

ST. JAMES ARC
VACHERIE, LOUISIANA
DECEMBER 31, 2023



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
St. James ARC

Opinion

We have audited the accompanying financial statements of St. James ARC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and 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 St. James ARC as of December 31, 2023, 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.

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 St. James ARC 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 of our audit opinions.

Responsibilities of Management 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, 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 St. James ARC'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 of 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 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 St. James ARC'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 St. James ARC's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency heads 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025, on our consideration of St. James 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 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 St. James ARC's internal control over financial reporting and compliance.

J. A. Champagne & Co., LLP

Baton Rouge, Louisiana

March 18, 2025

ST. JAMES ARC
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,397,408
Certificates of deposit	400,000
Accounts receivable	3,089
Prepaid expenses	11,776
Total current assets	<u>1,812,273</u>

PROPERTY AND EQUIPMENT

Property and equipment, net of depreciation	346,629
Construction in progress	108,253
Operating lease right-of-use asset, net	46,070
Total property and equipment	<u>500,952</u>

OTHER ASSETS

Restricted cash	<u>50,588</u>
Total assets	<u><u>\$ 2,363,813</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 3,560
Deferred revenue	185,298
Operating lease liability	21,835
Total current liabilities	<u>210,693</u>

LONG-TERM LIABILITIES

Operating lease liability, less current portion	<u>24,235</u>
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NET ASSETS

Without donor restrictions	1,237,138
With donor restrictions	891,747
Total net assets	<u>2,128,885</u>

Total liabilities and net assets	<u><u>\$ 2,363,813</u></u>
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See accompanying notes to financial statements.

ST. JAMES ARC
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Cash	\$ 49,896	\$ -	\$ 49,896
Contributed nonfinancial assets	133,777	-	133,777
Inkind salaries, payroll taxes, and benefits	287,920	-	287,920
Governmental grants	-	1,000,000	1,000,000
Thrift store sales	133,777	-	133,777
Program services	157,900	-	157,900
Other income	9,600	-	9,600
Interest income	11,426	-	11,426
Net assets released from restrictions	108,253	(108,253)	-
TOTAL SUPPORT AND REVENUE	<u>892,549</u>	<u>891,747</u>	<u>1,784,296</u>
EXPENSES			
Program services	492,544	-	492,544
Supporting services:			
Management and general	76,863	-	76,863
Fundraising	-	-	-
TOTAL EXPENSES	<u>569,407</u>	<u>-</u>	<u>569,407</u>
CHANGE IN NET ASSETS	<u>323,142</u>	<u>891,747</u>	<u>1,214,889</u>
Net assets - beginning of year	<u>913,996</u>	<u>-</u>	<u>913,996</u>
Net assets - end of year	<u><u>\$ 1,237,138</u></u>	<u><u>\$ 891,747</u></u>	<u><u>\$ 2,128,885</u></u>

See accompanying notes to financial statements.

ST. JAMES ARC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Day Habilitation and Support	Thrift Store	Total	Management and General	Fundraising	Total
Cost of sales	\$ -	\$ 133,777	\$ 133,777	\$ -	\$ -	\$ 133,777
Salaries and payroll taxes	6,599	-	6,599	10,334	-	16,933
In-kind salaries, taxes, and benefits	241,273	-	241,273	46,647	-	287,920
Repairs and maintenance	5,987	1,935	7,922	665	-	8,587
Rent	16,200	-	16,200	1,800	-	18,000
Printing and postage	157	-	157	129	-	286
Utilities	4,701	7,790	12,491	522	-	13,013
Insurance	8,677	34,441	43,118	6,448	-	49,566
Fuel	1,148	-	1,148	-	-	1,148
Depreciation	2,183	9,487	11,670	-	-	11,670
Accounting and legal	-	-	-	8,176	-	8,176
Supplies	14,232	1,357	15,589	2,142	-	17,731
Dues and subscriptions	2,600	-	2,600	-	-	2,600
	<u>\$ 303,757</u>	<u>\$ 188,787</u>	<u>\$ 492,544</u>	<u>\$ 76,863</u>	<u>\$ -</u>	<u>\$ 569,407</u>

See accompanying notes to financial statements.

ST. JAMES ARC
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,214,889
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	11,670
(Increase) decrease in receivables	(1,473)
(Increase) decrease in prepaid expenses	1,816
Increase (decrease) in accounts payable	2,866
Increase (decrease) in deferred revenue	27,704
Net cash provided by operating activities	<u>1,257,472</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase certificates of deposit	(250,000)
Construction in progress	(105,752)
Purchase of property and equipment	(24,608)
Net cash used in investing activities	<u>(380,360)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

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INCREASE IN CASH AND RESTRICTED CASH

	877,112
Cash and restricted cash - beginning of year	570,884
Cash and restricted cash - end of year	<u><u>\$ 1,447,996</u></u>

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

Cash	\$ 1,397,408
Restricted cash	50,588
	<u><u>\$ 1,447,996</u></u>

See accompanying notes to financial statements.

ST. JAMES ARC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

St. James ARC (the Organization) is a non-profit organization organized under the laws of the State of Louisiana for the purpose of providing various development programs to mentally and physically handicapped citizens. The Organization performs daily activities and exercises with the citizens, as well as supervises jobs performed by the citizens in the community, such as janitorial services. In addition, the Organization operates a thrift store and sells the donated items to the citizens of the surrounding areas.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

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 primary objective the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization utilizes the guidance in the FASB ASC in the assessment of whether revenue is an exchange transaction or contribution and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Contributions, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports grants and gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Contributions and grants with donor restrictions that are both received and satisfied within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

The Organization recognizes revenue from contracts with customers when it transfers promised goods or services to its customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. To accomplish this, the Organization applies the following five-step process to achieve this core principle:

- Identification of the contract with the member;
- Identification of the performance obligations under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligations; and
- Recognition of revenue when (or as) an entity satisfies the identified performance obligations.

Revenue from thrift store sales is recognized at the point of sale. The performance obligation is the delivery of the goods to the customer. The transaction price is established by the Organization based on retail prices. As each item is individually priced, no allocation of the transaction price is necessary. Some merchandise is sold with the right to return. If probable customer returns exist at the end of fiscal year, the Organization estimates and records in the financial statements a liability for such returns. A liability for probable customer returns was not considered necessary as of December 31, 2023.

Revenue from the Organization's day habilitation and support programs are recognized in the period in which the performance obligations are satisfied by the transferring of promised services to the clients. The transaction price is allocated to the distinct services and reflects the consideration to which the Organization is entitled in exchange for providing the services to a client. The services provided each day represent a single performance obligation. The transaction price is based on standard allowable rates charged for daily units of service for the services provided. Revenue is recorded at amounts estimated to be realizable for services provided.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because all of its performance obligations related to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided by the FASB ASC and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period.

Revenue Disaggregation

The Organization disaggregates revenue from contracts with customers into major revenue streams and based on the timing of recognized revenue. The Organization's revenue disaggregated based on timing of the transfer of goods or services as follows for the year ended December 31, 2023

Recognized at a point in time:

Program services	\$ 157,900
Thrift store sales	133,777

Contract balances

The timing of revenue recognition, billings, and cash collections results in contract assets, receivables, and contract liabilities. The Organization's receivables related to contracts with customers amounted to \$3,089 and \$1,616 as of December 31, 2023 and 2022, respectively.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of three months or less when acquired to be cash equivalents.

Certificates of deposit

Certificates of deposit bear interest of 4.05%, and have maturities ranging from six to twelve months, with penalties for early withdrawal.

Inventory

The fair market value of the items donated to the thrift store is not determinable until the items are sold. Therefore, revenue is recorded at the time of sale and no value is included in inventory for the unsold items.

Prepaid expenses

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid expenses.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, administrative and fund raising based upon estimates of staff time devoted to these functions. The major expenses that are allocated include salaries and payroll taxes, insurance, rent, utilities, and repairs and maintenance.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment acquired are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful life of the assets, ranging from 5 to 39 years.

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Construction in progress

Construction in progress is stated at cost and consists primarily of costs incurred in the construction of a new administrative office and classroom building. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Leases

The Organization uses a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

Accounts receivable

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation required by generally accepted accounting principles.

Donated services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. These services are recorded, based on the fair value of the services provided, as in-kind contributions on the statement of activities and the statement of functional expenses. Volunteer services are not recognized in the financial statements when the recognition criteria are not met.

Contributed nonfinancial assets

The Organization recognized contributed nonfinancial assets within support and revenue in the statement of activities, consisting of donated items received for resale in the thrift store. The donations are recognized as income at their estimated fair value only to the extent that the items were resold. Any items not resold are not recorded as donations in the financial statements because there is no objective basis available to value such items.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Organization has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

B: CONCENTRATIONS AND CREDIT RISK

Sources of revenue that subject the Organization to concentrations of revenue sources consist principally of a cooperative endeavor agreement with the State of Louisiana and Medicare funds received from the Louisiana Department of Health and Hospitals, which comprise 56% and 9%, respectively, of total revenues for the year ended December 31, 2023. As of December 31, 2023, 100% of the Organization's accounts receivable were from the Medicaid funds.

These funds are received directly from a state agency, which are subject to compliance audits and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance and completion of the audits and monitoring reviews by the granting agencies.

The Organization maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Management has placed these funds in high quality institutions in order to minimize the risk. At December 31, 2023, the Organization's cash balances exceeded federally insured limits by \$1,599,297.

C: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation as of December 31, 2023:

Building and improvements	\$ 376,237
Vehicles	61,325
Equipment	<u>17,002</u>
	454,564
Less: accumulated depreciation	(<u>107,935</u>)
	<u>\$ 346,629</u>

Depreciation expense was \$11,670 for the year ended December 31, 2023.

D: DEFERRED REVENUE

In August 2021, the Organization's main building was severely damaged by Hurricane Ida. The Organization received insurance proceeds, which will be utilized to offset the cost to construct a new building. As of December 31, 2023, unspent insurance proceeds consisted of \$185,298 as reported in the statement of financial position as deferred revenue.

E: LINE OF CREDIT

The Organization has a revolving line of credit agreement with a local bank in the amount of \$50,000 bearing a variable interest rate of prime plus 3%. The line of credit matures April 8, 2026 and is secured by funds on deposit with the lender in a money market account which is recorded as restricted cash on the statement of financial position. There were no outstanding draws on the line during the year ended December 31, 2023.

F: COOPERATIVE ENDEAVOR AGREEMENT

In June 2020, the Organization entered into a cooperative endeavor agreement with the St. James Parish Government. Per the terms of this agreement, the St. James Parish Government agreed to expend the appropriate funds for the staffing necessary to run the Organization as it relates to staff salaries, benefits, and overall compensation. Effective July 1, 2020, employees of the Organization became employees of the St. James Parish Government. The Parish Government also agreed to maintain the physical building of the Organization and provide transportation services for the Organization's clients. The Organization agreed to continue to provide all programmatic activities as it related to the clients of the Organization and continue to operate the thrift store and engage in other fundraising activities.

In-kind salaries, payroll taxes, and benefits of \$287,920 are reported and included in the statement of functional expenses for the year ended December 31, 2023.

G: LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Cash and certificate of deposits	\$ 1,797,408
Accounts receivable	3,089
Less donor-imposed restrictions	(891,747)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 908,750</u>

As part of the organization's liquidity management, the Organization maintains sufficient cash balances throughout the year through the receipt of grants and donations, and proceeds from the operation of the thrift store. To support the Organization's objectives to help manage unanticipated liquidity needs, the Organization also has a \$50,000 line of credit available.

H: LEASES

The Organization leases a building under an agreement that is classified as an operating lease. The lease provides for monthly rent ranging from \$1,500 to \$2,250 and has an optional extended term that expires May 1, 2024. The right-of-use assets and related liabilities have been calculated using a weighted average risk-free discount rate of 4.23%.

The Organization evaluates the optional renewal extensions and includes them in the right-of-use asset and lease liability balances when they become certain to be exercised. The weighted-average remaining lease term for all operating leases, excluding those classified as short term, was 1.92 years as of December 31, 2023. Lease expense for the operating leases under these agreements was \$18,000 for the year ended December 31, 2023.

The future minimum lease payments required under the operating lease are as follows for the year ending December 31, 2023:

Years ending December 31:	
2024	\$ 23,250
2025	<u>24,750</u>
	48,000
Less amounts representing interest	(<u>1,930</u>)
	<u>\$ 46,070</u>

I: NON-CASH INVESTING AND FINANCING ACTIVITIES

During the year ended December 31, 2023, the Organization acquired \$46,070 of operating right-of-use assets in exchange for lease obligations.

J: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds designated by donors or grantors for specific purposes or programs. As of December 31, 2023, \$897,747 was restricted for the use of constructing a new administrative office and classroom building.

K: SUBSEQUENT EVENTS

Subsequent events were evaluated through March 18, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ST. JAMES ARC
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
Year Ended December 31, 2023

Agency Head: James Brazan, Board President

There were no compensation, benefits, or other payments made to the agency head in 2023.

See accompanying notes to financial statements.



**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
St. James ARC

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 St. James ARC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. James 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 St. James ARC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. James ARC 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-01.

St. James ARC's Reponses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization'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 St. James ARC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. James ARC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baton Rouge, Louisiana
March 18, 2025

ST. JAMES ARC
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

A: SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of St. James ARC.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. There was one instance of noncompliance material to the financial statements that was disclosed during the audit.
4. A management letter was not issued.

B: FINDINGS – FINANCIAL STATEMENTS AUDIT

COMPLIANCE

2023-01 Failure to file audited financial statements timely

Criteria: In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Condition: The annual audited financial statements were not filed timely for fiscal year ended December 31, 2023.

Cause: The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Effect: The Organization did not comply with Louisiana Revised Statute 24:513.

Recommendation: The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Management's Response: Management will take appropriate actions to ensure their annual financial statement audits are submitted timely.

C: SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

There are no findings that are required to be reported in this section of the report.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the St. James ARC 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 January 1, 2023 through December 31, 2023. St. James ARC's management is responsible for those C/C areas identified in the SAUPs.

St. James ARC 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 January 1, 2023 through December 31, 2023. 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:

1) Written Policies and Procedures

A. 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:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: The Organization does not have written policies and procedures for this category.

- ii. ***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.

Results: The Organization does not have written policies and procedures for this category.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Results: The Organization does not have written policies and procedures for this category.

- iv. ***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 agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- Results: The Organization does not have written policies and procedures for this category.*
- v. ***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 rates of pay or approval and maintenance of pay rate schedules.
- Results: The Organization does not have written policies and procedures for this category.*
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- Results: The Organization does not have written policies and procedures for this category.*
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- Results: The Organization does not have written policies and procedures for this category.*
- viii. ***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).
- Results: Not applicable as the Organization does not use credit cards.*
- ix. ***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.
- Results: Not applicable as St. James ARC is a nonprofit organization.*
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Results: Not applicable as St. James ARC is a nonprofit organization.*

- xi. **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: The Organization does not have written policies and procedures for this category.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Not applicable as St. James ARC is a nonprofit organization.

2) Board or Finance Committee

- A. 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

- i. 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 were found as a result of this procedure.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of this procedure.

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

Results: Not applicable as St. James ARC is a nonprofit organization.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of this procedure.

3) Bank Reconciliations

- A. 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:
 - i. 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);
Results: One reconciliation tested was not prepared within 2 months of the statement closing date.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
Results: There was no written evidence of review for one of the bank accounts selected for testing.
 - iii. 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: For one of the reconciliations selected, there were several reconciling items outstanding for more than 12 months with no documentation indicating that the items have been researched.

4) Collections (excluding electronic funds transfers)

- A. 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).
Results: No exceptions were found as a result of this procedure.
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or

procedures, then 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

- i. Employees responsible for cash collections do not share cash drawers/registers;

Results: No exceptions were found as a result of this procedure.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Results: No exceptions were found as a result of this procedure.

- iii. Each employee responsible for collecting cash is not also 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; and

Results: No exceptions were found as a result of this procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of this procedure.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

- i. Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of this procedure.

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

Results: No exceptions were found as a result of this procedure.

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

Results: No exceptions were found as a result of this procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 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).

Results: No exceptions were found as a result of this procedure.

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

Results: No exceptions were found as a result of this procedure.

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

- A. 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).

Results: No exceptions were found as a result of this procedure.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Results: No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

Results: No exceptions were found as a result of this procedure.

- iii. 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;

Results: No exceptions were found as a result of this procedure.

- iv. 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; and

Results: No exceptions were found as a result of this procedure.

- v. 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.

Results: No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Results: No exceptions were found as a result of this procedure.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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) approved 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 were found as a result of this procedure.

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

- A. 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.
Results: Not applicable as the Organization does not use credit cards.
- B. 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
- i. 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, should not be reported); and
Results: Not applicable as the Organization does not use credit cards.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: Not applicable as the Organization does not use credit cards.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: Not applicable as the Organization does not use credit cards.

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

- A. 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 and 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

- i. 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);

Results: No exceptions were found as a result of this procedure.

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

Results: No exceptions were found as a result of this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Results: No exceptions were found as a result of this procedure.

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

Results: No exceptions were found as a result of this procedure.

8) Contracts

- A. 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. *Alternatively, 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
- i. 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;
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Results: No exceptions were found as a result of this procedure.
 - iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and
Results: No exceptions were found as a result of this procedure.
 - iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.
Results: No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. 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.
Results: No exceptions were found as a result of this procedure.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
Results: No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Results: No exceptions were found as a result of this procedure.
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Results: No exceptions were found as a result of this procedure.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Results: No exceptions were found as a result of this procedure.
- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
Results: No exceptions were found as a result of this procedure.
- D. 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: No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Results: Not applicable as St. James ARC is a nonprofit organization.
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Results: Not applicable as St. James ARC is a nonprofit organization.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Results: Not applicable as St. James ARC is a nonprofit organization.

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: Not applicable as St. James ARC is a nonprofit organization.

- B. 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: Not applicable as St. James ARC is a nonprofit organization.

12) Fraud Notice

- A. 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.

Results: No exceptions were found as a result of this procedure.

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

Results: The required fraud notice was not posted on the Organization's website.

13) Information Technology Disaster Recovery/Business Continuity

- A. 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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of this procedure.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Results: Not applicable as St. James ARC is a nonprofit organization.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that 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.

Results: Not applicable as St. James ARC is a nonprofit organization.

- B. Observe that 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).

Results: Not applicable as St. James ARC is a nonprofit organization.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
Results: Not applicable as St. James ARC is a nonprofit organization.
 - ii. Number of sexual harassment complaints received by the agency;
Results: Not applicable as St. James ARC is a nonprofit organization.
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
Results: Not applicable as St. James ARC is a nonprofit organization.
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Results: Not applicable as St. James ARC is a nonprofit organization.
 - v. Amount of time it took to resolve each complaint.
Results: Not applicable as St. James ARC is a nonprofit organization.

We were engaged by St. James ARC 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 St. James ARC 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.

L. A. Champagne & Co., LLP

Baton Rouge, Louisiana
March 18, 2025

ST. JAMES ARC
Vacherie, Louisiana
Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2023

1(A)

The Organization acknowledges the finding and recognizes the importance of formalized policies and procedures. While operations have been guided by institutional knowledge, we are actively developing written policies to enhance internal controls and consistency.

3(A)(i)

Policy and procedures will be implemented to ensure bank reconciliations are prepared within 2 months of the related statement closing date.

3(A)(ii)

Bank reconciliations are reviewed as part of our internal control process; however, we recognize that documentation of this review was not consistently maintained. To address this, we will implement a formal process to document the review, including requiring the reviewing board member to sign and date the reconciliations as evidence of oversight. This enhancement will ensure compliance with best practices and strengthen our financial controls.

3(A)(iii)

Procedures and protocols will be developed for documenting all research and steps taken regarding checks that are outstanding for more than 12 months.

12(B)

The required fraud notice posting will be added to our Organization's website.