

ARC OF ST. MARY
Centerville, Louisiana

Financial Report

Year Ended June 30, 2020

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
ARC of St. Mary
Centerville, Louisiana

We have reviewed the accompanying financial statements of the ARC of St. Mary (a nonprofit 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 the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 23, 2020

ARC OF ST. MARY
Centerville, Louisiana

Statement of Financial Position
June 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 119,159
Prepaid insurance	4,183
Deposits	<u>7,490</u>
Total current assets	130,832
Property and equipment, net	<u>612,312</u>
Total assets	<u>\$ 743,144</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 5,090
Accrued and withheld payroll taxes	2,822
Short-term loans	43,600
Current portion of notes payable	<u>5,420</u>
Total current liabilities	56,932
Long-term liabilities:	
Notes payable, net of current portion	<u>81,210</u>
Total liabilities	<u>138,142</u>
Net assets:	
Without donor restrictions	
Undesignated	241,838
With donor restrictions	<u>363,164</u>
Total net assets	<u>605,002</u>
Total liabilities and net assets	<u>\$ 743,144</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Support:			
Appropriations from state and local governments:			
Operating grants			
State of Louisiana - DOTD	\$ 21,061	\$ -	\$ 21,061
Local governments	13,500	-	13,500
Contributions	<u>28,758</u>	-	<u>28,758</u>
Total support	<u>63,319</u>	<u>-</u>	<u>63,319</u>
Revenue:			
Program service fees	48,235	-	48,235
Membership fees	1,768	-	1,768
Medicaid/Medicare	170,710	-	170,710
Interest income	35	-	35
Other	<u>3,163</u>	-	<u>3,163</u>
Total revenue	<u>223,911</u>	<u>-</u>	<u>223,911</u>
Net assets released from restrictions	<u>23,603</u>	<u>(23,603)</u>	<u>-</u>
Total revenues and other support	<u>310,833</u>	<u>(23,603)</u>	<u>287,230</u>
EXPENSES:			
Program services:			
Adult habilitation	303,243	-	303,243
Support services:			
General and administrative	<u>52,011</u>	-	<u>52,011</u>
Total expenses	<u>355,254</u>	<u>-</u>	<u>355,254</u>
Change in net assets	(44,421)	(23,603)	(68,024)
Net assets, beginning	<u>286,259</u>	<u>386,767</u>	<u>673,026</u>
Net assets, ending	<u>\$ 241,838</u>	<u>\$ 363,164</u>	<u>\$ 605,002</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services		
	Adult Habilitation	General and Administrative	Total Expenses
Salaries	\$ 153,602	\$ 17,067	\$ 170,669
Payroll taxes	<u>12,323</u>	<u>1,369</u>	<u>13,692</u>
Total salaries and related expenses	165,925	18,436	184,361
Conference and meetings	683	-	683
Dues	-	3,240	3,240
Insurance	34,947	3,883	38,830
Office expense	18,071	2,008	20,079
Postage	-	487	487
Professional fees	1,724	9,440	11,164
Repairs and maintenance	1,692	188	1,880
Supplies	3,318	369	3,687
Telephone	4,766	530	5,296
Thrift store occupancy	2,718	-	2,718
Thrift store rent	10,450	-	10,450
Transportation	22,772	-	22,772
Utilities	5,281	278	5,559
Interest expense	5,267	585	5,852
Miscellaneous	<u>634</u>	<u>69</u>	<u>703</u>
Total expenses before depreciation	278,248	39,513	317,761
Depreciation expense	<u>24,995</u>	<u>12,498</u>	<u>37,493</u>
	<u>\$ 303,243</u>	<u>\$ 52,011</u>	<u>\$ 355,254</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (68,024)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	37,493
Changes in assets and liabilities:	
Due from other agencies	9,692
Other receivables	4,950
Accounts payable	(4,106)
Accrued and withheld payroll taxes	<u>(1,497)</u>
Net cash used by operating activities	<u>(21,492)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	43,600
Principal payments on long-term debt	<u>(5,040)</u>
Net cash provided by financing activities	<u>38,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Grant match for acquisition of vehicle	<u>(7,490)</u>
Net increase in cash	9,578
Cash and cash equivalents, beginning	<u>109,581</u>
Cash and cash equivalents, ending	<u>\$ 119,159</u>
Supplemental Information:	
Interest paid	<u>\$ 5,852</u>

See accompanying notes and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of activities

The ARC of St. Mary ("ARC") operates a non-profit day vocation program located in Centerville, Louisiana. The ARC provides adult day services to developmentally disabled adults in St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticultural and janitorial services. The ARC is supported primarily through Medicare/Medicaid waiver and support reimbursements from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities.

B. Income tax status

The ARC is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

C. Estimates

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

D. Basis of accounting

The financial statements of ARC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Substantially all revenues are recognized when earned. Expenses are recognized in the period incurred.

ARC has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of the net assets. Accordingly, the net assets of ARC and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of ARC or by the passage of time.

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 ARC. These net assets may be used at the discretion of ARC's management and board of directors.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

E. Cash and cash equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2020 there were no investments which were determined to be cash equivalents.

F. Property and equipment

Property and equipment are capitalized at purchased cost. Donated property and equipment is capitalized at its fair value on the date of the donation. It is the ARC's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Vehicles	5

G. Contributions

In accordance with *FASB Accounting Standards Codification 958-605, Revenue Recognition*, contributions are recognized when the donor makes a promise to give and are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by 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 that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as "net assets released from restrictions" in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

The ARC reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues of the with donor restrictions net asset class. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the ARC reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

H. Support and revenue

The ARC receives Medicare/Medicaid payments for billable client services. Revenues for these services are recorded when earned.

I. Program revenue

The ARC receives program service fees from janitorial services, recycling programs, and selling of second-hand items. Support and revenue are recognized when earned.

J. Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the year ended June 30, 2020 was \$128.

K. Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Specific expenses that are readily identifiable to a program or activity are charged directly. Expenses attributable to more than one program or activity are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy which are allocated based upon square footage and salaries and benefits which are allocated based upon time and effort.

(2) Credit Risk

Financial instruments which potentially subject the ARC to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents at June 30, 2019 consisted of cash and demand deposits at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent the deposits at financial institutions exceed FDIC insured limits. The ARC has no policy to actively monitor credit risk. At June 30, 2020, the ARC's deposits did not exceed FDIC insured limits; therefore, the ARC was not exposed to credit risk.

(3) Liquidity and Availability of Resources

At June 30, 2020, the ARC has cash and cash equivalents totaling \$119,159, all of which was available for general expenditure needs. The ARC has no policy to invest cash and cash equivalents in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(4) Concentrations

The Arc receives payments from Medicaid for services provided to clients. Medicaid revenue for the year ended June 30, 2020 totaled \$170,710, which was 63% of total revenues.

(5) Capital Assets

Capital assets consisted of the following at June 30, 2020:

Capital assets being depreciated	
Buildings and improvements	\$ 715,663
Furniture and equipment	81,923
Vehicles	<u>180,223</u>
	977,809
Less: accumulated depreciation	<u>(365,497)</u>
	<u>\$ 612,312</u>

Depreciation expense for the year ended June 30, 2020 totaled \$37,493.

Certain capital assets with a net book value of \$363,164 have donor imposed restrictions on the disposal of these assets.

(6) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2020:

Note payable to Iberia Bank bearing interest at 5.75% per annum, due in monthly installments of \$855, with a final balloon payment of \$66,391, maturing in February 2024, secured by real property with a carrying amount of \$550,255	\$ 86,630
Less: current portion	<u>5,420</u>
Long-term debt, net of current portion	<u>\$ 81,210</u>

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

Principal maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,420	\$ 4,840
2022	5,740	4,520
2023	6,079	4,181
2024	<u>69,391</u>	<u>2,589</u>
	<u>\$ 86,630</u>	<u>\$ 16,130</u>

(7) Line of Credit

The ARC has a revolving line of credit for up to \$50,000 as of June 30, 2020. Interest on the line of credit is payable monthly at a rate of 5.50% per annum. The Arc has no outstanding advances on the line of credit as of June 30, 2020. The line is secured by possessory collateral.

(8) Short-Term Borrowings

In the spring of 2020, the Covid-19 pandemic caused the ARC to suspend its operations. As a result, the ARC was unable to generate sufficient revenues to meet its overhead obligations including staff payroll. The ARC secured short-term loans under the Paycheck Protection Program (PPP) and through the Small Business Administration (SBA) in the amounts of \$33,600 and \$8,000, respectively. Repayment of the SBA loan will not commence until 2021. The PPP loan will be forgiven if certain requirements are satisfied by the ARC. Management anticipates that the PPP loan will be fully forgiven.

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2020:

Book value of property and equipment purchased with grant funds which are restricted as to disposition	<u>\$ 363,164</u>
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(10) Contingent Liabilities

The ARC receives grants and funding from governmental agencies that are subject to review and audit by the agencies providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants and agreements. In the opinion of management, such disallowances, if any, would be immaterial.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(11) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Louisiana Legislature amended R.S. 24:513A requiring additional disclosure of total compensation, benefits, reimbursements, or other payments made to the head of a political subdivision or quasi-public agency. The following is a summary of such payments made to/for Kristal Hebert, Executive Director, during the year ended June 30, 2020:

Salary	\$ 45,597
Reimbursements-Travel	<u>2,061</u>
Total	<u>\$ 47,658</u>

(12) Subsequent Events

The Arc received a loan from the Small Business Administration (SBA) in November 2020 in the amount of \$100,000. Management used the proceeds of the SBA loan to repay the mortgage loan at IberiaBank.

Management has evaluated subsequent events through December 23, 2020, the date which the financial statements were available for issue.

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of ARC of St. Mary and
 Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the ARC of St. Mary and the Louisiana Legislative Auditor (LLA) on the ARC of St. Mary's compliance with certain laws and regulations contained in the accompanying *Louisiana Attestation Questionnaire* (Exhibit A) during the fiscal year ended June 30, 2020, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The management of the ARC of St. Mary is responsible for its financial records and compliance with applicable laws and regulations.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. The sufficiency of these procedures is solely the responsibility of the ARC of St. Mary and LLA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Arc of St. Mary's management.

The ARC of St. Mary provided us with the following list of expenditures made for federal grant awards received during the fiscal year ended June 30, 2020:

<i>Federal, State, or Local Grant Name</i>	<i>Grant</i>		
<i>Federal, State, or Local Grant Name</i>	<i>Contract No.</i>	<i>CFDA No.</i>	<i>Amount</i>
<i>Department of Transportation</i>			
<i>Passed through the Louisiana Department of Transportation</i>			
<i>Enhanced Mobility for Seniors and Individuals with Disabilities</i>	<i>ED16-51-20</i>	<i>20.513</i>	<i>\$ 21,061</i>

2. For each federal, state, and local award, randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

A total of six (6) expenditures from the award listed above were selected.

3. For the items selected in Procedure 2, trace the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, determine if the six disbursements are properly coded to the correct fund and general ledger account.

Each of the selected disbursements was properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, determine whether the six disbursements received approval from proper authorities.

Inspection of supporting documentation for each of the selected disbursements indicated appropriate approvals.

6. For each selected disbursement made for federal grant awards, obtain the Compliance Supplement for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the Compliance Supplement, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

We reviewed supporting documentation for each of the previously mentioned disbursements and found that each of the disbursements were considered to be allowable under the applicable grant program.

Eligibility

We reviewed supporting documentation for each of the previously mentioned disbursements and determined that all disbursements were in accordance with eligibility requirements.

Reporting

We reviewed supporting documentation for each of the previously mentioned disbursements and found that each of the disbursements had been properly included in applicable required reports.

7. For the programs selected for testing in Procedure 2 that had been closed out during the period under review, compare the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

The program tested in Procedure 2 did not have a required close-out report.

Open Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

The ARC of St. Mary is not considered a "public body" as defined by R.S. 42:13. Additionally, the ARC of St. Mary has not been designated or funded as an agency to perform a government function or perform services entrusted to public bodies, nor does the ARC of St. Mary exercise policy-making, advisory, or administrative functions. Therefore, the ARC of St. Mary is not considered a public body for purposes of the Open Meetings Law and thus, is not required to comply with the Open Meetings Law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The ARC of St. Mary provided comprehensive budgets to the applicable grantor agencies for the previously mentioned program. The budget specified the anticipated uses of the funds and estimates of the duration of the programs.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The ARC of St. Mary's report was submitted to the Legislative Auditor before the statutory due date of December 31, 2020.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The ARC of St. Mary's management represented that the ARC of St. Mary did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior Year Comments

12. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no suggestions, recommendations, and/or comments reported in the prior-year financial report.

We were not engaged to perform, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the ARC of St. Mary's compliance with the foregoing matters. 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 the ARC of St. Mary's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the ARC of St. Mary's management and the LLA and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 23, 2020

ARC OF ST. MARY
Centerville, Louisiana

Summary Schedule of Prior Findings
Year Ended June 30, 2020

2019-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

STATUS: See schedule of findings item 2020-001.

2019-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared.

RECOMMENDATION: The ARC of St. Mary should implement policies and procedures to ensure that bank reconciliations are properly performed and reviewed.

STATUS: Not resolved. See schedule of findings item 2020-002.

ARC OF ST. MARY
Centerville, Louisiana

Schedule of Findings
Year Ended June 30, 2020

Findings Reported in Accordance with *Government Auditing Standards*

2020-001 Inadequate Segregation of Duties

CONDITION: Due to the limited number of personnel performing administrative functions, the ARC of St. Mary does not have adequate segregation of duties within its accounting and financial functions.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

2020-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary failed to perform monthly bank reconciliations.

EFFECT: Errors in the ARC of St. Mary’s general ledger cash balances may not be able to be detected by the ARC of St. Mary.

RECOMMENDATION: We recommend that the ARC of St. Mary implement policies and procedures to ensure that bank reconciliations are properly performed and reviewed.

ARC OF ST. MARY
Centerville, Louisiana

Corrective Action Plan for Current Findings
Year Ended June 30, 2020

2020-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: The Board has determined that it is not economically feasible to hire additional personnel. At the present time the Director is handling the duties under the oversight of the Board.

2020-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared.

MANAGEMENT'S RESPONSE: Policies and procedures will be implemented in which bank reconciliations are prepared and reviewed on a monthly basis.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

**ARC of St. Mary
Louisiana Attestation Questionnaire
Year Ended June 30, 2020**

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana

In connection with your review of our financial statements as of June 30, 2020 and for the period then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://app1.la.state.la.us/llala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.**

Yes No not applicable

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Reporting / State Audit Law

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No



Agency head

10/10/2020

Date