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**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Donaldsonville Area ARC, Inc.  
Donaldsonville, Louisiana

We have audited the accompanying financial statements of Donaldsonville Area ARC, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and changes in net assets, cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donaldsonville Area ARC, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenses on page 12, the schedules of sales to public on page 13, and the schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018 on our consideration of Donaldsonville Area ARC, 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 Donaldsonville Area ARC, 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 Donaldsonville Area ARC, Inc.'s internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
October 24, 2018

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 168,441	\$ 130,801
Accounts receivable	85,982	78,646
Investments	227,962	203,235
Certificates of deposit	398,388	412,610
Prepaid expenses	1,680	3,974
Buildings and equipment, net	248,880	161,885
<b>TOTAL ASSETS</b>	<b>\$ 1,131,333</b>	<b>\$ 991,151</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 12,864	\$ 2,436
Salaries and payroll taxes payable	22,423	817
Other liabilities	4,593	4,593
<b>TOTAL LIABILITIES</b>	<b>39,880</b>	<b>7,846</b>
 <b><u>NET ASSETS</u></b>		
Unrestricted	1,091,453	983,305
<b>TOTAL NET ASSETS</b>	<b>1,091,453</b>	<b>983,305</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,131,333</b>	<b>\$ 991,151</b>

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b><u>REVENUES, GAINS, AND OTHER SUPPORT, UNRESTRICTED</u></b>		
Public Support:		
Public contributions	\$ 42,294	\$ 17,718
Operational grant - unrestricted	20,000	40,000
Grant income	61,115	-
Fundraising	14,870	31,137
Allocated by Capital Area United Way	53,242	48,514
Program Service Fees	637,736	617,437
Other Revenue:		
Membership dues - individual	6,980	3,615
Sales to public (net of expenses of \$107,003 and \$122,695 respectively)	116,838	117,482
Residential services	51,012	52,385
Investment earnings	21,070	13,895
Net unrealized gain on investments	9,978	23,209
Other	2,586	783
<b>TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT</b>	<b>1,037,721</b>	<b>966,175</b>
<b><u>EXPENSES AND LOSSES</u></b>		
Program services: Residential services	281,791	273,406
Supporting services: Management and general	647,782	604,861
<b>TOTAL EXPENSES</b>	<b>929,573</b>	<b>878,267</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>108,148</b>	<b>87,908</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>983,305</b>	<b>895,397</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,091,453</b>	<b>\$ 983,305</b>

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
Donaldsonville, Louisiana

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 108,148	\$ 87,908
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,888	20,091
Loss on sales and disposal of assets	-	3,012
Bad debt	7,117	-
Donated equipment	(483)	(5,788)
Unrealized gain on investments	(9,978)	(23,209)
Decrease in accounts receivable	(14,453)	(5,901)
(Increase) decrease in prepaid expenses	2,294	(3,974)
Increase (decrease) in accounts payable	10,428	(5,635)
Increase (decrease) in salaries and payroll taxes payable	21,606	(1,382)
Increase in due to others	-	4,593
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	151,567	69,715
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net decrease (increase) in certificates of deposit	14,222	(8,720)
Purchases of investments	(14,748)	(9,176)
Purchases of equipment	(113,401)	(17,693)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(113,927)	(35,589)
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 37,640	 34,126
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	130,801	96,675
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 168,441	\$ 130,801

The accompanying notes are an integral part of these statements.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies**

- A. Donaldsonville Area ARC, Inc. (the Association) is a not for profit organization formed to furnish education and recreation to individuals with intellectual and developmental disabilities of the Donaldsonville area. The Association provides day program services which include sheltered workshops and community work services for disables persons. Funding for the Association is dependent upon appropriations from State agencies, sales to the public, and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.
- B. The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues from service fees, sales, activity center services, membership dues, and investments are recognized when earned and expenses are recognized when incurred.
- C. To ensure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to accounting principles generally accepted in the United States of America, whereby funds are classified in accordance with specified restrictions or objectives.
- D. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:
- |                          |               |
|--------------------------|---------------|
| Buildings                | 30 - 40 years |
| Transportation equipment | 5 years       |
| Other equipment          | 5 - 10 years  |
- E. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, as deemed applicable. Management considers accounts receivable that are more than 30 days old to be past due. Additionally, management has determined that accounts receivable that are more than one-year-old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one-year-old. Management has determined that all receivables as of year-end are collectible.
- F. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.
- G. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Restrictions which are met within the same reporting period are classified as unrestricted. The Association has no temporarily or permanently restricted net assets at June 30, 2018 and 2017, respectively.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies (continued)**

G. (continued)

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets that create or enhance nonfinancial assets and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

- H. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- I. The Association considers all cash accounts, money market funds, and certificates of deposits with a maturity of three months or less when purchased to be cash and cash equivalents.
- J. Certificates of deposit with banks mature within one year and are carried at cost, which approximates fair value.
- K. The Association accounts for income taxes in accordance with the income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Association is a nonprofit organization that is exempt from the 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 Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. In management's judgement, the Association does not have any tax positions that would result in a loss-contingency considering the facts, circumstances and information.

- L. Certain amounts for June 30, 2017 financial statements have been reclassified to conform with the current year's presentation.
- M. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Unrealized gains and losses are included in the change in net assets.
- N. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.

**DONALDSONVILLE AREA ARC, INC.**  
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**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies (continued)**

O. On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for the annual period beginning after December 15, 2018.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

The Association is currently assessing the impact of these pronouncements on its financial statements.

2. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Association's deposits may not be returned to them. To mitigate this risk, these deposits are secured by federal deposit insurance. As of June 30, 2018, the carrying amount of the Association's deposits was \$566,829 and the bank balance was \$530,722. Of the bank balance, \$530,722 was covered by federal depository insurance.

3. **Lease Agreement**

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as an educational day facility for the individual with intellectual development disabilities. Under the terms of the lease, the Association pays no rental expense.

**DONALDSONVILLE AREA ARC, INC.**  
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**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

4. **Buildings and Equipment**

Buildings and equipment at June 30, 2018 and 2017 consisted of the following:

	2018	2017
Building	\$ 196,668	\$ 196,668
Building improvements	261,199	261,199
Transportation equipment	183,468	118,183
Other equipment	121,757	101,500
	763,092	677,550
Less: Accumulated depreciation	(514,212)	(515,665)
	\$ 248,880	\$ 161,885

Depreciation expense was \$26,888 and \$20,091 for the years ended June 30, 2018 and 2017, respectively.

5. **Fair Values of Financial Instruments**

In accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

*Fair Value Hierarchy*

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

**5. Fair Values of Financial Instruments (continued)**

*Fair Value Hierarchy (continued)*

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used the Association in estimating its fair value disclosures for financial instruments:

*Securities*

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

The following table presents for each fair value hierarchy level of the Organization's financial assets and liabilities that are measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3
June 30, 2018			
Mutual funds invested in stocks	\$ 227,962	\$ -	\$ -
	Level 1	Level 2	Level 3
June 30, 2017			
Mutual funds invested in stocks	\$ 203,235	\$ -	\$ -

**DONALDSONVILLE AREA ARC, INC.**  
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**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

**6. Program Service Fees**

Program service fees consisted of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CAHSD	\$ 6,771	\$ 6,919
Now Voc Waiver	119,882	118,024
Support Waiver	61,868	59,620
PCA Support Waiver	3,062	3,456
LT-PCA Waiver	12,492	10,129
PCA Now Waiver	109,785	100,888
Medicaid – Title XIX	268,020	270,876
Patient Liability	7,533	2,672
Social Security	48,323	44,853
Total	<u>\$ 637,736</u>	<u>\$ 617,437</u>

**7. Line of Credit**

Donaldsonville Area ARC, Inc. has a revolving line of credit for up to \$301,779 as of June 30, 2018. Interest on the line of credit is payable monthly at a rate of 5.75%. Donaldsonville Area ARC, Inc. has no outstanding advances on this line of credit as of June 30, 2018. The line is secured by the value of the Associations investment account balances and has no maturity date.

**8. Donated Materials**

Donated materials are reflected as contribution income and expense in the accompanying financial statements at their estimated fair market values at the date of receipt. Various materials were donated to Donaldsonville Area ARC, Inc to help aid in their mission. These materials were valued at approximately \$62,000 and \$- for the years ended June 30, 2018 and 2017, respectively. The amount at June 30, 2018, consisted mainly of a donated vehicle of \$60,000.

**9. Subsequent Events**

In preparing the financial statements, Donaldsonville Area ARC, Inc. has evaluated events and transactions for potential recognition or disclosure through October 24, 2018, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
Donaldsonville, Louisiana

**SCHEDULES OF EXPENSES**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			(Memorandum Only) 2017
	<u>Residential Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
<b><u>EXPENSES</u></b>				
Salaries and wages	\$ 129,468	\$ 398,280	\$ 527,748	\$ 529,279
Repairs and maintenance	4,418	21,231	25,649	17,260
Supplies	5,188	11,141	16,329	16,480
Utilities	6,891	16,410	23,301	20,908
Telephone	2,523	6,511	9,034	7,534
Transportation expenses	207	1,468	1,675	623
Food	5,218	27,341	32,559	28,677
Payroll taxes	7,252	35,682	42,934	40,565
Insurance	5,072	44,614	49,686	42,732
Professional fees	3,050	9,165	12,215	11,851
Medical	3,763	1,703	5,466	4,103
Training	1,147	3,480	4,627	1,993
Day program	49,537	-	49,537	51,507
Client allowance	1,364	46	1,410	3,512
Bed fee	29,606	-	29,606	29,555
Contract labor	4,340	489	4,829	3,058
Gasoline	2,269	8,233	10,502	8,623
Vehicle repairs	2,989	855	3,844	7,644
Bad debt	-	7,117	7,117	-
Other	5,547	39,070	44,617	32,272
Total Expenses Before Depreciation	<u>269,849</u>	<u>632,836</u>	<u>902,685</u>	<u>858,176</u>
Depreciation of buildings and equipment	<u>11,942</u>	<u>14,946</u>	<u>26,888</u>	<u>20,091</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 281,791</u></u>	<u><u>\$ 647,782</u></u>	<u><u>\$ 929,573</u></u>	<u><u>\$ 878,267</u></u>

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**SCHEDULES OF SALES TO PUBLIC**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>Janitorial</u>		<u>Dinner Kits</u>		<u>Recycling</u>	
	2018	2017	2018	2017	2018	2017
<b><u>REVENUES</u></b>	<b><u>\$ 99,053</u></b>	<b><u>\$ 116,824</u></b>	<b><u>\$ 1,989</u></b>	<b><u>\$ 2,303</u></b>	<b><u>\$ 10,885</u></b>	<b><u>\$ 8,703</u></b>
<b><u>EXPENSES</u></b>						
Salaries and wages	40,423	40,925	1,947	1,709	9,088	8,432
Repairs and maintenance	7,352	709	-	-	1,625	4,259
Insurance	2,570	7,616	-	-	2,715	4,954
Supplies	1,117	1,197	1,209	1,697	-	50
Gasoline	1,645	3,582	-	-	2,296	2,609
Payroll taxes	2,879	2,814	32	4	1,029	1,173
Total expenses	<u>55,986</u>	<u>56,843</u>	<u>3,188</u>	<u>3,410</u>	<u>16,753</u>	<u>21,477</u>
NET INCOME (LOSS)	<u>\$ 43,067</u>	<u>\$ 59,981</u>	<u>\$ (1,199)</u>	<u>\$ (1,107)</u>	<u>\$ (5,868)</u>	<u>\$ (12,774)</u>

	<u>Lawn Maintenance</u>		<u>Total</u>	
	2018	2017	2018	2017
<b><u>REVENUES</u></b>	<b><u>\$ 111,914</u></b>	<b><u>\$ 112,347</u></b>	<b><u>\$ 223,841</u></b>	<b><u>\$ 240,177</u></b>
<b><u>EXPENSES</u></b>				
Salaries and wages	9,259	10,505	60,717	61,571
Repairs and maintenance	5,391	12,986	14,368	17,954
Insurance	2,525	5,648	7,810	18,218
Supplies	6,185	5,862	8,511	8,806
Gasoline	6,785	5,025	10,726	11,216
Payroll taxes	931	939	4,871	4,930
Total expenses	<u>31,076</u>	<u>40,965</u>	<u>107,003</u>	<u>122,695</u>
NET INCOME (LOSS)	<u>\$ 80,838</u>	<u>\$ 71,382</u>	<u>\$ 116,838</u>	<u>\$ 117,482</u>

**DONALDSONVILLE AREA ARC, INC.**  
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**Donaldsonville, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**YEAR ENDED JUNE 30, 2018**

Agency Head Name/Title: Marlene Domingue, Director

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 64,572
Travel	431
Conference travel	-
Special meals	-
	<hr/>
	\$ 65,003

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

Board of Directors  
Donaldsonville Area ARC, Inc.  
Donaldsonville, 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 Donaldsonville Area ARC, Inc. (the Association) which comprise the statements of financial position as of and for the year ended June 30, 2018, the related statements of activities and changes in net assets, cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Donaldsonville Area ARC, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Donaldsonville Area ARC, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Donaldsonville Area ARC 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2018-001 that we consider to be a significant deficiency.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Donaldsonville Area ARC, Inc.'s financial statements are free of 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*.

### **Association's Response to Findings**

The Association's response to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
October 24, 2018

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**YEAR ENDED JUNE 30, 2018**

**SUMMARY OF AUDIT RESULTS:**

- (1) The independent auditors' report expressed an unmodified opinion on the financial statements of Donaldsonville Area ARC, Inc., as of and for the year ended June 30, 2018.
- (2) No material weaknesses in internal control financial reporting were reported for the year ended June 30, 2018.
- (3) No instance of noncompliance material relating to the financial statements of Donaldsonville Area ARC, Inc. were disclosed during the audit for the year ended June 30, 2018.

**FINDINGS – FINANCIAL STATEMENT AUDIT:**

**2018-001 Internal Control over Financial Reporting**

*Criteria:* The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

*Condition:* As part of the audit process, we have always assisted management in drafting the financial statements and related notes for the year-end audit procedures. Because our involvement is so key to that process that is an indication that the internal control over year-end GAAP financial statements by the Association is not sufficient.

*Cause:* During the audit, we noted that several accounts which required adjustment in order for them to properly reflect end of year balances. These included property and equipment, accrued liabilities, and investment income. Also, checks and deposits were backdated to June and therefore cash, accounts receivable and accounts payable did not reconcile as of year-end.

*Effect:* The Association has a significant deficiency in their internal control over financial reporting.

*Recommendation:* The Association should take a more in-depth role in understanding the year-end reconciliation process and adjustments necessary in preparing the financial statements and related notes to the financial statements.

*View of Responsible Official:* The Association concurs with the finding.

**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

# Donaldsonville Area Arc, Inc.

1030 CLAY ST. • DONALDSONVILLE, LA 70346-  
(225) 473-4516 • FAX (225) 473-4517  
MARY MARCOMBE HOME (225) 473-7433

## CORRECTIVE ACTION PLAN

October 24, 2018

Louisiana Legislative Auditor

Donaldsonville Area Association for Retarded Citizens, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC  
P. O. Box 1190  
Donaldsonville, LA 70346

Audit Period: July 1, 2017 – June 30, 2018

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

## FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### SIGNIFICANT DEFICIENCY

#### **2018-001 Internal Control over Financial Reporting**

*Criteria:* The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

*Condition:* As part of the audit process, we have always assisted management in drafting the financial statements and related notes for the year-end audit procedures. Because our involvement is so key to that process that is an indication that the internal control over year-end GAAP financial statements by the Association is not sufficient.



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*Cause:* During the audit, we noted that several accounts which required adjustment in order for them to properly reflect end of year balances. These included property and equipment, accrued liabilities, and investment income. Also, checks and deposits were backdated to June and therefore cash, accounts receivable and accounts payable did not reconcile as of year-end.

*Effect:* The Association has a significant deficiency in their internal control over financial reporting.

*Recommendation:* The Association should take a more in-depth role in understanding the year-end reconciliation process and adjustments necessary in preparing the financial statements and related notes to the financial statements.

*View of Responsible Official:* The Association concurs with the finding.

Sincerely,



Marlene Domingue  
Director

