The Arc of Greater New Orleans

FINANCIAL STATEMENTS

June 30, 2020 and 2019

The Arc of Greater New Orleans
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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Arc of Greater New Orleans
Metairie, Louisiana

We have audited the accompanying financial statements of The Arc of Greater New Orleans (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 3 to the financial statements, the June 30, 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

December 23, 2020
Metairie, LA

The Arc of Greater New Orleans
Statements of Financial Position

June 30,		2020		2019 (Restated)
Assets				
Current assets				
Cash and cash equivalents	$	**1,416,340**	$	49,991
Accounts receivable		**545,281**		868,524
Inventory		**7,079**		7,079
Prepaid expenses		**21,442**		79,611
Restricted trust fund		**27,597**		18,856
Other current assets		**4,005**		4,008
Total current assets		**2,021,744**		1,028,069
Noncurrent assets				
Property and equipment, net		**1,314,515**		1,261,938
Total assets	$	**3,336,259**	$	2,290,007
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$	**404,702**	$	501,848
Compensated absences		**95,499**		86,162
Refundable advance - Paycheck Protection Program (PPP)		**412,955**		-
Current maturities of long-term debt		**328,796**		50,827
Total current liabilities		**1,241,952**		638,837
Noncurrent liabilities				
Notes payable, less current maturities		**25,935**		352,868
Total liabilities		**1,267,887**		991,705
Net assets				
Without donor restrictions		**2,068,372**		1,298,302
Total net assets		**2,068,372**		1,298,302
Total liabilities and net assets	$	**3,336,259**	$	2,290,007

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

For the Years Ended June 30,		**2020**		2019 (Restated)
		Without Donor Restrictions		*Without Donor Restrictions*
Revenue and Other Support				
Federal grant income	**$**	**42,750**	$	75,000
Contributions		**256,244**		645,093
United Way allocations		**46,865**		33,830
Client fees		**905,481**		877,109
Medicaid		**5,965,048**		6,328,919
Group home		**169,075**		226,649
PPP loan forgiveness		**886,645**		-
Other income		**10,186**		57,501
Total revenue and other support		**8,282,294**		8,244,101
Expenses				
Program services				
Employment services		**150,073**		188,522
Individual options		**1,507,346**		1,739,016
Project H.E.L.P.		**3,245,467**		3,266,608
Operations department		**1,341,520**		1,676,281
Family service coordination		**246,551**		233,273
Total program services		**6,490,957**		7,103,700
Supporting services				
General and administrative		**1,007,180**		988,144
Fundraising		**14,087**		19,286
Total supporting services		**1,021,267**		1,007,430
Total expenses		**7,512,224**		8,111,130
Change in Net Assets		**770,070**		132,971
Net assets at beginning of year		**1,298,302**		1,165,331
Net assets at end of year	**$**	**2,068,372**	$	1,298,302

The accompanying notes are an integral part of this financial statement.

For the Year Ended June 30,	Program Services: Employment services	Individual options	Project H.E.L.P.	Arc enterprises	Family services coordination	Supporting Services: General and administrative	Fundraising	2020 Total	2019 (Restated) Summarized Total
Salaries	$ 112,007	$ 768,797	$ 2,726,857	$ 781,163	$ 182,319	$ 568,407	$ 425	**$ 5,139,975**	$ 5,261,264
Benefits	3,220	22,589	81,315	41,838	8,990	39,508	-	**197,460**	370,447
Payroll taxes	8,564	58,596	206,465	60,555	13,358	40,888	-	**388,426**	407,813
Professional services	3,957	22,867	99,196	22,944	10,901	139,449	-	**299,314**	212,883
Supplies	753	1,183	4,547	5,315	1,018	13,939	4,869	**31,624**	48,485
Advertising	-	13,087	-	210	-	7,150	25	**20,472**	32,265
Telephone	4,214	11,908	13,423	12,311	6,626	9,971	-	**58,453**	60,854
Postage	2	1,876	183	2	468	2,265	14	**4,810**	5,283
Occupancy	5,824	101,380	35,506	115,508	11,018	24,939	-	**294,175**	613,248
Repairs and maintenance	2,785	118,446	10,567	78,715	5,240	20,898	519	**237,170**	227,214
Local transportation	2,771	196,593	19,409	159,599	5,961	9,933	-	**394,266**	467,503
Travel, conferences, and training	2,141	8,341	34,775	10,003	593	29,784	-	**85,637**	82,318
Printing and publications	-	325	278	-	-	414	-	**1,017**	1,717
Membership dues	-	150	-	120	-	14,189	-	**14,459**	6,566
Other expenses	3,636	71,560	12,946	11,780	59	51,196	8,235	**159,412**	132,194
Payments to affiliates	-	-	-	-	-	11,571	-	**11,571**	16,653
Interest	-	907	-	16,660	-	9,607	-	**27,174**	27,634
Depreciation	199	108,741	-	24,797	-	13,072	-	**146,809**	136,789
	$ 150,073	**$ 1,507,346**	**$ 3,245,467**	**$ 1,341,520**	**$ 246,551**	**$ 1,007,180**	**$ 14,087**	**$ 7,512,224**	8,111,130

The accompanying notes are an integral part of this financial statement.

The Arc of Greater New Orleans
Statements of Cash Flows

For the years ended June 30,		**2020**		2019 (Restated)
Cash Flows from Operating Activities				
Change in net assets to agree to page 4	**$**	**770,070**	$	132,971
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Gain on disposal of property		**(10,186)**		(57,501)
In-kind vehicle contribution		**(119,103)**		(114,234)
Depreciation		**146,809**		136,789
Forgiveness of refundable advance - PPP		**(886,645)**		-
Changes in operating assets and liabilities:				
Accounts receivable		**323,243**		(63,320)
Inventory		**-**		(971)
Prepaid expenses		**58,169**		(23,618)
Restricted trust fund		**(8,741)**		866
Other current assets		**3**		97
Accounts payable and accrued expenses		**(97,146)**		103,994
Deferred revenue		**-**		(10,000)
Compensated absences		**9,337**		(2,934)
Net cash provided by operating activities		**185,810**		102,139
Investing Activities				
Purchases of property and equipment		**(80,283)**		(82,027)
Proceeds from sale of property and equipment		**10,186**		459,623
Net cash (used in) provided by investing activities		**(70,097)**		377,596
Financing Activities				
Proceeds from from refundable advance - PPP		**1,299,600**		-
Proceeds from long-term debt		**-**		58,297
Payments on line of credit		**-**		(150,000)
Principal payments on current and long-term debt		**(48,964)**		(373,419)
Net cash used in financing activities		**1,250,636**		(465,122)
Net change in cash and cash equivalents		**1,366,349**		14,613
Cash and cash equivalents at beginning of year		**49,991**		35,378
Cash and cash equivalents at end of year	**$**	**1,416,340**	$	49,991
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for interest	**$**	**27,174**	$	27,634

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

Note 1: NATURE OF ORGANIZATION

The Arc of Greater New Orleans (the Organization) was incorporated in July 1953. The Organization is committed to securing, for all people with intellectual disabilities, the opportunity to develop, function, and live to their fullest potential. Current services include: Family Services Coordination, Employment Services (Rehabilitation Services), Individual Options (formerly Transitional Work Center), Arc Enterprises (Affirmative Businesses/Social Enterprises), and Project H.E.L.P. (Respite/Personal Care and Supported Living). All services are provided throughout a five-parish area (Orleans, Jefferson, Plaquemines, St. Tammany and St. Bernard). The majority of the Organization's revenue is derived from contracts for services with the State of Louisiana, Jefferson Parish, and various private contracts with businesses in the five-parish area.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

All receivables at June 30, 2020 and 2019, are considered collectible by management; accordingly, an allowance for doubtful accounts is not considered necessary. Balances that are still outstanding after management has used reasonable collection efforts are written off. For the years ended June 30, 2020 and 2019, management did not write off any outstanding receivables.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Trust Fund

The Organization has a trust fund set up with the 501(c) Agencies Trust which is used for the payment of any unemployment claims that arise during the year. The Organization has a reimbursable account with the Louisiana Workforce Commission (LWC), so when a claim is made LWC pays the unemployment and the Organization then reimburses the LWC through their trust account with 501(c) Agencies Trust. For the years ended June 30, 2020 and 2019 the amount available in the trust for unemployment claims was $27,597 and $18,856, respectively.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,000 with a useful life of more than one year. Lesser amounts and amounts for assets with a life less than a year are expensed. Purchased property and equipment are stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The useful lives of buildings and leasehold improvements range from 10 to 31 years; and those of furniture and equipment, and autos, trucks and tractors range from 3 to 10 years.

Net Assets

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

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Contributed Services

Various functions of the Organization are conducted by unpaid officers, board members, and volunteers. The Organization recognizes donated services, if significant in amount, which create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2020 and 2019, the Organization believes the value of contributed services meeting the requirements for recognition in the financial statements was not material and, therefore, has not recorded an amount for contributed services.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted and Unrestricted Revenue and Other Support

All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases the net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Medicaid and group home revenue are reported at the estimated net realizable amounts for services rendered.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Organization is exempt from taxes on income other than unrelated business income. The Organization has also been classified as an entity that is not a private Organization in Section 170 (b)(1)(A)(vi). Since the Organization had no net unrelated business income during the years ended June 30, 2020 and 2019, no provision for income tax was made. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2020 and 2019, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Refundable Advance – PPP Loan/PPP Loan Revenue

On April 23, 2020, the Organization received a loan in the amount of $1,299,600 under the Paycheck Protection Program (PPP) pursuant to the CARES Act administered by the U.S. Small Business Administration (the SBA) (See Note 17).

The Organization is recognizing revenue from the PPP loan following the government grant model guidance under *FASB ASC 958-605* and *ASU 2020-18*. Pursuant to this model, PPP funds are considered a conditional contribution and recorded as a refundable advance on the statement of financial position until the barriers to entitlement are met. The Organization considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived. The Organization has not yet completed the administrative process of filing for forgiveness, but they do not consider this to be a requisite condition in order to recognize the PPP loan as revenue.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

See Note 18 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. On June 3, 2020, FASB issued ASU 2020-05 effectively delaying required implementation of the new revenue recognition standard to annual periods beginning after December 15, 2019. The Organization has elected not to early adopt this standard.

In June 2018, the FASB issued ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. There was no impact to the Organization of adopting this standard.

Note 3: RESTATEMENT OF 2019 FINANCIAL STATEMENTS

Subsequent to the issuance of the 2019 financial statements, management identified the following error in the 2019 financial statements:

> Property and equipment received as part of a state grant, and related depreciation expenses, were incorrectly calculated and recorded in the prior year's financial statements. The impact of this adjustment resulted in an increase to 2019 property and equipment, net, of $110,426, an increase to grant income of $96,145, a decrease to other current assets of $18,089, and an increase to depreciation expense of $3,808.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2020	2019
Medicaid	$ 480,357	$ 724,223
Other	64,924	144,301
Accounts receivable, net	$ 545,281	$ 868,524

Note 5: PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of June 30:

	2020	2019 (Restated)
Buildings	$ 380,280	$ 380,280
Leasehold improvements	1,149,790	1,093,986
Furniture and equipment	373,111	440,176
Autos, trucks, and tractors	1,554,110	1,442,919
Total property and equipment	3,457,291	3,357,361
Less: accumulated depreciation	(2,142,776)	(2,095,423)
Property and equipment, net	$ 1,314,515	$ 1,261,938

Depreciation expense was $146,809 and $136,789 for the years ended June 30, 2020 and 2019, respectively.

Note 6: COMPENSATED ABSENCES

The Organization's employees receive from eight to seventeen days of annual paid leave upon completion of an introductory period, depending on employee classification. Annual leave vests with the employee, and, therefore, has been accrued up to a maximum accumulated cap of twenty days per employee. Unpaid compensated absences amounted to $95,499 and $86,162 at June 30, 2020 and 2019, respectively.

Note 7: LINE OF CREDIT

The Organization has a line of credit available totaling $250,000 with a maturity date of August 30, 2020. Subsequent to year-end, the Organization renewed the line of credit and extended the maturity date to August 30, 2021. The unpaid principal balance bears interest at the Prime Rate less 2%, adjusted daily, with a floor of 6.25%. Interest payments are due monthly. At June 30, 2020 and 2019, the Organization did not have an outstanding balance on its line of credit.

The line of credit is secured by all inventory, goods, and other items of personal property and receivables. Subsequent to year end through the date of this report, the Organization has not drawn on the line of credit.

Note 8: LONG-TERM DEBT

The Organization had the following long-term debt:

As of June 30,	**2020**	2019
4.95% note payable, dated February 14, 2014, due on demand, secured by real property. If no demand is made, the note is due February 14, 2034, payable in monthly installments to Gulf Coast Bank of $2,487, including interest.	**$ 297,894**	$ 310,112
5.17% note payable, dated October 22, 2014, due January 21, 2021, payable in monthly installments to Chrysler of $527, including interest, secured by real property. The Organization paid this note in full as of June 30, 2020.	-	9,174
7.19% note payable, dated June 10, 2019, due June 10, 2025, payable in monthly installments to Ford Motor Credit of $518, including interest, secured by real property.	**26,284**	30,539
6.79% note payable, dated November 13, 2015, due November 15, 2019, payable in monthly installments to Ford Motor Credit of $659, including interest, secured by real property. The Organization paid this note in full as of June 30, 2020.	-	3,243
6.79% note payable, dated December 9, 2016, due December 15, 2019, payable in monthly installments to Ford Motor Credit of $585, including interest, secured by real property. The Organization paid this note in full as of June 30, 2020.	-	10,049
6.94% note payable, dated May 24, 2017, due June 22, 2022, payable in monthly installments to Ford Motor Credit of $593, including interest, secured by real property.	**11,190**	16,282

Note 8: LONG TERM DEBT (CONTINUED)

8.90% note payable, dated September 13, 2018, due September 13, 2022, payable in monthly installments to Ally Bank of $547, including interest, secured by real property.	**19,363**	24,296
Total Debt	**354,731**	403,695
Current maturities of long-term debt	**(328,796)**	(50,827)
Long-term debt	**$ 25,935**	$ 352,868

If no demand is made on the above note payable, principal payments for future fiscal years are as follows:

2021	$ 30,902
2022	32,934
2023	28,873
2024	27,308
2025	24,988
Thereafter	209,726
Total	**$ 354,731**

Interest expense on long-term debt for the years ended June 30, 2020 and 2019 was $27,174 and $27,634, respectively.

Note 9: MAJOR SUPPORT

For the years ended June 30, 2020 and 2019, the Organization earned 81% and 85%, respectively, of its support and revenues from Medicaid reimbursement arrangements. The Organization received a fixed rate per encounter for its Medicaid program.

Accounts receivable included $480,357 and $724,223 from Medicaid reimbursement sources for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, Medicaid receivables account for 88% and 83% of total accounts receivable, respectively.

Note 10: RENT-IN-KIND

During 2020 and 2019, the Organization was furnished free use of facilities at four locations from unrelated parties. Consideration for the lease is the mutual benefits, advantages, and conveniences to be derived by the public in the operation of an adult day habilitation facility. The aggregate fair market value of the use of these facilities is approximately $5,245 per month.

Note 10: RENT-IN-KIND (CONTINUED)

These amounts are recorded as contributions in support and revenues in the statements of activities and also occupancy expenses in the statements of functional expenses. The fair market value of the rent-free use of facilities amounted to $62,394 and $397,978 for the years ended June 30, 2020 and 2019, respectively. The decrease in the fair market value of the rent-free use of facilities is due to a decline in the commercial real estate market as a result of the pandemic. The commitments for the use of these facilities expire at various times through 2030.

The Organization has made cumulative leasehold improvements to the buildings, which amount to approximately $1,142,742 and are depreciating those improvements over the shorter of the economic life of improvements or the lease agreements.

Note 11: CONCENTRATIONS OF CREDIT RISK

The Organization has concentrated its credit risk by maintaining deposits in banks that may, at times, exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2020, the Organization had cash deposits in excess of the FDIC insured limit of $1,154,659. At June 30, 2019, the Organization had no cash deposits in excess of the FDIC insured limit.

Note 12: ECONOMIC DEPENDENCY

The Organization receives federal and state funding on a per diem per client/unit basis as well as state and parish grants on a per diem basis. If significant budget cuts are made at the state and/or local levels, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 13: FUNCTIONAL CLASSIFICATION OF EXPENSES

Any costs related to program administration or fundraising are functionally classified as supporting service expenses. Any costs related to activities that constitute direct conduct or direct supervision of program service are program expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Organization.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Salaries, benefits and payroll taxes have been allocated based on time and effort. Occupancy, depreciation, and repairs and maintenance have been allocated based on square footage and vehicle utilization. Professional services, other expenses, advertising, telephone, conference and meeting, transportation, supplies, postage and printing, and interest charges have been allocated based on actual expenses.

Note 14: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has $1,961,621 of financial assets available within one year of the financial position dated June 30, 2020 consisting of cash and cash equivalents of $1,416,340 and accounts receivables of $545,281. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for the general expenditure within one year of the financial position date. The Organization has a goal to maintain a financial asset balance available to cover one year of general expenses, excluding expenses for program services. In the event of unanticipated liquidity needs, the Organization would borrow from its available line of credit.

Note 15: RETIREMENT PLAN

Effective July 1, 1999, the Organization adopted a 401(k) retirement plan that covers most of its employees. The Organization matches 50% of employee salary contributions up to 6% of compensation. Matching contributions amounted to $45,361 and $40,189 for the years ended June 30, 2020 and 2019, respectively and is included in the benefits column on the statement of functional expense.

Note 16: PAYMENTS TO AFFILIATES

The Organization paid $11,571 and $16,653 to The Arc of the United States and The Arc of Louisiana for the years ended June 30, 2020 and 2019, respectively for annual dues.

Note 17: REFUNDABLE ADVANCE – PPP LOAN/PPP LOAN REVENUE

On April 23, 2020 the Organization received a loan in the amount of $1,299,600 under the Payroll Protection Program ("PPP") pursuant to the CARES Act and administered by the SBA. The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The deferral period is either the (1) the date that SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

The Organization is using the PPP loan funds for its payroll and benefits costs and utilities, purposes consistent with the PPP. While the Organization currently believes that its use of the PPP funds are meeting the conditions for forgiveness of the PPP loan, no assurance can be provided that the Organization will obtain forgiveness of the loan, in whole or in part.

As of June 30, 2020, the Organization has incurred $886,645 of qualified expenses under this PPP loan and has recognized PPP loan forgiveness revenue related to these qualifying expenses.

Note 18: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2020 and determined that, other than those disclosed in Note 7, there are no events that have occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

The Arc of Greater New Orleans
Schedule of Compensation, Benefits, and Other Payments to Agency Head

Agency Head Name: Stephen Sauer, Executive Director

For the Year Ended June 30,		**2020**
Purpose		***Amount***
Salary	$	-
Benefits-health insurance		-
Benefits-retirement		-
Deferred compensation		-
Workers comp		-
Benefits-life insurance		-
Benefits-long term disability		-
Benefits-FICA & Medicare		-
Car allowance		-
Vehicle provided by government		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Unvouchered expenses		-
Meetings & conventions		-
Other		-
Total	**$**	**-**

*There were no payments for the benefit of the Executive Director that were derived from public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Organization receives.

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

To the Board of Directors of
The Arc of Greater New Orleans
Metairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Arc of Greater New Orleans (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

December 23, 2020

SECTION I - SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of The Arc of Greater New Orleans (the Organization) (a nonprofit organization),

2. No instances of noncompliance material to the financial statements of the Organization were disclosed and identified during the audit.

3. No instances of noncompliance with laws, rules, and regulations that were disclosed and identified during the audit.

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS

No findings noted.

SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

No findings noted.

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS

No findings noted.

SECTION III - FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

No findings noted.