CARC, INC.

Financial Statements and Independent Auditors' Report

June 30, 2024

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Broussard & Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of CARC, Inc.

Opinion

We have audited the accompanying financial statements of CARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CARC, Inc. as of June 30, 2024, and the 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 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 CARC, Inc. 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CARC, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards 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 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 financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 organization’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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the supplementary schedule listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of CARC, Inc.’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 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 CARC, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CARC, Inc.’s internal control over financial reporting and compliance.

Broussard and Company

Lake Charles, Louisiana
December 5, 2025

CARC, INC.
Statement of Financial Position
As of June 30, 2024

ASSETS		
Current Assets		
Cash and cash equivalents	$	4,253,094
Investments		3,190,421
Accounts receivable		
Grants and contracts, net		7,602
Medicaid, net		314,494
Work activity, net		3,325
Client liability, net		30,637
Other		22,713
Due from related parties		353,775
Note receivable - current portion		22,387
Merchandise inventory		30,000
Prepaid expenses		-
Total Current Assets		8,228,448
Property, Plant and Equipment		
Land		627,881
Buildings		5,928,860
Building improvements		1,081,317
Furniture, Fixtures and equipment		1,468,198
Transportation equipment		687,739
		9,793,995
Less: Accumulated depreciation		(5,147,422)
Total Property, Plant and Equipment		4,646,573
Other Assets		
Deposits		5,600
Operating lease right-of-use assets, net		1,289,668
Note receivable - noncurrent portion		349,780
Total Other Assets		1,645,048
TOTAL ASSETS	$	14,520,069

See accompanying notes to financial statements.

CARC, INC.
Statement of Financial Position
As of June 30, 2024

LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	45,931
Accrued salaries		227,199
Payroll taxes payable		57,537
Accrued vacations payable		32,249
Operating lease obligations - current		93,931
Total Current Liabilities		456,847
Non-Current Liabilities		
Operating lease obligation - non-current		1,192,117
Total Non-Current Liabilities		1,192,117
TOTAL LIABILITIES		1,648,964
Net Assets		
Without donor restrictions		12,871,105
With donor restrictions		-
Total Net Assets		12,871,105
TOTAL LIABILITIES AND NET ASSETS	$	14,520,069

See accompanying notes to financial statements.

CARC, INC.
Statement of Activities
Year ended June 30, 2024

	Without Donot Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Federal, state and local grants/contracts	$ -	$ 766,982	$ 766,982
Medicaid	4,406,936	-	4,406,936
Contributions	589,087	-	589,087
Membership dues	770	-	770
Auxilliary activities	16,368	-	16,368
Other program fees	415,804	-	415,804
Investment income (loss)	423,695	-	423,695
Gain (loss) on disposal of assets	-	-	-
Rental income	50,185	-	50,185
Other income	3,857,254	-	3,857,254
Net assets released from restrictions	766,982	(766,982)	-
Total Revenues, Gains and Other Support	10,527,081	-	10,527,081
EXPENSES			
Program services	7,102,574	-	7,102,574
Supporting services	808,147	-	808,147
Total Expenses	7,910,721	-	7,910,721
Increase (decrease) in Net Assets	2,616,360	-	2,616,360
NET ASSETS - BEGINNING OF YEAR	10,254,745	-	10,254,745
NET ASSETS - END OF YEAR	$ 12,871,105	$ -	$ 12,871,105

See accompanying notes to financial statements.

CARC, INC.
Statement of Functional Expenses
For the year ended June 30, 2024

	Program Services						Support Services		
	Work Activity	Adult Habilitation	Residential Services	Respite	Eliminations	Progam Services Total	Investment Rental	Support Services Total	Total
Salaries and wages	$ 229,529	$ 194,553	$ 1,235,136	$ 2,033,169	$ -	$ 3,692,387	$ 76,647	$ 76,647	$ 3,769,034
Payroll taxes	17,615	14,826	95,564	155,224	-	283,229	5,951	5,951	289,180
Total salaries and related expenses	247,144	209,379	1,330,700	2,188,393	-	3,975,616	82,598	82,598	4,058,214
Advertising	1,163	838	4,880	5,256	-	12,137	1,381	1,381	13,518
Bad debts	-	190	-	-	-	190	-	-	190
Bank charges	37	27	156	168	-	388	44	44	432
Central office overhead	37,621	-	-	-	-	37,621	-	-	37,621
Consultants	-	-	52,296	-	-	52,296	-	-	52,296
Contract services	17,504	12,285	90,606	94,337	-	214,732	30,000	30,000	244,732
Dues and subscriptions	940	677	4,137	4,247	-	10,001	1,116	1,116	11,117
Employee benefits	9,366	17,389	83,788	60,186	-	170,729	10,465	10,465	181,194
Habilitative services	-	-	26,240	-		26,240	-	-	26,240
Insurance	35,605	34,589	190,716	86,380	-	347,290	143,069	143,069	490,359
Licenses	-	-	3,562	5	-	3,567	-	-	3,567
Medicaid provider fees	-	-	180,218	-	-	180,218	-	-	180,218
Medical	-	-	8,081	-	-	8,081	-	-	8,081
Miscellaneous	8,261	652	48,012	24,428	-	81,353	222,021	222,021	303,374
Office expense	185	134	778	838	-	1,935	220	220	2,155
Postage	144	104	604	651	-	1,503	171	171	1,674
Professional services	122,833	91,905	515,612	555,327	-	1,285,677	145,900	145,900	1,431,577
Rent	4,191	-	8,100	-	-	12,291	-	-	12,291
Repairs and maintenance	39,970	21,852	31,804	6,606	-	100,232	10,215	10,215	110,447
Seminars	312	224	1,308	1,408	-	3,252	370	370	3,622
Supplies	29,015	3,874	173,021	16,807	-	222,717	9,626	9,626	232,343
Telephone	1,984	5,743	4,150	3,131	-	15,008	398	398	15,406
Transportation	18,919	5,441	10,591	5,258	-	40,209	2,246	2,246	42,455
Travel	214	1,216	898	11,632	-	13,960	254	254	14,214
Utilities	13,572	7,842	47,799	10,917	-	80,130	21,603	21,603	101,733
Interest expense	12,289	-	-	-	-	12,289	-	-	12,289
Amortization	66,463	-	-	-	-	66,463	-	-	66,463
Depreciation	12,645	75,869	37,935	-	-	126,449	126,450	126,450	252,899
Total Functional Expenses	$ 680,377	$ 490,230	$ 2,855,992	$ 3,075,975	$ -	$ 7,102,574	$ 808,147	$ 808,147	$ 7,910,721

See accompanying notes to financial statements.

CARC, INC.
Statement of Cash Flows
Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 2,616,360
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	252,899
Operating lease right-of-use amortization expense	66,463
(Increase) decrease in:	
Accounts receivable	(33,012)
Inventory	-
Deposits and prepaids	-
Operating lease right-of-use assets, net	(1,256,998)
Other	(45,633)
Increase (decrease) in:	
Accounts payable	(41,330)
Accrued salaries	(1,461)
Payroll taxes payable	1,800
Operating lease obligations, net	1,185,984
Accrued vacations	961
NET CASH FROM OPERATING ACTIVITIES	2,746,033
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	2,850,210
Purchase of investments	(2,674,189)
Proceeds from receipt of principal	21,035
Purchases of fixed assets	(169,636)
NET CASH FROM INVESTING ACTIVITIES	27,420
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,773,453
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,479,641
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,253,094

See accompanying notes to financial statements.

CARC, INC.
Notes to Financial Statements
June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CARC, Inc. (the Association) is presented to assist in understanding CARC, Inc.'s financial statements. The financial statements and notes are representations of CARC, Inc.’s management, who are responsible for their integrity and objectivity.

On October 31, 2012, the Company changed its legal name from Calcasieu Association for Retarded Citizens, Inc. to CARC, Inc.

<u>Nature of Activities</u>

CARC, INC. was organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

<u>Work Activity</u> - Clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

<u>Adult Habilitation</u> - Adults are taught day-to-day living skills and work opportunities.

<u>Residential Services</u> - The Association maintains six community homes which house six clients each on a "round-the-clock" supervised basis.

<u>Respite Services</u> - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State offices of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

<u>Basis of Accounting</u>

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

<u>Basis of Presentation</u>

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) No. 2016-14, Not-for-*Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. CARC, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers all cash and liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of mutual funds comprised of debt and equity securities, stocks, and certificates of deposit. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. All highly liquid debt instruments with an original maturity of three months or less from date of purchase are considered cash equivalents.

Property Plant. and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful lives in excess of one year and $1,000 are capitalized. Depreciation is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets, ranging from 3 to 30 years.

Normal repairs and maintenance are expensed as incurred whereas significant improvements that materially increase values or extend useful lives are capitalized and depreciated over the remaining estimated useful lives of the related assets.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has specifically restricted the donated asset for a specific purpose.

Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred, or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2024, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Donated Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

Advertising Costs

The Association expenses advertising costs as incurred. Expenses incurred were $13,518 for the year ended June 30, 2024.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Certain indirect costs have been allocated to the functional categories based on the Association's analysis of time devoted to each category.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association 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 depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Recently Issued Accounting Pronouncements

On July 1, 2022, the Association adopted *Statement No. 87 of the Governmental Accounting Standards Board – Leases.* This requires the Association to recognize most leases on the statements of financial position. The Association records leases on the statement of financial position in the form of a lease liability for the present value of the future minimum lease payments under the lease terms and a right-to-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives and any impairment of the right-to-use asset. The discount rate used in determining the lease liability is based upon the incremental borrowing rate the Association could obtain for similar loans as of the date of commencement or renewal. Leases that are classified as short-term (less than one year) are not recorded. Disclosures about leasing activities are presented in Note M.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2024, cash and cash equivalents consisted of the following:

Operating bank accounts	$ 794,324
Money market investment accounts	3,458,770
	$ 4,253,094

At June 30, 2024, the carrying amount of the bank and money market accounts was $4,253,094 and the bank balance was $4,278,512 of which $50,383 was not secured by FDIC insurance. Any amounts invested in money market accounts are not insured against market risk.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable amounts in the accompanying statement of financial position are reported net of $0 in allowance for doubtful accounts.

NOTE D - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana R.S. 46:2601-2605, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 2024 is $180,218.

NOTE E – LONG-TERM NOTE RECEIVABLE

In February of 2006, Louisiana Disabled Persons Finance Corporation paid in full a loan to U.S. Department of Housing and Urban Development (HUD). The funding to pay the loan balance was derived from CARC, Inc. Interest rate on CARC, Inc.'s thirty-year mortgage is to be fixed for five years at 6.25% and terms are to be reviewed every five years. The Association has signed a use agreement with HUD to abide by HUD regulations, as they apply to this project, and the continued Section 8 contract.

Louisiana Disabled Persons Finance Corporation (LADPFC): First Mortgage note; secured by a mortgage lien, payable in monthly installments of principal and interest of $3,751 (interest at 6.25% per annum), maturity in February 2036.

Outstanding balance at June 30, 2024	$	372,167
Less: current maturities		(22,387)
Long-term note receivable, net of current portion	$	349,780

NOTE F - RETIREMENT PLAN

Effective September 1, 1997, a retirement savings plan and trust for the benefit of eligible employees was adopted. The plan covers substantially all of the employees, with the exception of client employees, of CARC, Inc. who have attained the age of 21 and completed one year of service (at least 1,000 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant may elect to have compensation deferred by up to the maximum percentage allowable not to exceed the limits of Code Sections 401(k), 402(g), 404 and 415. The maximum annual amount that an employee could contribute as an elective deferral for calendar year 2024 was $23,000 per year. The employer makes a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. The Board of Directors adopted an employer contribution of 50% of the first 3% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors.

NOTE G - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE H – DUE FROM RELATED PARTIES

Included in Due from Related Parties at June 30, 2024 are amounts owed to CARC, Inc. from several affiliated non-profit organizations under a common board of directors. Amounts include operating advances, current and prior period outstanding management fees, and other services provided to these entities such as lawn care, maintenance, janitorial, and vehicle usage. Total amounts include the following:

Louisiana Disabled Person's Finance Corporation	$ 298,172
Louie Street Apartments, Inc.	16,564
Stroud Manor, Inc.	39,039
Total	$ 353,775

NOTE I - INVESTMENTS

As of June 30, 2024, CARC, Inc. had its assets in money market instruments, U.S. Treasury notes, U.S. agency securities, stocks, and municipal bonds managed by financial institutions. The accounts managed by the financial institutions have a fair value of $3,190,421 as of June 30, 2024. CARC, Inc.'s investments are as follows:

		Maturity			
Type	Fair Value	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
Fixed Income	1,760,851	1,297,264	181,478	128,497	153,612
Equities	996,201	996,201	-	-	-
Mutual Funds	417,617	417,617	-	-	-
Accrued Interest	15,752	15,752	-	-	-
Total	$ 3,190,421	$ 2,726,834	$ 181,478	$ 128,497	$ 153,612

CARC, Inc. categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. All of the Association's investments are Level 1 or Level 2.

- Level 1 inputs – the valuation is based on quoted market prices for identical assets or liabilities traded in active markets.
- Level 2 inputs – the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted market prices that are observable for the asset or liability.
- Level 3 inputs – the valuation is determined using the best information available under the circumstances and might include the organization's own data. In developing unobservable inputs, the organization may begin with its own data but should make adjustments if (a) reasonable available information indicates that other market participants would use different data or (b) there is something particular to the organization that is not available to other market participants.

NOTE I – INVESTMENTS (CONTINUED)

Interest rate risk: this is the risk that changes in interest rates will adversely affect the fair value of an investment. CARC, Inc.'s policies state that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first insure that capital losses are avoided.

Concentration of Credit Risk: this is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. CARC, Inc.'s policies do not address concentration risk.

Custodial Credit Risk - Investments: this is the risk that, in the event of the failure of the counter party, the Organization will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE J - LIQUIDITY

At June 30, 2024, the Association has $7,822,286 available to meet needs for general expenditures consisting of cash of $4,253,094, accounts receivable of $378,771, and investments of $3,190,421. $170,308 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Association are expected to be met on a monthly basis from grant income. In general, the Association maintains sufficient financial assets on hand to meet thirty days' worth of normal operating expenses.

NOTE K - CONCENTRATION OF RISK

The Association is located in Southwest Louisiana and performs most of its services in this area, The Association receives a substantial amount of its support from state and local government. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

NOTE L - SELF-INSURANCE

All CARC, Inc. employees have an option to participate in the Association's self-funded, comprehensive medical care benefits program. The cost of medical care paid out of employee and employer contributions and is held in a separate bank account. The Association has contracted with a third-party administrator to provide administrative services for this health care benefits program.

CARC, Inc. employees are covered by a self-insured state unemployment benefits program through Unemployment Services Trust (UST). CARC, Inc. has contracted with the third-party administrator to provide administrating services for the unemployment benefits program.

NOTE M – GASB 87 – LEASES

The Association has two operating leases that fall under GASB 87 for the year ended June 30, 2024. These include leases on two buildings for two Treasure Chest store locations (one in Lake Charles, Louisiana and one in Moss Bluff, Louisiana). The original lease terms were 3 years and 15 years, respectively. Management used a 6.00% discount rate to determine the lease liability and the right-of-use asset.

As of June 30, 2024, the Association has capitalized right-of-use assets in the amount of $1,435,438, net of accumulated amortization of $145,770, for an unamortized right-to-use asset amount of $1,289,668. The Association recognized amortization expense of $66,463 for the year ended June 30, 2024. The corresponding lease liability was $1,286,048 at June 30, 2024. Future lease payments under noncancelable leases are as follows:

Year Ended June 30:	
2025	$ 139,544
2026	103,680
2027	103,680
2028	120,960
2029	120,960
Thereafter	1,397,040
Total	$ 1,985,864

NOTE N – REVENUE RECOGNITION

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Association adopted the new standard effective July 1, 2022.

As part of the adoption of the ASU, the Association elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Association used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Association expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the Association has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the Association’s revenue is recognized over time based on service periods and public contributions. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Association’s revenue streams do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

NOTE N – REVENUE RECOGNITION (CONTINUED)

The adoption of this ASU did not have a significant impact on the Association's financial statements. Based on the Association's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Note O – DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Association reports revenues based on the following categories: Medicaid revenues, grants, and other. The Association has determined that these categories can be used to meet the objective of the disaggregation disclosure requirements, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table disaggregates the Association's revenue based on type and on the timing of satisfaction of performance obligations for the year ended June 30, 2024:

	Medicaid	Grants	Other	Total
Performance obligations satisfied at a point in time	$ -	$ -	$ -	$ -
Performance obligations satisfied over time	4,406,936	766,982	5,353,163	10,527,081
	$ 4,406,936	$ 766,982	$ 5,353,163	$ 10,527,081

NOTE P – CONTRACT BALANCES

Contract assets include unbilled amounts resulting from sales under contracts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were as follows for the year ended June 30, 2024:

	2024
Contract assets	$ -
Contract liabilities	-

NOTE Q – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets and accumulated depreciation is as follows:

	Balance at June 30, 2023	Additions	Disposals	Balance at June 30, 2024
Land	$ 627,881	$ -	$ -	$ 627,881
Buildings	5,910,780	18,080	-	5,928,860
Building improvements	1,030,870	50,447	-	1,081,317
Furniture, fixtures and equipment	1,439,454	28,744	-	1,468,198
Transportation equipment	633,545	72,365	(18,171)	687,739
Subtotals	9,642,530	169,636	(18,171)	9,793,995
Less: accumulated depreciation	(4,912,694)	(252,899)	18,171	(5,147,422)
Net capital assets	$ 4,729,836	$ (83,263)	$ -	$ 4,646,573

Depreciation expense for the year ended June 30, 2024 was $252,899.

NOTE R – COMPENSATED ABSENCES

Vacation and sick leave are recorded as expenditures in the period in which they are paid. Sick leave is not payable upon termination or resignation. Vacation leave accumulates based on the length of the employee's service. Upon termination or resignation, the outstanding balance of unused vacation leave can be paid to the employee. As of June 30, 2024, the liability for unpaid, accrued vacation leave was 32,249.

NOTE S – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the year ended June 30, 2024:

Purpose restriction accomplished:		
Federal, state and local grants/contracts	$	766,982
Total satisfaction of donor restrictions	$	766,982

NOTE T – GRANTS FROM GOVERNMENTAL AGENCIES AND OTHER ORGANIZATIONS

A summary of grants from governmental agencies and other organizations for the year ended June 30, 2024 were as follows:

FEMA Disaster Grant	$	738,640
Imperial Calcasieu Human Services Authority Grant		28,342
	$	766,982

NOTE U – SUBSEQUENT EVENTS

Management evaluated its June 30, 2024 financial statements for subsequent events through December 5, 2025 the date of which the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure.

CARC, Inc.
June 30, 2024

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended: June 30, 2024

Agency Head: Libby Leone, Executive Director

Purpose	Amount
Salary	$ 85,710
Benefits - Insurance	10,406
Benefits - Retirement	1,286
Deferred compensation	-
Car allowance	-
Cell phone	-
Dues	1,245
Registration fees	-
Conference travel	-
Total	$ 98,647

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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 of
CARC, Inc.

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 CARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 5, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned as item 2024-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

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

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CARC, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on CARC, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. CARC, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Broussard and Company

Lake Charles, Louisiana
December 5, 2025

CARC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUIDTOR'S RESULTS

Financial Statements:
Type of auditor's report issued: unmodified

Internal control over financial reporting:

• Material weakness identified?	__X__ yes ______ no
• Significant deficiencies identified that are not material weaknesses ?	__X__ yes ______ no
• Noncompliance material to financial statements noted?	______ yes __X__ no

SECTION II – FINDINGS RELATED TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDTING STANDARDS

2024-001 – Failure to Submit Financial Statements Timely

Criteria: The regulation at R.S. 24:514 requires the Agency to submit sworn annual financial statements to the Louisiana Legislative Auditor in a timely manner.

Condition: The Agency failed to submit the financial statements in a timely manner to the Louisiana Legislative Auditor in a timely manner. The Agency lacks adequate financial controls to ensure that financial records are properly maintained.

Cause: Due to lack of appropriate management oversight, the Agency lacked the ability to ensure proper procedures were followed to maintain timely accounting records.

Effect: The Agency failed to maintain complete and accurate accounting records enabling them to have a timely audit.

Recommendation: Management should put additional policies and procedures in place to ensure that their internal financial records are timely and that any adjustments made by the accountants and as required by the independent auditors are done in a timely fashion.

Management's Response: Management will put policies and procedures in place to ensure that future financial statement submissions are completed in a timely manner.

2024-002 – Management Review of Bank Reconciliations

Criteria: Documented approvals of bank reconciliations should be performed.

Condition: Management does not document their review of monthly bank reconciliations.

Cause: Due to lack of appropriate management oversight, the Agency failed to have monthly reviews of the bank reconciliations performed.

Effect: Failure to approve bank reconciliations could lead to unauthorized transactions.

Recommendation: Management should document their approval after bank reconciliations are completed by the accountant in a timely manner.

Management's Response: Management will approve and sign all future bank reconciliations.

2024-003 – Payroll Direct Deposit Electronic Funds Transfers (EFT's)

Criteria: More than one employee should be involved in the process of submitting EFT's for payroll expenditures.

Condition: One employee can initiate and process an EFT without management approval.

Cause: Due to lack of appropriate management oversight, one employee has the ability to initiate and process an EFT in the process of performing payroll.

Effect: Failure to add management approval to EFT's could lead to unauthorized transactions.

Recommendation: Management should add a management employee to approve all EFT's.

Management Response: Management will require an additional management official to review and approve EFT's.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of CARC, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. CARC, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

CARC, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   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.

   c) ***Disbursements***, including processing, reviewing, and approving.

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, fund forfeiture monies confirmation).

   e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

   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.

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

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h) ***Credit Cards (and debit cards, fuel cards, Purchase 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 (e.g., determining the reasonableness of fuel card purchases).

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

k) ***Information Technology 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.

Results: CARC, Inc. was not able to produce a comprehensive policies and procedures document that addresses all of the categories above.

Board or Finance Committee

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.

Results: No exceptions noted.

Bank Reconciliations

3. Obtain a listing of entity 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   b) Bank reconciliations include written 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); and

   c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: CARC, Inc. failed to have a member of management/board member review each monthly bank reconciliation.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 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:
   a) Employees responsible for cash collections do not share cash drawers/registers.
   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
   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.
   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
   a) Observe that receipts are sequentially pre-numbered.
   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
   c) Trace the deposit slip total to the actual deposit per the bank statement.
   d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).
   e) Trace the actual deposit per the bank statement to the general ledger.

Results: This procedure was not applicable as there were no non-electronic collections related to public funding in the current fiscal year.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
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 organization 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.
   b) At least two employees are involved in processing and approving payments to vendors.
   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.
   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.
   e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

   [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
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 5 disbursements for each location, obtain supporting documentation for each transaction, and:
    a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
    b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations, procedure #3(a) above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approve by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and Purchase cards (cards) for the fiscal period, 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.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality); these instances should not be reported.)

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

14. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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

c) Observe 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 (procedure #1h).

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

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Contracts

16. Obtain from management 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: This procedure is not applicable as there were no new contracts initiated or renewed in the current fiscal year.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

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

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

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

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

   a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

   b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Debt Service

22. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

23. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Fraud Notice

24. Obtain a listing of misappropriations of public funds and 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
25. Observe 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.

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

Information Technology Disaster Recovery/Business Continuity

26. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week, was not stored on the entity's local server or network, and was encrypted.
    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

    a) Number and percentage of public servants in the organization who have completed the training requirements;

    b) Number of sexual harassment complaints received by the organization;

    c) Number of complaints which resulted in a finding that sexual harassment occurred;

    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

    e) Amount of time it took to resolve each complaint.

Results: This procedure is not applicable as the procedures only applied to public funds in the current fiscal year.

We were engaged by CARC, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

We are required to be independent of CARC, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely 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 24:513, this report is distributed by the LLA as a public document.

Broussard and Company

Lake Charles, Louisiana
December 5, 2025