

# **THE ARC OF MOREHOUSE**

**Financial Statements  
For the Years Ended June 30, 2018 and 2017**

**THE ARC OF MOREHOUSE**

**FOR THE YEARS ENDED JUNE 30, 2018 and 2017**

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## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
The Arc of Morehouse  
Bastrop, Louisiana**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **The Arc of Morehouse** (a nonprofit organization, the Association), which comprise the statements of financial position as of June 30, 2018 and 2017, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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

Board of Directors  
The Arc of Morehouse

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

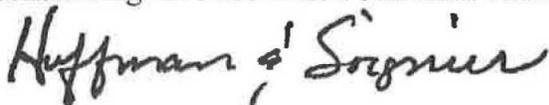
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of Morehouse as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedules of Financial Position, Combining Schedules of Activities, and Schedule of Compensation, Benefits, and Other Payments to the Executive Director presented on pages 15 – 19 are presented for purposes of additional analysis and are not required parts 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. 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 December 18, 2018, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



(A Professional Accounting Corporation)  
December 18, 2018

## **FINANCIAL STATEMENTS**

**THE ARC OF MOREHOUSE  
STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 314,258	\$ 238,911
Investments	113,999	111,871
Accounts Receivable		
Services (net of allowance for doubtful accounts of \$0 and \$50,472, respectively)	155,136	195,777
Prepaid Expenses	11,778	15,058
Property and Equipment	1,089,944	1,089,944
Accumulated Depreciation	(886,338)	(843,895)
<b>TOTAL ASSETS</b>	<b>\$ 798,777</b>	<b>\$ 807,666</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 12,544	\$ 15,640
Accrued Payroll and Taxes	50,435	43,586
Other Accrued Liabilities	8,241	6,152
Total Liabilities	71,220	65,378
<b>Net Assets</b>		
Unrestricted	727,557	742,288
Total Net Assets	727,557	742,288
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 798,777</b>	<b>\$ 807,666</b>

The accompanying notes are an integral part of these financial statements.

**THE ARC OF MOREHOUSE  
STATEMENTS OF ACTIVITIES**

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Support, Revenue and Gains</b>		
Intergovernmental Revenue	\$ 1,408,839	\$ 1,391,668
Program Receipts	307,300	323,644
United Way	1,154	679
Donations	425	1,101
Memberships	-	145
Interest	2,245	2,197
Miscellaneous	3,752	581
Total Support, Revenue and Gains	1,723,715	1,720,015
 <b>Expenses</b>		
Program Services		
Adult Habilitation	269,911	305,647
Contract Services	121,644	116,439
Supported Living	459,816	501,540
East Morehouse Community Home	275,259	283,014
Crossett Road Community Home	311,967	297,833
Total of Program Services	1,438,597	1,504,473
Supporting Services		
General and Administrative	299,849	335,366
Total Expenses	1,738,446	1,839,839
 <b>Decrease in Net Assets</b>	(14,731)	(119,824)
 <b>Net Assets at Beginning of Year</b>	742,288	862,112
 <b>NET ASSETS AT END OF YEAR</b>	\$ 727,557	\$ 742,288

The accompanying notes are an integral part of these financial statements.

**THE ARC OF MOREHOUSE  
STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2018

	Program Services					Total Program Services	Supportive Services	
	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services			General and Administrative	Total
				East Morehouse	Crossett Road			
Salaries	\$ 139,805	\$ 102,995	\$ 355,896	\$ 113,699	\$ 144,664	\$ 857,059	\$ 117,893	\$ 974,952
Payroll Taxes and Fringe Benefits	26,701	7,614	60,064	20,694	23,214	138,287	9,019	147,306
Total Salaries and Related Expenses	166,506	110,609	415,960	134,393	167,878	995,346	126,912	1,122,258
Consultants	101	-	166	9,038	8,902	18,207	-	18,207
Data Processing	-	-	3,308	-	-	3,308	14,687	17,995
Dues and Subscriptions	106	-	1,193	52	61	1,412	4,383	5,795
Food and Client Needs	10,327	-	948	23,995	33,303	68,573	-	68,573
Insurance	25,643	2,290	8,773	11,583	11,183	59,472	24,120	83,592
Maintenance	9,231	879	526	8,774	9,221	28,631	36,697	65,328
Office	156	-	1,078	26	36	1,296	4,581	5,877
Postage	-	-	207	-	-	207	1,619	1,826
Professional Fees	385	-	10,944	-	-	11,329	58,814	70,143
Public Awareness	9,069	-	625	234	802	10,730	3,406	14,136
Supplies	1,377	7,166	464	795	284	10,086	1,352	11,438
Taxes and Licenses	1,127	-	1,570	2,009	1,428	6,134	408	6,542
Telephone	310	-	2,211	1,492	892	4,905	14,054	18,959
Training	137	700	928	66,296	52,148	120,209	300	120,509
Transportation	17,059	-	4,345	2,811	3,015	27,230	244	27,474
Travel and Conventions	650	-	4,674	516	334	6,174	1,360	7,534
Utilities	9,612	-	1,896	8,574	9,735	29,817	-	29,817
Total	251,796	121,644	459,816	270,588	299,222	1,403,066	292,937	1,696,003
Depreciation	18,115	-	-	4,671	12,745	35,531	6,912	42,443
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 269,911</b>	<b>\$ 121,644</b>	<b>\$ 459,816</b>	<b>\$ 275,259</b>	<b>\$ 311,967</b>	<b>\$ 1,438,597</b>	<b>\$ 299,849</b>	<b>\$ 1,738,446</b>

The accompanying notes are an integral part of these financial statements.

**THE ARC OF MOREHOUSE  
STATEMENTS OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2017

	Program Services					Total Program Services	Supportive Services	
	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services			General and Administrative	Total
				East Morehouse	Crossett Road			
Salaries	\$ 123,746	\$ 102,327	\$ 389,658	\$ 111,800	\$ 138,360	\$ 865,891	\$ 137,957	\$ 1,003,848
Payroll Taxes and Fringe Benefits	26,808	2,769	64,460	21,944	24,276	140,257	1,965	142,222
Total Salaries and Related Expenses	150,554	105,096	454,118	133,744	162,636	1,006,148	139,922	1,146,070
Bad Debts	50,795	-	-	-	-	50,795	-	50,795
Consultants	-	-	1,875	7,241	7,428	16,544	-	16,544
Data Processing	-	-	1,176	-	-	1,176	14,918	16,094
Dues and Subscriptions	-	-	1,197	-	-	1,197	6,260	7,457
Food and Client Needs	1,835	-	1,011	25,439	27,706	55,991	-	55,991
Insurance	26,064	5,805	10,702	10,599	10,607	63,777	22,136	85,913
Maintenance	10,921	-	-	7,680	4,866	23,467	30,037	53,504
Office	2,080	-	385	-	-	2,465	8,189	10,654
Postage	-	-	146	-	-	146	1,833	1,979
Professional Fees	-	-	12,886	-	-	12,886	68,199	81,085
Public Awareness	11,899	19	3,031	2,238	2,223	19,410	3,180	22,590
Supplies	5,503	5,211	68	789	377	11,948	13,754	25,702
Taxes and Licenses	375	124	2,882	2,539	1,679	7,599	475	8,074
Telephone	2,186	-	1,057	-	-	3,243	10,812	14,055
Training	-	-	-	72,179	52,958	125,137	-	125,137
Transportation	16,859	-	5,025	4,196	3,839	29,919	514	30,433
Travel and Conventions	463	184	4,782	1,239	807	7,475	842	8,317
Utilities	8,172	-	473	9,943	8,620	27,208	6,767	33,975
Total	287,706	116,439	500,814	277,826	283,746	1,466,531	327,838	1,794,369
Depreciation	17,941	-	726	5,188	14,087	37,942	7,528	45,470
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 305,647</b>	<b>\$ 116,439</b>	<b>\$ 501,540</b>	<b>\$ 283,014</b>	<b>\$ 297,833</b>	<b>\$ 1,504,473</b>	<b>\$ 335,366</b>	<b>\$ 1,839,839</b>

The accompanying notes are an integral part of these financial statements.

**THE ARC OF MOREHOUSE  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		
Decrease in Net Assets	\$ (14,731)	\$ (119,824)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Bad Debt Expense	-	50,795
Depreciation	42,443	45,470
Changes in Assets and Liabilities:		
Accounts Receivable	40,641	63,562
Prepaid Expenses	3,280	9,132
Accounts Payable	(3,096)	2,090
Accrued Payroll and Taxes	6,849	(5,407)
Other Accrued Liabilities	2,089	1,120
Net Cash Provided by Operating Activities	77,475	46,938
 <b>Cash Flows From Investing Activities</b>		
Purchases of Investments, Net	(2,128)	(1,250)
Net Cash Used by Investing Activities	(2,128)	(1,250)
 <b>Net Increase in Cash and Cash Equivalents</b>	75,347	45,688
 <b>Beginning Cash and Cash Equivalents</b>	238,911	193,223
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 314,258	\$ 238,911

The accompanying notes are an integral part of these financial statements.

**THE ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 1 - Description of Organization**

The Arc of Morehouse (the Association) is a nonprofit voluntary health and welfare association chartered in 1955 to promote the general welfare of developmentally disabled persons residing in Morehouse Parish.

**Note 2 - Summary of Significant Accounting Policies**

*A. Financial Statement Presentation*

In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, the Association is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. The Association has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

The Association has also adopted FASB ASC 958-605, "Not For Profit Entities-Revenue Recognition." In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. At June 30, 2018 and 2017, the Association received no contributions which were either temporarily or permanently restricted.

Donations are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions received during the year whose restrictions are met in the same reporting period are treated as unrestricted contributions. The Association's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

*B. Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

*C. Cash, Cash Equivalents, and Investments*

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**THE ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

The Association's investments at June 30, 2018 and 2017 consisted entirely of certificates of deposit with maturities greater than three months. The certificates are reported at cost which approximates market value.

*D. Accounts Receivable and Allowance for Doubtful Accounts*

All accounts receivable are shown net of allowance for doubtful accounts. The allowance for doubtful accounts is evaluated periodically and is based on the age of outstanding accounts receivable and experience with customers.

*E. Property and Equipment*

Property and equipment are recorded at actual or historical cost. Donated assets are recorded at fair market value on the date of donation. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. The Association has a policy to capitalize property and equipment costing more than \$500. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the gain or loss is included in operations.

Depreciation of buildings and equipment is computed by the straight-line method over the following estimated service lives:

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

*F. 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 Association records its expenses in several ways: direct, indirect, and shared. 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. Shared expenses represent the Supporting Services costs.

**THE ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

*G. Programs*

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

Adult Habilitation (Day Program) – Adult Habilitation income is received from the Louisiana Department of Health and Hospitals. Funds are used to train clients in vocational and prevocational activities and supportive services.

Contract Services - Contract Services income is derived from services performed by clients which include janitorial and other contracts.

Supported Living - Supported Living income is received from the Louisiana Department of Health and Hospitals. This program, similar to the Residential Services, helps the individual clients become more independent by providing support and training in their residences within the community.

Residential Services - Residential Services income is received from the Louisiana Department of Health and Hospitals. 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.

*H. Tax-Exempt Status*

The Association 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 Association are tax deductible within the limitations prescribed by the Code. The Association is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Association is subject to income tax examinations for years ended June 30, 2015 and thereafter.

*I. Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*J. Reclassifications*

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

**THE ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 3 - Property and Equipment**

Property and equipment consisted of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Depreciable Assets		
Buildings	\$ 537,425	\$ 537,425
Equipment	173,419	173,419
Vehicles	260,570	260,570
Improvements	102,310	102,310
Total depreciable assets	<u>1,073,724</u>	<u>1,073,724</u>
Less: Accumulated depreciation	<u>(886,338)</u>	<u>(843,895)</u>
Net depreciable assets	<u>187,386</u>	<u>229,829</u>
Nondepreciable Assets		
Land	<u>16,220</u>	<u>16,220</u>
Total nondepreciable assets	<u>16,220</u>	<u>16,220</u>
Total property and equipment	<u>\$ 203,606</u>	<u>\$ 246,049</u>

Depreciation charged to expense in 2018 and 2017 is \$42,443 and \$45,470, respectively.

**Note 4 - Letter of Credit**

Per Louisiana Department of Health and Hospitals guidelines, the Association maintains a \$50,000 letter of credit at a local bank for operational use, if needed. The letter of credit carries a variable interest rate based on the Wall Street Journal Prime Rate. The Association did not borrow against the letter of credit during the year ended June 30, 2018. During the year ended June 30, 2017, the Association borrowed \$23,000 from the letter of credit. The amount was repaid in full during 2017 and the Association recognized \$184 of interest expense for the year.

**Note 5 - Concentrations and Uncertainties**

Certain financial instruments potentially subject the Association to concentration of credit risk. These financial instruments consist primarily of cash and cash equivalents. The Association maintains its cash in various bank deposit accounts, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts. At June 30, 2018 and 2017, no bank deposits exceeded the federal insured limits.

**THE ARC OF MOREHOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

The Association receives approximately 82% of total revenue and support from various state agencies. Federal and state budget cuts have resulted in decreased revenues for the Association in recent years and it is likely that additional cuts will be made in subsequent periods.

**Note 6 – Retirement Plan**

The Association contributes to an American Funds 403(b) retirement plan at a rate based on term of service and contingent upon agency funds being available. The Association will match up to 50% of a participant's contribution not to exceed 6% of the employee's annual salary. All full-time employees are eligible to participate. Matching contributions made by the Association for the years ended June 30, 2018 and 2017 were \$2,672 and \$1,501, respectively.

**Note 7 – Subsequent Events**

Management has evaluated subsequent events through December 18, 2018, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

**SUPPLEMENTAL SCHEDULES**

**THE ARC OF MOREHOUSE  
COMBINING SCHEDULES OF FINANCIAL POSITION**

June 30, 2018

	Program Services						Total
	Local Fund	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services		
					East Morehouse	Crossett Road	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,586	\$ 29,029	\$ -	\$ 21,263	\$ 25,717	235,663	\$ 314,258
Investments	113,999	-	-	-	-	-	113,999
Accounts Receivable	-	18,317	9,994	54,442	34,429	37,954	155,136
Prepaid Expenses	4,030	-	282	-	-	7,466	11,778
Due From Other Funds	1,837,258	368,107	6,921	289,976	45,142	615,950	3,163,354
Fixed Assets	1,089,944	-	-	-	-	-	1,089,944
Accumulated Depreciation	(886,338)	-	-	-	-	-	(886,338)
<b>TOTAL ASSETS</b>	<b>\$ 2,161,479</b>	<b>\$ 415,453</b>	<b>\$ 17,197</b>	<b>\$ 365,681</b>	<b>\$ 105,288</b>	<b>\$ 897,033</b>	<b>\$ 3,962,131</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current Liabilities</b>							
Accounts Payable	\$ 103	\$ 3,367	107	3,223	2,921	2,823	\$ 12,544
Accrued Payroll and Taxes	2,398	6,945	5,217	16,268	9,951	9,656	50,435
Accrued Liabilities	2,192	-	-	-	2,556	3,493	8,241
Due to Other Funds	2,033,930	129,263	36,526	671,774	22,964	268,897	3,163,354
Total Current Liabilities	2,038,623	139,575	41,850	691,265	38,392	284,869	3,234,574
<b>Net assets</b>							
Unrestricted	122,856	275,878	(24,653)	(325,584)	66,896	612,164	727,557
Total Net Assets	122,856	275,878	(24,653)	(325,584)	66,896	612,164	727,557
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,161,479</b>	<b>\$ 415,453</b>	<b>\$ 17,197</b>	<b>\$ 365,681</b>	<b>\$ 105,288</b>	<b>\$ 897,033</b>	<b>\$ 3,962,131</b>

**THE ARC OF MOREHOUSE  
COMBINING SCHEDULES OF FINANCIAL POSITION**

June 30, 2017

	Program Services						Total
	Local Fund	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services		
					East Morehouse	Crossett Road	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 42,384	\$ 196,527	\$ 238,911
Investments	111,871	-	-	-	-	-	111,871
Accounts Receivable	-	27,048	11,919	89,130	25,751	41,929	195,777
Prepaid Expenses	4,030	754	341	-	1,245	8,688	15,058
Due From Other Funds	1,837,297	368,107	6,921	289,976	45,141	595,742	3,143,184
Fixed Assets	1,089,944	-	-	-	-	-	1,089,944
Accumulated Depreciation	(843,895)	-	-	-	-	-	(843,895)
<b>TOTAL ASSETS</b>	<b>\$ 2,199,247</b>	<b>\$ 395,909</b>	<b>\$ 19,181</b>	<b>\$ 379,106</b>	<b>\$ 114,521</b>	<b>\$ 842,886</b>	<b>\$ 3,950,850</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current Liabilities</b>							
Accounts Payable	\$ 4,137	\$ 4,372	\$ 651	\$ 828	\$ 3,439	\$ 2,213	\$ 15,640
Accrued Payroll and Taxes	70	8,384	3,555	15,675	8,549	7,353	43,586
Accrued Liabilities	320	-	-	-	2,440	3,392	6,152
Due to Other Funds	2,034,053	129,263	16,333	671,759	22,879	268,897	3,143,184
Total Current Liabilities	2,038,580	142,019	20,539	688,262	37,307	281,855	3,208,562
<b>Net assets</b>							
Unrestricted	160,667	253,890	(1,358)	(309,156)	77,214	561,031	742,288
Total Net Assets	160,667	253,890	(1,358)	(309,156)	77,214	561,031	742,288
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,199,247</b>	<b>\$ 395,909</b>	<b>\$ 19,181</b>	<b>\$ 379,106</b>	<b>\$ 114,521</b>	<b>\$ 842,886</b>	<b>\$ 3,950,850</b>

**THE ARC OF MOREHOUSE  
COMBINING SCHEDULES OF ACTIVITIES**

For the Year Ended June 30, 2018

	Program Services						Total
	Local Fund	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services		
					East Morehouse	Crossett Road	
<b>Revenues and Other Support</b>							
Intergovernmental Revenue	\$ -	\$ 235,414	\$ -	\$ 534,768	\$ 282,116	\$ 356,541	\$ 1,408,839
Program Receipts	-	116,709	98,349	-	34,278	57,964	307,300
United Way	1,154	-	-	-	-	-	1,154
Interest	2,245	-	-	-	-	-	2,245
Donations	425	-	-	-	-	-	425
Miscellaneous	3,752	-	-	-	-	-	3,752
Total Revenues and Other Support	<u>7,576</u>	<u>352,123</u>	<u>98,349</u>	<u>534,768</u>	<u>316,394</u>	<u>414,505</u>	<u>1,723,715</u>
<b>Expenses</b>							
Program Services							
Adult Habilitation	-	330,135	-	-	-	-	330,135
Contract Services	-	-	121,644	-	-	-	121,644
Supported Living	-	-	-	551,196	-	-	551,196
East Morehouse Community Home	-	-	-	-	326,712	-	326,712
Crossett Road Community Home	-	-	-	-	-	363,372	363,372
Total Program Services	<u>-</u>	<u>330,135</u>	<u>121,644</u>	<u>551,196</u>	<u>326,712</u>	<u>363,372</u>	<u>1,693,059</u>
Management and General	<u>2,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,944</u>
Total Expenses Before Depreciation	<u>2,944</u>	<u>330,135</u>	<u>121,644</u>	<u>551,196</u>	<u>326,712</u>	<u>363,372</u>	<u>1,696,003</u>
Depreciation	<u>-</u>	<u>19,982</u>	<u>-</u>	<u>2,178</u>	<u>6,009</u>	<u>14,274</u>	<u>42,443</u>
Total Expenses	<u>2,944</u>	<u>350,117</u>	<u>121,644</u>	<u>553,374</u>	<u>332,721</u>	<u>377,646</u>	<u>1,738,446</u>
<b>Increase (Decrease) in Net Assets</b>	<u>4,632</u>	<u>2,006</u>	<u>(23,295)</u>	<u>(18,606)</u>	<u>(16,327)</u>	<u>36,859</u>	<u>(14,731)</u>
<b>Other Sources (Uses)</b>							
Transfers In	-	19,982	-	2,178	6,009	14,274	42,443
Transfers Out	(42,443)	-	-	-	-	-	(42,443)
Total Other Sources	<u>(42,443)</u>	<u>19,982</u>	<u>-</u>	<u>2,178</u>	<u>6,009</u>	<u>14,274</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(37,811)</u>	<u>21,988</u>	<u>(23,295)</u>	<u>(16,428)</u>	<u>(10,318)</u>	<u>51,133</u>	<u>(14,731)</u>
<b>Net Assets at Beginning of Year</b>	<u>160,667</u>	<u>253,890</u>	<u>(1,358)</u>	<u>(309,156)</u>	<u>77,214</u>	<u>561,031</u>	<u>742,288</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 122,856</u>	<u>\$ 275,878</u>	<u>\$ (24,653)</u>	<u>\$ (325,584)</u>	<u>\$ 66,896</u>	<u>\$ 612,164</u>	<u>\$ 727,557</u>

**THE ARC OF MOREHOUSE  
COMBINING SCHEDULES OF ACTIVITIES**

For the Year Ended June 30, 2017

	Program Services						
	Local Fund	Adult Habilitation (Day) Program	Contract Services	Supported Living	Residential Services		Total
					East Morehouse	Crossett Road	
<b>Revenues and Other Support</b>							
Intergovernmental Revenue	\$ -	\$ 218,492	\$ -	\$ 532,099	\$ 304,612	\$ 336,465	\$ 1,391,668
Program Receipts	-	125,137	105,759	-	36,929	55,819	323,644
United Way	603	76	-	-	-	-	679
Memberships	145	-	-	-	-	-	145
Interest	2,197	-	-	-	-	-	2,197
Donations	809	292	-	-	-	-	1,101
Miscellaneous	368	213	-	-	-	-	581
<b>Total Revenues and Other Support</b>	<u>4,122</u>	<u>344,210</u>	<u>105,759</u>	<u>532,099</u>	<u>341,541</u>	<u>392,284</u>	<u>1,720,015</u>
<b>Expenses</b>							
Program Services							
Adult Habilitation	-	372,499	-	-	-	-	372,499
Contract Services	-	-	116,439	-	-	-	116,439
Supported Living	-	-	-	609,344	-	-	609,344
East Morehouse Community Home	-	-	-	-	341,233	-	341,233
Crossett Road Community Home	-	-	-	-	-	350,445	350,445
<b>Total Program Services</b>	<u>-</u>	<u>372,499</u>	<u>116,439</u>	<u>609,344</u>	<u>341,233</u>	<u>350,445</u>	<u>1,789,960</u>
Management and General	4,409	-	-	-	-	-	4,409
<b>Total Expenses Before Depreciation</b>	<u>4,409</u>	<u>372,499</u>	<u>116,439</u>	<u>609,344</u>	<u>341,233</u>	<u>350,445</u>	<u>1,794,369</u>
Depreciation	-	19,915	-	3,252	6,664	15,639	45,470
<b>Total Expenses</b>	<u>4,409</u>	<u>392,414</u>	<u>116,439</u>	<u>612,596</u>	<u>347,897</u>	<u>366,084</u>	<u>1,839,839</u>
<b>Increase (Decrease) in Net Assets</b>	(287)	(48,204)	(10,680)	(80,497)	(6,356)	26,200	(119,824)
<b>Other Sources (Uses)</b>							
Transfers In	293	20,955	-	2,211	34,197	15,639	73,295
Transfers Out	(46,265)	-	(109)	-	-	(26,921)	(73,295)
<b>Total Other Sources</b>	<u>(45,972)</u>	<u>20,955</u>	<u>(109)</u>	<u>2,211</u>	<u>34,197</u>	<u>(11,282)</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	(46,259)	(27,249)	(10,789)	(78,286)	27,841	14,918	(119,824)
<b>Net Assets at Beginning of Year</b>	<u>206,926</u>	<u>281,139</u>	<u>9,431</u>	<u>(230,870)</u>	<u>49,373</u>	<u>546,113</u>	<u>862,112</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 160,667</u>	<u>\$ 253,890</u>	<u>\$ (1,358)</u>	<u>\$ (309,156)</u>	<u>\$ 77,214</u>	<u>\$ 561,031</u>	<u>\$ 742,288</u>

**THE ARC OF MOREHOUSE  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO THE EXECUTIVE DIRECTOR**

**For the Year Ended June 30, 2018**

**Agency Head Name:** Lenard C. Halley, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,381
Benefits - insurance	10,409
Benefits - retirement	651

**REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

**Board of Directors  
The Arc of Morehouse  
Bastrop, 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 Morehouse (a nonprofit organization, the Association), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

The Arc of Morehouse  
Bastrop, Louisiana

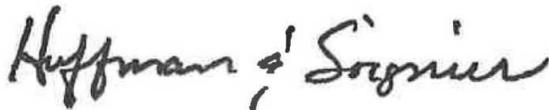
weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free 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*.

### **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.



(A Professional Accounting Corporation)  
December 18, 2018

**The Arc of Morehouse**  
Bastrop, LA

Status of Prior Year Findings  
For the Year Ended June 30, 2018

The following is a summary of the status of the prior year findings reported in the Huffman & Soignier (APAC) audit report dated December 29, 2017 covering the examination of the financial statements of The Arc of Morehouse (the Association) as of and for the year ended June 30, 2017.

**2017-001      Deficiencies in Medicaid billings and collections  
(First reported in 2013)**

***Conditions Found:***

During the audit of Title XIX revenues and receivables, it was noted that the Association was delinquent in collecting long outstanding balances of accounts receivable.

***Status:***

The Association has made improvements in its billing and collections process and this matter has been resolved.

**2017-002      Deficiencies in internal control over accounting and review  
(First reported in 2016)**

***Conditions Found:***

As a result of audit procedures, eight adjusting journal entries had to be made. Of those entries, three related to misposted items totaling \$86,910.

***Status:***

The Association has made improvements in its accounting and review functions and this matter has been resolved.