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**DONALDSONVILLE AREA ARC, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

DONALDSONVILLE AREA ARC, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Donaldsonville Area ARC, Inc., (a not for profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and changes in net assets, functional expenses, 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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donaldsonville Area ARC, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of sales to public on page 17 and the schedule of compensation, benefits and other payments to agency head on page 18 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, Donaldsonville Area ARC, Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 our consideration of Donaldsonville Area ARC, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Donaldsonville Area ARC, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Donaldsonville Area ARC, Inc.'s internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
November 14, 2019

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

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	2019	2018
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 279,368	\$ 168,441
Accounts receivable, net	86,669	85,982
Investments	238,452	227,962
Certificates of deposit	346,276	398,388
Prepaid expenses	1,680	1,680
Buildings and equipment, net	253,249	248,880
<b>TOTAL ASSETS</b>	<b>\$ 1,205,694</b>	<b>\$ 1,131,333</b>
 <b><u>LIABILITIES</u></b>		
Accounts payable	\$ 8,409	\$ 12,864
Salaries and payroll taxes payable	22,597	22,423
Other liabilities	4,593	4,593
<b>TOTAL LIABILITIES</b>	<b>35,599</b>	<b>39,880</b>
 <b><u>NET ASSETS</u></b>		
Without donor restrictions	1,170,095	1,091,453
<b>TOTAL NET ASSETS</b>	<b>1,170,095</b>	<b>1,091,453</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,205,694</b>	<b>\$ 1,131,333</b>

The accompanying notes are an integral part of these statements.

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	Without Donor Restrictions	
	2019	2018
<b><u>REVENUES AND OTHER SUPPORT</u></b>		
Public Support:		
Public contributions	\$ 36,635	\$ 42,294
Grant income - DOTD	64,220	81,115
Fundraising	10,790	14,870
Allocated by Capital Area United Way	45,297	53,242
Program Service Fees:	690,687	687,355
Other Revenue:		
Membership dues - individual	4,830	6,980
Sales to public (net of expenses of \$97,939 and \$116,072, respectively)	102,184	107,769
Investment earnings, net	17,749	31,048
Miscellaneous	1,600	5,625
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>973,992</b>	<b>1,030,298</b>
<b><u>EXPENSES</u></b>		
Program Services - residential	305,884	281,791
Supporting Services		
Management and general	582,713	634,011
Fundraising	6,753	6,348
Total supporting services	589,466	640,359
<b>TOTAL EXPENSES</b>	<b>895,350</b>	<b>922,150</b>
 <b>CHANGE IN NET ASSETS</b>	 78,642	 108,148
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,091,453	983,305
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,170,095</b>	<b>\$ 1,091,453</b>

The accompanying notes are an integral part of these statements.

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			
	Program Services	Support Services		Total
	Residential Services	Management and General	Fundraising	
<b><u>EXPENSES</u></b>				
Salaries and wages	\$ 141,319	\$ 369,515	\$ -	\$ 510,834
Repairs and maintenance	5,442	10,640	-	16,082
Supplies	4,914	10,882	-	15,796
Utilities	5,760	15,814	-	21,574
Telephone	3,659	5,732	-	9,391
Transportation expenses	225	2,242	-	2,467
Food	5,681	26,985	-	32,666
Payroll taxes	8,782	30,445	-	39,227
Insurance	10,862	38,750	-	49,612
Professional fees	3,125	9,935	-	13,060
Medical	4,490	1,480	-	5,970
Training	2,903	3,208	-	6,111
Day program	47,580	-	-	47,580
Client allowance	1,143	-	-	1,143
Bed fee	33,202	-	-	33,202
Contract labor	4,033	473	-	4,506
Gasoline	2,087	10,842	-	12,929
Vehicle repairs	845	1,028	-	1,873
Bad debt	-	-	-	-
Fundraising expenses	-	-	6,753	6,753
Other	5,593	18,560	-	24,153
Total Expenses Before Depreciation	<u>291,645</u>	<u>556,531</u>	<u>6,753</u>	<u>854,929</u>
Depreciation of buildings and equipment	<u>14,239</u>	<u>26,182</u>	<u>-</u>	<u>40,421</u>
<b>TOTAL EXPENSES</b>	<u>\$ 305,884</u>	<u>\$ 582,713</u>	<u>\$ 6,753</u>	<u>\$ 895,350</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2018			
	Program Services	Support Services		
	Residential Services	Management and General	Fundraising	Total
<b><u>EXPENSES</u></b>				
Salaries and wages	\$ 129,468	\$ 398,280	\$ -	\$ 527,748
Repairs and maintenance	4,418	21,231	-	25,649
Supplies	5,188	11,141	-	16,329
Utilities	6,891	16,410	-	23,301
Telephone	2,523	6,511	-	9,034
Transportation expenses	207	1,468	-	1,675
Food	5,218	27,341	-	32,559
Payroll taxes	7,252	35,682	-	42,934
Insurance	5,072	44,614	-	49,686
Professional fees	3,050	9,165	-	12,215
Medical	3,763	1,703	-	5,466
Training	1,147	2,376	-	3,523
Day program	49,537	-	-	49,537
Client allowance	1,364	46	-	1,410
Bed fee	29,606	-	-	29,606
Contract labor	4,340	489	-	4,829
Gasoline	2,269	5,363	-	7,632
Vehicle repairs	2,989	855	-	3,844
Bad debt	-	7,117	-	7,117
Fundraising expenses	-	-	6,348	6,348
Other	5,547	29,273	-	34,820
Total Expenses Before Depreciation	269,849	619,065	6,348	895,262
Depreciation of buildings and equipment	11,942	14,946	-	26,888
<b>TOTAL EXPENSES</b>	<b>\$ 281,791</b>	<b>\$ 634,011</b>	<b>\$ 6,348</b>	<b>\$ 922,150</b>

The accompanying notes are an integral part of these statements.

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

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 78,642	\$ 108,148
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	40,421	26,888
Loss on disposal of assets	946	-
Bad debt	-	7,117
Donated equipment	(34,220)	(61,115)
Unrealized gain on investments	(1,179)	(9,978)
Increase in accounts receivable	(687)	(14,453)
Decrease in prepaid expenses	-	2,294
(Decrease) increase in accounts payable	(4,455)	10,428
Increase in salaries and payroll taxes payable	174	21,606
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>79,642</u>	<u>90,935</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net decrease in certificates of deposit	52,112	14,222
Purchases of investments	(9,311)	(14,748)
Purchases of equipment	(11,516)	(52,769)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>31,285</u>	<u>(53,295)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 110,927	 37,640
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>168,441</u>	<u>130,801</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 279,368</u>	<u>\$ 168,441</u>
 <b>Supplemental disclosure:</b>		
<b><u>NON-CASH INVESTING ACTIVITIES:</u></b>		
Property and equipment obtained through DOTD grant	<u>\$ 34,220</u>	<u>\$ 61,115</u>

The accompanying notes are an integral part of these statements.

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

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies**

Nature of Activities

Donaldsonville Area ARC, Inc. (the Association) is a not for profit organization formed to furnish education and recreation to individuals with intellectual and developmental disabilities of the Donaldsonville area. The Association provides day program services which include sheltered workshops and community work services for disabled persons. Funding for the Association is dependent upon appropriations from State agencies, sales to the public, and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.

**Program Services**

*Residential Services*

The Association has one group home, the Mary Marcombe Home. This home provides residential services for disabled persons.

**Support Services**

*General and Administrative and Fundraising*

The support services category includes the functions necessary to ensure proper administrative functioning of the Association's governing board, maintain an adequate working environment, and manage financial responsibilities of the Association.

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Accordingly, revenues from service fees, sales, activity center services, membership dues, and investments are recognized when earned and expenses are recognized when incurred.

To ensure proper usage of donations with and without donor restrictions, the Association maintains its accounts according to accounting principles generally accepted in the United States of America, whereby funds are classified in accordance with specified restrictions or objectives.

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

**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

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

**Accounting Pronouncement Adopted**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Buildings and Equipment**

The Association records buildings and equipment at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, as deemed applicable. Management considers accounts receivable that are more than 30 days old to be past due. Additionally, management has determined that accounts receivable that are more than one-year-old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one-year-old. Management has determined that all receivables as of each of the years ended are collectible.

**Net Assets**

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Association reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities and changes in net assets as such. The Association has no assets with donor restrictions at June 30, 2019 and 2018, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**Revenue Recognition**

The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.

The Association recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year.

Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended June 30, 2019 and 2018, respectively.

The Association reports gifts of land, buildings, and equipment as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and the gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of noncash assets as well as contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Association did not recognize any contributed services during the years ended June 30, 2019 and 2018, respectively.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash & Cash Equivalents**

The Association considers all cash accounts, money market funds, and certificates of deposits with a maturity of three months or less when purchased to be cash and cash equivalents.

**Certificates of Deposit**

Certificates of deposit with banks mature within one year and are carried at cost, which approximates fair value.

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

**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

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

**Income Taxes**

The Association accounts for income taxes in accordance with the income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Association is a nonprofit organization that is exempt from the income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. In management's judgement, the Association does not have any tax positions that would result in a loss-contingency considering the facts, circumstances and information.

**Reclassifications**

Certain amounts for June 30, 2018 financial statements have been reclassified to conform with the current year's presentation.

**Investments**

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Unrealized gains and losses are included in the change in net assets.

**Expenses**

Expenses are recognized by the Association on the accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. No allocation of general and administrative or fundraising costs have been made to program services. General and administrative costs are charged to the central office and are reported as support services expenses.

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

**NOTES TO FINANCIAL STATEMENTS**

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

Accounting Pronouncements Issued but Not Yet Adopted

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

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU is effective for the annual period beginning after December 15, 2018.

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

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

2. **Availability and Liquidity Management**

The Association maintains a policy of structuring its financial assets to be available as its general expenses, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Association purchases certificates of deposit with varying maturity dates and has equity investments that are readily available to be sold. The Association also has a line of credit. See note 8.

The following table reflects the Association's financial assets as of June 30, 2019 and 2018, reduced by amounts that are not available to meet general expense within one year of the statement of financial position date because of contractual restrictions.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 279,368	\$ 168,441
Accounts receivable, net	86,669	85,982
Investments	238,452	227,962
Certificates of deposit	<u>346,276</u>	<u>398,388</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 950,765</u>	<u>\$ 880,773</u>

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

**NOTES TO FINANCIAL STATEMENTS**

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Association's deposits may not be returned to them. To mitigate this risk, these deposits are secured by federal deposit insurance. As of June 30, 2019, the carrying amount of the Association's deposits was \$625,644 and the bank balance was \$515,780. Of the bank balance, \$515,780 was covered by federal depository insurance.

4. **Lease Agreement**

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

5. **Buildings and Equipment**

Buildings and equipment at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Building	\$ 196,668	\$ 196,668
Building improvements	263,634	261,199
Transportation equipment	223,029	183,468
Other equipment	121,378	121,757
	<u>804,709</u>	<u>763,092</u>
Less: Accumulated depreciation	<u>(551,460)</u>	<u>(514,212)</u>
	<u>\$ 253,249</u>	<u>\$ 248,880</u>

Depreciation expense was \$40,421 and \$26,888 for the years ended June 30, 2019 and 2018, respectively.

6. **Fair Values of Financial Instruments**

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

*Fair Value Hierarchy*

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

*Fair Value Hierarchy* (continued)

*Securities*

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

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

	Level 1	Level 2	Level 3
June 30, 2019			
Mutual funds invested in stocks	\$ 238,452	\$ -	\$ -
	Level 1	Level 2	Level 3
June 30, 2018			
Mutual funds invested in stocks	\$ 227,962	\$ -	\$ -

7. **Program Service Fees**

Program service fees consists of contributions from government agencies for the years ended June 30, 2019 and 2018 as follows:

<u>Medicaid</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
CAHSD	\$ 6,364	\$ 6,771
Now Voc Waiver	110,624	119,882
Support Waiver	66,333	61,868
PCA Support Waiver	3,104	3,062
LT-PCS Waiver	13,537	12,492
PCA Now Waiver	108,976	109,785
Medicaid – Title XIX	282,576	268,020
Patient Liability	3,939	7,533
Social Security	47,326	48,323
Residential services	47,908	49,619
Total	\$ 690,687	\$ 687,355

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

**NOTES TO FINANCIAL STATEMENTS**

8. **Line of Credit**

Donaldsonville Area ARC, Inc. has a revolving line of credit for up to \$275,218 as of June 30, 2019. Interest on the line of credit is payable monthly at a rate of 6.25%. Donaldsonville Area ARC, Inc. has no outstanding advances on this line of credit as of June 30, 2019. The line is secured by the value of the Associations investment account balances and has no maturity date.

9. **Donated Materials**

Donated materials are reflected as contribution income and expense in the accompanying financial statements at their estimated fair market values at the date of receipt. Various materials were donated to the Association to help aid in their mission. These materials were valued at approximately \$35,000 and \$62,000 for the years ended June 30, 2019 and 2018, respectively. The amount at June 30, 2019 and 2018, consisted mainly of a donated vehicle of \$34,220 and \$60,000, respectively.

10. **Subsequent Events**

In preparing the financial statements, Donaldsonville Area ARC, Inc. has evaluated events and transactions for potential recognition or disclosure through November 14, 2019, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

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

**SCHEDULES OF SALES TO PUBLIC**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>Janitorial</u>		<u>Dinner Kits</u>		<u>Recycling</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>REVENUES</u></b>	<b><u>\$ 67,188</u></b>	<b><u>\$ 99,053</u></b>	<b><u>\$ 2,627</u></b>	<b><u>\$ 1,989</u></b>	<b><u>\$ 9,955</u></b>	<b><u>\$ 10,885</u></b>
<b><u>EXPENSES</u></b>						
Salaries and wages	30,762	40,423	2,600	1,947	10,397	9,088
Repairs and maintenance	1,355	7,352	-	-	2,347	1,625
Insurance	2,951	2,570	-	-	3,721	2,715
Supplies	1,505	1,117	2,232	3,147	-	-
Gasoline	-	1,645	-	-	1,884	2,296
Payroll taxes	2,154	2,879	18	32	1,197	1,029
Total expenses	<u>38,727</u>	<u>55,986</u>	<u>4,850</u>	<u>5,126</u>	<u>19,546</u>	<u>16,753</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ 28,461</u></b>	<b><u>\$ 43,067</u></b>	<b><u>\$ (2,223)</u></b>	<b><u>\$ (3,137)</u></b>	<b><u>\$ (9,591)</u></b>	<b><u>\$ (5,868)</u></b>

	<u>Lawn</u>		<u>Total</u>	
	<u>Maintenance</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>REVENUES</u></b>	<b><u>\$ 120,353</u></b>	<b><u>\$ 111,914</u></b>	<b><u>\$ 200,123</u></b>	<b><u>\$ 223,841</u></b>
<b><u>EXPENSES</u></b>				
Salaries and wages	9,244	9,259	53,003	60,717
Repairs and maintenance	9,623	5,391	13,325	14,368
Insurance	3,518	2,525	10,190	7,810
Supplies	6,733	10,446	10,470	14,710
Gasoline	4,733	9,655	6,617	13,596
Payroll taxes	965	931	4,334	4,871
Total expenses	<u>34,816</u>	<u>38,207</u>	<u>97,939</u>	<u>116,072</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ 85,537</u></b>	<b><u>\$ 73,707</u></b>	<b><u>\$ 102,184</u></b>	<b><u>\$ 107,769</u></b>

**DONALDSONVILLE AREA ARC, INC.**  
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**SCHEDULE OF COMPENSATION, BENEFITS**  
**AND OTHER PAYMENTS TO AGENCY HEAD**

**YEAR ENDED JUNE 30, 2019**

Agency Head Name/Title: Marlene Domingue, Director

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 71,662
Travel	927
Conference travel	-
Special meals	-
	<u>\$ 72,589</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Donaldsonville Area ARC, Inc. (the Association; a not for profit organization) which comprise the statements of financial position as of and for the year ended June 30, 2019 and 2018, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, 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 over financial reporting. 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 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 Donaldsonville Area ARC, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

### **Purpose of this Report**

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

*Postlethwaite & Netterville*  
Donaldsonville, Louisiana  
November 14, 2019

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2019**

**SUMMARY OF AUDIT RESULTS:**

- (1) The independent auditors' report expressed an unmodified opinion on the financial statements of Donaldsonville Area ARC, Inc., as of and for the year ended June 30, 2019.
- (2) No material weaknesses in internal control financial reporting were reported for the year ended June 30, 2019.
- (3) No instance of noncompliance material relating to the financial statements of Donaldsonville Area ARC, Inc. were disclosed during the audit for the year ended June 30, 2019.

**DONALDSONVILLE AREA ARC, INC.**  
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**SCHEDULE OF PRIOR FINDINGS AND RECOMMENDATIONS**

**FINDINGS – FINANCIAL STATEMENT AUDIT:**

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

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

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

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

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

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

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

*Current Status:* Resolved.