

Financial Report

Lafourche ARC

Thibodaux, Louisiana

June 30, 2019



Financial Report

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Thibodaux, Louisiana

June 30, 2019

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June 30, 2019 and 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Lafourche ARC (the "Association"), a nonprofit organization, which comprise the Statements of Financial Position as of June 30, 2019 and 2018 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Schedules 1 through 8 for the years ended June 30, 2019 and 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the years ended June 30, 2019 and 2018, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the Statement of Financial Position of Lafourche ARC as of June 30, 2017, and the related Statement of Activities for the year ended June 30, 2017 (none of which are presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for purposes of forming an opinion on the financial statements as a whole. The information contained in Schedules 5 through 7 for the year ended June 30, 2017 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements as of and for the year ended June 30, 2017. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information presented in the Schedules 5 through 7 for the year ended June 30, 2017 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued a report dated December 27, 2019 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Association's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 27, 2019.

STATEMENTS OF FINANCIAL POSITION**Lafourche ARC**
Thibodaux, Louisiana

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 2,050,864	\$ 2,043,711
Investments	9,054,071	8,610,270
Due from State of Louisiana	1,135,384	1,143,721
Accounts receivable	129,829	139,839
Promises to give	-	140,542
Deposits and other assets	85,141	208,918
Buildings, furniture, and equipment, net	<u>3,054,982</u>	<u>3,072,267</u>
Totals	<u><u>\$ 15,510,271</u></u>	<u><u>\$ 15,359,268</u></u>
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 549,336</u>	<u>\$ 532,727</u>
Net Assets		
Without donor restrictions	14,960,935	14,685,999
With donor restrictions	<u>-</u>	<u>140,542</u>
Total net assets	<u>14,960,935</u>	<u>14,826,541</u>
Totals	<u><u>\$ 15,510,271</u></u>	<u><u>\$ 15,359,268</u></u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES**Lafourche ARC**
Thibodaux, Louisiana

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Support and Revenues		
Support:		
Group services:		
Habilitation services	\$ 7,203,847	\$ 7,157,871
Residential services	3,154,799	3,159,374
Governmental grants:		
Office for Citizens with Developmental Disabilities	43,540	32,900
State of Louisiana - Hotel/Motel Tax	744,734	344,734
Department of Transportation and Development	40,000	40,000
Client income	312,573	273,615
Sheltered workshop, net of \$190,219 (\$201,821 in 2018) of direct costs	60,065	(25,616)
Contributions	<u>103,704</u>	<u>129,836</u>
Total support without donor restrictions	<u>11,663,262</u>	<u>11,112,714</u>
Revenues:		
Investment return	<u>448,227</u>	<u>214,848</u>
Net Assets Released from Restrictions		
Satisfaction of purpose restrictions	<u>140,542</u>	<u>100,878</u>
Total support, revenue, and net assets released from restrictions	<u>12,252,031</u>	<u>11,428,440</u>

Exhibit B
(Continued)

	<u>2019</u>	<u>2018</u>
Expenses		
Program services:		
Medical and nursing	67,393	70,220
Therapeutic and training	8,920,738	9,243,530
Recreational	2,966	3,658
Consultants	263,599	264,838
	<u>9,254,696</u>	<u>9,582,246</u>
Total program services		
Support services:		
Administrative and general	2,052,182	2,072,908
Plant operations and maintenance	257,651	264,736
Costs related to capital assets	274,970	281,668
Dietary	99,506	107,835
Laundry and linen	5,497	8,247
Housekeeping supplies	14,954	17,917
Personal client needs	17,639	13,029
	<u>2,722,399</u>	<u>2,766,340</u>
Total support services		
Total expenses	<u>11,977,095</u>	<u>12,348,586</u>
Increase (decrease) in net assets without donor restrictions	<u>274,936</u>	<u>(920,146)</u>
Changes in Net Assets With Donor Restrictions		
Support - State of Louisiana		
Department of Transportation and Development	-	140,542
Net assets released from restrictions:		
Satisfaction of purpose restrictions	(140,542)	(100,878)
	<u>(140,542)</u>	<u>(100,878)</u>
Increase (decrease) in net assets with donor restrictions	<u>(140,542)</u>	<u>39,664</u>
Increase (decrease) in net assets	134,394	(880,482)
Net Assets		
Beginning of year	<u>14,826,541</u>	<u>15,707,023</u>
End of year	<u>\$ 14,960,935</u>	<u>\$ 14,826,541</u>
See notes to financial statements.		

STATEMENT OF FUNCTIONAL EXPENSES

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

	Program Services				
	Medical and Nursing	Therapeutic and Training	Recreational	Consultants	Totals
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	263,599	263,599
Depreciation	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Food	-	-	-	-	-
Insurance	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	28,845	-	-	-	28,845
Other	5,026	-	-	-	5,026
Postage	-	-	-	-	-
Prescriptions	22,936	-	-	-	22,936
Professional fees	-	-	-	-	-
Salaries, payroll taxes, and benefits	-	8,911,671	-	-	8,911,671
Supplies	10,586	9,067	2,966	-	22,619
Telephone	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil, and repairs	-	-	-	-	-
Total expenses	<u>\$ 67,393</u>	<u>\$ 8,920,738</u>	<u>\$ 2,966</u>	<u>\$ 263,599</u>	<u>\$ 9,254,696</u>

See notes to financial statements.

Supporting Services								Grand Totals
Administrative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	Housekeeping Supplies	Personal Client Needs	Totals	
\$ 209,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,726	\$ 209,726
-	-	-	-	-	-	6,353	6,353	6,353
-	-	-	7,240	-	-	-	7,240	270,839
-	-	255,770	-	-	-	-	255,770	255,770
15,000	-	-	-	-	-	-	15,000	15,000
-	-	-	88,236	-	-	-	88,236	88,236
726,713	-	-	-	-	-	-	726,713	726,713
-	-	19,200	-	-	-	-	19,200	19,200
5,003	-	-	-	-	-	-	5,003	5,003
-	-	-	-	742	-	-	742	742
-	132,223	-	-	-	-	-	132,223	132,223
-	-	-	-	-	-	-	-	28,845
86,318	-	-	-	-	-	11,286	97,604	102,630
5,470	-	-	-	-	-	-	5,470	5,470
-	-	-	-	-	-	-	-	22,936
35,956	-	-	-	-	-	-	35,956	35,956
648,163	-	-	-	-	-	-	648,163	9,559,834
75,932	-	-	4,030	4,755	14,954	-	99,671	122,290
49,775	-	-	-	-	-	-	49,775	49,775
76,976	-	-	-	-	-	-	76,976	76,976
-	125,428	-	-	-	-	-	125,428	125,428
117,150	-	-	-	-	-	-	117,150	117,150
<u>\$ 2,052,182</u>	<u>\$ 257,651</u>	<u>\$ 274,970</u>	<u>\$ 99,506</u>	<u>\$ 5,497</u>	<u>\$ 14,954</u>	<u>\$ 17,639</u>	<u>\$ 2,722,399</u>	<u>\$ 11,977,095</u>

STATEMENT OF FUNCTIONAL EXPENSES**Lafourche ARC**
Thibodaux, Louisiana

For the year ended June 30, 2018

	Program Services				
	Medical and Nursing	Therapeutic and Training	Recreational	Consultants	Totals
Bed fees	\$ -	\$ -	\$ -	\$ -	\$ -
Clothing	-	-	-	-	-
Contracts - outside services	-	-	-	264,838	264,838
Depreciation	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Food	-	-	-	-	-
Insurance	-	-	-	-	-
Lease	-	-	-	-	-
Licenses	-	-	-	-	-
Linen and bedding	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Medical services	22,519	-	-	-	22,519
Other	19,037	-	-	-	19,037
Postage	-	-	-	-	-
Prescriptions	21,465	-	-	-	21,465
Professional fees	-	-	-	-	-
Salaries, payroll taxes, and benefits	-	9,242,328	-	-	9,242,328
Supplies	7,199	1,202	3,658	-	12,059
Telephone	-	-	-	-	-
Travel and seminars	-	-	-	-	-
Utilities	-	-	-	-	-
Vehicles - gas, oil, and repairs	-	-	-	-	-
Total expenses	<u>\$ 70,220</u>	<u>\$ 9,243,530</u>	<u>\$ 3,658</u>	<u>\$ 264,838</u>	<u>\$ 9,582,246</u>

See notes to financial statements.

Supporting Services								Grand Totals
Administrative and General	Plant Operations and Maintenance	Costs Related to Capital Assets	Dietary	Laundry and Linen	Housekeeping Supplies	Personal Client Needs	Totals	
\$ 205,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,268	\$ 205,268
-	-	-	-	-	-	3,775	3,775	3,775
-	-	-	6,075	-	-	-	6,075	270,913
-	-	262,468	-	-	-	-	262,468	262,468
12,000	-	-	-	-	-	-	12,000	12,000
-	-	-	94,668	-	-	-	94,668	94,668
780,325	-	-	-	-	-	-	780,325	780,325
-	-	19,200	-	-	-	-	19,200	19,200
4,905	-	-	-	-	-	-	4,905	4,905
-	-	-	-	2,584	-	-	2,584	2,584
-	138,279	-	-	-	-	-	138,279	138,279
-	-	-	-	-	-	-	-	22,519
76,843	-	-	-	-	-	9,254	86,097	105,134
4,373	-	-	-	-	-	-	4,373	4,373
-	-	-	-	-	-	-	-	21,465
38,221	-	-	-	-	-	-	38,221	38,221
623,088	-	-	-	-	-	-	623,088	9,865,416
84,080	-	-	7,092	5,663	17,917	-	114,752	126,811
47,789	-	-	-	-	-	-	47,789	47,789
84,614	-	-	-	-	-	-	84,614	84,614
-	126,457	-	-	-	-	-	126,457	126,457
111,402	-	-	-	-	-	-	111,402	111,402
<u>\$ 2,072,908</u>	<u>\$ 264,736</u>	<u>\$ 281,668</u>	<u>\$ 107,835</u>	<u>\$ 8,247</u>	<u>\$ 17,917</u>	<u>\$ 13,029</u>	<u>\$ 2,766,340</u>	<u>\$ 12,348,586</u>

STATEMENTS OF CASH FLOWS

Lafourche ARC
Thibodaux, Louisiana

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 134,394	\$ (880,482)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	255,770	262,468
Donation of capital assets	(175,542)	-
Net realized and unrealized gains on investments	(351,030)	(93,041)
Decrease (increase) in operating assets:		
Receivables	18,347	33,416
Promises to give	140,542	(39,664)
Deposits and other assets	123,777	(90,244)
Increase (decrease) in operating liabilities:		
Accounts payable	16,609	(9,948)
Total adjustments	<u>28,473</u>	<u>62,987</u>
Net cash provided by (used in) operating activities	<u>162,867</u>	<u>(817,495)</u>
Cash Flows from Investing Activities		
Purchases of investments	(1,880,163)	(1,373,733)
Proceeds from maturity and sales of investments	1,787,392	1,255,899
Purchase of capital assets	(62,943)	(266,463)
Net cash used in investing activities	<u>(155,714)</u>	<u>(384,297)</u>
Net increase (decrease) in cash	7,153	(1,201,792)
Cash		
Beginning of year	<u>2,043,711</u>	<u>3,245,503</u>
End of year	<u><u>\$ 2,050,864</u></u>	<u><u>\$ 2,043,711</u></u>
See notes to financial statements.		

NOTES TO FINANCIAL STATEMENTS**Lafourche ARC**
Thibodaux, Louisiana

June 30, 2019 and 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Nature of Organization**

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

b) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Association had no net assets with donor restrictions as of June 30, 2019. As of June 30, 2018, the Association had net assets with donor restrictions of \$140,542.

c) Basis of Accounting

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

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Fair Value of Financial Instruments

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

f) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Association had no cash equivalents as of June 30, 2019 and 2018.

g) Investments

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

Certificates of deposit with initial maturity longer than three months are stated at cost, which approximates fair market value. All other investments have readily determinable fair values in active markets. Investment expenses of \$59,000 and \$58,387 were incurred for the years ended June 30, 2019 and 2018, respectively.

h) Accounts Receivable

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

i) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Promises to give are recognized as assets and revenues. Contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence or nature of any donor restrictions.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Promises to Give (Continued)

Contributions that are restricted by the donor are reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions, if any, are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

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

j) Buildings, Furniture, and Equipment

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

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

k) Donated Services

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Compensated Absences

On July 1st, all full-time employees receive from 12 to 21 days of leave depending on years of service. These days are to cover both vacation and sick leave. Leave must be taken by September 1st of the next fiscal year or the leave is lost. The Association has \$70,012 and \$45,456 of accumulated leave included in accounts payable and accrued liabilities as of June 30, 2019 and 2018, respectively.

m) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses in accordance with cost reporting regulations of the Louisiana Department of Health and Hospitals. When bills are entered into the accounting system, they are assigned to a function or program. Transactions and resulting balances of charges for services between the Association's programs have been eliminated from the financial statements.

n) Income Taxes

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Tax years ended June 30, 2016 and later remain subject to examination by the taxing authorities. As of June 30, 2019, management of the Association believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*", which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. The Association has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases" (*Topic 842*). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Association is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (*Topic 230*). ASU 2016-18 requires that a Statement of Cash Flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Association is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

p) Reclassifications

Certain balances in the 2018 financial statements and notes have been reclassified to conform to the 2019 presentation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 27, 2019, which is the date the financial statements were available to be issued.

Note 2 - INVESTMENTS

Investments as of June 30, 2019 and 2018 are as follows:

	2019		2018	
	Cost	Market	Cost	Market
U.S. Treasury Notes	\$ 39,070	\$ 46,417	\$ 56,563	\$ 54,763
U.S. Treasury Bonds	79,122	98,275	81,909	79,056
Federal Home Loan Mortgage Corporation Notes	132,260	133,656	119,355	78,063
Federal National Mortgage Association Notes	552,792	396,891	698,401	354,289
Equity shares/mutual funds	2,069,285	2,671,743	2,033,157	2,494,218
Fixed income mutual funds	1,475,548	1,486,443	1,445,042	1,421,052
Certificates of deposit and savings accounts	3,295,615	3,295,615	3,254,500	3,254,500
Municipal bonds	94,279	126,635	106,273	112,771
Corporate bonds	532,268	654,308	697,537	678,182
Money market funds	144,088	144,088	83,376	83,376
Totals	<u>\$ 8,414,327</u>	<u>\$ 9,054,071</u>	<u>\$ 8,576,113</u>	<u>\$ 8,610,270</u>

Note 2 - INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Excess of market over (under) cost:		
End of year	\$ 639,744	\$ 34,157
Beginning of year	<u>34,157</u>	<u>348,650</u>
Unrealized gain (loss)	605,587	(314,493)
Net realized gain (loss)	(254,557)	407,534
Interest and dividends	156,197	180,194
Fees and expenses	<u>(59,000)</u>	<u>(58,387)</u>
Investment return	<u><u>\$ 448,227</u></u>	<u><u>\$ 214,848</u></u>

Note 3 - FAIR VALUE MEASUREMENTS

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

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

Note 3 - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2019 and 2018 are comprised of and determined as follows:

	June 30, 2019			
	Total Assets Measured at Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual Funds				
Emerging market	\$ 87,105	\$ 87,105	\$ -	\$ -
Financial	8,087	8,087	-	-
International markets	37,630	37,630	-	-
Large blend	28,367	28,367	-	-
Mid-Cap blend	53,227	53,227	-	-
Real estate	6,372	6,372	-	-
Small blend	57,536	57,536	-	-
Trading inverse equity	53,938	53,938	-	-
Fixed income mutual funds				
Commodities broad basket	54,807	54,807	-	-
Emerging market bond	71,601	71,601	-	-
High yield bond	342,200	342,200	-	-
Intermediate term bond	605,905	605,905	-	-
Long government bond	66,012	66,012	-	-
Multisector bond	275,170	275,170	-	-
Short term bond	24,543	24,543	-	-
Short government bond	46,205	46,205	-	-
Total mutual funds	<u>1,818,705</u>	<u>1,818,705</u>	<u>-</u>	<u>-</u>
Equity Shares				
Basic materials	17,185	17,185	-	-
Consumer cyclical	294,572	294,572	-	-
Consumer defensive	178,579	178,579	-	-
Consumer services	14,840	14,840	-	-
Energy	211,937	211,937	-	-
Financials	524,707	524,707	-	-
Health care	314,661	314,661	-	-
Industrials	85,435	85,435	-	-
Information technology	281,185	281,185	-	-
Materials	71,093	71,093	-	-
Real estate	98,228	98,228	-	-
Technology	14,969	14,969	-	-
Telecommunication services	157,801	157,801	-	-
Utilities	74,289	74,289	-	-
Total equity shares	<u>2,339,481</u>	<u>2,339,481</u>	<u>-</u>	<u>-</u>
Government bonds	675,239	675,239	-	-
Corporate bonds	654,308	654,308	-	-
Municipal bonds	126,635	126,635	-	-
Certificates of deposit and savings accounts	3,295,615	3,295,615	-	-
Money market funds	144,088	144,088	-	-
Totals	<u>\$ 9,054,071</u>	<u>\$ 9,054,071</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3 - FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2018			
	Total Assets Measured at Fair Value	Quoted Prices in Active Market for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual Funds				
Emerging market	\$ 71,599	\$ 71,599	\$ -	\$ -
Energy	6,075	6,075	-	-
Financial	8,456	8,456	-	-
International markets	65,043	65,043	-	-
Large blend	57,717	57,717	-	-
Mid-Cap blend	37,008	37,008	-	-
Real estate	6,273	6,273	-	-
Small blend	58,629	58,629	-	-
Trading inverse equity	59,452	59,452	-	-
Fixed income mutual funds				
Commodities broad basket	62,764	62,764	-	-
Emerging market bond	50,265	50,265	-	-
High yield bond	383,434	383,434	-	-
Intermediate term bond	625,885	625,885	-	-
Multisector bond	222,156	222,156	-	-
Municipal bond	51,607	51,607	-	-
Short term bond	24,941	24,941	-	-
Total mutual funds	<u>1,791,304</u>	<u>1,791,304</u>	<u>-</u>	<u>-</u>
Equity Shares				
Consumer cyclical	272,968	272,968	-	-
Consumer defensive	104,932	104,932	-	-
Energy	224,033	224,033	-	-
Financials	533,537	533,537	-	-
Health care	335,401	335,401	-	-
Industrials	77,800	77,800	-	-
Information technology	272,402	272,402	-	-
Materials	63,717	63,717	-	-
Real estate	85,454	85,454	-	-
Telecommunication services	126,368	126,368	-	-
Utilities	27,354	27,354	-	-
Total equity shares	<u>2,123,966</u>	<u>2,123,966</u>	<u>-</u>	<u>-</u>
Government bonds	566,171	566,171	-	-
Corporate bonds	678,182	678,182	-	-
Municipal bonds	112,771	112,771	-	-
Certificates of deposit and savings accounts	3,254,500	3,254,500	-	-
Money market funds	83,376	83,376	-	-
Totals	<u>\$8,610,270</u>	<u>\$8,610,270</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 - DUE FROM STATE OF LOUISIANA

Amounts receivable for residential and habilitation services charged to the State of Louisiana Department of Health and Hospitals is \$1,135,384 and \$1,143,721 as of June 30, 2019 and 2018 respectively.

Note 5 - RESTRICTIONS ON ASSETS

Net assets with donor restrictions are restricted by the donor for specific purposes or are available for subsequent periods. Restricted net assets total \$100,878 for the year ended June 30, 2018. There were no restricted assets for the year ended June 30, 2019. Restrictions of net assets as of June 30, 2019 and 2018 relate to purpose of use restrictions. Net assets with donor restrictions are promises to give from the Louisiana Department of Transportation and Development for the purchase of new vehicles.

Note 6 - BUILDINGS, FURNITURE, AND EQUIPMENT

Buildings, furniture, and equipment as of June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 226,200	\$ 226,200
Buildings and improvements	4,160,140	4,126,600
Vehicles	1,634,053	1,436,581
Furniture and equipment	<u>467,620</u>	<u>460,150</u>
	6,488,013	6,249,531
Less: accumulated depreciation	<u>(3,433,031)</u>	<u>(3,177,204)</u>
Net buildings, furniture, and equipment	<u><u>\$ 3,054,982</u></u>	<u><u>\$ 3,072,327</u></u>

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Vendors	\$ 40,819	\$ 43,678
Salaries and benefits	461,030	448,845
Other	<u>47,487</u>	<u>40,204</u>
Totals	<u><u>\$ 549,336</u></u>	<u><u>\$ 532,727</u></u>

Note 8 - LEASE COMMITMENTS

As of June 30, 2019, the Diplomat Way Community Home is leased under a month-to-month operating lease beginning October 1, 2015 for monthly rent of \$1,600. Rental expenses incurred amounted to \$19,200 for both years ended June 30, 2019 and 2018.

Note 9 - AVAILABILITY OF FINANCIAL ASSETS

The Association is substantially supported by Medicaid funding, governmental grants, and client income. The Association is also supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Association has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

Occasionally, the Association designates a portion of any operating surplus for a particular purpose. The association-designated reserves can be changed and made available for immediate use in the event of an urgent liquidity need. The Association did not have any association-designated reserves as of June 30, 2019 and 2018.

The following reflects the Association's financial assets as of June 30, 2019, reduced by amounts not available for general use because of donor-imposed restrictions.

Financial assets:

Cash and cash equivalents	\$ 2,050,864
Investments	9,054,071
Due from State of Louisiana	1,135,384
Accounts receivable	129,829
Deposits and other assets	<u>85,141</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,455,289</u>
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Note 10 - CENTRAL OFFICE OVERHEAD

The central office was established to account for supporting expenses common to the programs. Each program reimburses the central office for its share. The amount allocated to each program, as supporting service-administrative and general is based upon time and level of efforts expended as measured by expenses per program compared to total expenses. The allocations are eliminated for presentation of the Statements of Activities and Statement of Functional Expenses. For the year ended June 30, 2019 and 2018, personal service and occupancy costs incurred at the central office amounting to \$927,157 and \$796,180, respectively, were allocated to the programs as follows:

	<u>2019</u>	<u>2018</u>
Chackbay Community Home	\$ 31,963	\$ 26,650
Country Club Community Home	26,586	21,490
Diplomat Way Community Home	37,180	30,916
Stevens Community Home	38,688	32,946
Narrow Street Community Home	27,174	20,847
Richland Community Home	35,462	26,008
Community Support Services	530,376	473,776
Daycare Services	<u>199,728</u>	<u>163,547</u>
Total	<u>\$ 927,157</u>	<u>\$ 796,180</u>

Note 11 - ECONOMIC DEPENDENCY

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

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

Note 12 - RETIREMENT PLAN

The Association adopted a 401(k) retirement plan effective July 1, 1997. The plan covers all employees who have completed one or more years of service. The Association makes contributions to the plan at its discretion. Contributions amounted to \$7,994 and \$5,862 for the years ended June 30, 2019 and 2018, respectively.

Note 13 - CONCENTRATION OF RISK

During the year ended June 30, 2019, the Association maintained its cash deposits and certificates of deposit with local banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash, certificates of deposit and money market mutual funds at this institution exceeded federally insured limits by approximately \$3,110,000 as of June 30, 2019.

Note 14 - RISK MANAGEMENT

The Association is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2019.

Note 15 - CONTINGENCY

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

SUPPLEMENTARY INFORMATION SECTION

SCHEDULE OF PROGRAM FINANCIAL POSITION

Lafourche ARC Thibodaux, Louisiana

June 30, 2019

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Assets					
Cash	\$ 200	\$ 200	\$ 100	\$ 200	\$ 100
Investments	600,808	305,020	633,575	62,230	534,611
Due from State of Louisiana	28,504	24,822	27,612	38,222	25,372
Accounts receivable	246	-	-	-	(397)
Due from other programs	49,123	254,706	50,969	-	387,787
Promises to give	-	-	-	-	-
Deposits	370	334	395	333	405
Buildings, furniture, and equipment, net of accumulated depreciation, \$3,433,031	137,017	55,990	9,444	87,757	156,366
Totals	<u>\$ 816,268</u>	<u>\$ 641,072</u>	<u>\$ 722,095</u>	<u>\$ 188,742</u>	<u>\$ 1,104,244</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 11,038	\$ 23,178	\$ 15,386	\$ 14,813	\$ 11,134
Due to other programs	982,550	20,000	1,088,991	426,290	-
Total liabilities	<u>993,588</u>	<u>43,178</u>	<u>1,104,377</u>	<u>441,103</u>	<u>11,134</u>
Net Assets					
Unrestricted	(177,320)	597,894	(382,282)	(252,361)	1,093,110
Temporarily restricted	-	-	-	-	-
Total net assets	<u>(177,320)</u>	<u>597,894</u>	<u>(382,282)</u>	<u>(252,361)</u>	<u>1,093,110</u>
Totals	<u>\$ 816,268</u>	<u>\$ 641,072</u>	<u>\$ 722,095</u>	<u>\$ 188,742</u>	<u>\$ 1,104,244</u>

Community Homes Richland	Community Support	Day Care Services	Central Office	Eliminations	Grand Totals
\$ 100	\$ 1,249,467	\$ 470	\$ 800,027	\$ -	\$ 2,050,864
266,737	4,804,258	1,846,832	-	-	9,054,071
28,459	836,552	125,841	-	-	1,135,384
(273)	67,832	62,341	80	-	129,829
112,089	2,437,586	653,008	1,905,952	(5,851,220)	-
-	-	-	-	-	-
440	-	555	82,309	-	85,141
83,138	1,242,272	851,410	431,588	-	3,054,982
<u>\$ 490,690</u>	<u>\$ 10,637,967</u>	<u>\$ 3,540,457</u>	<u>\$ 3,219,956</u>	<u>\$ (5,851,220)</u>	<u>\$ 15,510,271</u>
\$ 13,034	\$ 374,821	\$ 49,365	\$ 36,567	\$ -	\$ 549,336
150,000	-	-	3,183,389	(5,851,220)	-
163,034	374,821	49,365	3,219,956	(5,851,220)	549,336
327,656	10,263,146	3,491,092	-	-	14,960,935
-	-	-	-	-	-
327,656	10,263,146	3,491,092	-	-	14,960,935
<u>\$ 490,690</u>	<u>\$ 10,637,967</u>	<u>\$ 3,540,457</u>	<u>\$ 3,219,956</u>	<u>\$ (5,851,220)</u>	<u>\$ 15,510,271</u>

SCHEDULE OF PROGRAM ACTIVITIES

Lafourche ARC Thibodaux, Louisiana

For the year ended June 30, 2019

	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Changes in Net Assets Without Donor Restrictions					
Support and Revenues					
Support:					
Group services:					
Habilitation services	\$ -	\$ -	\$ -	\$ -	\$ -
Residential services	350,995	306,709	352,699	468,117	317,769
Governmental Grants:					
Office for Citizens with Developmental Disabilities	-	-	-	-	-
State of Louisiana-Hotel/Motel Tax	-	-	-	-	-
Department of Transportation and Development	-	-	-	-	-
Client income	59,380	53,632	42,519	66,881	40,441
Sheltered workshop, net of \$190,219 of direct costs	-	-	-	-	-
Contributions	-	-	-	-	13,837
Total support without donor restrictions	410,375	360,341	395,218	534,998	372,047
Revenues:					
Investment return	41,895	21,270	44,192	4,351	37,302
Allocations	-	-	-	-	-
Total unrestricted support, revenue and net assets released from restrictions	452,270	381,611	439,410	539,349	409,349
Expenses					
Program services:					
Medical and nursing	13,184	8,112	14,417	12,103	9,902
Therapeutic and training	297,836	227,450	323,251	376,982	231,090
Recreational	158	96	56	400	1,837
Consultants	16,101	16,265	15,355	16,797	15,615
Total program services	327,279	251,923	353,079	406,282	258,444
Support services:					
Administrative and general	106,263	96,326	109,925	123,233	92,515
Plant operations and maintenance	11,149	12,988	13,140	13,804	10,280
Costs related to capital assets	5,517	3,689	21,878	13,004	6,097
Dietary	16,484	13,505	17,167	18,316	18,061
Laundry and linen	1,019	444	1,994	359	281
Housekeeping	3,202	1,816	2,331	2,811	1,937
Personal client needs	3,235	1,863	3,405	2,867	2,715
Total support services	146,869	130,631	169,840	174,394	131,886
Total expenses	474,148	382,554	522,919	580,676	390,330
Increase (decrease) in assets without donor restrictions	(21,878)	(943)	(83,509)	(41,327)	19,019
Changes in Restricted Assets					
Support - State of Louisiana					
Department of Transportation and Development	-	-	-	-	-
Increase (Decrease) in Net Position	(21,878)	(943)	(83,509)	(41,327)	19,019
Net Assets					
Beginning of year	(155,442)	598,837	(298,773)	(211,034)	1,074,091
End of year	<u>\$ (177,320)</u>	<u>\$ 597,894</u>	<u>\$ (382,282)</u>	<u>\$ (252,361)</u>	<u>\$ 1,093,110</u>

<u>Community Homes Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Central Office</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ - 366,635	\$ 6,927,841 202,429	\$ 276,006 1,049,858	\$ - -	\$ - \$ (260,412)	\$ 7,203,847 3,154,799
-	-	43,540	-	-	43,540
-	-	744,734	-	-	744,734
-	-	40,000	-	-	40,000
49,720	-	-	-	-	312,573
-	-	60,065	-	-	60,065
12,817	35,000	27,440	14,610	-	103,704
429,172	7,165,270	2,241,643	14,610	(260,412)	11,663,262
18,611	183,053	97,553	-	-	448,227
-	-	-	927,155	(927,155)	-
447,783	7,348,323	2,339,196	941,765	(1,187,567)	12,111,489
5,936	3,739	-	-	-	67,393
345,151	5,911,482	1,467,908	-	(260,412)	8,920,738
419	-	-	-	-	2,966
17,558	165,908	-	-	-	263,599
369,064	6,081,129	1,467,908	-	(260,412)	9,254,696
109,652	904,290	588,484	848,649	(927,155)	2,052,182
13,256	437	138,712	43,885	-	257,651
4,753	41,106	129,695	49,231	-	274,970
15,973	-	-	-	-	99,506
1,400	-	-	-	-	5,497
2,857	-	-	-	-	14,954
3,554	-	-	-	-	17,639
151,445	945,833	856,891	941,765	(927,155)	2,722,399
520,509	7,026,962	2,324,799	941,765	(1,187,567)	11,977,095
(72,726)	321,361	14,397	-	-	134,394
-	-	-	-	-	-
(72,726)	321,361	14,397	-	-	134,394
400,382	9,941,785	3,476,695	-	-	14,826,541
<u>\$ 327,656</u>	<u>\$ 10,263,146</u>	<u>\$ 3,491,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,960,935</u>

SCHEDULE OF PROGRAM SERVICES EXPENSES

Lafourche ARC Thibodaux, Louisiana

For the year ended June 30, 2019

	<u>Community Homes</u>				
	<u>Chackbay</u>	<u>Club</u>	<u>Way</u>	<u>Stevens</u>	<u>Street</u>
Medical and Nursing					
Medical services	\$ 2,499	\$ 4,823	\$ 7,863	\$ 4,815	\$ 6,179
Other	2,566	40	1,087	767	349
Prescriptions	5,716	2,889	3,634	5,584	2,555
Supplies	2,403	360	1,833	937	819
	<u>13,184</u>	<u>8,112</u>	<u>14,417</u>	<u>12,103</u>	<u>9,902</u>
Therapeutic and Training					
Habilitation	30,312	30,312	30,312	30,312	30,312
Salaries, payroll taxes, and benefits	267,524	197,138	292,939	346,670	200,778
Supplies	-	-	-	-	-
	<u>297,836</u>	<u>227,450</u>	<u>323,251</u>	<u>376,982</u>	<u>231,090</u>
Recreational					
Supplies	<u>158</u>	<u>96</u>	<u>56</u>	<u>400</u>	<u>1,837</u>
Consultants					
Other	2,000	2,000	2,000	2,000	2,000
Pharmacist	1,879	1,513	2,033	2,175	2,358
Psychiatrist	1,299	1,885	455	1,755	390
Registered nurse	10,867	10,867	10,867	10,867	10,867
Social worker	56	-	-	-	-
	<u>16,101</u>	<u>16,265</u>	<u>15,355</u>	<u>16,797</u>	<u>15,615</u>
Total consultants					
	<u>16,101</u>	<u>16,265</u>	<u>15,355</u>	<u>16,797</u>	<u>15,615</u>
Total program services	<u>\$ 327,279</u>	<u>\$ 251,923</u>	<u>\$ 353,079</u>	<u>\$ 406,282</u>	<u>\$ 258,444</u>

<u>Community Homes Richland</u>	<u>Community Support</u>	<u>Day Care Services</u>	<u>Eliminations</u>	<u>Grand Totals</u>
\$ 2,666	\$ -	\$ -	\$ -	\$ 28,845
161	56	-	-	5,026
2,558	-	-	-	22,936
551	3,683	-	-	10,586
<u>5,936</u>	<u>3,739</u>	<u>-</u>	<u>-</u>	<u>67,393</u>
30,312	-	-	(181,872)	-
314,839	5,904,372	\$ 1,465,951	(78,540)	8,911,671
-	7,110	1,957	-	9,067
<u>345,151</u>	<u>5,911,482</u>	<u>1,467,908</u>	<u>(260,412)</u>	<u>8,920,738</u>
<u>419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,966</u>
2,000	36,760	-	-	48,760
2,208	-	-	-	12,166
2,015	195	-	-	7,994
10,867	128,953	-	-	194,155
468	-	-	-	524
<u>17,558</u>	<u>165,908</u>	<u>-</u>	<u>-</u>	<u>263,599</u>
<u>\$ 369,064</u>	<u>\$ 6,081,129</u>	<u>\$ 1,467,908</u>	<u>\$ (260,412)</u>	<u>\$ 9,254,696</u>

SCHEDULE OF SUPPORT SERVICES EXPENSES**Lafourche ARC**
Thibodaux, Louisiana

For the year ended June 30, 2019

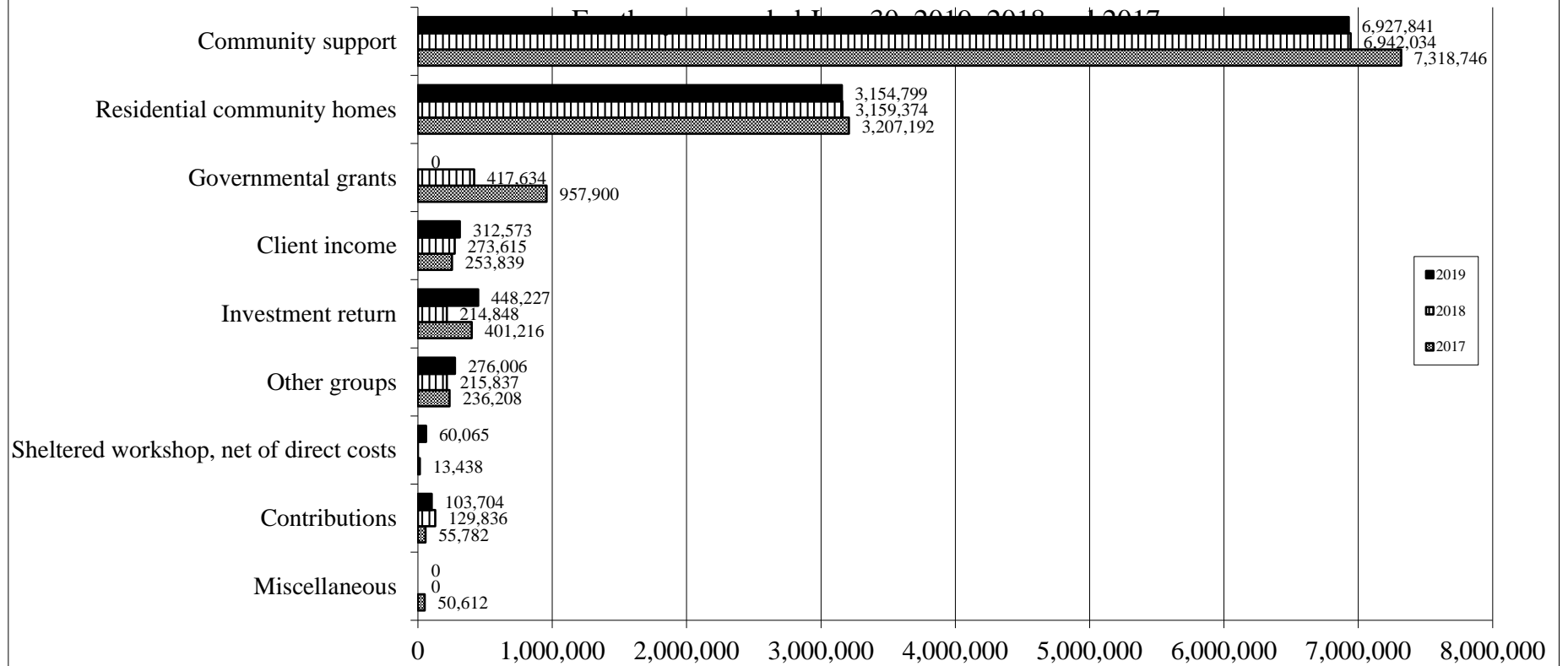
	Community Homes				
	Chackbay	Country Club	Diplomat Way	Stevens	Narrow Street
Administrative and General					
Bed fees	\$ 35,369	\$ 35,369	\$ 35,369	\$ 35,369	\$ 35,369
Central office	31,963	26,586	37,180	38,686	27,174
Dues and subscriptions	-	-	-	-	-
Insurance	33,743	25,907	28,546	34,632	25,400
Licenses	615	620	615	632	620
Other	27	672	27	10	192
Postage	-	-	120	10	5
Professional fees	-	-	-	-	-
Salaries, payroll taxes and benefits	-	-	-	-	-
Supplies	320	149	281	400	432
Telephone	-	2,538	3,910	3,996	175
Travel and seminars	2,612	556	316	2,000	974
Vehicles - gas, oil, and repairs	1,614	3,929	3,561	7,498	2,174
Total administrative and general	106,263	96,326	109,925	123,233	92,515
Plant Operations and Maintenance					
Maintenance and repairs	5,015	4,522	4,192	5,197	3,200
Utilities	6,134	8,466	8,948	8,607	7,080
Total plant operations and maintenance	11,149	12,988	13,140	13,804	10,280
Costs Related to Capital Assets					
Depreciation	5,517	3,689	2,678	13,004	6,097
Lease	-	-	19,200	-	-
Total costs related to capital assets	5,517	3,689	21,878	13,004	6,097
Dietary					
Contracts - dietician	1,850	1,690	1,850	1,850	-
Food	13,887	11,404	14,524	15,815	17,595
Supplies	747	411	793	651	466
Total dietary expenses	16,484	13,505	17,167	18,316	18,061
Laundry and Linen					
Linen and bedding	38	62	158	72	60
Supplies	981	382	1,836	287	221
Total laundry and linen	1,019	444	1,994	359	281
Housekeeping					
Supplies	3,202	1,816	2,331	2,811	1,937
Personal Client Needs					
Clothing	1,088	555	898	754	852
Other	2,147	1,308	2,507	2,113	1,863
Total personal client needs	3,235	1,863	3,405	2,867	2,715
Total support services	\$ 146,869	\$ 130,631	\$ 169,840	\$ 174,394	\$ 131,886

Community Homes Richland	Community Support	Day Care Services	Central Office	Eliminations	Grand Totals
\$ 32,881	\$ -	\$ -	\$ -	\$ -	\$ 209,726
35,462	530,376	199,728	-	(927,155)	-
-	-	-	15,000	-	15,000
29,748	240,331	254,266	54,140	-	726,713
620	1,200	81	-	-	5,003
23	39,539	15,034	30,794	-	86,318
-	2,898	-	2,437	-	5,470
-	800	-	35,156	-	35,956
-	-	-	648,163	-	648,163
561	13,280	17,346	43,163	-	75,932
3,179	8,733	15,243	12,001	-	49,775
1,944	54,786	6,787	7,001	-	76,976
5,234	12,347	79,999	794	-	117,150
<u>109,652</u>	<u>904,290</u>	<u>588,484</u>	<u>848,649</u>	<u>(927,155)</u>	<u>2,052,182</u>
4,418	47	88,403	17,229	-	132,223
8,838	390	50,309	26,656	-	125,428
<u>13,256</u>	<u>437</u>	<u>138,712</u>	<u>43,885</u>	<u>-</u>	<u>257,651</u>
4,753	41,106	129,695	49,231	-	255,770
-	-	-	-	-	19,200
<u>4,753</u>	<u>41,106</u>	<u>129,695</u>	<u>49,231</u>	<u>-</u>	<u>274,970</u>
-	-	-	-	-	7,240
15,011	-	-	-	-	88,236
962	-	-	-	-	4,030
<u>15,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,506</u>
352	-	-	-	-	742
1,048	-	-	-	-	4,755
<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,497</u>
2,857	-	-	-	-	14,954
2,206	-	-	-	-	6,353
1,348	-	-	-	-	11,286
<u>3,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,639</u>
<u>\$ 151,445</u>	<u>\$ 945,833</u>	<u>\$ 856,891</u>	<u>\$ 941,765</u>	<u>\$ (927,155)</u>	<u>\$ 2,722,399</u>

SCHEDULE OF REVENUES AND EXPENSES**Lafourche ARC**
Thibodaux, Louisiana

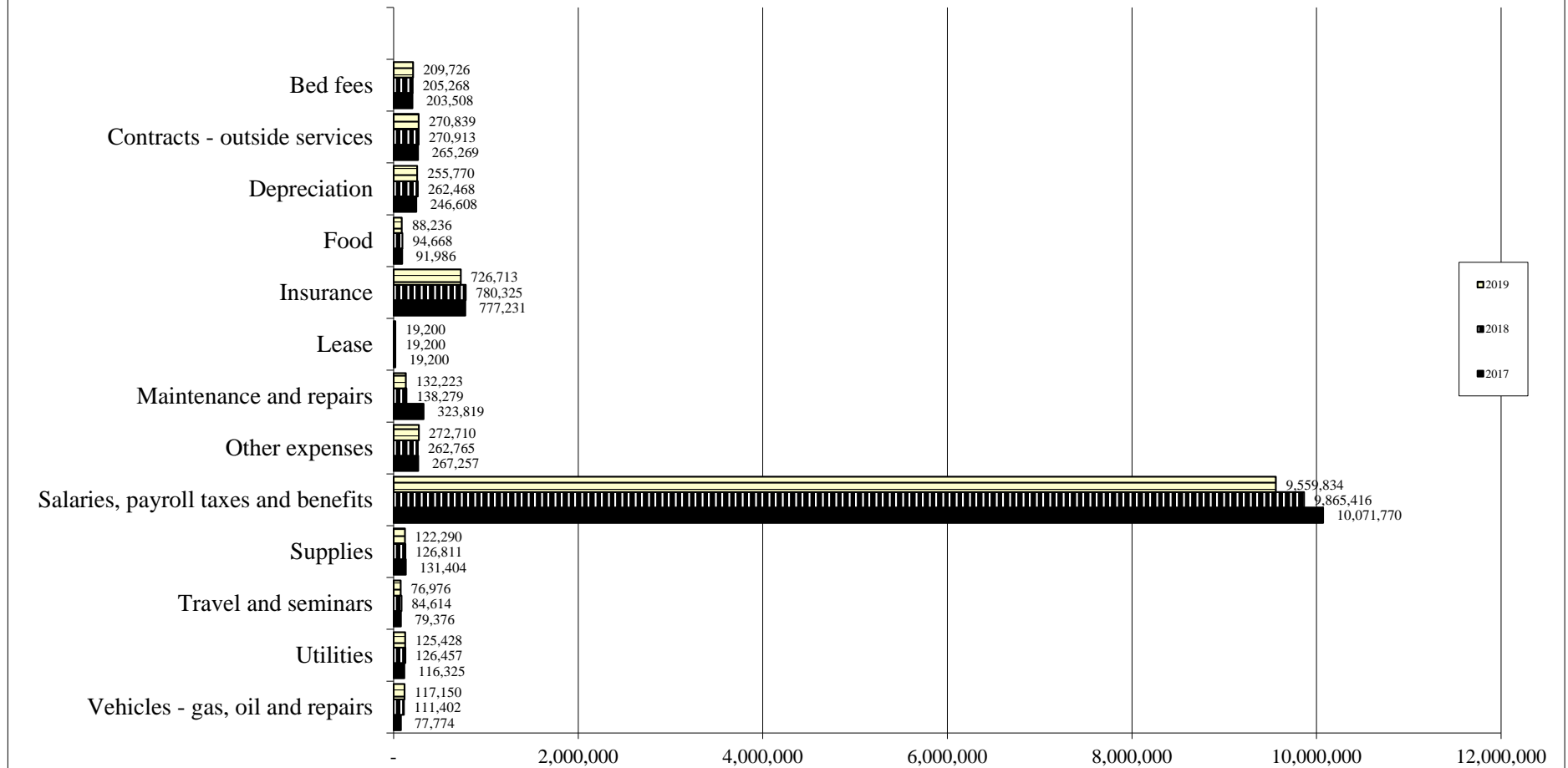
For the years ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues			
Community support	\$ 6,927,841	\$ 6,942,034	\$ 7,318,746
Residential community homes	3,154,799	3,159,374	3,207,192
Governmental grants	828,274	417,634	957,900
Other:			
Client income	312,573	273,615	253,839
Investment return	448,227	214,848	401,216
Other groups	276,006	215,837	236,208
Sheltered workshop, net of direct costs	60,065	(25,616)	13,438
Contributions	103,704	129,836	55,782
Miscellaneous	-	-	50,612
Total revenues	<u>\$ 12,111,489</u>	<u>\$ 11,327,562</u>	<u>\$ 12,494,933</u>
Expenses			
Bed fees	\$ 209,726	\$ 205,268	\$ 203,508
Contracts - outside services	270,839	270,913	265,269
Depreciation	255,770	262,468	246,608
Food	88,236	94,668	91,986
Insurance	726,713	780,325	777,231
Lease	19,200	19,200	19,200
Maintenance and repairs	132,223	138,279	323,819
Other expenses	272,710	262,765	267,257
Salaries, payroll taxes and benefits	9,559,834	9,865,416	10,071,770
Supplies	122,290	126,811	131,404
Travel and seminars	76,976	84,614	79,376
Utilities	125,428	126,457	116,325
Vehicles - gas, oil and repairs	117,150	111,402	77,774
Total expenses	<u>\$ 11,977,095</u>	<u>\$ 12,348,586</u>	<u>\$ 12,671,527</u>

REVENUES**Lafourche ARC
Thibodaux, Louisiana**

EXPENSES**Lafourche ARC**
Thibodaux, Louisiana

For the years ended June 30, 2019, 2018 and 2017



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

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

Agency Head Name: Wendy Executive, Executive Director

Purpose

Salary	\$ 88,800
Benefits - insurance	4,480
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ 93,280</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Lafourche ARC, (the "Association"), which comprise the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bourgeois Bennett, L.L.C.".

Certified Public Accountants.

Houma, Louisiana,
December 27, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? ___ Yes X None reported

Noncompliance material to financial
statements noted? ___ Yes X No

b) Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2019.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended June 30, 2019.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

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

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2018.

No significant deficiencies were reported during the audit for the year ended June 30, 2018.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 2018.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2018.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

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

Internal Control

No material weaknesses were reported during the audit for the year ended June 30, 2019.

No significant deficiencies were reported during the audit for the year ended June 30, 2019.

Compliance

No compliance findings material to the statements of financial position were noted during the year ended June 30, 2019.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche ARC did not expend federal awards during the year ended June 30, 2019.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

STATEWIDE AGREED-UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described in the attached schedule, which were agreed to by the Lafourche ARC (the "Association") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2019. The Association's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in the attached schedule.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Thibodaux, Louisiana,
December 27, 2019.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Lafourche ARC
Thibodaux, Louisiana

For the year ended June 30, 2019

The required procedures and our findings are as follows:

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

1. Obtain and inspect the client's written policies and procedures and observe whether those written policies and procedures address each of the following categories and subcategories (is applicable to public funds and the entity's operations):
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Reviewed the written budgeting policy.
Exceptions: No exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Reviewed the written purchasing policy.
Exceptions: Purchasing policy does not contain a policy in regards to the approved vendor list.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Reviewed the written disbursements policy.
Exceptions: No exceptions noted.
 - d) Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Performance: Reviewed the written receipts policy.
Exceptions: No exceptions noted.

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

- e) Payroll/Personnel, including (1) payroll processing; and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: Reviewed the written payroll/personnel policy.

Exceptions: No exceptions noted.

- f) Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.

Performance: Inquired with management about a contracting policy.

Exceptions: Management confirms that there is no contracting policy.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers of statements; and (5) monitoring card usage.

Performance: Reviewed the written credit card policy.

Exceptions: No exceptions noted.

- h) Travel and Expense Reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

Performance: Reviewed the written travel and expense reimbursement policy.

Exceptions: No exceptions noted.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Association's ethics policy.

Not applicable to not-for-profit organizations.

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

Not applicable to not-for-profit organizations.

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

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired with management about a disaster recovery policy.

Exceptions: Management confirms that there is no disaster recovery policy.

Procedures performed on the Association's board:

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

Exceptions: According to the Articles of Incorporation dated June 20, 1963, the board shall hold regular monthly meetings; however, the board did not hold a meeting in December 2018.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

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

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

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Performance: Reviewed prior year fund balances and did not note any negative ending balances.

Exceptions: No exceptions noted.

Procedures performed on the Association's bank reconciliations:

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged).

Performance: Reviewed the bank reconciliations at year end to see if there was evidence of timely reconciliation noting an electronic signature and a date stamp.

Exceptions: No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Performance: Reviewed the bank reconciliations at year end to see if there was evidence of proper review noting an electronic signature of an eligible reviewer.

Exceptions: No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve months from the statement closing date, if applicable.

Performance: Reviewed the bank reconciliations at year end for outstanding items.

Exceptions: One item older than twelve months was found.

Procedures performed on the Association's collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Performance: Received the list of deposit sites from management, noting that there was only one deposit site for this entity.

Exceptions: No exceptions noted.

5. For each deposit site selected, obtain a listing of all collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy and inquired of management that every employee responsible for cash collection has their own cash drawer.
Exceptions: No exceptions noted.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
Performance: Inspected policy and inquired of management that the employee responsible for cash collection is also responsible for preparing the deposit but another employee is in charge of reconciliation.
Exceptions: No exceptions noted.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
Performance: Inspected policy and inquired of management that the employee responsible for cash collection is also responsible for posting entries but another employee is in charge of reconciliation.
Exceptions: No exceptions noted.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
Performance: Inspected policy and inquired of management that the employee responsible for reconciliation is not responsible for cash collection.
Exceptions: No exceptions noted.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
Performance: Viewed the crime insurance policy.
Exceptions: No exceptions noted.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:

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

- a) Observe that receipts are sequentially pre-numbered.

Performance: Selected ten deposit dates and verified that the receipts were sequentially pre-numbered.

Exceptions: No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Selected ten deposit dates and verified that the receipts agreed to the support documentation and the deposit slip.

Exceptions: No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per bank statement.

Performance: Selected ten deposit dates and verified that the deposit slips agreed to the bank statement.

Exceptions: No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: Selected ten deposit dates and verified that they were deposited within one day of collection.

Exceptions: No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Selected ten deposit dates and verified that the deposit slips agreed to the bank statement.

Exceptions: No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Performance: Received listing of payment processing locations and selected them all since there are less than five.

Exceptions: No exceptions noted.

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Inquired as to the people responsible for purchase initiation, approval, and placing the order.
Exceptions: No exceptions noted.
 - b) At least two employees are involved in processing and approving payments to vendors.

Performance: Inquired as to the people responsible for processing and approving payments to vendors.
Exceptions: No exceptions noted.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inquired as to the people responsible for processing payments and modifying vendor files. While the same person that inputs the payment also adds/modifies vendor files, the Fiscal Services Director periodically reviews the vendor file list.
Exceptions: No exceptions noted.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired as to the people responsible for mailing checks are not responsible for processing payments.
Exceptions: No exceptions noted.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: For the five sample items, agreed the check stub to the invoice.
Exceptions: No exceptions noted.

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

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: For the five sample items, viewed the approval signature on each check stub.

Exceptions: No exceptions noted.

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

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

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

Exceptions: No exceptions noted.

- 12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Performance: Observed that there were review initials on the statement as well as checkmarks next to each charge.

Exceptions: No exceptions noted.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed that there were no late fees or finance charges on the statement.

Exceptions: No exceptions noted.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transaction if less than ten) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by:

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

- a) An original itemized receipt that identifies precisely what was purchased.
Performance: Traced each transaction to an original itemized receipt.
Exceptions: No exceptions noted.
- b) Written documentation of the business/public purpose.
Performance: Observed documentation of the purpose of each transaction.
Exceptions: No exceptions noted.
- c) Documentation of the individuals participating in meals (for meal charges only).
Performance: Observed documentation for each meal transaction selected.
Exceptions: No exceptions noted.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Testing is not applicable as there were no findings in prior testing.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Testing is not applicable as there were no findings in prior testing.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Testing is not applicable as there were no findings in prior testing.

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

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Testing is not applicable as there were no findings in prior testing.

- 15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select five contracts (or all contracts if less than five) from the listing, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Testing is not applicable as there were no findings in prior testing.

- b) Observe that the contract was approved by the governing body/of the Association if required by policy or law.

Testing is not applicable as there were no findings in prior testing.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Testing is not applicable as there were no findings in prior testing.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Testing is not applicable as there were no findings in prior testing.

Procedures performed on the Association's payroll and personnel:

- 16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Testing is not applicable as there were no findings in prior testing.

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

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Testing is not applicable as there were no findings in prior testing.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Testing is not applicable as there were no findings in prior testing.

- c) Observe that any leave accrued or taken during the pay period is reflected in the Association's cumulative leave records.

Testing is not applicable as there were no findings in prior testing.

18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Testing is not applicable as there were no findings in prior testing.

19. Obtain management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Testing is not applicable as there were no findings in prior testing.

Procedures performed on the Association's ethics:

20. Using the five selected employees/officials, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable to not-for-profit organizations.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Association's ethics policy during the fiscal period.

Not applicable to not-for-profit organizations.

Procedures performed on the Association's debt service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

Not applicable to not-for-profit organizations.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable to not-for-profit organizations.

Other procedures performed on the Association:

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Association reported the misappropriations(s) to the legislative auditor and the district attorney of the parish in which the Association is domiciled.

Performance: Inquired to management of any misappropriations of public funds during the year noting none.

Exceptions: No exceptions noted.

Other procedures performed on the Association: (Continued)

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Viewed the properly posted notice.

Exceptions: No exceptions noted.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), Management will add an approved vendor list to the purchasing policy.
2. As a response to exception reported at 1f), Management does not believe that this is applicable to their business as they receive most of their income from Medicaid and do not deal with contracting very often.
3. As a response to exception reported at 1k), Management will prepare a disaster recovery policy.
4. As a response to exception reported at 2a), Management does not usually hold meetings in December due to members serving on other boards.
5. As a response to exception reported at 2b), Management will provide budget-to-actual comparisons on financial statements provided in board meetings.
6. As a response to exception reported at 3c), Management will continue to perform its yearly review of old outstanding checks and write-off any they do not believe will be cashed.