

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Arc of Ouachita (dba ARCO)
Monroe, Louisiana**

We have audited the accompanying financial statements of the **Arc of Ouachita (dba ARCO)** (a non-profit organization, the Arc), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**The Board of Directors
Arc of Ouachita (dba ARCO)
Monroe, Louisiana**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arc as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1, 2, and 3 as listed in the Table of Contents under supplemental information are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, on our consideration of the Arc'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 the Arc's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Arc's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)

March 1, 2021

FINANCIAL STATEMENTS

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Financial Position

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash	\$ 1,304,237	\$ -	\$ 1,304,237
Accounts receivable			
Intergovernmental	191,588	-	191,588
Services	46,371	-	46,371
Contributions and grants	1,158	-	1,158
United Way	-	149,548	149,548
Other	-	-	-
Property and equipment	1,157,280	214,412	1,371,692
Accumulated depreciation	(688,392)	(123,104)	(811,496)
Prepaid expenses	3,793	-	3,793
Other deposits	24,449	-	24,449
Total assets	<u>\$ 2,040,484</u>	<u>\$ 240,856</u>	<u>\$ 2,281,340</u>
Liabilities and net assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 54,829	\$ -	\$ 54,829
Accrued payroll and taxes	103,196	-	103,196
Deferred revenue	19,081	-	19,081
Current portion of long-term obligations	195,944	-	195,944
Current portion of Payroll Protection Program loan	326,300	-	326,300
Total current liabilities	<u>699,350</u>	<u>-</u>	<u>699,350</u>
Long-term liabilities			
Long-term obligations, net of current portion	-	-	-
Long term portion of Payroll Protection Program loan	326,300	-	326,300
Total long-term liabilities	<u>326,300</u>	<u>-</u>	<u>326,300</u>
Total liabilities	<u>1,025,650</u>	<u>-</u>	<u>1,025,650</u>
Net Assets			
Without donor restrictions	1,014,834	-	1,014,834
With donor restrictions	-	240,856	240,856
Total net assets	<u>1,014,834</u>	<u>240,856</u>	<u>1,255,690</u>
Total liabilities and net assets	<u>\$ 2,040,484</u>	<u>\$ 240,856</u>	<u>\$ 2,281,340</u>

The accompanying notes are an integral part of these statements.

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statements of Financial Position

	June 30, 2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Cash	\$ 459,648	\$ -	\$ 459,648
Accounts receivable			
Intergovernmental	283,280	-	283,280
Services	47,083	-	47,083
Contributions and grants	205	-	205
United Way	-	156,471	156,471
Other	325	-	325
Property and equipment	1,177,431	214,412	1,391,843
Accumulated depreciation	(674,343)	(80,220)	(754,563)
Prepaid expenses	5,452	-	5,452
Other deposits	24,449	-	24,449
Total assets	<u>\$ 1,323,530</u>	<u>\$ 290,663</u>	<u>\$ 1,614,193</u>
Liabilities and net assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 39,138	\$ -	\$ 39,138
Accrued payroll and taxes	73,945	-	73,945
Deferred revenue	18,496	-	18,496
Current portion of long-term obligations	19,367	-	19,367
Current portion of Payroll Protection Program loan	-	-	-
Total current liabilities	<u>150,946</u>	<u>-</u>	<u>150,946</u>
Long-term liabilities			
Long-term obligations, net of current portion	195,944	-	195,944
Long term portion of Payroll Protection Program loan	-	-	-
Total long-term liabilities	<u>195,944</u>	<u>-</u>	<u>195,944</u>
Total liabilities	<u>346,890</u>	<u>-</u>	<u>346,890</u>
Net Assets			
Without donor restrictions	976,640	-	976,640
With donor restrictions	-	290,663	290,663
Total net assets	<u>976,640</u>	<u>290,663</u>	<u>1,267,303</u>
Total liabilities and net assets	<u>\$ 1,323,530</u>	<u>\$ 290,663</u>	<u>\$ 1,614,193</u>

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Activities
For the Years Ended

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Intergovernmental	\$ 3,375,708	\$ -	\$ 3,375,708
Charges for services	358,433	-	358,433
Contributions and grants	250,293	-	250,293
United Way allocation	-	160,216	160,216
Membership dues	33,664	-	33,664
Contributions and net revenue from Special events			
Contributions	18,149	-	18,149
Other revenues	4,449	-	4,449
Total	4,040,696	160,216	4,200,912
 Net assets released from restrictions	 210,023	 (210,023)	 -
Revenues, gains and other support	4,250,719	(49,807)	4,200,912
Expenses			
Program services			
Supported employment	509,522	-	509,522
Day habilitation	131,719	-	131,719
Supported work contracts	326,003	-	326,003
Supported living	2,101,443	-	2,101,443
Community home			
Mallard Home	235,084	-	235,084
Early Intervention	264,298	-	264,298
Total program services	3,568,069	-	3,568,069
Supporting services			
Management and general	554,050	-	554,050
Fundraising	90,406	-	90,406
Total supporting services	644,456	-	644,456
Total expenses	4,212,525	-	4,212,525
 Increase (decrease) in net assets	 38,194	 (49,807)	 (11,613)
 Net assets at beginning of year	 976,640	 290,663	 1,267,303
 Net assets at end of year	 \$ 1,014,834	 \$ 240,856	 \$ 1,255,690

The accompanying notes are an integral part of these statements.

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Activities

For the Years Ended

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Intergovernmental	\$ 3,119,638	\$ -	\$ 3,119,638
Charges for services	427,167	-	427,167
Contributions and grants	324,430	49,242	373,672
United Way allocation	-	171,421	171,421
Membership dues	70,606	-	70,606
Contributions and net revenue from Special events			
Contributions	14,953	-	14,953
Other revenues	36,683	-	36,683
Total	<u>3,993,477</u>	<u>220,663</u>	<u>4,214,140</u>
 Net assets released from restrictions	<u>192,507</u>	<u>(192,507)</u>	<u>-</u>
 Revenues, gains and other support	4,185,984	28,156	4,214,140
 Expenses			
Program services			
Supported employment	525,410	-	525,410
Day habilitation	181,066	-	181,066
Supported work contracts	364,034	-	364,034
Supported living	1,894,436	-	1,894,436
Community home			
Mallard Home	233,365	-	233,365
Early Intervention	256,570	-	256,570
Total program services	<u>3,454,881</u>	<u>-</u>	<u>3,454,881</u>
Supporting services			
Management and general	454,028	-	454,028
Fundraising	92,654	-	92,654
Total supporting services	<u>546,682</u>	<u>-</u>	<u>546,682</u>
 Total expenses	<u>4,001,563</u>	<u>-</u>	<u>4,001,563</u>
 Increase (decrease) in net assets	184,421	28,156	212,577
 Net assets at beginning of year	<u>792,219</u>	<u>262,507</u>	<u>1,054,726</u>
 Net assets at end of year	<u>\$ 976,640</u>	<u>\$ 290,663</u>	<u>\$ 1,267,303</u>

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services				
	Supported Employment	Day Habilitation	Supported Work Contracts	Supported Living	Mallard Home
Salaries	\$ 350,438	\$ 56,967	\$ 135,284	\$ 1,660,365	\$ 131,335
Payroll taxes	27,075	4,540	6,511	131,027	10,232
Pension	<u>3,073</u>	<u>778</u>	<u>1,077</u>	<u>22,042</u>	<u>1,631</u>
Total salaries and related expenses	380,586	62,285	142,872	1,813,434	143,198
Dues and subscriptions	762	70	1,054	339	37
Food	810	421	415	3,067	9,729
Insurance	37,848	12,945	26,329	89,856	16,269
Interest	-	-	9,422	-	-
Licenses and inspections	502	-	88	435	856
Maintenance	20,476	7,822	31,631	38,309	3,850
Medical	2,857	442	983	15,405	4,204
Miscellaneous	3,270	556	12,263	4,475	25,332
Office supplies and postage	1,863	203	513	5,836	429
Professional fees	2,895	499	304	12,033	5,213
Public awareness	1,536	745	2,442	9,016	315
Rent	9,448	1,240	23,693	17,722	1,519
Supplies	1,138	1,745	12,057	5,480	3,447
Telephone	6,890	2,547	6,979	27,907	2,986
Training	1,032	9	892	13,493	6,484
Transportation	10,272	4,383	5,278	2,318	1,074
Travel	5,337	282	887	31,342	91
Utilities	<u>2,746</u>	<u>6,328</u>	<u>27,359</u>	<u>8,677</u>	<u>9,061</u>
Total	490,268	102,522	305,461	2,099,144	234,094
Depreciation of buildings and equipment	<u>19,254</u>	<u>29,197</u>	<u>20,542</u>	<u>2,299</u>	<u>990</u>
Total functional expenses	\$ <u>509,522</u>	\$ <u>131,719</u>	\$ <u>326,003</u>	\$ <u>2,101,443</u>	\$ <u>235,084</u>

The accompanying notes are an integral part of these statements.

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2020

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Early Intervention</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 163,708	\$ 2,498,097	\$ 253,211	\$ 63,003	\$ 316,214	\$ 2,814,311
Payroll taxes	12,158	191,543	17,922	4,861	22,783	214,326
Pension	4,832	33,433	7,063	1,140	8,203	41,636
Total salaries and related expenses	180,698	2,723,073	278,196	69,004	347,200	3,070,273
Dues and subscriptions	662	2,924	14,772	37	14,809	17,733
Food	39	14,481	4,851	-	4,851	19,332
Insurance	6,706	189,953	29,222	1,126	30,348	220,301
Interest	-	9,422	-	-	-	9,422
Licenses and inspections	1	1,882	37	-	37	1,919
Maintenance	2,831	104,919	22,906	4,110	27,016	131,935
Medical	187	24,078	2,337	141	2,478	26,556
Miscellaneous	5	45,901	65,193	345	65,538	111,439
Office supplies and postage	1,466	10,310	5,025	3,852	8,877	19,187
Professional fees	5,671	26,615	59,109	55	59,164	85,779
Public awareness	1,471	15,525	23,939	1,111	25,050	40,575
Rent	52,031	105,653	18,972	5,875	24,847	130,500
Supplies	579	24,446	2,236	643	2,879	27,325
Telephone	2,989	50,298	3,849	3,423	7,272	57,570
Training	2,359	24,269	448	346	794	25,063
Transportation	-	23,325	-	-	-	23,325
Travel	4,665	42,604	639	150	789	43,393
Utilities	1,926	56,097	14,604	-	14,604	70,701
Total	264,286	3,495,775	546,335	90,218	636,553	4,132,328
Depreciation of buildings and equipment	12	72,294	7,715	188	7,903	80,197
Total functional expenses	\$ 264,298	\$ 3,568,069	\$ 554,050	\$ 90,406	\$ 644,456	\$ 4,212,525

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses

For the Year Ended June 30, 2019

	Program Services				
	Supported Employment	Day Habilitation	Supported Work Contracts	Supported Living	Mallard Home
Salaries	\$ 354,996	\$ 96,005	\$ 178,528	\$ 1,489,781	\$ 117,625
Payroll taxes	27,883	7,522	7,684	116,906	9,119
Pension	3,733	1,210	941	16,485	1,414
Total salaries and related expenses	<u>386,612</u>	<u>104,737</u>	<u>187,153</u>	<u>1,623,172</u>	<u>128,158</u>
Dues and subscriptions	910	151	1,228	285	52
Food	3,099	377	963	1,908	9,807
Insurance	38,027	16,124	27,617	83,159	15,193
Interest	-	-	10,381	-	-
Licenses and inspections	529	124	195	989	806
Maintenance	15,618	14,714	19,119	35,569	5,551
Medical	2,581	389	1,150	11,748	5,718
Miscellaneous	794	436	15,102	4,684	24,729
Office supplies and postage	2,545	322	1,003	4,842	419
Professional fees	2,165	710	3,067	5,480	5,443
Public awareness	1,517	1,066	3,953	3,039	143
Rent	11,083	2,256	24,979	18,793	2,261
Supplies	871	1,610	7,229	3,635	4,217
Telephone	8,592	3,169	7,006	27,072	3,014
Training	1,683	25	537	19,467	12,274
Transportation	13,530	6,874	6,419	2,793	1,652
Travel	3,959	246	380	36,766	63
Utilities	2,770	6,866	26,848	8,019	8,776
Total	<u>496,885</u>	<u>160,196</u>	<u>344,329</u>	<u>1,891,420</u>	<u>228,276</u>
Depreciation of buildings and equipment	<u>28,525</u>	<u>20,870</u>	<u>19,705</u>	<u>3,016</u>	<u>5,089</u>
Total functional expenses	\$ <u>525,410</u>	\$ <u>181,066</u>	\$ <u>364,034</u>	\$ <u>1,894,436</u>	\$ <u>233,365</u>

The accompanying notes are an integral part of these statements.

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2019

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Early Intervention</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 155,143	\$ 2,392,078	\$ 233,053	\$ 64,273	\$ 297,326	\$ 2,689,404
Payroll taxes	11,507	180,621	17,886	4,972	22,858	203,479
Pension	4,121	27,904	6,384	953	7,337	35,241
Total salaries and related expenses	170,771	2,600,603	257,323	70,198	327,521	2,928,124
Dues and subscriptions	741	3,367	19,162	246	19,408	22,775
Food	110	16,264	2,940	-	2,940	19,204
Insurance	6,999	187,119	28,493	1,298	29,791	216,910
Interest	-	10,381	-	-	-	10,381
Licenses and inspections	-	2,643	50	-	50	2,693
Maintenance	3,427	93,998	23,357	4,619	27,976	121,974
Medical	241	21,827	2,058	148	2,206	24,033
Miscellaneous	2	45,747	7,311	54	7,365	53,112
Office supplies and postage	1,743	10,874	4,527	4,911	9,438	20,312
Professional fees	7,690	24,555	49,993	364	50,357	74,912
Public awareness	1,724	11,442	21,531	303	21,834	33,276
Rent	52,502	111,874	17,453	5,429	22,882	134,756
Supplies	475	18,037	1,833	454	2,287	20,324
Telephone	3,317	52,170	2	3,270	3,272	55,442
Training	64	34,050	(172)	558	386	34,436
Transportation	-	31,268	-	-	-	31,268
Travel	4,874	46,288	937	606	1,543	47,831
Utilities	1,877	55,156	11,604	-	11,604	66,760
Total	256,557	3,377,663	448,402	92,458	540,860	3,918,523
Depreciation of buildings and equipment	13	77,218	5,626	196	5,822	83,040
Total functional expenses	\$ 256,570	\$ 3,454,881	\$ 454,028	\$ 92,654	\$ 546,682	\$ 4,001,563

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Cash Flows

	For the Years Ended June 30,	
	2020	2019
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (11,613)	\$ 212,577
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Non cash contribution of property and equipment	(1,344)	(187,928)
Depreciation	80,197	83,040
Gain on sale of property and equipment	-	(780)
Changes in assets and liabilities		
Accounts receivable	98,699	21,603
Other assets	1,659	(2,170)
Accounts payable and accrued expenses	44,942	242
Deferred revenue	585	4,871
Total Adjustments	224,738	(81,122)
Net cash provided (used) by operating activities	213,125	131,455
Cash flows from investing activities		
Purchases of property and equipment	(1,769)	(35,700)
Proceeds from sales of property and equipment	-	2,250
Net cash provided (used) by investing activities	(1,769)	(33,450)
Cash flows from financing activities		
Payments on notes payable	(19,367)	(19,305)
Receipt of Payment Protection Program Loan	652,600	-
Net cash provided (used) by financing activities	633,233	(19,305)
Net increase (decrease) in cash	844,589	78,700
Cash at beginning of year	459,648	380,948
Cash at end of year	\$ 1,304,237	\$ 459,648
Supplemental disclosures		
Cash paid for interest	\$ 9,422	\$ 10,381
Non-cash investing & operating activities		
Revenue and expense of non-cash contribution	\$ 95,543	\$ 218,419

The accompanying notes are an integral part of these statements.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

INTRODUCTION

The Arc of Ouachita (dba ARCO) (the Arc) was established in 1954 to promote the general welfare of all persons with developmental disabilities within its service area which generally includes the Northeast portion of Louisiana. The programs are designed to assist and train clients to become independent citizens within the Arc's service area. The principal programs consist of vocational training, residential living and early intervention.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis in conformity with Generally Accepted Accounting Principles (GAAP) and are presented as recommended by the Financial Accounting Standards Board (FASB) in ASC 958-205, *Not For Profit Entities-Presentation of Financial Statements*.

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

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

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Arc. These net assets may be used at the discretion of the Arc's management and Board of Directors.

B. CONTRIBUTIONS-CASH

In accordance with ASC 958-605, *Not For Profit Entities-Revenue Recognition*, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net assets class. When a qualifying expenditure occurs, or a time restriction expires, assets with donor restrictions are recognized in net assets without donor restrictions as "net assets released from restrictions" in the statement

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

of activities. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

C. CONTRIBUTIONS-NONCASH

Members, agencies, businesses, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Arc. In addition, substantial goods are donated to the Arc's store. No amounts have been recognized in the Statement of Activities for these contributions because the criteria for recognition under ASC 958-605 have not been satisfied. Other non-cash contributions of goods and services including rent have been recognized in the financial statements as revenue of the net assets without donor restrictions class unless explicit donor stipulations specify how the contributions must be used.

D. ACCOUNTS RECEIVABLE

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

E. ALLOCATION AND FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. The Arc records its expenses in several ways: direct, indirect and central office overhead (COO). Direct costs are the total costs of direct support where staff is paid for only that program. Indirect costs are of two types. Level I indirect costs are salary expenses of an employee whose activities are shared between more than one program in the same department. Level II indirect costs are salary expenses shared between more than one department. COO expenses represent the Supporting Services costs.

F. PROGRAMS

The Arc's principal programs and primary funding sources are:

Supported Employment – This income is derived primarily from the Louisiana Department of Health and Hospitals through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational and prevocational activities and supportive services. Also, some income is derived from the Louisiana Workforce Commission, Office of Louisiana Rehabilitative Services

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

which specifically provides vocational training support to clients placed in jobs within the community.

Day Habilitation - provides meaningful non-workday activities to men and women and is funded by Medicaid's NOW and Supports Waivers as well.

Supported Work Contracts - Supported Work Contract's income is derived from cleaning and document destruction services by clients and the operations of the Sassy Kats clothing store.

Supported Living - Supported Living's primary income is derived from the Louisiana Department of Health and Hospitals Medicaid NOW Waiver. This home and community-based program helps the individual clients become more independent by providing support and training in their personal residences within the community. State funds for those without Medicaid Waivers are provided by the Office for Citizens with Developmental Disabilities, and some individuals are private pay.

Mallard Home – Mallard Home's income is derived from the Louisiana Department of Health and Hospitals Intermediate Care Facility for the Developmentally Disabled (ICF/DD) Medicaid Program. Clients pay a pro-rata share of the costs based on their income. This program provides clients with a home environment within the community and helps them become more independent citizens. Typically, clients in Mallard Home are trained also in the Supported Employment program.

Early Intervention - Early Intervention's income is derived from the Louisiana Department of Health and Hospitals, United Way, grants, non-profit agencies, and charges for therapeutic services (private insurance). This program provides training and therapeutic services to disabled infants, ages 0-3 years. Additionally, ARCO serves a few children over the age of 3 years through private health insurance or private pay.

G. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. All donated property and equipment are recorded at fair market value on the date of the donation. The Arc capitalizes all property and equipment valued at \$1,000 or more and an estimated useful life of one year or more. Depreciation is computed on a straight-line basis over the useful lives of the property and equipment using the following estimated lives:

	<u>Years</u>
Buildings	15 - 30
Furniture and Equipment	3 - 10
Vehicles	5

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

H. COMPENSATED ABSENCES

The Arc's vacation policy provides for the carryover of vacation to the subsequent year under special circumstances, but that carryover is limited to a ceiling not to exceed 10 days. There was no vacation time to accrue for the years ended June 30, 2020 and 2019. Sick days may be accumulated to a maximum of 10 days; however, employees are not paid for any unused sick days upon termination and therefore an accrual for sick leave is not reflected in the financial statements.

I. TAX-EXEMPT STATUS

The Arc is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has no provision for Federal income taxes. Contributions to the Arc are tax deductible within the limitations prescribed by the Code. The Arc is subject to income tax examinations by the IRS and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Arc is subject to income tax examinations for the years ended June 30, 2014 and after.

J. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Arc considers demand deposits, time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

K. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

L. RECLASSIFICATIONS

Minor reclassifications have been made to the financial statements to make them comparable to the current year presentation.

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2020, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Note 2 CASH

The Arc's (bank balance) at June 30, 2020, was \$1,311,869 of which \$579,744 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$732,125 is unsecured. The Arc has not experienced any losses due to unsecured cash balances and management does not believe it is exposed to significant risk.

Note 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2020, all of the Arc's \$1,304,237 cash balance was available for general expenditure needs. The Arc has no policy to invest cash in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following:

	June 30,	
	<u>2020</u>	<u>2019</u>
Buildings and Improvements	\$ 619,354	\$ 619,354
Furniture and Equipment	187,570	207,721
Vehicles	426,630	426,630
Land	138,138	138,138
Less: Accumulated Depreciation	<u>(811,496)</u>	<u>(754,563)</u>
Net Property and Equipment	<u>\$ 560,196</u>	<u>\$ 637,280</u>

Included in vehicles above are five vehicles that were acquired through Federal grants along with 20% matching funds from the Arc. The Arc retains the use of these vehicles as long as they are kept, maintained and used for the Arc's designated purpose. These vehicles are not to be sold or disposed of either during their useful life (5 years or 100,000 miles) or without the state's permission; therefore, these vehicles net of related depreciation along with the related net assets are shown as donor restrictions within the financials.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Note 5 NOTES PAYABLE

In January 2014, the Arc borrowed \$300,000 for the purchase and modification of a building for Shred operations. The Arc refinanced the loan balance of \$257,704 in January 2016. The loan bears interest at 4.5% and is payable in 60 monthly installments of \$2,034 with a balloon payment of \$186,148 due January 25, 2021. The loan is secured by real estate and has a carrying value of \$195,944. The future maturities for this debt is as follows:

Year Ended June 30,	Principal
2021	195,944
Total	<u>\$ 195,944</u>

In April 2015, the Arc borrowed \$23,839 for the purchase of a vehicle for Supported Work Contracts. The loan bears interest at 3.99% and is payable in 60 monthly installments of \$439. The loan is secured by the vehicle and was paid off during the fiscal year.

A line of credit in the amount of \$100,000 was issued by Capital One Bank. It is secured by all funds on deposit with them and provides a variable simple interest rate to be adjusted monthly to one percent (1%) over the Wall Street Journal prime rate (3.25%) at June 30, 2020. There was no outstanding debt on this line of credit at June 30, 2020. The one-year line of credit is subject to automatic annual renewal in December of each year.

Note 6 PAYCHECK PROTECTION PROGRAM

In April 2020, the Arc of Ouachita, was granted an unsecured loan (the "Loan") from Cross Keys Bank, in the aggregate amount of \$652,600, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan bears an interest rate of 1% and has a maturity of two years. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The future maturities for the Loan is as follows:

Year Ended June 30,	Principal
2021	326,300
2022	326,300
Total	<u>\$ 652,600</u>

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Note 7 DONOR RESTRICTED NET ASSETS

The following summarizes net assets that are donor restricted:

	June 30,	
	<u>2020</u>	<u>2019</u>
Accounts Receivable - United Way	\$ 149,548	\$ 156,471
Vehicles - DOTD	214,412	214,412
Less: Accumulated Depreciation	<u>(123,104)</u>	<u>(80,220)</u>
Total	<u>\$ 240,856</u>	<u>\$ 290,663</u>

Note 8 DISCLOSURES ABOUT CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

The Arc receives the majority of its revenue based on contracts with various Federal and state agencies. These contracts are subject to review by the respective agencies which could result in disallowed costs. Additionally, funding levels are subject to review on a periodic basis by the grantor agencies, which could result in changes in funding levels.

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. This has caused the Arc's traveling and hiring to be limited during the fiscal year along with changes in procedures due to quarantine. However, relief monies have become available to the Arc and its clients with the longevity of the virus. At this point, we cannot reasonably estimate the duration and severity of this pandemic. The outbreak presents uncertainty and risk with respect to the Arc, its performance relating to client care and its financial results. Due to the necessity of the services that the Arc provides along with the Arc's continuous care for the clients, the Arc has not identified a need for an adjustment as of the date of this report.

Note 9 OPERATING LEASES

Total rent expense was \$130,500 and \$134,756 for the years ended June 30, 2020 and 2019, respectively. The Arc has several lease commitments. However, these leases are either on a month-to-month basis or contain "funding-out" clauses which allow the agreements to be cancelled.

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Note 10 TAX DEFERRED ANNUITY PLAN

The Arc offers its employees a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Arc. The Arc will match up to 3% of gross salaries of qualified employees who elect to participate in the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Arc contributed \$41,636 and \$35,241 on behalf of the participants for the years ended June 30, 2020 and 2019, respectively.

Note 11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2021 the date the financial statements were available to be issued and determined that the following events occurred subsequent to the reporting period that are required to be disclosed.

On December 16, 2020, Cross Keys Bank approved ARCO's PPP Forgiveness application in full. The application was then sent to the SBA for their final approval within 90 days of submission. ARCO has met the payroll and expense requirements that are eligible for the Loan to be forgiven.

On December 22, 2020, the Small Business Administration forgave ARCO's PPP payment of \$652,600 in principal and \$4,568 in interest.

The payment for the Shred operations loan's balloon payment that was due on January 25, 2021 (See Note 5) was extended to March 25, 2021 for the bank to process the loan renewal paperwork.

SUPPLEMENTAL INFORMATION

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Financial Position

June 30, 2020

Schedule 1

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Assets				
Cash	\$ 1,302,934	\$ (1,681)	\$ 1,681	\$ 200
Accounts receivable				
Intergovernmental	-	9,323	4,806	-
Services	5,964	1,045	-	32,168
Contributions	-	-	-	-
United Way	-	12,281	-	-
Due from other funds	431,516	-	-	-
Property and equipment	499,848	121,758	135,542	408,942
Accumulated depreciation	(309,468)	(99,348)	(66,643)	(148,316)
Prepaid expenses	1,641	-	-	1,933
Other deposits	23,179	-	-	1,043
	<u>\$ 1,955,614</u>	<u>\$ 43,378</u>	<u>\$ 75,386</u>	<u>\$ 295,970</u>
Total assets				
Liabilities and net assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 18,476	\$ 607	\$ 1,060	\$ 4,785
Due to other funds	-	32,471	74,214	79,739
Accrued payroll and taxes	28,848	10,300	112	1,650
Deferred revenue	-	-	-	13,852
Current portion of long-term obligations	-	-	-	195,944
Current portion of Payroll Protection Program loan	326,300	-	-	-
Total current liabilities	<u>373,624</u>	<u>43,378</u>	<u>75,386</u>	<u>295,970</u>
Long-term liabilities				
Long-term obligations, net of current portion	-	-	-	-
Long term portion of Payroll Protection Program loan	326,300	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>373,624</u>	<u>43,378</u>	<u>75,386</u>	<u>295,970</u>
Net assets				
Without donor restrictions	1,014,834	-	-	-
With donor restrictions	240,856	-	-	-
Total net assets	<u>1,255,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 1,629,314</u>	<u>\$ 43,378</u>	<u>\$ 75,386</u>	<u>\$ 295,970</u>

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Financial Position(Concluded)

June 30, 2020

Schedule 1

	Program Services			
	Supported Living	Mallard Home	Early Intervention	Total All Funds
Assets				
Cash	\$ 943	\$ 160	\$ -	\$ 1,304,237
Accounts receivable				
Intergovernmental	172,034	2,859	2,566	191,588
Services	1,164	6,030	-	46,371
Contributions	-	-	1,158	1,158
United Way	-	-	137,267	149,548
Due from other funds	-	-	-	431,516
Property and equipment	80,821	118,488	6,293	1,371,692
Accumulated depreciation	(80,821)	(100,607)	(6,293)	(811,496)
Prepaid expenses	-	219	-	3,793
Other deposits	227	-	-	24,449
	<u>174,368</u>	<u>27,149</u>	<u>140,991</u>	<u>2,712,856</u>
Total assets	<u>\$ 174,368</u>	<u>\$ 27,149</u>	<u>\$ 140,991</u>	<u>\$ 2,712,856</u>
Liabilities and nets assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 19,777	\$ 8,791	\$ 1,333	\$ 54,829
Due to other funds	101,503	14,145	129,444	431,516
Accrued payroll and taxes	53,088	4,213	4,985	103,196
Deferred revenue	-	-	5,229	19,081
Current portion of long-term obligations	-	-	-	195,944
Current portion of Payroll Protection Program loan	-	-	-	326,300
Total current liabilities	<u>174,368</u>	<u>27,149</u>	<u>140,991</u>	<u>804,566</u>
Long-term liabilities				-
Long-term obligations, net of current portion	-	-	-	-
Long term portion of Payroll Protection Program loan	-	-	-	326,300
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>174,368</u>	<u>27,149</u>	<u>140,991</u>	<u>804,566</u>
Net assets				
Without donor restrictions	-	-	-	1,014,834
With donor restrictions	-	-	-	240,856
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255,690</u>
Total liabilities and net assets	<u>\$ 174,368</u>	<u>\$ 27,149</u>	<u>\$ 140,991</u>	<u>\$ 2,060,256</u>

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Schedule 2

	<u>Program Services</u>			
	<u>Supporting Services</u>	<u>Supported Employment</u>	<u>Day Habilitation</u>	<u>Supportive Work Contracts</u>
Support and Revenue				
Intergovernmental	\$ 151,132	\$ 333,731	\$ 136,787	\$ -
Charges For Services	-	9,704	1,033	289,278
Contributions and Grants	166,464	2,000	2,500	2,022
United Way Allocation	-	12,281	-	-
Membership Dues	33,664	-	-	-
Contributions and Net Revenues from Special Events				
Contributions	18,149	-	-	-
Other Revenues	4,430	-	-	19
Total support and revenue	<u>373,839</u>	<u>357,716</u>	<u>140,320</u>	<u>291,319</u>
Expenses				
Depreciation and Amortization	4,321	19,989	29,264	20,714
Dues and Subscriptions	9,394	1,309	175	1,363
Food	4,650	830	425	427
Insurance	2,859	40,634	13,488	27,770
Interest	-	-	-	9,422
Licenses and Inspections	10	505	1	89
Maintenance	4,916	22,629	8,200	32,786
Medical	983	3,018	482	1,070
Miscellaneous	6,455	8,968	1,104	14,588
Office Supplies and Postage	4,426	2,322	292	757
Payroll Taxes	5,307	28,863	4,906	7,465
Pension	1,320	3,775	920	1,448
Professional Fees	1,765	8,758	1,638	3,563
Public Awareness	4,064	3,597	1,221	3,645
Rent	6,358	11,336	1,626	24,693
Salaries	69,379	375,646	62,095	148,685
Supplies	1,102	1,319	1,781	12,154
Telephone	1,545	7,465	2,654	7,226
Training	575	1,177	9	892
Transportation	-	10,272	4,383	5,278
Travel	166	5,401	297	922
Utilities	4,493	3,781	6,544	27,917
Total Expenses	<u>134,088</u>	<u>561,594</u>	<u>141,505</u>	<u>352,874</u>
Excess (Deficiency) of Revenues Over Expenses	239,751	(203,878)	(1,185)	(61,555)

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities (Concluded)

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Schedule 2

	Program Services			Total June 30,	
	Supported Living	Mallard Home	Early Intervention	2020	2019
Support and Revenue					
Intergovernmental	\$ 2,433,487	\$ 256,602	\$ 63,969	\$ 3,375,708	\$ 3,119,638
Charges For Services	20,218	38,130	70	358,433	427,167
Contributions and Grants	-	-	77,307	250,293	373,672
United Way Allocation	-	-	147,935	160,216	171,421
Membership Dues	-	-	-	33,664	70,606
Contributions and Net Revenues from Special Events					
Contributions	-	-	-	18,149	14,953
Other Revenues	-	-	-	4,449	36,683
Total support and revenue	2,453,705	294,732	289,281	4,200,912	4,214,140
Expenses					
Depreciation and Amortization	4,511	1,165	233	80,197	83,040
Dues and Subscriptions	4,115	331	1,046	17,733	22,775
Food	3,207	9,740	53	19,332	19,204
Insurance	109,108	17,820	8,622	220,301	216,910
Interest	0	-	-	9,422	10,381
Licenses and Inspections	454	857	3	1,919	2,693
Maintenance	53,991	5,184	4,229	131,935	121,974
Medical	16,429	4,285	289	26,556	24,033
Miscellaneous	47,071	29,177	4,076	111,439	53,112
Office Supplies and Postage	8,942	677	1,771	19,187	20,312
Payroll Taxes	143,214	11,198	13,373	214,326	203,479
Pension	26,849	2,013	5,311	41,636	35,241
Professional Fees	52,021	8,317	9,717	85,779	74,912
Public Awareness	23,713	1,376	2,959	40,575	33,276
Rent	30,622	2,545	53,320	130,500	134,756
Salaries	1,832,603	145,008	180,895	2,814,311	2,689,404
Supplies	6,721	3,545	703	27,325	20,324
Telephone	31,958	3,333	3,389	57,570	55,442
Training	13,493	6,558	2,359	25,063	34,436
Transportation	2,318	1,074	-	23,325	31,268
Travel	31,774	124	4,709	43,393	47,831
Utilities	15,721	9,616	2,629	70,701	66,760
Total Expenses	2,458,835	263,943	299,686	4,212,525	4,001,563
Excess (Deficiency) of Revenues Over Expenses	(5,130)	30,789	(10,405)	(11,613)	212,577

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Other financing sources (uses)				
Operating Transfers In	-	203,878	1,185	61,555
Operating Transfers (Out)	(251,364)	-	-	-
Total Other Financing Sources (Uses)	(251,364)	203,878	1,185	61,555
Increase (Decrease) in Net Assets	(11,613)	-	-	-
Net Assets at Beginning of Year	1,267,303	-	-	-
Net Assets at End of Year	\$ 1,255,690	\$ -	\$ -	\$ -

Continued

ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Combining Schedule of Activities(Concluded)

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Schedule 2

	<u>Program Services</u>			<u>Total June 30,</u>	
	<u>Supported Living</u>	<u>Mallard Home</u>	<u>Early Intervention</u>	<u>2020</u>	<u>2019</u>
Other financing sources (uses)					
Operating Transfers In	5,130	(30,789)	10,405	251,364	20,771
Operating Transfers (Out)	-	-	-	(251,364)	(20,771)
Total Other Financing Sources (Uses)	<u>5,130</u>	<u>(30,789)</u>	<u>10,405</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	-	-	-	(11,613)	212,577
Net Assets at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,267,303</u>	<u>1,054,726</u>
Net Assets at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,690</u>	<u>\$ 1,267,303</u>

ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

**Schedule of Compensation, Benefits and Other Payments to Agency Head or
Chief Executive Officer**

For the year ended June 30, 2020

Schedule 3

Agency Head: Roma Kidd, Executive Director

Purpose	Amount
Salary	\$ 64,532
Benefits - Retirement	\$ 1,861
Reimbursements	\$ 702
Conference Travel	\$ 594



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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***

**The Board of Directors
Arc of Ouachita (DBA ARCO)
Monroe, 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 the **Arc of Ouachita (dba ARCO)** (a not-for-profit organization – the Arc), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Arc'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 Arc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Arc's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

**The Board of Directors
Arc of Ouachita (dba ARCO)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Arc'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 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*.

The Arc's Response to Findings

The Arc's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Arc's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Arc's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodard & Associates

(A Professional Accounting Corporation)

March 1, 2021

ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Schedule of Findings and Responses

As of and for the Years Ended June 30, 2020

We have audited the financial statements of the Arc of Ouachita (the Arc), as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the basic financial statements and have issued our report thereon dated March 1, 2021. 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 audit of the financial statements as of June 30, 2020 resulted in an unmodified opinion.

There were no findings during the audit year.

