

**THE ARC – IBERVILLE, INC.
PLAQUEMINE, LOUISIANA
ANNUAL FINANCIAL REPORT**

JUNE 30, 2018

**THE ARC – IBERVILLE, INC.
PLAQUEMINE, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2018**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	3
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12
SUPPLEMENTARY INFORMATION	13
Schedule 1: Schedule of Functional Expenses	14
Schedule 2: Schedule of Compensation of Board Members	15
Schedule 3: Schedule of Compensation, Benefits, and Other Payments to Agency Head	16
OTHER REPORTS	17
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 <i>Government Auditing Standards</i>	18-19
Schedule of Findings and Responses	20-21
Schedule of Prior Year Findings	22

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Arc – Iberville, Inc.
Plaquemine, Louisiana

We have audited the accompanying financial statements of The Arc – Iberville, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT, Continued

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 – Iberville, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of functional expenses, schedule of compensation of board members, and schedule of compensation, benefits, and other payments to agency head on pages 14 through 16 are presented for purposes of additional analysis and are not a required part of the basic 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 respected 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 October 23, 2018 on our consideration of The Arc – Iberville Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Arc – Iberville, Inc.'s internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
October 23, 2018

FINANCIAL STATEMENTS

THE ARC - IBERVILLE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets	
Cash and cash equivalents	\$ 721,884
Certificates of deposit	426,162
Due from other agencies	123,249
Prepaid expense	<u>5,649</u>
Total Current Assets	<u>1,276,944</u>
Property and Equipment	
Vehicles	103,369
Furniture and fixtures	18,820
Buildings	<u>10,609</u>
	132,798
Less accumulated depreciation	<u>(98,557)</u>
Total Property and Equipment	<u>34,241</u>
Other Assets	
Utility deposit	<u>400</u>
TOTAL ASSETS	<u><u>\$ 1,311,585</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 1,460
Payroll taxes withheld and accrued	<u>7,214</u>
Total Current Liabilities	8,674
Long-term liabilities	
Line of credit - Plaquemine Bank and Trust Co.	<u>50,000</u>
Total Liabilities	<u>58,674</u>
Net Assets:	
Unrestricted	<u>1,252,911</u>
Total Net Assets	<u>1,252,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,311,585</u></u>

The accompanying notes are an integral part of this statement.

**THE ARC - IBERVILLE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT, UNRESTRICTED	
Public Support:	
Iberville Parish Council	\$ 30,000
Office of Community Services, Div. of Rehabilitation Services	16,968
Capital Area United Way Allocation	74,500
Structured Work Program	3,620
Contributions	14,922
Medicaid	899,116
Other Revenues:	
Consultation Fees	17,213
Interest Income	6,827
Vending Machines	1,919
In-Kind	47,142
Miscellaneous Income	65,985
Net Loss on Sales and Disposal of Assets	(44)
TOTAL REVENUES AND OTHER SUPPORT, UNRESTRICTED	1,178,168
EXPENSES	
Program Services:	
Supervised Living/PCA & Respite	566,126
Vocational Services	278,919
Supporting Services:	
Management and General	277,458
TOTAL EXPENSES	1,122,503
Change in Unrestricted Net Assets	55,665
Net Assets at Beginning of Year	1,197,246
Net Assets at End of Year	\$ 1,252,911

The accompanying notes are an integral part of this statement.

**THE ARC - IBERVILLE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 55,665
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	22,635
Loss on sales and disposal of assets	44
Donated capital assets	(6,000)
Decrease in accounts receivable	25,326
(Increase) in prepaid expense	(2,995)
Decrease in other assets	606
Increase in accounts payable	199
Increase in payroll taxes withheld and accrued	7,096
	<u>102,576</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	102,576
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(10,754)
Proceeds on disposition of assets	300
Purchase of certificates of deposit	(4,762)
	<u>(15,216)</u>
NET CASH USED IN INVESTING ACTIVITIES	(15,216)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87,360
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	634,524
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 721,884
Supplemental Data	
Interest paid	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Arc – Iberville, Inc. (the Arc) is a Louisiana nonprofit organization that was formed to provide service needs for persons with intellectual and developmental disabilities and handicapped persons of Iberville Parish.

Nature of Services

The Arc offers the following service programs:

- Vocational program services are provided by the Arc to develop and create employment opportunities for individuals (age 16 or older) with disabilities through partnership with Louisiana Rehabilitation Services. Provides vocational assessments, job readiness skills, job placement, and training service and follow-up services.
- Supervised Living/Personal Care Assistance (PCA) and Respite services provide relief for the primary care providers of children and adults with developmental disabilities, from the everyday care, whether it's physical assistance or accompanying on outings. The support may occur in the individual's home, in the community, or in the Respite Center. It may occur regularly or the family may only request assistance in an emergency situation. The primary objective of Respite is to help prevent or delay institutionalization of individuals with developmental disabilities.

Reporting Entity

The Arc is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, the Arc has presented its financial statements as a separate special-purpose entity.

Basis of Accounting

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Certificates of Deposit

For purposes of the statement of cash flows, the Arc considers all cash accounts with a maturity of three months or less when purchased to be cash and cash equivalents. Certificates of deposit with banks mature within one year and are carried at cost, which approximates fair value.

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair value in the statement of financial position. Unrealized gains/losses are included in changes in net assets.

Accounts Receivable and Bad Debt

Management considers accounts receivable that are more than 30 days to be past due. Additionally, management has determined that accounts receivable that are more than one year old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one year old.

Property and Equipment and Depreciation

Property and equipment is stated at cost unless donated. Donated property and equipment is stated at fair market value as of the date of the gift. The Arc's policy has set the capitalization threshold for reporting property and equipment at \$1,000. Depreciation is charged to operations using the straight-line method over the estimated useful lives as follows:

Buildings	30-40 years
Vehicles	5 years
Furniture and fixtures	5-10 years

Revenues

The majority of the Arc's revenue is derived from third-party reimbursement arrangements. The revenues and the allowance of related expenditures are subject to audits by the granting agencies.

Expenses

Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Arc is a nonprofit organization that is exempt from incomes taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Arc has not recorded a provision for income taxes in the accompanying financial statements and the Arc does not have any uncertain tax positions. The Arc files a federal tax return with the Internal Revenue Service.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid expenses.

Financial Statement Presentation

The Arc has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Arc 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. In addition, the Arc is required to present a statement of cash flows. As permitted by the Statement, the Arc has discontinued its use of fund accounting.

Contributions

The Arc has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." 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, all contributions are classified as unrestricted.

Use of Estimates

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

NOTE B – CONCENTRATION OF CREDIT RISK

The Arc typically maintains cash and certificates of deposit in one bank, which may, at times, exceed FDIC limits. At June 30, 2018, the carrying amount (book balance) of the Arc's deposits was \$1,148,046 and the bank balance was \$1,176,414. FDIC coverage is \$250,000 per depositor per bank. At June 30, 2018, the Arc's uninsured bank balance totaled \$926,415.

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CERTIFICATES OF DEPOSIT

The Arc maintains two certificates of deposit as follows:

	<u>Carrying Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>
Certificates of deposit - Plaquemine Bank and Trust Co.	\$ 426,162	7/21/19 - 5/20/21	.85% - 1.25%
Total	<u>\$ 426,162</u>		

NOTE D – DUE FROM OTHER AGENCIES

Due from other agencies at June 30, 2018 consisted of the following:

Medicaid	\$ 115,759
Iberville Parish Council	<u>7,500</u>
TOTAL DUE FROM OTHER AGENCIES	<u>\$ 123,259</u>

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment is scheduled as follows:

	<u>BALANCE 6/30/2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 6/30/2018</u>
Vehicles	\$ 119,287	\$ 12,500	\$ (28,418)	\$ 103,369
Furniture and fixtures	36,852	4,254	(22,286)	18,820
Buildings	<u>10,609</u>	<u>-</u>	<u>-</u>	<u>10,609</u>
	166,748	<u>16,754</u>	<u>(50,704)</u>	132,798
Accumulated depreciation	<u>(126,282)</u>	<u>\$ (22,635)</u>	<u>\$ 50,360</u>	<u>(98,557)</u>
Total Property and Equipment	<u>\$ 40,466</u>			<u>\$ 34,241</u>

Depreciation expense was \$22,635 for the year ended June 30, 2018.

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE F – OPERATING LEASES

The Arc leases the facility that is used for Our Brother’s Keeper as a Sorting House. Rental expenses under the lease for the year ended June 30, 2018 were \$5,400. The monthly lease payment is \$450 for an undetermined length of time. Future minimum lease commitments as of June 30, 2018 are payable as follows:

Years	Amount
2019	\$ 5,400
2020	5,400
2021	5,400
2022	5,400
2023	5,400
Total	\$ 27,000

NOTE G – ECONOMIC DEPENDENCY

The Arc also received a considerable amount of its total support and revenues from Medicaid for services provided to clients. During the year ended June 30, 2018, the Arc received \$899,116 from Medicaid, which was 76% of total revenues.

NOTE H – LINE OF CREDIT

In February 2015, the Arc obtained a \$50,000 secured line of credit from Plaquemine Bank and Trust Company as set forth by the Louisiana Department of Health and Hospitals, of which \$50,000 was unused at June 30, 2018. Interest is payable monthly on any outstanding balances at an interest rate of 2.3% and has a maturity date of February 26, 2020.

NOTE I – IN-KIND DONATIONS

The Arc received in-kind donations of various assets and services in connection with the delivery of its programs. The fair value of the in-kind donations is recorded as revenues and expenses on the financial statements. In-kind donations recognized for the year ended June 30, 2018 are as follows:

	2018
Office space	\$ 31,350
Utilities	15,792
Total In-Kind	\$ 47,142

**THE ARC – IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE J – ACCOUNTING FOR UNCERTAIN TAX POSITIONS

On January 1, 2009, the Arc adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic had no impact on the statement of financial position or statement of activities.

All tax returns have been appropriately filed by the Arc. The Arc recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Arc's tax filings are subject to audit by various taxing authorities. The Arc's open audit periods are 2016 through 2018. Management evaluated the Arc's tax position and concluded that the Arc has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE K – RELATED PARTY

On October 10, 2014, The Arc – Iberville, Inc. entered into a lease agreement with Wilbert Rental, LLC to lease a building in Plaquemine, Louisiana to run Our Brother's Keeper as a Sorting House. Anna Breaux, a board member of the Arc, is the managing member of Wilbert Rental, LLC. The total amount of rent paid to Wilbert Rental, LLC for the year ended June 30, 2018 was \$5,400.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2018, the date that the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements or require disclosure.

NOTE M – RECENT ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statement for Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017. The Arc is currently assessing the impact of these pronouncements on it financial statements.

SUPPLEMENTARY INFORMATION

THE ARC - IBERVILLE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services		Supporting Services	Total
	Supervised Living/ PCA & Respite	Vocational Services	Management and General	
Salaries	434,720	212,718	97,445	744,883
Payroll taxes	33,966	15,599	7,580	57,145
Repairs and maintenance	1,636	2,627	9,073	13,336
Professional fees	1,402	1,457	14,034	16,893
Supplies	1,096	3,045	3,824	7,965
Telephone	2,661	3,118	2,478	8,257
Postage	2	22	256	280
Automobile and travel	157	15,105	157	15,419
Dues and subscriptions	2,050	2,470	3,151	7,671
Licenses	143	77	1,815	2,035
Insurance	15,817	16,248	57,859	89,924
Security	176	263	531	970
Training and workshops	5,497	1,913	2,340	9,750
In-kind	-	-	47,142	47,142
Bad debt expense	65,465	-	-	65,465
Affiliations	-	-	3,328	3,328
Rent	500	4,150	865	5,515
Miscellaneous	838	107	2,945	3,890
Total Expenses Before Depreciation	566,126	278,919	254,823	1,099,868
Depreciation of buildings and equipment	-	-	22,635	22,635
TOTAL EXPENSES	\$ 566,126	\$ 278,919	\$ 277,458	\$ 1,122,503

SCHEDULE 2

THE ARC - IBERVILLE, INC.
 SCHEDULE OF COMPENSATION FOR BOARD MEMBERS
 FOR THE YEAR ENDED JUNE 30, 2018

<u>Board Members</u>	<u>2018</u>
David Gassie, President	\$ -
Stacey Morales, Vice President	-
Mike Watts, Secretary	-
Yolanda Laws, Treasurer	-
Mickey Wilbert	-
Jocelyn Lamothe	-
Anna Breaux	-
Edward "Lucky" Songy	-
Anne Reeves	-
Vicki Landry	-
Total	<u>\$ -</u>

SCHEDULE 3

THE ARC - IBERVILLE, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD
 FOR THE YEAR ENDED JUNE 30, 2018

Agency Head: Elizabeth Fussell
 Dates: July 1, 2017 through April 30, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 28,269
Benefits - insurance	1,200
Benefits - retirement	565
Car allowance	-
Travel	-
Registration fees	225
Conference Travel	-
	<u>\$ 30,259</u>

Agency Head: Traci Parsons
 Dates: May 1, 2018 through June 30, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 2,500
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Travel	-
Registration fees	-
Conference Travel	-
	<u>\$ 2,500</u>

OTHER REPORTS

BAXLEY AND ASSOCIATES, LLC

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

Board of Directors
The Arc – Iberville, Inc.
Plaquemine, 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 – Iberville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2018-001).

**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 (continued)**

Compliance and Other Matters

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

The Arc – Iberville, Inc.'s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, Louisiana
October 23, 2018

**THE ARC – IBERVILLE, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unmodified opinion on the financial statements of The Arc – Iberville, Inc., as of and for the year ended June 30, 2018.
2. There was one significant deficiency relating to the audit of the financial statements reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of The Arc – Iberville, Inc. were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001: APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Condition:

The Arc – Iberville, Inc. does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria:

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. AU-C 265 requires that we report the above condition as a control deficiency. It does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

**THE ARC – IBERVILLE, INC.
SCHEDULE OF FINDINGS AND RESPONSES (continued)
YEAR ENDED JUNE 30, 2018**

Management's Response:

As of July 9, 2018, Sonia D. Falcon was hired full-time as The Arc – Iberville, Inc.'s Financial Business Manager. Mrs. Falcon has 19 years of work experience working in an Arc Facility. Mrs. Falcon has implemented internal controls and will record adjusting entries as needed.

**THE ARC – IBERVILLE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2018**

2017-001: INADEQUATE SEGREGATION OF DUTIES

Condition:

Due to the limited number of personnel performing administrative functions, the Arc – Iberville, Inc. does not have adequate segregation of duties within its accounting and financial functions.

Recommendation:

Management should evaluate the additional costs to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

Current Status:

This finding was corrected in the current year.

2017-002 APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Condition:

The Arc – Iberville, Inc. does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation:

Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

Current Status:

This finding still exists in the current year.