

Financial Report

Lafourche ARC

Thibodaux, Louisiana

For the year ended June 30, 2017

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Lafourche ARC

For the year ended June 30, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Lafourche ARC,
Thibodaux, Louisiana.

We have audited the accompanying financial statements of Lafourche ARC (the Association), a nonprofit organization, which comprise the Statement of Financial Position as of June 30, 2017 and 2016 and the related Statements of Activities, Functional Expenses and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association'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 financial statement presentation.

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 the Association as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Schedules 1 through 8 for the years ended June 30, 2017 and 2016 is presented for purposes of additional analysis and is 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 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 and the financial statements themselves, and other additional procedures in accordance with auditing procedures 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 for the years ended June 30, 2017 and 2016, taken as a whole.

We also have previously audited, 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, the statements of financial position of Lafourche ARC, as of June 30, 2015, and the related statement of activities for the year ended June 30, 2015 (none of which are presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The information contained in Schedules 5 through 7 for the year ended June 30, 2015 is presented for purposes of additional analysis and is 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 as of and for the year ended June 30, 2015. The information has been subjected to the auditing procedures applied in the audit of those 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 presented in the Schedules 5 through 7 for the year ended June 30, 2015 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued a report dated December 15, 2017 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Association's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 15, 2017.

STATEMENTS OF FINANCIAL POSITION**Lafourche ARC**

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 3,245,503	\$ 4,717,864
Investments	8,399,395	7,003,884
Due from State of Louisiana	1,199,870	1,093,672
Accounts receivable	117,106	133,843
Promises to give	100,878	-
Deposits and other assets	118,674	273,577
Buildings, furniture and equipment, net	<u>3,068,272</u>	<u>3,126,006</u>
Totals	<u>\$ 16,249,698</u>	<u>\$ 16,348,846</u>
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 542,675</u>	<u>\$ 566,107</u>
Net Assets		
Unrestricted	15,606,145	15,782,739
Temporarily restricted	<u>100,878</u>	<u>-</u>
Total net assets	<u>15,707,023</u>	<u>15,782,739</u>
Totals	<u>\$ 16,249,698</u>	<u>\$ 16,348,846</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES**Lafourche ARC**

For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Support and Revenues		
Support:		
Group Services:		
Habilitation services	\$ 7,554,954	\$ 7,519,731
Residential services	3,207,192	3,174,781
Governmental Grants:		
Office for Citizens with		
Developmental Disabilities	40,355	32,410
State of Louisiana - Hotel/Motel Tax	800,000	400,000
Lafourche Parish	-	1,104,332
Department of Transportation and Development	117,545	122,987
Client income	253,839	253,929
Sheltered workshop, net of \$310,176		
(\$310,826 in 2016) of direct costs	13,438	47,984
Contributions	55,782	40,044
Total unrestricted support	<u>12,043,105</u>	<u>12,696,198</u>
Revenues:		
Investment return	401,216	145,675
Miscellaneous	50,612	16,830
Total unrestricted revenue	<u>451,828</u>	<u>162,505</u>
Net Assets Released from Restrictions		
Satisfaction of purpose restrictions	<u>-</u>	<u>35,373</u>
Total unrestricted support, revenue and		
net assets released from restrictions	<u>12,494,933</u>	<u>12,894,076</u>
Expenses		
Program services:		
Medical and nursing	68,553	40,085
Therapeutic and training	9,464,376	9,132,898
Recreational	3,785	3,096
Consultants	259,132	253,001
Total program services	<u>9,795,846</u>	<u>9,429,080</u>
Support services:		
Administrative and general	2,015,878	1,927,112
Plant operations and maintenance	440,144	253,353
Costs related to capital assets	265,808	268,525
Dietary	107,051	107,622
Laundry and linen	6,354	5,892
Housekeeping supplies	19,814	15,475
Personal client needs	20,632	16,744
Total support services	<u>2,875,681</u>	<u>2,594,723</u>
Total expenses	<u>12,671,527</u>	<u>12,023,803</u>
Increase (decrease) in unrestricted net assets (carryforward)	(176,594)	870,273

**Exhibit B
(Continued)**

	2017	2016
Increase (decrease) in unrestricted net assets (broughtforward)	(176,594)	870,273
Changes in Temporarily Restricted Net Assets		
Support - State of Louisiana		
Department of Transportation and Development	100,878	-
Net assets released from restrictions:		
Satisfaction of purpose restrictions	-	(35,373)
Increase in temporarily restricted net assets	100,878	(35,373)
Increase (decrease) in net assets	(75,716)	834,900
Net Assets		
Beginning of year	15,782,739	14,947,839
End of year	\$ 15,707,023	\$ 15,782,739

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Lafourche ARC

For the year ended June 30, 2017

	Program Services				
	Medical and Nursing	Therapeutic and Training	Recrea- tional	Consultants	Totals
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	259,132	259,132
Depreciation	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Food	-	-	-	-	-
Insurance	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	28,805	-	-	-	28,805
Other	8,207	-	-	-	8,207
Postage	-	-	-	-	-
Prescriptions	21,378	-	-	-	21,378
Professional fees	-	-	-	-	-
Salaries, payroll taxes and benefits	-	9,463,277	-	-	9,463,277
Supplies	10,163	1,099	3,785	-	15,047
Telephone	-	-	-	-	-
Training-in-service	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil and repairs	-	-	-	-	-
Total expenses	<u>\$ 68,553</u>	<u>\$ 9,464,376</u>	<u>\$ 3,785</u>	<u>\$ 259,132</u>	<u>\$ 9,795,846</u>

See notes to financial statements.

Supporting Services								
Admini- strative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	House- keeping Supplies	Personal Client Needs	Totals	Grand Totals
\$ 203,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,508	\$ 203,508
-	-	-	-	-	-	9,978	9,978	9,978
-	-	-	6,137	-	-	-	6,137	265,269
-	-	246,608	-	-	-	-	246,608	246,608
12,000	-	-	-	-	-	-	12,000	12,000
-	-	-	91,986	-	-	-	91,986	91,986
777,231	-	-	-	-	-	-	777,231	777,231
-	-	19,200	-	-	-	-	19,200	19,200
4,945	-	-	-	-	-	-	4,945	4,945
-	-	-	-	2,169	-	-	2,169	2,169
-	323,819	-	-	-	-	-	323,819	323,819
-	-	-	-	-	-	-	-	28,805
81,212	-	-	-	-	-	10,654	91,866	100,073
4,185	-	-	-	-	-	-	4,185	4,185
-	-	-	-	-	-	-	-	21,378
31,570	-	-	-	-	-	-	31,570	31,570
608,493	-	-	-	-	-	-	608,493	10,071,770
83,430	-	-	8,928	4,185	19,814	-	116,357	131,404
52,118	-	-	-	-	-	-	52,118	52,118
36	-	-	-	-	-	-	36	36
79,376	-	-	-	-	-	-	79,376	79,376
-	116,325	-	-	-	-	-	116,325	116,325
77,774	-	-	-	-	-	-	77,774	77,774
<u>\$ 2,015,878</u>	<u>\$ 440,144</u>	<u>\$ 265,808</u>	<u>\$ 107,051</u>	<u>\$ 6,354</u>	<u>\$ 19,814</u>	<u>\$ 20,632</u>	<u>\$ 2,875,681</u>	<u>\$ 12,671,527</u>

STATEMENT OF FUNCTIONAL EXPENSES

Lafourche ARC

For the year ended June 30, 2016

	<u>Program Services</u>				
	<u>Medical and Nursing</u>	<u>Therapeutic and Training</u>	<u>Recrea- tional</u>	<u>Consultants</u>	<u>Totals</u>
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	253,001	253,001
Depreciation	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Food	-	-	-	-	-
Habilitation	-	9,589	-	-	9,589
Insurance	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	7,394	-	-	-	7,394
Other	1,917	-	-	-	1,917
Postage	-	-	-	-	-
Prescriptions	19,271	-	-	-	19,271
Professional fees	-	-	-	-	-
Salaries, payroll taxes and benefits	-	9,123,245	-	-	9,123,245
Supplies	11,503	64	3,096	-	14,663
Telephone	-	-	-	-	-
Training-in-service	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil and repairs	-	-	-	-	-
Total expenses	<u>\$ 40,085</u>	<u>\$ 9,132,898</u>	<u>\$ 3,096</u>	<u>\$ 253,001</u>	<u>\$ 9,429,080</u>

See notes to financial statements.

Supporting Services								
Admini- strative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	House- keeping Supplies	Personal Client Needs	Totals	Grand Totals
\$ 198,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,579	\$ 198,579
-	-	-	-	-	-	7,762	7,762	7,762
-	-	-	6,480	-	-	-	6,480	259,481
-	-	249,325	-	-	-	-	249,325	249,325
12,000	-	-	-	-	-	-	12,000	12,000
-	-	-	94,949	-	-	-	94,949	94,949
-	-	-	-	-	-	-	-	9,589
678,276	-	-	-	-	-	-	678,276	678,276
-	-	19,200	-	-	-	-	19,200	19,200
4,917	-	-	-	-	-	-	4,917	4,917
-	-	-	-	737	-	-	737	737
-	139,410	-	-	-	-	-	139,410	139,410
-	-	-	-	-	-	-	-	7,394
113,967	-	-	-	-	-	8,982	122,949	124,866
6,659	-	-	-	-	-	-	6,659	6,659
-	-	-	-	-	-	-	-	19,271
36,847	-	-	-	-	-	-	36,847	36,847
589,965	-	-	-	-	-	-	589,965	9,713,210
74,441	-	-	6,193	5,155	15,475	-	101,264	115,927
44,481	-	-	-	-	-	-	44,481	44,481
91	-	-	-	-	-	-	91	91
75,863	-	-	-	-	-	-	75,863	75,863
-	113,943	-	-	-	-	-	113,943	113,943
91,026	-	-	-	-	-	-	91,026	91,026
<u>\$ 1,927,112</u>	<u>\$ 253,353</u>	<u>\$ 268,525</u>	<u>\$ 107,622</u>	<u>\$ 5,892</u>	<u>\$ 15,475</u>	<u>\$ 16,744</u>	<u>\$ 2,594,723</u>	<u>\$ 12,023,803</u>

STATEMENTS OF CASH FLOWS**Lafourche ARC**

For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Increase(decrease) in net assets	\$ (75,716)	\$ 834,900
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Grant of building	-	(1,104,332)
Depreciation	246,608	249,325
Net realized and unrealized (gains) losses on investments	(232,715)	(20,079)
Gain on sales of assets	(10,820)	(15,546)
Decrease (increase) in operating assets:		
Receivables	(89,461)	92,846
Promises to give	(100,878)	35,373
Deposits and other assets	154,903	(56,482)
Increase (decrease) in operating liabilities:		
Accounts payable	(23,432)	61,362
Total adjustments	<u>(55,795)</u>	<u>(757,533)</u>
Net cash provided by operating activities	<u>(131,511)</u>	<u>77,367</u>
Cash Flows from Investing Activities		
Purchases of investments	(2,403,697)	(1,902,093)
Proceeds from maturity of investments	1,240,901	1,790,078
Proceeds from sales of asset	10,820	16,830
Purchase of buildings and improvements	(56,419)	(86,015)
Purchase of vehicles	(132,455)	(88,225)
Net cash used in investing activities	<u>(1,340,850)</u>	<u>(269,425)</u>
Net decrease in cash	(1,472,361)	(192,058)
Cash		
Beginning of year	<u>4,717,864</u>	<u>4,909,922</u>
End of year	<u>\$ 3,245,503</u>	<u>\$ 4,717,864</u>
Noncash Investing Activities		
Noncash grant of building	<u>\$ -</u>	<u>\$ 1,104,332</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche ARC

June 30, 2017 and 2016

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Nature of Organization

Lafourche ARC (the Association) operates six residential community homes and three day care facilities to provide intermediate care and habilitation for the mentally handicapped. Five (Country Club, Stevens, Chackbay, Richland and Narrow Street) of the six residential community homes operated are owned by the Association while Diplomat Way community home is rented. The Association also provides respite services to families of mentally handicapped individuals.

b) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association had no permanently restricted net assets at June 30, 2017 and 2016.

c) Basis of Accounting

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

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Fair Value of Financial Instruments

The carrying values of the Association's financial instruments, including cash, investments, receivables, accounts payable, and certain accrued liabilities, are estimated to approximate fair value due to their short-term nature.

f) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Association had no cash equivalents at June 30, 2017 and 2016.

g) Investments

Investments are comprised of certificates of deposit, equity securities, U.S. government debt securities, corporate bonds, municipal bonds, mutual funds and money market funds held in an investments brokerage account.

Certificates of deposit with initial maturity longer than three months are stated at cost, which approximates fair market value. All other investments have readily determinable fair values in active markets. Investment expenses of \$54,743 and \$50,548 were incurred for the years ended June 30, 2017 and 2016, respectively.

h) Accounts Receivable

The financial statements of the Association contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position.

i) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Promises to give are recognized as assets and revenues. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions, if any, are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Promises to Give (continued)

restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Association provides for estimated uncollectible promises to give based on prior years' experience and management's analysis of specific promises made.

j) Buildings, Furniture and Equipment

Buildings, furniture and equipment are stated at cost. Additions and betterments \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings and improvements	20 - 30 years
Vehicles	5 - 6 years
Furniture and equipment	5 - 8 years

k) Donated Services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure such services. The Association pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with specific assistance programs, and various committee assignments.

l) Compensated Absences

On July 1st, all full-time employees receive from 12 to 21 days of leave depending on years of service. These days are to cover both vacation and sick leave. Leave must be taken by September 1st of the next fiscal year or the leave is lost. There is no material accumulated leave at June 30, 2017 and 2016 and accordingly, the financial statements do not include a provision for compensated absences.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses in accordance with cost reporting regulations of the Louisiana Department of Health and Hospitals. Accordingly, certain costs have been allocated among the services and activities benefited. Transactions and resulting balances of charges for services between the Association's programs have been eliminated from the financial statements.

n) Income Taxes

The Association is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Tax years ended June 30, 2014 and later remain subject to examination by the taxing authorities. At June 30, 2017, management of the Association believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 2 - INVESTMENTS

Investments at June 30, 2017 and 2016 are as follows:

	2017		2016	
	Cost	Market	Cost	Market
U.S. Treasury Notes	\$ 43,800	\$ 43,013	\$ 46,025	\$ 47,362
U.S. Treasury Bonds	62,861	62,341	66,779	70,330
Federal Home Loan Mortgage Corporation Notes	60,092	48,647	29,394	27,416
Federal National Mortgage Association Notes	382,551	295,127	264,356	284,623
Equity shares/mutual funds	2,115,673	2,542,743	1,823,209	2,481,837
Fixed income mutual funds	1,388,247	1,390,689	1,606,187	1,118,507
Certificates of Deposit	3,183,306	3,223,843	2,183,306	2,196,496
Municipal Bonds	70,225	78,319	70,225	82,060
Corporate bonds	535,467	546,687	512,567	534,252
Money market funds	167,986	167,986	161,001	161,001
Totals	<u>\$ 8,010,208</u>	<u>\$ 8,399,395</u>	<u>\$ 6,763,049</u>	<u>\$ 7,003,884</u>

Note 2 - INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2017 and 2016:

	2017	2016
Excess of market over (under) cost:		
End of year	\$ 429,363	\$ 240,835
Beginning of year	240,835	114,101
Unrealized gain (loss)	188,528	126,734
Net realized gain	92,121	(184,924)
Interest and dividends	175,310	254,413
Fees and expenses	(54,743)	(50,548)
Investment return	\$ 401,216	\$ 145,675

Note 3 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy which has three levels based on the reliability of the inputs is used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3 - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis at June 30, 2017 and 2016 are comprised of and determined as follows:

	June 30, 2017			
	Total Assets Measured at Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual Funds				
Emerging market	\$ 91,158	\$ 91,158	\$ -	\$ -
Energy	5,193	5,193	-	-
Financial	7,845	7,845		
International markets	47,768	47,768		
Large blend	51,149	51,149	-	-
Mid-Cap blend	33,051	33,051	-	-
Real estate	6,075	6,075	-	-
Small blend	58,298	58,298		
Trading inverse equity	30,927	30,927	-	-
Fixed income mutual funds				
Commodities broad basket	53,652	53,652	-	-
Emerging market bond	61,384	61,384	-	-
High yield bond	489,439	489,439		
Intermediate term bond	518,316	518,316		
Multisector bond	215,512	215,512		
Municipal bond	52,385	52,385		
Total mutual fund	<u>1,722,153</u>	<u>1,722,153</u>	<u>-</u>	<u>-</u>
Equity Shares				
Consumer cyclical	211,340	211,340	-	-
Consumer defensive	186,978	186,978	-	-
Energy	186,253	186,253	-	-
Financials	509,343	509,343	-	-
Health care	274,442	274,442	-	-
Industrials	222,540	222,540	-	-
Information technology	285,350	285,350	-	-
Materials	26,667	26,667	-	-
Real estate	101,837	101,837	-	-
Telecommunication services	144,571	144,571	-	-
Utilities	61,958	61,958	-	-
Total equity shares	<u>2,211,279</u>	<u>2,211,279</u>	<u>-</u>	<u>-</u>
Government bonds	449,128	449,128	-	-
Corporate bonds	546,687	546,687	-	-
Municipal bonds	78,319	78,319	-	-
Certificates of deposit	3,223,843	3,223,843	-	-
Cash and cash equivalents	167,986	167,986	-	-
Totals	<u>\$ 8,399,395</u>	<u>\$ 8,399,395</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2016			
	Total Assets Measured at Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual Funds				
Corporate bond	\$ 65,295	\$ 65,295	\$ -	\$ -
Diversified emerging mkts	24,309	24,309	-	-
Diversified pacific/asia	16,329	16,329	-	-
Emerging market fund	167,971	167,971	-	-
Europe stock	33,968	33,968	-	-
Large blend	59,491	59,491	-	-
Mid-Cap blend	18,375	18,375	-	-
Pacific/Asia ex-Japan Stk	20,580	20,580	-	-
Real estate	14,658	14,658	-	-
Small blend	31,144	31,144	-	-
Trading inverse equity	27,321	27,321	-	-
Fixed income mutual funds				
Commodities broad basket	35,073	35,073	-	-
Emerging market bond	154,564	154,564	-	-
High yield bond	301,071	301,071	-	-
Intermediate term bond	494,197	494,197	-	-
Multisector Bond	102,802	102,802	-	-
Short Term Bond	30,800	30,800	-	-
Total mutual fund	<u>1,597,948</u>	<u>1,597,948</u>	<u>-</u>	<u>-</u>
Equity Shares				
Consumer cyclical	120,803	120,803	-	-
Consumer defensive	229,671	229,671	-	-
Energy	209,920	209,920	-	-
Financials	440,914	440,914	-	-
Health care	253,249	253,249	-	-
Industrials	251,431	251,431	-	-
Information technology	185,429	185,429	-	-
Materials	66,436	66,436	-	-
Real estate	81,790	81,790	-	-
Telecommunication services	109,925	109,925	-	-
Utilities	52,828	52,828	-	-
Total equity shares	<u>2,002,396</u>	<u>2,002,396</u>	<u>-</u>	<u>-</u>
Government bonds	429,731	429,731	-	-
Corporate bonds	534,252	534,252	-	-
Municipal bonds	82,060	82,060	-	-
Certificates of deposit	2,196,496	2,196,496	-	-
Cash and cash equivalents	161,001	161,001	-	-
Totals	<u>\$ 7,003,884</u>	<u>\$ 7,003,884</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - DUE FROM STATE OF LOUISIANA

Amounts receivable for residential and habilitation services charged to the State of Louisiana Department of Health and Hospitals are \$1,199,870 and \$1,093,672 at June 30, 2017 and 2016 respectively.

Note 5 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by the donor for specific purposes or are available for subsequent periods. Restricted net assets total \$100,878 as of June 30, 2017 and there were no temporarily restricted net assets as of June 30, 2016. Restrictions of net assets as of June 30, 2017 and 2016 relate to purpose of use restrictions. Temporarily restricted net assets are promises to give from the Louisiana Department of Transportation and Development for the purchase of new vehicles.

Note 6 - BUILDINGS, FURNITURE AND EQUIPMENT

Buildings, furniture and equipment at June 30, 2017 and 2016 consist of the following:

	2017	2016
Land	\$ 226,200	\$ 187,200
Buildings and improvements	4,126,600	4,050,602
Vehicles	1,257,992	1,305,662
Furniture & Equipment	372,273	397,905
	5,983,065	5,941,369
Less: accumulated depreciation	(2,914,793)	(2,815,363)
Net buildings, furniture and equipment	\$ 3,068,272	\$ 3,126,006

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Vendors	\$ 61,447	\$ 40,353
Salaries and benefits	442,400	511,171
Other	38,828	14,583
Total	\$ 542,675	\$ 566,107

Note 8 - LEASE COMMITMENTS

As of June 30, 2017, the Diplomat Way Community Home is leased under a month-to-month operating lease beginning October 1, 2015 for monthly rent of \$1,600. Rental expenses incurred amounted to \$19,200 for the years ended June 30, 2017 and 2016, respectively.

Note 9 - CENTRAL OFFICE OVERHEAD

The central office was established to account for supporting expenses common to the programs. Each program reimburses the central office for its share. The amount allocated to each program, as supporting service-administrative and general is based upon time and level of efforts expended as measured by expenses per program compared to total expenses. The allocations are eliminated for presentation of the Statements of Activities and Functional Expenses. For the years ended June 30, 2017 and 2016, personal service and occupancy costs incurred at the central office amounting to \$852,670 and \$814,934, respectively, were allocated to the programs as follows:

	2017	2016
Chackbay Community Home	\$ 27,925	\$ 28,031
Country Club Community Home	23,907	21,102
Diplomat Way Community Home	33,439	27,394
Stevens Community Home	33,554	30,429
Narrow Street Community Home	22,038	20,208
Richland Community Home	28,112	26,604
Community Support Services	521,236	513,424
Daycare Services	162,459	147,742
Totals	\$ 852,670	\$ 814,934

Note 10 - ECONOMIC DEPENDENCY

The Association receives federal and state funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana State Department of Health and Hospitals Office of Family Security, Medical Assistance Program - Medicaid/ Title XIX are on a per diem basis. These payments, reported as residential and habilitation services, are considered a payment for a service as opposed to a grant award.

Note 10 - ECONOMIC DEPENDENCY (Continued)

If significant budget cuts are made at the federal, state and local government levels, the amount of funds the Association will receive could be reduced significantly and have an adverse impact on its operations. As of the report date, management is not able to estimate the amount of funds that the Association will require to avoid a material impact on the Association's future operations.

Note 11 - RETIREMENT PLAN

The Association adopted a 401(k) retirement plan effective July 1, 1997. The Plan covers all employees who have completed one or more years of service. The Association makes contributions to the plan at its discretion. Contributions amounted to \$6,089 and \$8,651 for the years ended June 30, 2017 and 2016, respectively.

Note 12 - CONCENTRATION OF RISK

During the year ended June 30, 2017, the Association maintained its cash deposits and certificates of deposit with local banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash, certificates of deposit and money market mutual funds at this institution exceeded federally insured limits by \$5,210,678 as of June 30, 2017.

Note 13 - RISK MANAGEMENT

The Association is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2017.

Note 14 - CONTINGENCY

Programs funded by Medicare and Medicaid fiscal intermediaries are subject to audits performed by the State of Louisiana – Department of Health and Hospitals (the State). Audits conducted by the State for the period January 2, 2001 through February 2, 2003 and July 1, 2008 through March 31, 2010. The Association is in dispute with the State for approximately \$88,500 and \$69,690, respectively, of questioned costs. In management's opinion, the Association believes it will be successful in providing the necessary documentation to defend these claims made by the State of Louisiana and any final determinations will not be material to the financial statements.

Note 16 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 15, 2017, which is the date the financial statements are available to be issued.

SUPPLEMENTARY INFORMATION SECTION

SCHEDULE OF PROGRAM FINANCIAL POSITION

Lafourche ARC

June 30, 2017

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Assets					
Cash	\$ 200	\$ 200	\$ 100	\$ 200	\$ 100
Investments	540,186	274,243	569,631	55,935	480,634
Due from State of Louisiana	26,158	25,722	29,841	37,887	22,208
Accounts receivable	34,376	(330)	-	-	-
Due from other programs	49,123	265,811	50,969	35,180	447,902
Promises to give	-	-	-	-	-
Deposits	370	335	395	333	405
Buildings, furniture and equipment, net of accumulated depreciation, \$2,914,793	153,848	63,368	21,173	114,461	154,493
Totals	\$ 804,261	\$ 629,349	\$ 672,109	\$ 243,996	\$ 1,105,742
Liabilities					
Accounts payable and accrued liabilities	\$ 9,123	\$ 7,287	\$ 10,343	\$ 9,983	\$ 6,463
Due to other programs	870,923	20,000	855,048	364,353	-
Total liabilities	880,046	27,287	865,391	374,336	6,463
Net Assets					
Unrestricted	(75,785)	602,062	(193,282)	(130,340)	1,099,279
Temporarily restricted	-	-	-	-	-
Total net assets	(75,785)	602,062	(193,282)	(130,340)	1,099,279
Totals	\$ 804,261	\$ 629,349	\$ 672,109	\$ 243,996	\$ 1,105,742

Schedule 1

Community Homes						
Richland	Community Support	Day Care Services	Central Office	Eliminations	Grand Totals	
\$ 100	\$ 1,468,468	\$ 470	\$ 1,775,665	\$ -	\$ 3,245,503	
239,807	4,537,058	1,701,901	-	-	8,399,395	
33,653	968,668	55,733	-	-	1,199,870	
-	19,207	63,853	-	-	117,106	
229,991	2,324,420	1,127,042	1,560,382	(6,090,820)	-	
-	-	100,878	-	-	100,878	
440	-	555	115,841	-	118,674	
<u>79,559</u>	<u>1,290,011</u>	<u>761,867</u>	<u>429,492</u>	<u>-</u>	<u>3,068,272</u>	
<u>\$ 583,550</u>	<u>\$ 10,607,832</u>	<u>\$ 3,812,299</u>	<u>3,881,380</u>	<u>\$ (6,090,820)</u>	<u>\$ 16,249,698</u>	
\$ 9,413	\$ 402,455	\$ 36,724	\$ 50,884	\$ -	\$ 542,675	
150,000	-	-	3,830,496	(6,090,820)	-	
<u>159,413</u>	<u>402,455</u>	<u>36,724</u>	<u>3,881,380</u>	<u>(6,090,820)</u>	<u>542,675</u>	
424,137	10,205,377	3,674,697	-	-	15,606,145	
-	-	100,878	-	-	100,878	
<u>424,137</u>	<u>10,205,377</u>	<u>3,775,575</u>	<u>-</u>	<u>-</u>	<u>15,707,023</u>	
<u>\$ 583,550</u>	<u>\$ 10,607,832</u>	<u>\$ 3,812,299</u>	<u>\$ 3,881,380</u>	<u>\$ (6,090,820)</u>	<u>\$ 16,249,698</u>	

SCHEDULE OF PROGRAM ACTIVITIES

Lafourche ARC

For the year ended June 30, 2017

	<u>Community Homes</u>				
	<u>Chackbay</u>	<u>Country Club</u>	<u>Diplomat Way</u>	<u>Stevens</u>	<u>Narrow Street</u>
Changes in Unrestricted Net Assets					
Support and Revenues					
Support:					
Group Services:					
Habituation services					
Residential services	\$ 347,930	\$ 319,385	\$ 324,000	\$ 456,560	\$ 274,515
Governmental Grants:					
Office for Citizens with Developmental Disabilities	-	-	-	-	-
State of Louisiana-Hotel/Motel Tax	-	-	-	-	-
Department of Transportation and Development	-	-	-	-	-
Client income	57,512	38,446	31,587	61,656	29,678
Sheltered workshop, net of \$310,176 of direct costs	-	-	-	-	-
Contributions	-	-	14,510	-	33,113
Total unrestricted support	<u>405,442</u>	<u>357,831</u>	<u>370,097</u>	<u>518,216</u>	<u>337,306</u>
Revenues:					
Investment return	38,289	19,439	40,389	3,977	34,092
Miscellaneous	33,626	-	-	-	-
	<u>71,915</u>	<u>19,439</u>	<u>40,389</u>	<u>3,977</u>	<u>34,092</u>
Allocations	-	-	-	-	-
Total unrestricted support, revenue and net assets released from restrictions	<u>477,357</u>	<u>377,270</u>	<u>410,486</u>	<u>522,193</u>	<u>371,398</u>
Expenses					
Program services:					
Medical and nursing	10,332	8,980	11,353	14,583	12,327
Therapeutic and training	280,756	232,685	316,862	357,180	198,786
Recreational	516	948	344	719	672
Consultants	14,610	14,415	13,329	14,929	13,496
Total program services	<u>306,214</u>	<u>257,028</u>	<u>341,888</u>	<u>387,411</u>	<u>225,281</u>
Support services:					
Administrative and general	100,345	90,080	98,377	108,484	81,772
Plant operations and maintenance	24,323	22,882	39,765	35,881	28,405
Costs related to capital assets	13,641	3,689	28,206	14,048	5,587
Dietary	17,852	14,292	17,031	19,199	15,432
Laundry and linen	1,377	611	1,780	343	1,486
Housekeeping	3,760	2,302	4,854	3,033	3,020
Personal client needs	4,028	1,518	4,864	4,085	3,102
Total support services	<u>165,326</u>	<u>135,374</u>	<u>194,877</u>	<u>185,073</u>	<u>138,804</u>
Total expenses	<u>471,540</u>	<u>392,402</u>	<u>536,765</u>	<u>572,484</u>	<u>364,085</u>
Increase (decrease) in unrestricted assets	5,817	(15,132)	(126,279)	(50,291)	7,313
Changes in Temporarily Restricted Assets					
Support - State of Louisiana Department of Transportation and Development	-	-	-	-	-
Increase (decrease) in Net Position	5,817	(15,132)	(126,279)	(50,291)	7,313
Net Assets					
Beginning of year	<u>(81,602)</u>	617,194	<u>(67,003)</u>	<u>(80,049)</u>	1,091,966
End of year	<u>\$ (75,785)</u>	<u>\$ 602,062</u>	<u>\$ (193,282)</u>	<u>\$ (130,340)</u>	<u>\$ 1,099,279</u>

<u>Community Homes</u>						
<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>	
\$ 413,375	\$ 7,318,746 197,535	\$ 236,208 1,126,330		\$ (252,438)	\$ 7,554,954 3,207,192	
-	-	40,355		-	40,355	
-	-	800,000		-	800,000	
34,960	-	117,545		-	117,545	
-	-	-		-	253,839	
-	-	13,438		-	13,438	
-	-	3,471	\$ 4,688	-	55,782	
<u>448,335</u>	<u>7,516,281</u>	<u>2,337,347</u>	<u>4,688</u>	<u>(252,438)</u>	<u>12,043,105</u>	
17,009	162,921	83,752	1,348	-	401,216	
-	6,721	10,265	-	-	50,612	
<u>17,009</u>	<u>169,642</u>	<u>94,017</u>	<u>1,348</u>	<u>-</u>	<u>451,828</u>	
-	-	-	852,670	(852,670)	-	
<u>465,344</u>	<u>7,685,923</u>	<u>2,431,364</u>	<u>858,706</u>	<u>(1,105,108)</u>	<u>12,494,933</u>	
9,687	1,291	-	-	-	68,553	
295,685	6,691,539	1,343,321	-	(252,438)	9,464,376	
586	-	-	-	-	3,785	
14,977	173,376	-	-	-	259,132	
<u>320,935</u>	<u>6,866,206</u>	<u>1,343,321</u>	<u>-</u>	<u>(252,438)</u>	<u>9,795,846</u>	
94,423	1,050,368	472,595	772,104	(852,670)	2,015,878	
24,991	-	214,337	49,560	-	440,144	
4,147	44,013	115,435	37,042	-	265,808	
23,245	-	-	-	-	107,051	
757	-	-	-	-	6,354	
2,845	-	-	-	-	19,814	
3,035	-	-	-	-	20,632	
<u>153,443</u>	<u>1,094,381</u>	<u>802,367</u>	<u>858,706</u>	<u>(852,670)</u>	<u>2,875,681</u>	
<u>474,378</u>	<u>7,960,587</u>	<u>2,145,688</u>	<u>858,706</u>	<u>(1,105,108)</u>	<u>12,671,527</u>	
(9,034)	(274,664)	285,676	-	-	(176,594)	
-	-	100,878	-	-	100,878	
(9,034)	(274,664)	386,554	-	-	(75,716)	
<u>433,171</u>	<u>10,480,041</u>	<u>3,389,021</u>	<u>-</u>	<u>-</u>	<u>15,782,739</u>	
<u>\$ 424,137</u>	<u>\$ 10,205,377</u>	<u>\$ 3,775,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,707,023</u>	

SCHEDULE OF PROGRAM SERVICES EXPENSES

Lafourche ARC

For the year ended June 30, 2017

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Medical and Nursing					
Medical services	\$ 2,996	\$ 5,506	\$ 1,518	\$ 4,870	\$ 8,936
Other	1,228	366	5,554	452	85
Prescriptions	3,439	2,910	1,907	7,317	2,354
Supplies	2,669	198	2,374	1,944	952
Total medical and nursing	<u>10,332</u>	<u>8,980</u>	<u>11,353</u>	<u>14,583</u>	<u>12,327</u>
Therapeutic and Training					
Habilitation	30,312	30,312	30,312	30,312	30,312
Salaries, payroll taxes and benefits	250,444	202,373	286,550	326,868	168,452
Supplies	-	-	-	-	22
Total therapeutic and training	<u>280,756</u>	<u>232,685</u>	<u>316,862</u>	<u>357,180</u>	<u>198,786</u>
Recreational					
Supplies	516	948	344	719	672
Consultants					
Other	1,093	963	833	898	833
Pharmacist	1,363	550	750	575	1,575
Psychiatrist	1,195	1,943	788	2,498	130
Registered nurse	10,959	10,959	10,958	10,958	10,958
Total consultants	<u>14,610</u>	<u>14,415</u>	<u>13,329</u>	<u>14,929</u>	<u>13,496</u>
Total program services	<u>\$ 306,214</u>	<u>\$ 257,028</u>	<u>\$ 341,888</u>	<u>\$ 387,411</u>	<u>\$ 225,281</u>

Schedule 3

Community Homes		Community Support	Day Care Services	Eliminations	Grand Totals
Richland					
\$	4,979				\$ 28,805
	475	\$ 47			8,207
	3,451	-			21,378
	782	1,244			10,163
	<u>9,687</u>	<u>1,291</u>			<u>68,553</u>
	30,312	-		\$ (181,872)	-
	265,373	6,691,539	\$ 1,342,244	(70,566)	9,463,277
	-	-	1,077	-	1,099
	<u>295,685</u>	<u>6,691,539</u>	<u>1,343,321</u>	<u>(252,438)</u>	<u>9,464,376</u>
	586				3,785
	1,028	33,395			39,043
	738	-			5,551
	2,253	195			9,002
	<u>10,958</u>	<u>139,786</u>			<u>205,536</u>
	<u>14,977</u>	<u>173,376</u>			<u>259,132</u>
\$	<u>320,935</u>	<u>\$ 6,866,206</u>	<u>\$ 1,343,321</u>	<u>\$ (252,438)</u>	<u>\$ 9,795,846</u>

SCHEDULE OF SUPPORT SERVICES EXPENSES

Lafourche ARC

For the year ended June 30, 2017

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Administrative and General					
Bed fees	\$ 35,369	\$ 35,369	\$ 32,009	\$ 35,369	\$ 30,023
Central office	27,925	23,907	33,439	33,554	22,038
Dues and subscriptions	-	-	-	-	-
Insurance	29,325	22,299	22,825	30,056	21,478
Licenses	615	620	615	620	620
Other	55	140	-	110	2,323
Postage	-	-	12	-	-
Professional fees	2,280	2,280	2,280	2,280	2,280
Salaries, payroll taxes and benefits	-	-	-	-	-
Supplies	535	169	588	322	914
Telephone	2,756	1,966	3,072	3,074	751
Training-in-service	-	-	-	-	-
Travel and seminars	353	365	884	1,996	321
Vehicles - gas, oil and repairs	1,132	2,965	2,653	1,103	1,024
Total administrative and general	100,345	90,080	98,377	108,484	81,772
Plant Operations and Maintenance					
Maintenance and repairs	17,678	14,997	33,236	27,187	21,709
Utilities	6,645	7,885	6,529	8,694	6,696
Total plant operations and maintenance	24,323	22,882	39,765	35,881	28,405
Costs Related to Capital Assets					
Depreciation	13,641	3,689	9,006	14,048	5,587
Lease	-	-	19,200	-	-
Total costs related to capital assets	13,641	3,689	28,206	14,048	5,587
Dietary					
Contracts - dietician	1,500	1,500	1,537	1,600	-
Food	15,615	11,392	14,237	16,373	14,476
Supplies	737	1,400	1,257	1,226	956
Total dietary expenses	17,852	14,292	17,031	19,199	15,432
Laundry and Linen					
Linen and bedding	314	47	898	62	720
Supplies	1,063	564	882	281	766
Total laundry and linen	1,377	611	1,780	343	1,486
Housekeeping					
Supplies	3,760	2,302	4,854	3,033	3,020
Personal Client Needs					
Clothing	1,399	556	3,029	1,818	1,875
Other	2,629	962	1,835	2,267	1,227
Total personal client needs	4,028	1,518	4,864	4,085	3,102
Total support services	\$ 165,326	\$ 135,374	\$ 194,877	\$ 185,073	\$ 138,804

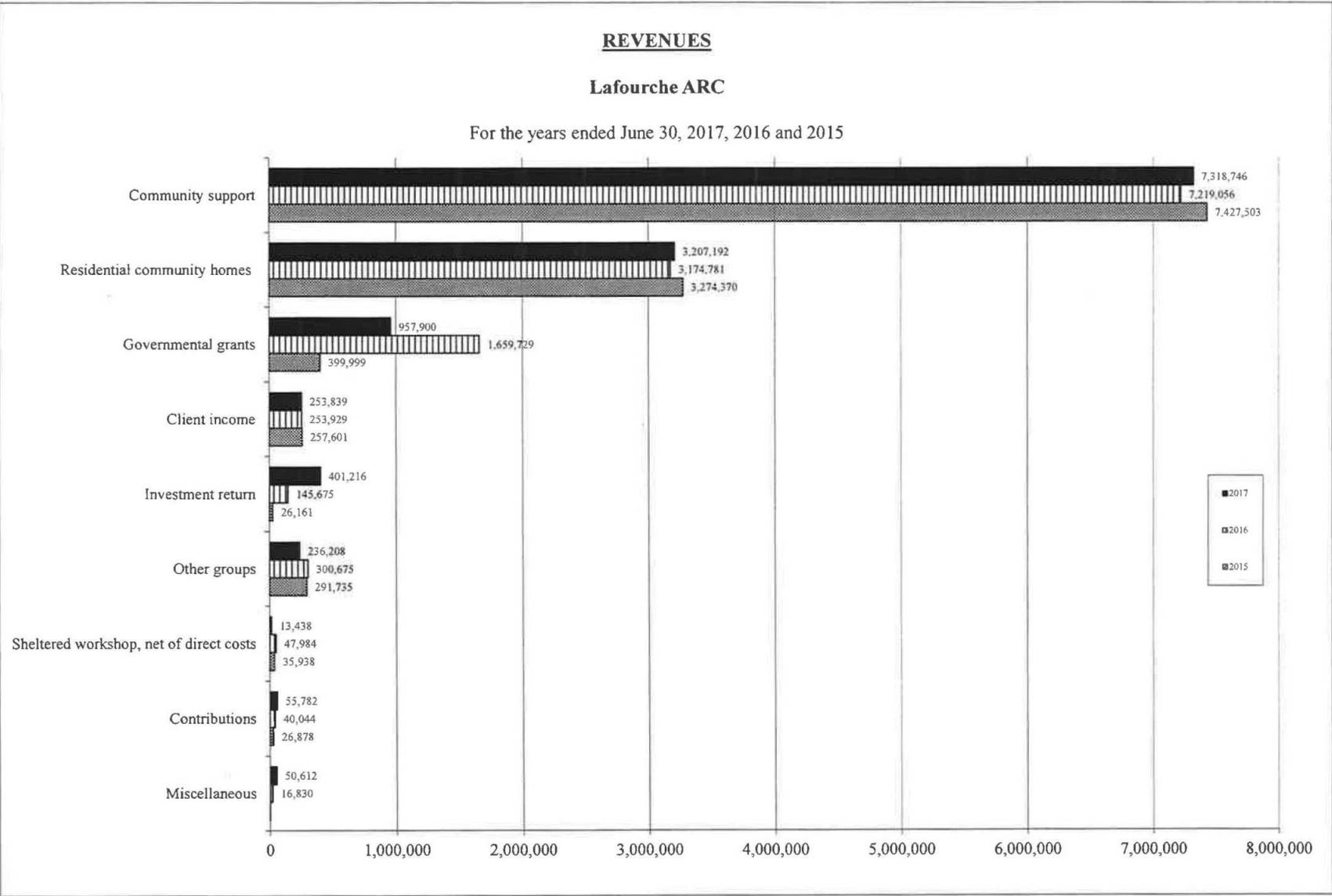
<u>Community Homes</u>						
<u>Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>	
\$ 35,369					\$ 203,508	
28,112	\$ 521,236	\$ 162,459		\$ (852,670)	-	
-	-	-	\$ 12,000	-	12,000	
23,572	385,856	187,074	54,746	-	777,231	
655	1,200	-	-	-	4,945	
140	28,844	20,763	28,837	-	81,212	
-	3,184	-	989	-	4,185	
2,280	2,480	-	15,410	-	31,570	
-	-	-	608,493	-	608,493	
712	21,095	24,405	34,690	-	83,430	
2,577	14,444	11,656	11,822	-	52,118	
-	36	-	-	-	36	
262	61,630	8,448	5,117	-	79,376	
744	10,363	57,790	-	-	77,774	
<u>94,423</u>	<u>1,050,368</u>	<u>472,595</u>	<u>772,104</u>	<u>(852,670)</u>	<u>2,015,878</u>	
17,232	-	169,246	22,534		323,819	
7,759	-	45,091	27,026		116,325	
<u>24,991</u>	<u>-</u>	<u>214,337</u>	<u>49,560</u>		<u>440,144</u>	
4,147	44,013	115,435	37,042		246,608	
-	-	-	-		19,200	
<u>4,147</u>	<u>44,013</u>	<u>115,435</u>	<u>37,042</u>		<u>265,808</u>	
-					6,137	
19,893					91,986	
3,352					8,928	
<u>23,245</u>					<u>107,051</u>	
128					2,169	
629					4,185	
<u>757</u>					<u>6,354</u>	
2,845					19,814	
1,301					9,978	
1,734					10,654	
<u>3,035</u>					<u>20,632</u>	
<u>\$ 153,443</u>	<u>\$ 1,094,381</u>	<u>\$ 802,367</u>	<u>\$ 858,706</u>	<u>\$ (852,670)</u>	<u>\$ 2,875,681</u>	

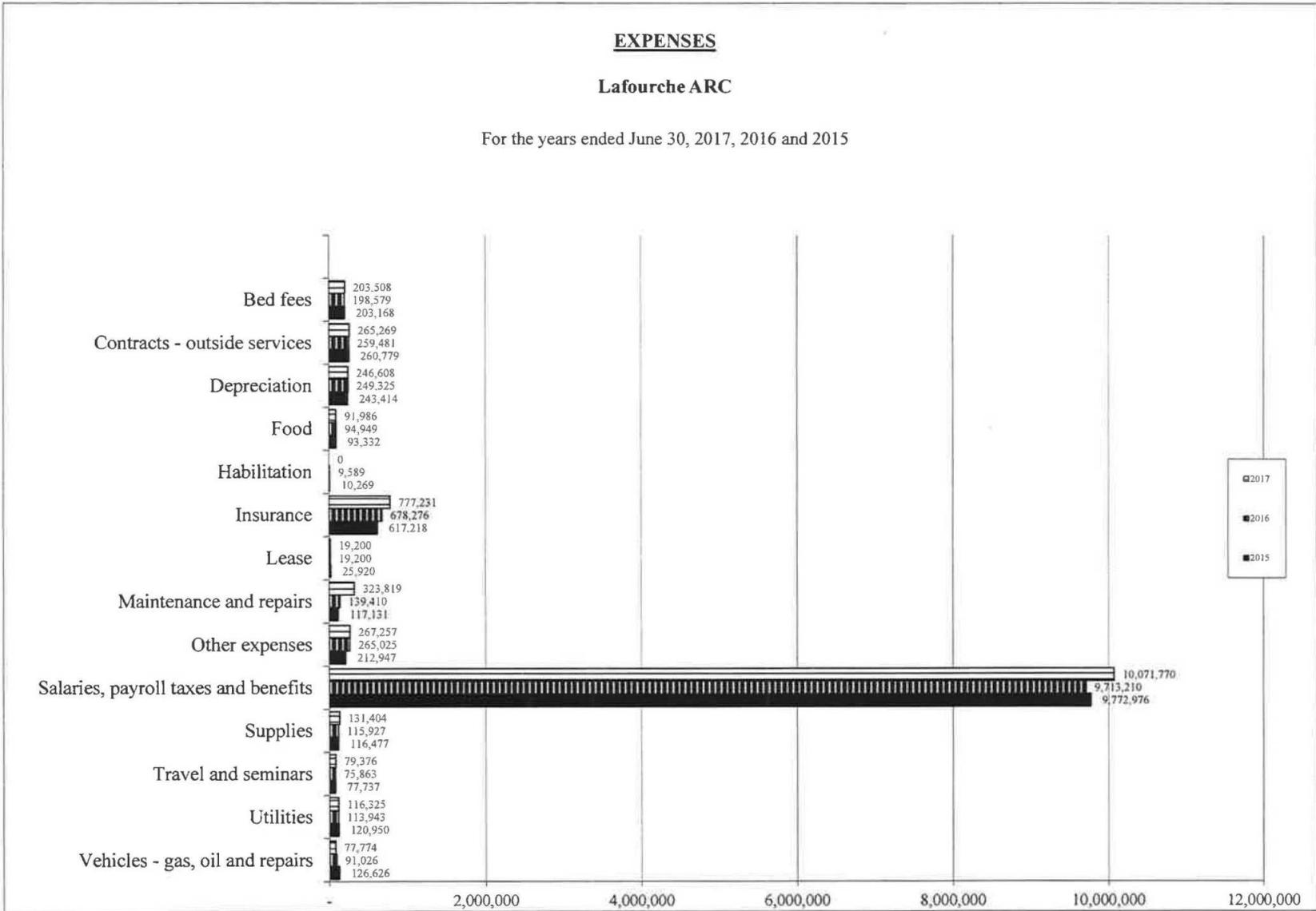
SCHEDULE OF REVENUES AND EXPENSES

Lafourche ARC

For the year ended June 30, 2017, 2016, and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues			
Community support	\$ 7,318,746	\$ 7,219,056	\$ 7,390,683
Residential community homes	3,207,192	3,174,781	3,274,370
Governmental grants	957,900	1,659,729	436,819
Other:			
Client income	253,839	253,929	257,601
Investment return	401,216	145,675	26,161
Other groups	236,208	300,675	291,735
Sheltered workshop, net of direct costs	13,438	47,984	35,938
Contributions	55,782	40,044	26,878
Miscellaneous	50,612	16,830	(929)
Total revenues	<u>\$ 12,494,933</u>	<u>\$ 12,858,703</u>	<u>\$ 11,739,256</u>
Expenses			
Bed fees	\$ 203,508	\$ 198,579	\$ 203,168
Contracts - outside services	265,269	259,481	260,779
Depreciation	246,608	249,325	243,414
Food	91,986	94,949	93,332
Habilitation	-	9,589	10,269
Insurance	777,231	678,276	617,218
Lease	19,200	19,200	25,920
Maintenance and repairs	323,819	139,410	117,131
Other expenses	267,257	265,025	212,947
Salaries, payroll taxes and benefits	10,071,770	9,713,210	9,772,976
Supplies	131,404	115,927	116,477
Travel and seminars	79,376	75,863	77,737
Utilities	116,325	113,943	120,950
Vehicles - gas, oil and repairs	77,774	91,026	126,626
Total expenses	<u>\$ 12,671,527</u>	<u>\$ 12,023,803</u>	<u>\$ 11,998,944</u>





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

Lafourche ARC

For the year ended June 30, 2017

Agency Head Name: Wendy Eschete

Purpose	Amount
Salary	\$ 91,695
Benefits - insurance	4,608
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$ 96,303

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors,
Lafourche ARC,
Thibodaux, 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 Lafourche ARC, (the Association), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association'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.

Purpose of this Report

The purpose of this report is intended 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 and in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 15, 2017.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche ARC

For the year ended June 30, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not
considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2017.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2017.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche ARC

For the year ended June 30, 2017

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2016.

No significant deficiencies were reported during the audit for the year ended June 30, 2016.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 2016.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2016.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche ARC

For the year ended June 30, 2017

Section I Internal Control and Compliance Material to the Statements of Financial Position

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2017.

No significant deficiencies were reported during the audit for the year ended June 30, 2017.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2017.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Lafourche ARC
P.O. Box 269
Thibodaux, LA 70302

We have performed the procedures described in Schedule 9, which were agreed to by the Lafourche ARC (the Association) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2017. The Association's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 9.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Thibodaux, Louisiana,
December 15, 2017.

Schedule of Procedures and Associated Findings of the
Statewide Agreed-upon Procedures

Lafourche ARC

For the year ended June 30, 2017

The required procedures and our findings are as follows:

Procedures performed on the Association's written policies and procedures:

1. Obtain the Association's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Association does not have any written policies and procedures), as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Inquired of management as to a budget policy.

Exceptions: Management confirmed there is no budget policy.

Management's response: Management will consider drafting a budget policy.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Inquired to management as to a purchasing policy.

Exceptions: Management confirmed there is no purchasing policy.

Management's response: Management will consider drafting a purchasing policy.

c) Disbursements, including processing, reviewing, and approving

Performance: Inquired to management as to a disbursements policy.

Exceptions: Management confirmed there is no disbursements policy.

Management's response: Management will consider drafting a purchasing policy.

d) Receipts, including receiving, recording, and preparing deposits

Performance: Inquired to management as to a receipts policy.

Exceptions: Management confirmed there is no receipts policy.

Management's response: Management will consider drafting a receipts policy.

**Procedures performed on the Association's written policies and procedures:
(Continued)**

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- Performance: Inspected written policy for payroll/personnel per Employee Handbook.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- Performance: Inspected written policy for contracting per Employee Handbook.
Exceptions: Employee Handbook does not fulfill requirements #1-5 above; however, the Employee Handbook states that employees are not authorized to enter into contractual agreements with vendors, suppliers, or providers of service. Only the Executive Director is authorized to enter into contractual agreements with outside agencies.
Management's response: Management will consider drafting a contracting policy.
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- Performance: Inquired to management as to a credit card policy.
Exceptions: Management confirmed there is no credit card policy.
Management's response: Management will consider drafting a credit card policy.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- Performance: Inspected written policy for travel and expense reimbursement per Employee Handbook.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- Performance: Not applicable to nonprofits.
Exceptions: Not applicable to nonprofits.
Management's response: Not applicable to nonprofits.

**Procedures performed on the Association's written policies and procedures:
(Continued)**

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Performance: Not applicable to nonprofits.

Exceptions: Not applicable to nonprofits.

Management's response: Not applicable to nonprofits.

Procedures performed on the Association's board:

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written meeting minutes of the board meetings.

Exceptions: According to the Articles of Incorporation dated June 20, 1963, the Board shall hold regular monthly meetings; however, the Board did not hold a meeting in June and in December.

Management's response: Management does not hold meetings on June and December due to members serving on other boards.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected meeting minutes for budget-to-actual comparisons.

Exceptions: The meeting minutes do not reference monthly budget-to-actual comparisons.

Management's response: Management will provide budget-to-actual comparisons on financial statements provided in board meetings.

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Inspected the board's meeting minutes for budget-to-actual comparisons to note any deficit spending and/or deficit fund balances.

Exceptions: The meeting minutes do not reference monthly budget-to-actual comparisons; therefore, there was no written plan to eliminate the deficit spending.

Management's response: Management will provide budget-to-actual comparisons on financial statements provided in board meetings.

Procedures performed on the Association's board: (Continued)

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts, and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the Association's bank reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the Association's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Selected five out of five bank accounts (excluding investment accounts).

Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: No exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's bank reconciliations: (Continued)

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Performance: Inspected documents for items outstanding for more than 6 months as of the end of the fiscal period. In our observation, we noted 7 checks that were outstanding for longer than 6 months.

Exceptions: Management's policy is to clear outstanding checks from the books once they have been outstanding for more than one year.

Management's response: Management will research checks outstanding for longer than 6 months.

Procedures performed on the Association's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the Association's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Performance: Inspected policy manuals, and inquired of client as to all of the requirements.

Exceptions: Employees are covered under a Blanket Crime Policy.

Management's response: Not applicable.

Procedures performed on the Association's collections: (Continued)

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Reviewed cash receipts logs.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using Association collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Compared daily collections to the bank deposit date for The Treasure Chest and Vending Machines. The highest (dollar) week of cash collections was selected from the highest (dollar) month of cash collections.

Exceptions: Bank deposits for The Treasure Box are not made within one day.

Management's response: Bank deposits for The Treasure Box are unable to be made within one day, due to the lack of banking access in the town of this location. Deposits are made as soon as possible in the in the next town over.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Agreed cash receipt totals to the log sheets contained in the Day Programs Receipt binder. Noted that all collections are completely supported by documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's collections: (Continued)

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Association has a process specifically defined (identified as such by the Association) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Performance: Inquired to management as to a policy to determine completeness of all collections.

Exceptions: Management confirmed there is no policy to determine completeness of all collections.

Management's response: Management will consider drafting a completeness of all collections policy.

Procedures performed on the Association's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

8. Obtain a listing of Association disbursements from management or, alternately, obtain the general ledger and sort/filter for Association disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase orders, and how invoices are approved.

Exceptions: One disbursement did not reference a purchase order number, three disbursements did not have a purchase order attached.

Management's response: Management will consider implementing a formal purchase system.

Procedures performed on the Association's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Reviewed purchase orders, approvals, and inquired of client.

Exceptions: One purchase order was not properly approved.

Management's response: Management will consider implementing a formal purchase system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Reviewed purchase orders, approvals, and inquired of client.

Exceptions: Management does not use purchase orders for all purchases.

Management's response: Management will consider implementing a formal purchase system.

10. Using Association documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Association's purchasing/disbursement system.

Performance: Inquired of management as to whether the person responsible for processing payments is prohibited from adding vendors to the purchasing/disbursement system.

Exceptions: The person responsible for processing payments in the accounting system also adds vendors to the disbursements system.

Management's response: Management will update the cash disbursement policy to include how vendors are to be added.

11. Using Association documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Procedures performed on the Association's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Performance: Inquired to management as to a cash disbursements policy.

Exceptions: Management confirmed there is no cash disbursements policy; however, persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Management's response: Management will consider drafting a cash disbursements policy.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Association documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management where the supply of unused checks is held.

Exceptions: Limited supply of checks (about 100) are located in A/P clerk's desk, other checks not in A/P clerk's desk are in the vault in the hallway. A/P clerk's office is locked during non-working hours.

Management's response: Management will lockup all unused checks into vault.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is a signature stamp or machine, paymaster, which signs checks. All checks over \$500 require two signatures of the board members and/or Executive Director. Executive Director reviews checks before signature.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's credit cards, debit cards, fuel cards, p-cards:

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

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

**Procedures performed on the Association's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

Exceptions: Management was unable to provide the names of the persons who maintained possession of the Wal-Mart cards. There are approximately 19 Wal-Mart cards. Wal-Mart statements are broken out by Authorized Buyer numbers. Management assumes that the Authorized Buyer number is associated with the supervisor of the home that the card is assigned to. No supervisor name for Authorized Buyer #61 – Richland Home, Authorized Buyer #67 – Diplomat Home, or Authorized Buyer #70 – Office.

Management's response: Management will research who is in possession of all cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Performance: Reviewed the highest monthly statement for each of ten credit cards selected and observed for supporting documentation, as well as approvals.

Exceptions: The face of the monthly/combined statements did not include evidence that it was approved or reviewed. Management approval is located on the check stub.

Management's response: Management will begin approving the monthly statement or combined statement.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Reviewed selected credit card statements in order to note if any fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's credit cards, debit cards, fuel cards, P-cards: (Continued)

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

1) An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Several receipts were not originals, but copies. I could not locate 4 receipts for Chase Card, one receipt from Chez Cake 2 was not attached, but the amount was written for \$39.78, one receipt for meals was not itemized (Stadium, 1/30/2017, \$68.86)

Management's response: Management will monitor support for credit card receipts.

2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transaction.

Exceptions: Two receipts for meals did not include names of attendees:

Stadium, 1/30/2017, \$68.86 and Ocean Star, 1/31/2017, \$68.19.

Several receipts did not include business/public purpose.

Management's response: Management will consider drafting a credit card policy.

3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Reviewed selected credit card receipts for purchase orders and/or written authorization per Internal Control Systems Descriptions

Exceptions: Management confirmed there is no credit card policy.

0 of 67 (0%) of Chase Card transactions included purchase orders.

0 of 3 (0%) of Sam's Card transactions included purchase orders.

26 of 38 (68%) of Wal-Mart Card transactions included attached purchase orders.

Management's response: Management will consider drafting a credit card policy.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Association's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the Association's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- c) For each transaction, compare the Association's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected each transactions and compared to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a list of all travel and related expense reimbursements.

Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the Association's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Management's travel and expense policies referenced in Employee Handbook.

Exceptions: The amount for mileage rate of reimbursement is not specified in the Employee Handbook.

Management's response: Not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

Procedures performed on the Association's travel and expense reimbursements: (Continued)

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Association does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the applicable rates on reimbursement form.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Recalculated expense due to none selected requiring receipts. Reviewed documentation of the business/public purpose that was written on the reimbursement form by the employee.

Exceptions: None of the expenditures selected required receipts, but documentation was noted.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Performance: Reviewed documentation of the business/public purpose on the reimbursement form by the employee.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's travel and expense reimbursements:
(Continued)

- c) Compare the Association's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected documentation to find all approvals by supervisors and/or the administrator.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's contracts:

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Association's contracts: (Continued)

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Association complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
Performance: Not applicable.
Exceptions: Not applicable.
Management's response: Not applicable.
 - 2) If no, obtain supporting contract documentation and report whether the Association solicited quotes as a best practice.
Performance: Not applicable.
Exceptions: Not applicable.
Management's response: Not applicable.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
Performance: Not applicable.
Exceptions: Not applicable.
Management's response: Not applicable.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
Performance: Not applicable.
Exceptions: Not applicable.
Management's response: Not applicable.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
Performance: Not applicable.
Exceptions: Not applicable.
Management's response: Not applicable.

Procedures performed on the Association's payroll and personnel:

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Performance: Obtained a census of employees and haphazardly selected twenty-five employees. Agreed the listing of employee salaries to taxable wages, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's payroll and personnel: (Continued)

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Confirmed that attendance and leave records were reviewed and approved by supervisors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether there is written documentation that the Association maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired and confirmed that the Association maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Inquired and inspected list of employees that terminated during the period. Management's representation of completeness confirmed in a separate letter.

Obtained the personnel files for the two largest termination payments, and traced to the employees' final written leave records and daily attendance records. All termination payments were approved by the administrator and were made in strict accordance with the personnel policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms, as well as bank statements reflecting wire transfers to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Association's ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Association maintained documentation to demonstrate that required ethics training was completed.

Performance: Not applicable to non-profits.

Exceptions: Not applicable to non-profits.

Management's response: Not applicable to non-profits.

27. Inquire of management whether any alleged ethics violations were reported to the Association during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Association's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Not applicable to non-profits.

Exceptions: Not applicable to non-profits.

Management's response: Not applicable to non-profits.

Procedures performed on the Association's debt service:

28. If debt was issued during the fiscal period, obtain supporting documentation from the Association, and report whether State Bond Association approval was obtained.

Performance: Not applicable to non-profits.

Exceptions: Not applicable to non-profits.

Management's response: Not applicable to non-profits.

29. If the Association had outstanding debt during the fiscal period, obtain supporting documentation from the Association and report whether the Association made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Not applicable to non-profits.

Exceptions: Not applicable to non-profits.

Management's response: Not applicable to non-profits.

Procedures performed on the Association's debt service: (Continued)

30. If the Association had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable to non-profits.

Exceptions: Not applicable to non-profits.

Management's response: Not applicable to non-profits.

Other procedures performed on the Association:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Association reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the Association is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

32. Observe and report whether the Association has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and searched for such notice posted on the premises and website.

Exceptions: Notice was not posted on the premises or the website.

Management's response: Management will post such notice on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.