<b>\$ 23,113,874</b>

#### Investments

Investments in certificates of deposit and money market funds are presented in the financial statements at cost which approximates fair market value. Investments in equity securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statements of financial position. Unrealized and realized gains and losses, interest and dividends, and investment expenses are reported net of investment fees in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### Allowance for Doubtful Accounts

The Arc considers amounts due from other agencies to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

**Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Purchased property and equipment in excess of \$5,000 are capitalized and recorded at cost at the date of acquisition. Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Arc has adopted a policy of implying a time restriction on contributions of such assets which expire over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Depreciation and amortization are computed by the straight-line method at rates based on the following estimated useful lives:

Furniture and Equipment	5 - 20 Years
Building and Improvements	8 - 30 Years
Transportation Equipment	3 - 5 Years

**Impairment of Long-Lived Assets**

The Arc reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended June 30, 2022 and 2021, there were no impairment losses recognized for long-lived assets.

**Assets Held for Sale**

Individual long-lived assets to be disposed of by sale are classified as assets held for sale. Assets held for sale are carried at the lower of their carrying amount or fair value less selling costs and are presented separately on the face of the statements of financial position. Upon classification as assets held for sale, the assets are no longer depreciated.

Assets held for sale consist of two properties. For the years ended June 30, 2022 and 2021, the Arc recognized \$149,000 and \$187,474, respectively, in impairment loss related to one property. The adjustment was made to reflect decline in the estimated net realizable value of real property and building in the surrounding area and was included in impairment loss on the statements of functional expenses.

**Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Revenue and Revenue Recognition**

Program Revenue

A portion of the Arc's program revenues are derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Arc has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There are no refundable advances as of June 30, 2022 or 2021.

Contributions

The Arc recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional promises to give as of June 30, 2022 or 2021.

The Arc has adopted Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*.

**Compensated Absences**

Employees of the Arc earn annual leave per month depending on years of service. Annual leave is cumulative from one year to the next, up to a maximum of 240 hours.

Upon resignation or termination of employment for cause, an employee may be paid for the value of any accrued leave up to a maximum of 240 hours.

**Non-Direct Response Advertising**

The Arc expenses advertising costs as incurred. Advertising expense charged to operations totaled \$3,845 and \$4,552 for the years ended June 30, 2022 and 2021, respectively.

**Income Taxes**

The Arc qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Arc believes that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.



**Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Fair Value of Financial Instruments**

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value in the statements of financial position.

The Arc follows the *Fair Value Measurement* Topic of the FASB ASC. Under this topic, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, include but are not limited to actively traded equities and certain money market securities.

- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, less liquid listed equities, state, municipal and principal obligations, and most physical commodities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

**Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

**Fair Value of Financial Instruments (Continued)**

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 4).

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include salaries and wages, employee benefits, and payroll taxes which are allocated on the basis of estimates of time and effort.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. Such reclassifications had no effect on the change in net assets previously reported.

**Recent Accounting Pronouncements - Adopted**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. This ASU was adopted on a retrospective basis during the year ended June 30, 2022. See Note 5 for the enhanced disclosure.

**Recent Accounting Pronouncements - Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Arc is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

# THE ARC OF ACADIANA, INC.

## Notes to Financial Statements

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### Note 2. Due from Other Agencies, Net

Due from other agencies, net at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Due from Medicaid, Net	\$ 2,177,103	\$ 1,364,192
Due from Other Facilities, Net	92,605	19,292
Due from O.C.D.D.	12,728	15,128
Due from Louisiana Rehabilitation Services, Net	1,056	1,417
<b>Total</b>	<b>\$ 2,283,492</b>	<b>\$ 1,400,029</b>

### Note 3. Investments

As more fully described in Note 1, investments are presented in the financial statements at fair value and are composed of the following as of June 30, 2022 and 2021:

	2022	2021
Cash - Money Market Funds and Certificate of Deposit	\$ 428,203	\$ 271,098
Equity Securities	3,859,421	3,930,614
Debt Securities	2,229,841	2,545,958
<b>Total</b>	<b>\$ 6,517,465</b>	<b>\$ 6,747,670</b>

### Note 4. Fair Value Measurements

The Arc's assets recorded at fair value have been categorized based upon a fair value hierarchy with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the Arc's policies and valuation techniques.

The valuation of the Arc's assets measured at fair value on a recurring basis at June 30, 2022 is as follows:

	Level 1	Level 2	Level 3	Net Balance
Cash - Money Market Funds and Certificate of Deposit	\$ 428,203	\$ -	\$ -	\$ 428,203
Corporate Fixed Income	762,500	64,347	-	826,847
Corporate Stocks and ETFs	1,070,215	-	-	1,070,215
Open End Mutual Funds	2,789,206	-	-	2,789,206
U.S. Government Obligations	484,921	918,073	-	1,402,994
<b>Total</b>	<b>\$ 5,535,045</b>	<b>\$ 982,420</b>	<b>\$ -</b>	<b>\$ 6,517,465</b>

## THE ARC OF ACADIANA, INC.

### Notes to Financial Statements

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#### Note 4. Fair Value Measurements (Continued)

The valuation of the Arc's assets measured at fair value on a recurring basis at June 30, 2021 is as follows:

	Level 1	Level 2	Level 3	Net Balance
Cash - Money Market Funds and Certificate of Deposit	\$ 271,098	\$ -	\$ -	\$ 271,098
Corporate Fixed Income	955,843	69,522	-	1,025,365
Corporate Stocks and ETFs	1,117,719	-	-	1,117,719
Corporate Trusts	4,837	-	-	4,837
Open End Mutual Funds	2,808,058	-	-	2,808,058
U.S. Government Obligations	772,665	747,928	-	1,520,593
Total	\$ 5,930,220	\$ 817,450	\$ -	\$ 6,747,670

#### Note 5. In-Kind Contributions

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Resale Items (clothing and household goods)	\$ 1,038,415	\$ 691,282
Vehicles	-	50,468
	<b>\$ 1,038,415</b>	<b>\$ 741,750</b>

The Arc recognized contributed nonfinancial assets within revenue, gains, and other support, including among other things resale items (clothing and household goods) and vehicles. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions.

The contributed resale items were utilized in the resale stores. These items, which include clothing and household goods, were valued using estimated average U.S. prices of identical or similar products using pricing data of similar products under a "like-kind" methodology, considering the utility of the goods at the time of the contribution.

The contributed vehicles was restricted by donor to use in specific programs. The vehicle was recorded based on fair value.

**THE ARC OF ACADIANA, INC.**

**Notes to Financial Statements**

**Note 6. Property and Equipment, Net**

Property and equipment, net at June 30, 2022 and 2021, consisted of the following:

	Purchased Assets Historical Cost	Donated Value	Total
<b>June 30, 2022</b>			
Land	\$ 4,869,328	\$ -	\$ 4,869,328
Building and Improvements	15,851,870	-	15,851,870
Furniture and Equipment	1,043,790	42,300	1,086,090
Vehicles	1,207,228	1,754,832	2,962,060
Construction in Progress	54,231	-	54,231
	<u>23,026,447</u>	<u>1,797,132</u>	<u>24,823,579</u>
Less: Accumulated Depreciation	(5,112,827)	(1,596,916)	(6,709,743)
<b>Net Property and Equipment</b>	<b>\$ 17,913,620</b>	<b>\$ 200,216</b>	<b>\$ 18,113,836</b>
<b>June 30, 2021</b>			
Land	\$ 1,596,114	\$ -	\$ 1,596,114
Building and Improvements	15,322,435	-	15,322,435
Furniture and Equipment	1,016,542	42,300	1,058,842
Vehicles	1,208,470	2,013,925	3,222,395
Construction in Progress	135,879	-	135,879
	<u>19,279,440</u>	<u>2,056,225</u>	<u>21,335,665</u>
Less: Accumulated Depreciation	(4,662,568)	(1,675,144)	(6,337,712)
<b>Net Property and Equipment</b>	<b>\$ 14,616,872</b>	<b>\$ 381,081</b>	<b>\$ 14,997,953</b>

Total depreciation expense for the years ended June 30, 2022 and 2021 was \$900,035 and \$874,753, respectively, of which \$180,864 and \$194,656, respectively, was related to donated assets.

**THE ARC OF ACADIANA, INC.**

**Notes to Financial Statements**

**Note 7. Operating Leases**

The Arc leases facilities under operating leases, some of which include renewal options. Rental expenses under long-term operating leases for the years ended June 30, 2022 and 2021 were \$80,306 and \$84,325, respectively. Future minimum lease commitments as of June 30, 2022 are payable as follows:

Year Ending June 30,	Amount
2023	\$ 35,600
2024	19,800
2025	1,650
<b>Total</b>	<b>\$ 57,050</b>

**Note 8. Detail of Program Revenue**

Program revenue included the following for the years ended June 30, 2022 and 2021:

June 30, 2022	Total	Program		
		Employment Services	Community Services	Residential Services
Medicaid	\$ 23,818,860	\$ 3,238,343	\$ 11,995,105	\$ 8,585,412
Office of Citizens with Developmental Disabilities	192,127	170,016	22,111	-
Louisiana Rehab Services	10,250	10,250	-	-
Sales	1,190,988	1,189,898	-	1,090
Client Billings	936,357	11,280	-	925,077
Other Residential Facilities	126,576	126,576	-	-
<b>Total Program Revenue</b>	<b>\$ 26,275,158</b>	<b>\$ 4,746,363</b>	<b>\$ 12,017,216</b>	<b>\$ 9,511,579</b>

June 30, 2021	Total	Program		
		Employment Services	Community Services	Residential Services
Medicaid	\$ 21,928,905	\$ 1,771,869	\$ 12,151,597	\$ 8,005,439
Office of Citizens with Developmental Disabilities	133,545	131,145	2,400	-
Louisiana Rehab Services	16,750	16,750	-	-
Sales	878,531	877,080	-	1,451
Client Billings	815,285	1,872	2,546	810,867
Other Residential Facilities	58,272	58,272	-	-
<b>Total Program Revenue</b>	<b>\$ 23,831,288</b>	<b>\$ 2,856,988</b>	<b>\$ 12,156,543</b>	<b>\$ 8,817,757</b>

## THE ARC OF ACADIANA, INC.

### Notes to Financial Statements

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#### Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
<b>Subject to the Passage of Time</b>		
Donated Vehicles from LDOTD	\$ 200,216	\$ 381,080
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 200,216</b>	<b>\$ 381,080</b>

#### Note 10. Fiduciary Funds

The Arc acts as a fiduciary agent for several of its resident clients. The balance of the reconciled checking accounts maintained by the Arc totaled \$107,826 and \$200,378 as of June 30, 2022 and 2021, respectively.

The Community Services Program, through its Independent Living Program, also acts as fiduciary agent for several of its clients. Checking accounts are maintained for each client, as applicable. Deposits include the client's social security benefits, the payroll checks, if employed, and miscellaneous gifts from family members. Disbursements consist of day-to-day living expenses and are based on the individual client's needs. The balance in these reconciled checking accounts at June 30, 2022 and 2021 was \$81,530 and \$90,221, respectively.

#### Note 11. Retirement Plan

The Arc offers a 401(k) retirement plan to all employees who have met the eligibility requirement of 1 year of service. Participants may elect to contribute portions of their eligible compensation, up to the maximum allowed by law. The Arc contributes a basic matching contribution equal to the sum of 100% of the amount of the participant's salary deferral (including catch-up contributions), up to 3% of the participant's eligible compensation, plus 50% of the amount of the participant's salary deferral between 3% and 5% of the participant's eligible compensation. Alternatively, the Arc may choose to make an enhanced matching contribution equal to the sum of 100% of the participant's salary deferral (including catch-up contributions), up to 4% of the participant's eligible compensation, or a non-elective contribution equal to 3% of the participant's eligible compensation. Participants become fully vested in employer matching contributions after six years of service. The Arc's matching contributions for the years ended June 30, 2022 and 2021 were \$224,186 and \$200,099, respectively.

## THE ARC OF ACADIANA, INC.

### Notes to Financial Statements

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#### **Note 12. Concentration of Credit Risk**

The Arc periodically maintains cash and time deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage at its banks. A large majority of funds held on deposit by the Arc is transferred each night to a repurchase account and collateralized with direct U.S. Government obligations, U.S. Government Agency obligations, or collateralized mortgage obligations. As of June 30, 2022 and 2021, amounts over FDIC coverage totaled \$19,641,164 and \$21,717,182, respectively.

The Arc also receives a considerable amount of its total support and revenues from Medicaid for payments for services provided to clients. During the years ended June 30, 2022 and 2021, the Arc received \$23,818,860 and \$21,928,905, respectively, from Medicaid, which was 88% and 83% of total revenues, gains, and other support, respectively.

#### **Note 13. Pending Litigation**

The Arc is a part to various legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance and, if not so covered, are without merit or are of such kind, or involve such amounts as would not have a significant effect on the financial position or results of operations of the Arc if disposed of unfavorably.

#### **Note 14. Related-Party Transactions**

As of June 30, 2022 and 2021, the Arc held investments with a company managed by a member of the Board of Directors.

#### **Note 15. Risks and Uncertainties**

The Arc invests in various equity and debt securities, which are subject to potential loss arising from adverse changes in quoted market prices. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect investment amounts reported in the financial statements. The Arc's management continues to monitor its investment holdings as it has done in the past but has no immediate plans to change its investment portfolio.

#### **Note 16. Commitments**

At June 30, 2022, the Arc had an active construction project and has spent \$45,833 on this contract. The Arc's remaining commitment on this contract is \$178,902.



## THE ARC OF ACADIANA, INC.

### Notes to Financial Statements

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#### Note 17. Liquidity

The Arc has \$23,426,825 of financial assets, consisting of cash and cash equivalents as well as accounts receivable and amounts due from other agencies, that are available within one year of the financial position dated June 30, 2022 for normal operating expenditures.

As part of its liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit, equity securities, and debt securities, in the amount of \$6,517,465 that can be liquidated and made available.

The Arc regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Arc has available. In addition, the Arc operates with a budget to monitor sources and uses of funds throughout the year.

#### Note 18. Acquisition of The Arc of Vermilion, Inc.

Effective December 1, 2020, the Arc entered into an Assignment of Assets agreement with The Arc of Vermilion, Inc. who, due to their financial inability to continue operations, plan to terminate their corporate existence. No consideration was transferred by the Arc as a result of this acquisition, there were no noncontrolling interests, and the acquisition was not achieved in stages. The excess of the assets acquired over liabilities assumed of \$555,100 is reported as an inherent contribution on the statement of activities for the year ended June 30, 2021.

Assets acquired and liabilities assumed as of December 1, 2020 are as follows:

<b>Assets</b>	
Cash	\$ 61,280
Accounts Receivable	29,567
Prepaid Expenses	43,184
Property and Equipment, Net	471,535
<b>Liabilities</b>	
Accounts Payable and Accrued Liabilities	50,466

#### Note 19. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was December 28, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE ARC OF ACADIANA, INC.**  
**Schedule of Compensation, Benefits, and Other Payments to**  
**Agency Head or Chief Executive Officer**  
**For the Year Ended June 30, 2022**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2016, Act 462 of the 2016 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**  
 Kenny Patton, Chief Executive Officer

<b>Purpose</b>	<b>Compensation and Benefits Funded by Use of Public Funds</b>
Salary	\$360,250
Benefits - Insurance	\$1,811
Benefits - Retirement	\$12,000
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Organization	\$546
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$1,099
Conference Travel	\$1,570
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$1,000

**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 Acadiana, Inc.  
New Iberia, 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 Acadiana, Inc. (the Arc), which comprise the statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Arc's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Arc's internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

This report is intended solely for the information and use of management, the Board of Directors, others within the organization, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
December 28, 2022

## **UNIFORM GUIDANCE SECTION**

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
The Arc of Acadiana, Inc.  
New Iberia, Louisiana

### **Report on Compliance for the Major Federal Program**

#### **Opinion on the Major Federal Program**

We have audited The Arc of Acadiana, Inc.'s (the Arc) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Arc's major federal program for the year ended June 30, 2022. The Arc's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Arc complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### **Basis for Opinion on the Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Arc and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Arc's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Arc's federal program.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Arc's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Arc's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material noncompliance, 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 Arc's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Arc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Arc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above. However, material weaknesses of significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
December 28, 2022

**THE ARC OF ACADIANA, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

<b>FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Direct Program:		
Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution - COVID 19	93.498	<u>\$ 1,346,246</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>1,346,246</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,346,246</u></u>

**THE ARC OF ACADIANA, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Arc of Acadiana, Inc. under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Arc, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Arc.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Organization uses indirect cost rates negotiated and approved by the grant awarding agencies and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

**THE ARC OF ACADIANA, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

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**Part I - Summary of Auditor's Results**

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:                          | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| a. Material weaknesses identified?                           | No            |
| b. Significant deficiencies identified?                      | None Reported |
| c. Noncompliance material to the financial statements noted? | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over financial reporting:   |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiencies identified?   | None Reported |
| 2. Type of auditor's report issued on compliance for major programs:                                  | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 4. Identification of major programs:  |               |
| a. 93.498 - Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution              |               |
| 5. Dollar threshold used to determine Type A and B Programs:  | \$750,000     |
| 6. Auditee qualified as low-risk auditee?   | No            |

**Part II - Findings - Financial Statement Audit**

None.

**Part III - Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

**THE ARC OF ACADIANA, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2022**

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Not applicable.