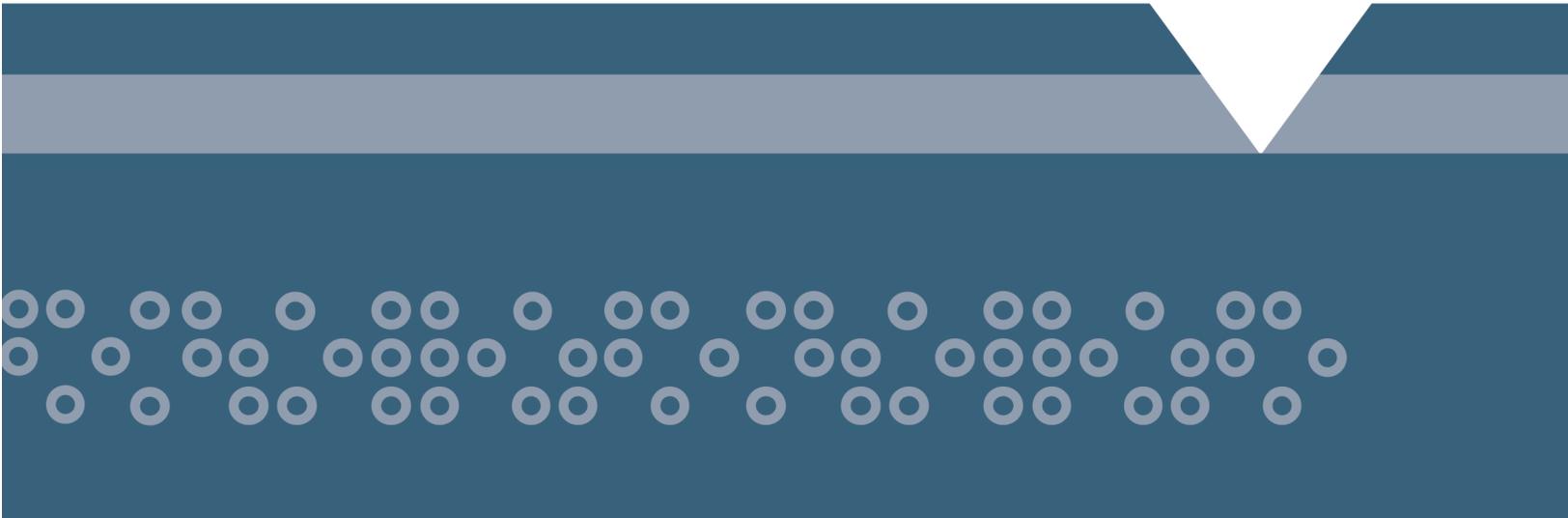


The Arc Caddo-Bossier
Shreveport, Louisiana

June 30, 2025



CERTIFIED PUBLIC
ACCOUNTANTS

**THE ARC CADDO-BOSSIER
SHREVEPORT, LOUISIANA**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Board of Directors
The Arc Caddo-Bossier
Shreveport, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Arc Caddo-Bossier (a not-for-profit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Arc Caddo-Bossier as of June 30, 2025, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Arc Caddo-Bossier and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Arc Caddo-Bossier's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Arc Caddo-Bossier's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Arc Caddo-Bossier's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 23-27 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Arc Caddo-Bossier’s 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of The Arc Caddo-Bossier’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 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 Arc Caddo-Bossier’s internal control over financial reporting and compliance.

Heard, McElroy & Kestel, LLC

Shreveport, Louisiana
December 17, 2025

THE ARC CADDO-BOSSIER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

| ASSETS | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|-------------------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | \$ 2,682,687 | \$ 3,808,734 |
| Investments-Notes 4 and 13 | 6,228,590 | 5,398,326 |
| Accounts receivable-Note 5 | 2,143,877 | 1,467,050 |
| Contributions receivable | - | 40,000 |
| Prepaid expenses and other assets | 58,141 | 226,918 |
| Land, building, and equipment, net-Note 6 | 3,386,596 | 3,165,723 |
| Lease right of use assets-Note 14 | 234,911 | 294,680 |
| Beneficial interest in Foundation-Note 7 | <u>9,553,180</u> | <u>8,456,911</u> |
| Total assets | <u>\$ 24,287,982</u> | <u>\$ 22,858,342</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable | \$ 91,584 | \$ 53,400 |
| Accrued payroll and related liabilities | 608,072 | 558,141 |
| Accrued expenses | 128,659 | 112,042 |
| Short-term lease liability-Note 14 | 59,946 | 57,000 |
| Long-term lease liability-Note 14 | <u>181,650</u> | <u>241,597</u> |
| Total liabilities | 1,069,911 | 1,022,180 |
| Net assets: | | |
| Without donor restriction-Note 10 | | |
| Undesignated | 12,221,136 | 10,101,497 |
| Designated by the board | <u>1,411,105</u> | <u>2,925,378</u> |
| | 13,632,241 | 13,026,875 |
| With donor restrictions-Note 10 | <u>9,585,830</u> | <u>8,809,287</u> |
| Total net assets | <u>23,218,071</u> | <u>21,836,162</u> |
| Total liabilities and net assets | <u>\$ 24,287,982</u> | <u>\$ 22,858,342</u> |

The accompanying notes are an integral part of the consolidated financial statements.

THE ARC CADDO-BOSSIER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | June 30, 2025 | June 30, 2024 |
|---------------------------------------|-------------------------------|----------------------------|----------------------|----------------------|
| Public support and revenue: | | | | |
| Public support: | | | | |
| State of Louisiana | \$ 411,986 | \$ - | \$ 411,986 | \$ 377,389 |
| Contributions | 1,039,437 | 525 | 1,039,962 | 979,206 |
| Other public support | 104,183 | - | 104,183 | 37,726 |
| Total public support | <u>1,555,606</u> | <u>525</u> | <u>1,556,131</u> | <u>1,394,321</u> |
| Revenue: | | | | |
| Sales revenue | 3,986,736 | - | 3,986,736 | 3,806,763 |
| Membership dues | 3,544 | - | 3,544 | 3,355 |
| Title XIX | 11,628,150 | - | 11,628,150 | 12,644,289 |
| Service fees | 1,040,671 | - | 1,040,671 | 699,674 |
| Net investment income-Note 4 | 929,298 | - | 929,298 | 765,792 |
| Change in interest in Arc Foundation | - | 1,096,269 | 1,096,269 | 972,996 |
| Other income | 266,710 | - | 266,710 | 89,988 |
| Total revenue | <u>17,855,109</u> | <u>1,096,269</u> | <u>18,951,378</u> | <u>18,982,857</u> |
| Total public support and revenue | 19,410,715 | 1,096,794 | 20,507,509 | 20,377,178 |
| Net assets released from restrictions | 320,252 | (320,252) | - | - |
| Expenses: | | | | |
| Adult services | 5,138,553 | - | 5,138,553 | 5,022,106 |
| Children services | 1,950,149 | - | 1,950,149 | 1,561,421 |
| Residential services | 9,687,513 | - | 9,687,513 | 10,312,597 |
| Leisure services | 354,742 | - | 354,742 | 379,539 |
| Management and general | 1,994,643 | - | 1,994,643 | 1,742,904 |
| Total expenses | <u>19,125,600</u> | <u>-</u> | <u>19,125,600</u> | <u>19,018,567</u> |
| Change in net assets | 605,367 | 776,542 | 1,381,909 | 1,358,611 |
| Net assets-beginning of year | <u>13,026,875</u> | <u>8,809,287</u> | <u>21,836,162</u> | <u>20,477,551</u> |
| Net assets-end of year | <u>\$ 13,632,242</u> | <u>\$ 9,585,829</u> | <u>\$ 23,218,071</u> | <u>\$ 21,836,162</u> |

The accompanying notes are an integral part of the consolidated financial statements.

THE ARC CADDO-BOSSIER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

| | Program Services | | |
|---------------------------------------------|-------------------|----------------------|-------------------------|
| | Adult Services | Children Services | Residential Services |
| Salaries | \$ 3,060,656 | \$ 1,245,849 | \$ 7,088,843 |
| Payroll taxes | 232,766 | 89,261 | 540,116 |
| Other employee expenses | 533,698 | 164,008 | 508,163 |
| Total salaries and payroll related expenses | 3,827,120 | 1,499,118 | 8,137,122 |
| Professional | 30,035 | - | 23,146 |
| Insurance | 138,911 | 11,410 | 120,840 |
| Licenses | 750 | 351 | 296,761 |
| Office expense | 15,191 | 23,892 | 24,024 |
| Postage and publication | 11 | - | 95 |
| Dues and subscriptions | 7,307 | 4,405 | 1,255 |
| Telephone | 15,558 | 3,803 | 16,049 |
| Repairs and maintenance | 229,130 | 11,013 | 116,022 |
| Building services | 19,839 | 59,278 | 46,110 |
| Training | 2,834 | 4,239 | 28,628 |
| Travel and conventions | 6,278 | 3,813 | 95,879 |
| Operating supplies | 420,235 | 51,194 | 13,261 |
| Utilities | 182,367 | 19,399 | 129,801 |
| Vehicle and equipment lease | 5,446 | 64,429 | 4,229 |
| Food | 1,594 | 135,454 | 177,592 |
| Household supplies | 320 | 1,487 | 34,173 |
| Clothing | - | - | 5,976 |
| Personal necessities | - | - | 20,991 |
| Medical and therapy | 132 | - | 29,027 |
| Transportation and outing | - | - | - |
| Consultant fees | 5,279 | - | 183,941 |
| Other | 92,560 | 6,319 | 62,941 |
| Total other expenses before depreciation | 1,173,777 | 400,486 | 1,430,741 |
| Total expenses before depreciation | 5,000,897 | 1,899,604 | 9,567,863 |
| Depreciation expense | 137,656 | 50,545 | 119,650 |
| Total expenses | \$ 5,138,553 | \$ 1,950,149 | \$ 9,687,513 |

(Continued)

THE ARC CADDO-BOSSIER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

| | Program Services | Supporting Services | June 30, 2025 | June 30, 2024 |
|---------------------------------------------|---------------------|---------------------------|---------------|---------------|
| | Leisure Services | Management and General | | |
| Salaries | \$ 158,352 | \$ 1,036,458 | \$ 12,590,158 | \$ 12,895,429 |
| Payroll taxes | 12,230 | 78,369 | 952,742 | 988,397 |
| Other employee expenses | 4,312 | 183,431 | 1,393,612 | 1,255,214 |
| Total salaries and payroll related expenses | 174,894 | 1,298,258 | 14,936,512 | 15,139,040 |
| Professional | 2,700 | 210,183 | 266,064 | 261,735 |
| Insurance | 16,966 | 168,117 | 456,244 | 397,034 |
| Licenses | - | - | 297,862 | 302,920 |
| Office expense | 4,368 | 47,395 | 114,870 | 117,331 |
| Postage and publication | 131 | 5,574 | 5,811 | 5,825 |
| Dues and subscriptions | 1,652 | 42,730 | 57,349 | 55,277 |
| Telephone | 3,896 | 4,667 | 43,973 | 48,209 |
| Repairs and maintenance | 1,015 | 34,041 | 391,221 | 389,178 |
| Building services | 9,582 | 15,982 | 150,791 | 142,746 |
| Training | 2,865 | 17,623 | 56,189 | 58,370 |
| Travel and conventions | 3,048 | 56,322 | 165,340 | 142,821 |
| Operating supplies | 44,097 | 3,195 | 531,982 | 486,842 |
| Utilities | 10,644 | 16,107 | 358,318 | 322,396 |
| Vehicle and equipment lease | - | 5,385 | 79,489 | 97,219 |
| Food | 1,842 | 1,813 | 318,295 | 286,696 |
| Household supplies | - | 10 | 35,990 | 35,135 |
| Clothing | - | - | 5,976 | 7,462 |
| Personal necessities | - | - | 20,991 | 18,266 |
| Medical and therapy | 11,457 | 2,250 | 42,866 | 46,681 |
| Transportation and outing | - | - | - | 697 |
| Consultant fees | - | 13,000 | 202,220 | 207,289 |
| Other | 11,821 | 25,868 | 199,509 | 196,299 |
| Total other expenses before depreciation | 126,084 | 670,262 | 3,801,350 | 3,626,428 |
| Total expenses before depreciation | 300,978 | 1,968,520 | 18,737,862 | 18,765,468 |
| Depreciation expense | 53,764 | 26,123 | 387,738 | 253,099 |
| Total expenses | \$ 354,742 | \$ 1,994,643 | \$ 19,125,600 | \$ 19,018,567 |

The accompanying notes are an integral part of the consolidated financial statements.

THE ARC CADDO-BOSSIER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

| | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,381,909 | \$ 1,358,611 |
| Adjustments to reconcile change in net assets to net cash provided by operating expenses: | | |
| Depreciation | 387,738 | 253,099 |
| (Gain) loss on disposal of fixed assets | 357 | (2,600) |
| Net realized and unrealized (gains) on investments | (659,723) | (552,749) |
| Change in interest in Arc Foundation | (1,096,269) | (972,996) |
| (Increase) decrease in accounts receivable | (676,827) | 44,517 |
| Decrease in contributions receivable | 40,000 | 170,599 |
| (Increase) decrease in prepaid expenses and other assets | 168,777 | (108,500) |
| Increase (decrease) in accounts payable | 38,184 | (59,861) |
| Increase (decrease) in payroll liabilities | 49,931 | (52,490) |
| Increase (decrease) in accrued expenses | 16,617 | (2,969) |
| Decrease in net operating lease assets and liabilities | 2,768 | 3,917 |
| Total adjustments | <u>(1,728,447)</u> | <u>(1,280,033)</u> |
| Net cash provided (used) by operating activities | (346,538) | 78,578 |
| Cash flows from investing activities: | | |
| Sales of investments | 1,019,806 | 220,588 |
| Purchase of investments | (1,190,347) | (313,397) |
| Purchase of fixed assets | (608,968) | (1,228,487) |
| Proceeds from sale of fixed assets | - | 2,600 |
| Net cash (used) by investing activities | <u>(779,509)</u> | <u>(1,318,696)</u> |
| Net (decrease) in cash and cash equivalents | (1,126,047) | (1,240,118) |
| Cash and cash equivalents at beginning of year | <u>3,808,734</u> | <u>5,048,852</u> |
| Cash and cash equivalents at end of year | <u>\$ 2,682,687</u> | <u>\$ 3,808,734</u> |

The accompanying notes are an integral part of the consolidated financial statements.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

1. Nature of Business

The Arc Caddo-Bossier (The Arc) is a not-for-profit public service association. Revenues are derived primarily from the following:

- a) State of Louisiana, generally under third-party reimbursement plans
- b) Title XIX, under third-party reimbursement plans
- c) Service fees
- d) Contributions from the general public
- e) Contract work by individuals with disabilities for various types of companies
- f) Investment income

The Arc provides services to the intellectually disabled of all ages in Northwest Louisiana, generally in the following functional areas:

- a) Adult Services – provides day habilitation and employment for full and part-time adult workers with disabilities, generally in custodial, linen, and lawn services, and through sheltered employment and employment-related training.
- b) Children Services – provides childcare and developmentally appropriate educational experiences to enrolled children aged six weeks to five years of age, both with and without disabilities.
- c) Residential Services – provides an array of community living services for children and adults with disabilities and their families, including supported independent living, long-term personal care, personal care attendant, respite care, and elderly disabled adult waiver.
- d) Leisure Services – provides therapeutic services to adults and children with disabilities through horseback riding.

2. Summary of Significant Accounting Policies

- a) Consolidated Financial Statement Presentation:

The Arc is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of The Arc and changes therein may be classified and reported as follows:

Without donor restrictions-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes, as shown in Note 10.

With donor restrictions-Net assets subject to donor-imposed stipulations that may or will be met by actions of The Arc, the passage of time, or that they be maintained permanently. Donor restricted net assets are detailed in Note 10.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

b) Consolidation:

The financial statements include the accounts of The Arc and Great Results Equine Assisted Therapies (GREAT), a not-for-profit corporation that uses horseback riding as a therapeutic aid to disabled individuals. All significant intercompany transactions have been eliminated in the consolidated financial statements.

c) Comparative Financial Statements:

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Arc's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

d) 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.

e) Cash Equivalents:

For purposes of the statement of cash flows, The Arc considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. All cash on deposit with financial institutions is fully secured through a combination of deposit insurance and collateralization by sufficient U.S. Government securities owned by the institution.

f) Investments:

Investments are accounted for at fair value. Realized gains and losses on the sale of securities are determined using the specific identification method. Net investment return is reported in the statement of activities and consists of interest and dividend income and realized and unrealized gains and losses. Investment income is reported net of external investment expenses.

g) Accounts Receivable:

Accounts receivable from contract work, service fees, and other third-party reimbursement plans that management has the intent and ability to hold to maturity are accounted for at the outstanding principal amount, less any related allowance for credit losses. Management periodically reviews its outstanding receivables for collectability and determines an appropriate allowance or receivable write-off based on a past history of write-offs and collections, and assumes economic conditions in effect at the end of the fiscal year will continue. Management considers the degree to which year-end receivables have been collected by the report date. Past due status of receivables is based on their contractual terms.

h) Contributions Receivable:

Contributions receivable represent unconditional promises to pay in future years. Contributions receivable amounted to \$0 and \$40,000, respectively, at June 30, 2025 and 2024.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

i) Land, Building, and Equipment:

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are recorded at cost, or if donated, at the estimated fair value at the date of receipt. Currently, there are no donor or legal restrictions on the proceeds from the disposition of donated property. Improvements and replacements of buildings and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of operations. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Asset</u> | <u>Estimated Life</u> |
|----------------------------|-----------------------|
| Furniture and equipment | 5-10 years |
| Vehicles | 3-5 years |
| Buildings and improvements | 10-40 years |

j) Compensated Absences:

Annual leave is earned by employees as follows:

| <u>Length of Service</u> | <u>Annual Leave Earned</u> |
|------------------------------|----------------------------|
| Less than three months | None |
| From four months to one year | Eleven days |
| From one to five years | Eighteen days |
| From five to ten years | Twenty-one days |
| From ten to twenty years | Twenty-four days |
| Over twenty years | Twenty-seven days |

Generally, no more than five days of unused leave may be carried forward to the next fiscal year.

Sick leave is included in annual leave.

k) Contributions:

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

l) Promises to Give:

Contributions are recognized when the donor makes a promise to give to The Arc that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Arc uses the allowance method to determine uncollectible unconditional contributions receivable when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

m) Revenue and Revenue Recognition:

Revenues from program fees, which include residential support for individuals, children’s services, and day support services, derive from the provision of specific services that customarily include community and group home living and daily activity support under state-sponsored programs for individuals with intellectual and developmental disabilities in Northwest Louisiana. Transaction price is based on standard rates authorized by applicable governing authority billed out according to specific units of service provided. Program fees are billed out at the end of the month with a payment term of 30 days. Performance obligations under these arrangements, which consist of a series of distinct promises that generally have the same pattern of transfer on a monthly basis, are satisfied over time as the services are provided. Amounts received under third-party reimbursement plans are subject to adjustment by the payer, and also may be subject to subsequent audit. Management believes the possibility of adjustments of material amount is remote.

Sales revenues from contract services, which include both federal and state-sourced contracts, derive from the provision of specific services that customarily include janitorial, groundskeeping, and laundry in Northwest Louisiana. The contracts generally are for one year, with automatic renewals that allow termination notice by either party without penalty. Negotiated contract prices are based generally on a fixed amount for a standard period of a day, week, or month for a specific set of services to be performed. Contract services are billed out immediately following performance due upon receipt. Performance obligations under these contracts, which consist of a series of distinct promises that generally have the same pattern of transfer on a monthly basis, are satisfied over time as the service is provided.

The following table disaggregates The Arc’s revenue subject to the provisions of FASB ASC 606, Revenue From Contracts with Customers, based on clients serviced and services provided.

| | <u>2025</u> | <u>2024</u> | |
|------------------------------------------------------|-----------------------------|-----------------------------|----------------------------|
| Title XIX | | | |
| Waiver Support Day Hab | \$ 1,055,732 | \$ 1,213,406 | |
| Waiver Support Community Living and Support Services | 6,196,597 | 6,995,364 | |
| Waiver Support Community Homes | 4,375,821 | 4,435,519 | |
| | <u>\$ 11,628,150</u> | <u>\$ 12,644,289</u> | |
| Service Fees | | | |
| Adult Services Vocational Service Fees | \$ 30,249 | \$ 21,668 | |
| Childrens Services Tuition and Fees | | | |
| Typical Children Service Fees (private pay) | 703,463 | 470,358 | |
| Special Needs Service Fees (subsidized) | 254,142 | 148,743 | |
| Leisure Services Instructional Fees | 52,817 | 58,905 | |
| | <u>\$ 1,040,671</u> | <u>\$ 699,674</u> | |
| Sales Revenue | | | |
| Federal Contracts | \$ 3,181,260 | \$ 3,001,213 | |
| Other Adult Service Contracts | 805,476 | 805,550 | |
| | <u>\$ 3,986,736</u> | <u>\$ 3,806,763</u> | |
| Membership Dues | <u>\$ 3,544</u> | <u>\$ 3,355</u> | |
| | | | |
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
| Accounts Receivable | <u>\$ 2,143,877</u> | <u>\$ 1,467,050</u> | <u>\$ 1,511,567</u> |

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

n) Retroactive Adjustments and Settlements:

Revenue for services rendered to Title XIX program beneficiaries is based on prospectively determined daily rates established by the State of Louisiana Department of Health and Hospitals.

Laws and regulations concerning government programs, including Medicaid, are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge The Arc's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon The Arc.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and The Arc's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations.

o) Contributed Services:

Many individuals volunteer their time and perform a variety of tasks that assist The Arc. The volunteer hours have not been recorded in the statement of activities.

p) Functional Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such functional expenses are allocated based on the relative amount of direct expenses incurred within each division. Fund-raising expenses are not significant.

q) Advertising Costs:

When significant, costs of advertising are expensed as incurred. Advertising expense for years ending June 30, 2025 and 2024 was not material.

r) Income Taxes:

As not-for-profit, privately supported organizations, both The Arc and GREAT are exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but each must file an annual return with the Internal Revenue Service that contains information on its financial operations. The Arc and GREAT are required to review various tax positions they have taken with respect to their exempt status and determine whether in fact they continue to qualify as tax-

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

exempt entities. They also must consider whether they have nexus in jurisdictions in which they have income and whether a tax return is required in those jurisdictions. In addition, as tax-exempt entities, they must assess whether they have any tax positions associated with unrelated business income subject to income tax. Neither entity expects these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the accounting records.

The Arc and GREAT are required to file U. S. federal Form 990's for informational purposes. The federal income tax returns for the tax years 2022 and beyond remain subject to examination by the Internal Revenue Service.

s) Leases:

Management reviews contracts to identify leases and properly classify leases as either operating or financing. Operating right-of-use (ROU) liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease and are reduced by payments made on each lease on the straight-line basis. If a lease contains a renewal option at the commencement date and management considers it reasonably certain that the option will be exercised to renew the lease, the renewal option payments are included in the determination of the ROU assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the statement of financial position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

t) New Accounting Standards:

Effective July 1, 2024, The Arc early adopted Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2025-05 introduces a practical expedient for measuring credit losses on current accounts receivable and contract assets from ASC 606 (revenue) transactions. This allows management to elect to assume current economic conditions persist, simplifying estimates and reducing the need for complex forecasts. It also allows management to consider collection activity after the statement of financial position date when estimating expected credit losses. The adoption of this standard did not have a material impact on the financial statements.

3. Liquidity and Availability

The Arc manages its financial assets available to meet general operating expenditures with the guiding principle of operating within a prudent range of financial soundness and stability. At June 30, 2025 and 2024, financial assets (net of applicable donor restrictions) consisting of cash, cash equivalents, and accounts receivable that are available for general operating expenditure within one year of the balance sheet date amounted to \$4,171,698 and \$4,784,605. Although not routinely accessed for general operations, the portfolio of marketable securities of \$6,228,590 and \$5,398,326 as of June 30, 2025 and 2024 also is available for operating purposes. In addition, a credit facility of \$100,000 is in place for borrowing needs.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

4. Investments

Investments are summarized as follows:

| | June 30, 2025 | | |
|--------------------|---------------------|-----------------------------|----------------------------------------------|
| | Cost | Approximate Market Value | Unrealized Appreciation (Depreciation) |
| Bond funds | \$ 1,211,483 | \$ 1,121,839 | \$ (89,644) |
| Equity funds | 3,268,725 | 5,035,943 | 1,767,218 |
| Money market funds | 70,808 | 70,808 | - |
| Totals | <u>\$ 4,551,016</u> | <u>\$ 6,228,590</u> | <u>\$ 1,677,574</u> |
| | June 30, 2024 | | |
| | Cost | Approximate Market Value | Unrealized Appreciation (Depreciation) |
| Bond funds | \$ 1,102,042 | \$ 984,983 | \$ (117,059) |
| Equity funds | 2,981,480 | 4,359,972 | 1,378,492 |
| Money market funds | 53,371 | 53,371 | - |
| Totals | <u>\$ 4,136,893</u> | <u>\$ 5,398,326</u> | <u>\$ 1,261,433</u> |

Net investment income consists of the following:

| | June 30, 2025 | June 30, 2024 |
|-----------------------------|-------------------|-------------------|
| Interest and dividends | \$ 294,169 | \$ 240,961 |
| Net realized gains (losses) | 235,317 | (379) |
| Net unrealized gains | 424,406 | 553,128 |
| Investment management fees | (24,594) | (27,918) |
| | <u>\$ 929,298</u> | <u>\$ 765,792</u> |

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

5. Accounts Receivable

Accounts receivable due The Arc at year end are as follows:

| | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|--------------------|----------------------|----------------------|
| Contract work | \$ 946,526 | \$ 474,577 |
| State of Louisiana | 23,591 | 22,118 |
| Parish of Caddo | 71,030 | - |
| Title XIX | 735,515 | 751,552 |
| Other | 367,215 | 218,803 |
| Total | <u>\$ 2,143,877</u> | <u>\$ 1,467,050</u> |

Receivables from contract work arise from credit granted to various businesses located in the Shreveport area. Receivables from the State of Louisiana, Parish of Caddo, and Title XIX arise from funds due The Arc under various grants and third-party payee arrangements, and which are unpaid as of the end of the fiscal year. Title XIX receivables are presented net of an allowance for estimated denied claims of \$0 and \$4,610 for the years ended June 30, 2025 and 2024, respectively. There are no significant contract assets or liabilities related to The Arc's revenue recognized in accordance with the provisions of FASB ASC 606.

6. Land, Building, and Equipment

Land, building, and equipment is composed of the following:

| | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|----------------------------------|----------------------|----------------------|
| Buildings | \$ 3,393,087 | \$ 3,381,429 |
| Improvements | 3,210,707 | 3,007,411 |
| Equipment | 3,905,456 | 3,720,020 |
| Vehicles | 1,088,401 | 866,014 |
| Total depreciable assets | 11,597,651 | 10,974,874 |
| Accumulated depreciation | <u>(8,648,621)</u> | <u>(8,261,867)</u> |
| Book value of depreciable assets | 2,949,030 | 2,713,007 |
| Land | 437,566 | 437,566 |
| Construction in progress | <u>-</u> | <u>15,150</u> |
| Book value of fixed assets | <u>\$ 3,386,596</u> | <u>\$ 3,165,723</u> |

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

7. Beneficial Interest in Foundation

Beneficial interest represents The Arc's share of net assets available to The Arc from The Arc Foundation (The Foundation), which was created in 1997 to promote and support the purposes of The Arc. Originally organized such that its membership consisted of the board members of The Arc, The Foundation was part of the consolidated financial statements of The Arc. Effective at the beginning of fiscal year 2013, The Foundation's membership was changed to consist only of members of its own board, no more than forty-nine percent of whom may be members of the board of The Arc. As a result, The Arc no longer includes The Foundation in consolidation, but records its share of The Foundation's net assets because it is a financially interrelated organization.

Funds belonging to The Foundation are not automatically transferred to The Arc, but must be requested for specific purposes through a formal process that The Foundation controls. This process involves a review of amounts available for distribution and formal approval of funding requests by The Foundation's board. The Foundation transferred \$105,000 to the Arc during the year ended June 30, 2025. It transferred \$0 to The Arc during the year ended June 30, 2024. This amount is included in the Change in Interest in Foundation on the Statement of Activities.

8. Line of Credit and Borrowings

The Arc has a line of credit with a local bank, renewed in February 2025, with a maximum borrowing limit of \$100,000. The credit line is secured by an investment brokerage account having an estimated market value of \$6,228,590 at June 30, 2025. Interest is variable, as determined each consecutive month this loan is outstanding. The applicable rate at June 30, 2025 and 2024 was 10.15% and 11.15%, respectively. There was no outstanding balance on this obligation at June 30, 2025 and 2024.

9. Conditional Promises

Conditional promises consist of the unfunded portions of approved grants, either currently in effect or approved for commencement after June 30, 2025. Future funding of such awards is conditioned upon the organization's operation of certain programs, incurrence of certain costs, and possibly meeting certain matching requirements. Because such awards represent conditional promises to The Arc, they have not been recognized in the financial statements. Such promises amounted to approximately \$158,000 and \$142,000, respectively, at June 30, 2025 and 2024.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

10. Net Assets

Net assets consist of the following:

| | June 30, 2025 | June 30, 2024 |
|-------------------------------------------------------------------|------------------|------------------|
| Net assets without donor restrictions: | | |
| Undesignated: | | |
| Without Board designations | \$ 8,834,540 | \$ 6,935,774 |
| Invested in property and equipment, net of related debt | 3,386,596 | 3,165,723 |
| Total undesignated | 12,221,136 | 10,101,497 |
| Designated by the Board: | | |
| For adult services | 61,548 | 56,518 |
| For worker's compensation claims | 1,349,557 | 2,868,860 |
| Total designated | 1,411,105 | 2,925,378 |
| Total without donor restrictions | 13,632,241 | 13,026,875 |
| Net assets with donor restrictions: | | |
| For purposes to be determined by The Arc Caddo-Bossier Foundation | 9,503,179 | 8,406,911 |
| For purposes of child services education | 32,651 | 352,376 |
| Restricted in perpetuity through The Arc Caddo-Bossier Foundation | 50,000 | 50,000 |
| Total with donor restrictions | 9,585,830 | 8,809,287 |
| Total net assets | \$ 23,218,071 | \$ 21,836,162 |

11. Other Employee Expenses

The Arc participates in a profit-sharing plan, which is available to all employees who have attained age 18 and have completed one year of service. The plan provides for no vesting until after two years of participation, at which time the employee is fully vested. All contributions by the employer are discretionary; employees may, but are not required to, contribute. A 401(k)-funding feature was added to this plan in 1999, providing a 100% discretionary employer match for employee contributions up to 2% of employee salary. Effective October 1, 2024, the Arc reintroduced matching for employee contributions up to 4%, dollar-for-dollar. The Arc made contributions to this plan totaling \$91,880 and \$0, respectively, for the years ending June 30, 2025 and 2024.

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

12. Related Party Transactions

In addition to the entities included in the consolidated financial statements, as discussed in Note 2.b; The Arc controls and has a financial or economic interest in Louisiana Disabled Persons Housing Corporation. This corporation owns and operates an apartment complex for certain disabled individuals, which is regulated by the Department of Housing and Urban Development. Summarized financial data for this entity follows:

Louisiana Disabled Persons Housing Corporation
Summarized Statements of Net Assets
June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------|-------------------|-------------------|
| Current assets | \$ 86,736 | \$ 88,840 |
| Fixed assets, net | <u>267,812</u> | <u>293,553</u> |
| Total assets | <u>\$ 354,548</u> | <u>\$ 382,393</u> |
| | | |
| Current liabilities | \$ 261,485 | \$ 227,028 |
| Long-term debt, less current portion | <u>86,227</u> | <u>140,667</u> |
| Total liabilities | 347,712 | 367,695 |
| Net assets | <u>6,836</u> | <u>14,698</u> |
| Total liabilities and net assets | <u>\$ 354,548</u> | <u>\$ 382,393</u> |

Louisiana Disabled Persons Housing Corporation
Summarized Statements of Activities
June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|-----------------------|-----------------|------------------|
| Income | \$ 269,338 | \$ 262,810 |
| Expenses | <u>277,200</u> | <u>282,660</u> |
| Change in net assets | (7,862) | (19,850) |
| Net assets, beginning | <u>14,698</u> | <u>34,548</u> |
| Net assets, ending | <u>\$ 6,836</u> | <u>\$ 14,698</u> |

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

Transactions between all entities related to The Arc are summarized below:

| June 30, 2025 | | | | |
|---------------|--------------------------|----------------------------------------|---------------------|---------------------------------------------------------|
| | The Arc Caddo-Bossier | The Arc Caddo-Bossier Foundation | GREAT | Louisiana Disabled Persons Housing Corporation |
| Due from (to) | \$ <u>786,516</u> | \$ <u>(13,364)</u> | \$ <u>(572,696)</u> | \$ <u>(200,456)</u> |
| June 30, 2024 | | | | |
| | The Arc Caddo-Bossier | The Arc Caddo-Bossier Foundation | GREAT | Louisiana Disabled Persons Housing Corporation |
| Due from (to) | \$ <u>723,901</u> | \$ <u>(4,620)</u> | \$ <u>(549,052)</u> | \$ <u>(170,229)</u> |

13. Fair Value Measurements

The following tables present The Arc's fair value hierarchy for assets measured at fair value on a recurring basis:

Assets at Fair Value as of June 30, 2025

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Value |
|--------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|---------------------|
| Money market funds | \$ 70,808 | \$ - | \$ - | \$ 70,808 |
| Equity funds | 5,035,943 | - | - | 5,035,943 |
| Bond funds | 1,121,839 | - | - | 1,121,839 |
| Total | <u>\$ 6,228,590</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,228,590</u> |

Assets at Fair Value as of June 30, 2024

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Value |
|--------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|---------------------|
| Money market funds | \$ 53,371 | \$ - | \$ - | \$ 53,371 |
| Equity funds | 4,359,972 | - | - | 4,359,972 |
| Bond funds | 984,983 | - | - | 984,983 |
| Total | <u>\$ 5,398,326</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,398,326</u> |

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

Fair values for most investments are determined by reference to quoted market prices generated by market transactions (Level 1).

14. Leases

The Arc leases many of its vehicles and equipment, as well as office space, generally over one- to five-year terms, under operating lease arrangements. The right of use (ROU) assets represent The Arc's right to use the underlying assets for the lease term, and the lease liabilities represent The Arc's obligation to make lease payments arising from these leases. The ROU assets and liabilities were calculated based on the present value of future lease payments over the lease terms, based on The Arc's applicable average incremental borrowing rate.

The following table provides quantitative information concerning The Arc's leases.

| | <u>2025</u> | <u>2024</u> |
|------------------------------------------------------------------------|------------------|-------------------|
| Total lease expense | <u>\$ 82,278</u> | <u>\$ 102,673</u> |
| Other information | | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | \$ 79,509 | \$ 92,552 |
| ROU assets obtained in exchange for new operating lease liabilities | \$ - | \$ 322,761 |
| Weighted-average remaining lease term in years for operating leases | 3.77 | 4.65 |
| Weighted-average discount rate for operating leases (%) | 8.50% | 8.48% |

Future maturities of lease liabilities for the next five years and in the aggregate are as follows:

| | <u>Operating Leases</u> |
|---------------------------------------------------------|-------------------------|
| 2026 | \$ 77,638 |
| 2027 | 74,453 |
| 2028 | 61,472 |
| 2029 | 63,316 |
| 2030 | 5,289 |
| Thereafter | - |
| Total undiscounted cash flows | <u>282,168</u> |
| Less: present value discount | <u>(40,572)</u> |
| Total lease liabilities recognized in the balance sheet | <u>\$ 241,596</u> |

15. Contingencies

From time to time, the Company may be a defendant in legal actions or from other claims arising from normal business activities. Management believes that most such actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Company's financial position or change in net assets.

16. Subsequent Events

The Arc and GREAT are required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the consolidated financial

THE ARC CADDO-BOSSIER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

statements. Each entity performed such an evaluation through December 17, 2025, the date which the consolidated financial statements were available to be issued and noted no such subsequent events.

SUPPLEMENTARY INFORMATION

THE ARC CADDO-BOSSIER
CONSOLIDATED CHANGE IN NET ASSETS BY DIVISION
FOR THE YEAR ENDED JUNE 30, 2025

| | Adult Services | Children Services | Residential Services |
|---------------------------------------------|-------------------|----------------------|-------------------------|
| <u>Public support and revenue:</u> | | | |
| <u>Public support:</u> | | | |
| State of Louisiana | \$ 108,004 | \$ 251,789 | \$ 52,193 |
| Contributions | 85,043 | 323,320 | 882 |
| Other public support | <u>2,574</u> | <u>93,917</u> | <u>-</u> |
| Total public support | 195,621 | 669,026 | 53,075 |
| <u>Revenue:</u> | | | |
| Sales revenue | 3,986,736 | - | - |
| Membership dues | - | - | - |
| Title XIX | 1,055,732 | - | 10,572,418 |
| Service fees | 30,249 | 957,605 | - |
| Net investment income | - | - | - |
| Change in interest in Arc Foundation | - | - | - |
| Other income | <u>29,767</u> | <u>1,947</u> | <u>165,809</u> |
| Total revenue | <u>5,102,484</u> | <u>959,552</u> | <u>10,738,227</u> |
| Total public support and revenue | 5,298,105 | 1,628,578 | 10,791,302 |
| Total salaries and payroll related expenses | 3,827,120 | 1,499,118 | 8,137,122 |
| Total other expenses before depreciation | <u>1,173,777</u> | <u>400,486</u> | <u>1,430,741</u> |
| Total expenses before depreciation | 5,000,897 | 1,899,604 | 9,567,863 |
| Depreciation expense | <u>137,656</u> | <u>50,545</u> | <u>119,650</u> |
| Total expenses | <u>5,138,553</u> | <u>1,950,149</u> | <u>9,687,513</u> |
| Change in net assets | <u>\$ 159,552</u> | <u>\$ (321,571)</u> | <u>\$ 1,103,789</u> |

(Continued)

THE ARC CADDO-BOSSIER
CONSOLIDATED CHANGE IN NET ASSETS BY DIVISION
FOR THE YEAR ENDED JUNE 30, 2025

| | <u>Leisure Services</u> | <u>Management and General</u> | <u>Total</u> |
|---------------------------------------------|-----------------------------|-----------------------------------|---------------------|
| <u>Public support and revenue:</u> | | | |
| <u>Public support:</u> | | | |
| State of Louisiana | \$ - | \$ - | \$ 411,986 |
| Contributions | 351,767 | 278,950 | 1,039,962 |
| Other public support | - | <u>7,692</u> | <u>104,183</u> |
| Total public support | 351,767 | 286,642 | 1,556,131 |
| <u>Revenue:</u> | | | |
| Sales revenue | - | - | 3,986,736 |
| Membership dues | - | 3,544 | 3,544 |
| Title XIX | - | - | 11,628,150 |
| Service fees | 52,817 | - | 1,040,671 |
| Net investment income | - | 929,298 | 929,298 |
| Change in interest in Foundation | - | 1,096,269 | 1,096,269 |
| Other income | <u>1,500</u> | <u>67,687</u> | <u>266,710</u> |
| Total revenue | <u>54,317</u> | <u>2,096,798</u> | <u>18,951,378</u> |
| Total public support and revenue | 406,084 | 2,383,440 | 20,507,509 |
| Total salaries and payroll related expenses | 174,894 | 1,298,258 | 14,936,512 |
| Total other expenses before depreciation | <u>126,084</u> | <u>670,262</u> | <u>3,801,350</u> |
| Total expenses before depreciation | 300,978 | 1,968,520 | 18,737,862 |
| Depreciation expense | <u>53,764</u> | <u>26,123</u> | <u>387,738</u> |
| Total expenses | <u>354,742</u> | <u>1,994,643</u> | <u>19,125,600</u> |
| Change in net assets | <u>\$ 51,342</u> | <u>\$ 388,797</u> | <u>\$ 1,381,909</u> |

THE ARC CADDO-BOSSIER
CONSOLIDATED CHANGE IN NET ASSETS BY DIVISION-
ELIMINATION OF SERVICE FEES BETWEEN DIVISIONS
FOR THE YEAR ENDED JUNE 30, 2025

| | Adult Services Per Books | Eliminations Increase (Decrease) | Adult Services Per Report |
|---------------------------------------------|-----------------------------|----------------------------------------|------------------------------|
| <u>Public support and revenue:</u> | | | |
| <u>Public support:</u> | | | |
| State of Louisiana | \$ 108,004 | \$ - | \$ 108,004 |
| Contributions | 85,043 | - | 85,043 |
| Other public support | <u>2,574</u> | <u>-</u> | <u>2,574</u> |
| Total public support | 195,621 | - | 195,621 |
| <u>Revenue:</u> | | | |
| Sales revenue | 3,986,736 | - | 3,986,736 |
| Title XIX | 1,055,732 | - | 1,055,732 |
| Service fees | 470,400 | (440,151) | 30,249 |
| Other income | <u>29,767</u> | <u>-</u> | <u>29,767</u> |
| Total revenue | <u>5,542,635</u> | <u>(440,151)</u> | <u>5,102,484</u> |
| Total public support and revenue | 5,738,256 | (440,151) | 5,298,105 |
| Total salaries and payroll related expenses | 3,827,120 | - | 3,827,120 |
| Total other expenses before depreciation | <u>1,173,777</u> | <u>-</u> | <u>1,173,777</u> |
| Total expenses before depreciation | 5,000,897 | - | 5,000,897 |
| Depreciation expense | <u>137,656</u> | <u>-</u> | <u>137,656</u> |
| Total expenses | <u>5,138,553</u> | <u>-</u> | <u>5,138,553</u> |
| Change in net assets | <u>\$ 599,703</u> | <u>\$ (440,151)</u> | <u>\$ 159,552</u> |

(Continued)

THE ARC CADDO-BOSSIER
CONSOLIDATED CHANGE IN NET ASSETS BY DIVISION-
ELIMINATION OF SERVICE FEES BETWEEN DIVISIONS
FOR THE YEAR ENDED JUNE 30, 2025

| | Residential Services Per Books | Eliminations Increase (Decrease) | Residential Services Per Report |
|---------------------------------------------|--------------------------------------|----------------------------------------|---------------------------------------|
| Public support and revenue: | | | |
| <u>Public support:</u> | | | |
| State of Louisiana | \$ 52,193 | \$ - | \$ 52,193 |
| Contributions | 882 | - | 882 |
| Total public support | <u>53,075</u> | <u>-</u> | <u>53,075</u> |
| <u>Revenue:</u> | | | |
| Title XIX | 10,572,418 | - | 10,572,418 |
| Other income | 165,809 | - | 165,809 |
| Total revenue | <u>10,738,227</u> | <u>-</u> | <u>10,738,227</u> |
| Total public support and revenue | 10,791,302 | - | 10,791,302 |
| Total salaries and payroll related expenses | 8,137,122 | - | 8,137,122 |
| Total other expenses before depreciation | <u>1,870,892</u> | <u>(440,151)</u> | <u>1,430,741</u> |
| Total expenses before depreciation | 10,008,014 | (440,151) | 9,567,863 |
| Depreciation expense | <u>119,650</u> | <u>-</u> | <u>119,650</u> |
| Total expenses | <u>10,127,664</u> | <u>(440,151)</u> | <u>9,687,513</u> |
| Change in net assets | <u>\$ 663,638</u> | <u>\$ 440,151</u> | <u>\$ 1,103,789</u> |

THE ARC CADDO-BOSSIER
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

Agency Head: Kristen Powers

| | |
|------------------------------------------|------------|
| Salary | \$ 125,481 |
| Group insurance | 6,035 |
| Retirement | 3,846 |
| Cell phone | 1,519 |
| Travel-gasoline and related car expenses | 77 |
| Conference travel | 10,647 |

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Board of Directors
The Arc Caddo-Bossier
Shreveport, Louisiana

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

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 consolidated financial statements of The Arc Caddo-Bossier, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated December 17, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Arc Caddo-Bossier'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Arc Caddo-Bossier's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Arc Caddo-Bossier's internal control over financial reporting.

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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arc Caddo-Bossier's consolidated 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 consolidated 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 of the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 17, 2025

THE ARC CADDO-BOSSIER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of The Arc Caddo-Bossier.
2. No significant deficiencies and no material weaknesses relating to the audit of the consolidated financial statements are reported.
3. No instances of noncompliance material to the consolidated financial statements of The Arc Caddo-Bossier were disclosed during the audit.
4. The Arc Caddo-Bossier was not subject to a federal single audit.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable

**THE ARC CADDO-BOSSIER
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

No matters were reported in the prior year.

**THE ARC CADDO-BOSSIER
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

No findings were reported for the current year.