

LARC, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

LARC, INC.

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INDEPENDENT AUDITORS' REPORT

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** A LIMITED LIABILITY COMPANY



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To the Board of Directors
LARC, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of LARC, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by component 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2018, on our consideration of LARC, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 LARC, Inc.'s internal control over financial reporting and compliance.

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

October 8, 2018
Lafayette, Louisiana

LARC, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Interest Bearing Deposits	\$ 925,878	\$ 346,595
Investments	605,791	338,780
Accounts Receivable (net of allowance for doubtful accounts of \$5,000 and \$5,000, respectively)	524,330	634,052
Inventory	20,798	20,118
Prepaid Expenses	225	31,314
Deposits	<u>11,573</u>	<u>11,573</u>
Total Current Assets	<u>2,088,595</u>	<u>1,382,432</u>
PROPERTY AND EQUIPMENT (NET)	<u>3,156,847</u>	<u>3,182,603</u>
OTHER ASSETS		
Certificates of Deposit	<u>200,000</u>	<u>400,000</u>
Total Other Assets	<u>200,000</u>	<u>400,000</u>
TOTAL ASSETS	<u><u>\$ 5,445,442</u></u>	<u><u>\$ 4,965,035</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 66,507	\$ 60,346
Accrued Payroll and Related Liabilities	97,690	85,017
Deferred Revenue	<u>29,575</u>	<u>11,800</u>
Total Current Liabilities	<u>193,772</u>	<u>157,163</u>
TOTAL LIABILITIES	<u>193,772</u>	<u>157,163</u>
NET ASSETS		
Unrestricted	<u>5,251,670</u>	<u>4,807,872</u>
Total Net Assets	<u>5,251,670</u>	<u>4,807,872</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,445,442</u></u>	<u><u>\$ 4,965,035</u></u>

The accompanying notes are an integral part of these statements.

LARC, INC.

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT		
Donations	\$ 235,762	\$ 114,354
Fundraising	<u>707,315</u>	<u>586,898</u>
Total Public Support	<u>943,077</u>	<u>701,252</u>
 REVENUES		
Program Revenues	6,386,257	6,496,228
Interest	1,608	3,180
Membership Dues	1,015	1,025
Other Revenue	14,101	9,655
Gain on Disposal of Assets	1,500	-
Gain on Investment Transactions:		
Unrealized	5,204	27,968
Realized	<u>44,353</u>	<u>12,533</u>
Total Revenues	<u>6,454,038</u>	<u>6,550,589</u>
 TOTAL PUBLIC SUPPORT AND REVENUES	 <u>7,397,115</u>	 <u>7,251,841</u>
 EXPENSES AND LOSSES		
Vocational Services	2,144,681	2,329,192
Residential Services	1,643,492	1,710,148
Community Support and Services	1,706,570	1,842,621
Acadian Village	364,900	488,248
Supporting Services:		
Management and General	796,563	897,774
Fundraising	<u>297,111</u>	<u>307,260</u>
Total Expenses	<u>6,953,317</u>	<u>7,575,243</u>
 CHANGE IN NET ASSETS	 443,798	 (323,402)
 NET ASSETS AT BEGINNING OF YEAR	 <u>4,807,872</u>	 <u>5,131,274</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 5,251,670</u>	 <u>\$ 4,807,872</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 443,798	\$ (323,402)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	322,561	289,148
Gain on Disposal of Assets	(1,500)	-
Unrealized Gain (Loss) on Investment Transactions	5,204	27,968
Changes in Current Assets and Liabilities:		
Accounts Receivable	109,722	(135,601)
Inventory	(680)	(3,774)
Prepaid Expense	31,089	(31,314)
Accounts Payable	6,161	(34,024)
Accrued Payroll and Related Liabilities	12,673	(34,183)
Deferred Revenue	<u>17,775</u>	<u>(22,112)</u>
Net Cash Provided By (Used In) Operating Activities	<u>946,803</u>	<u>(267,294)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(295,305)	(106,921)
Purchase of Investments	(72,215)	(366,748)
Proceeds from Sale of Investments	<u>-</u>	<u>1,015,744</u>
Net Cash Provided By (Used In) Investing Activities	<u>(367,520)</u>	<u>542,075</u>
NET INCREASE IN CASH AND EQUIVALENTS	579,283	274,781
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>346,595</u>	<u>71,814</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 925,878</u>	<u>\$ 346,595</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
Compensation and Related Expenses							
Salaries	\$ 1,142,264	\$ 906,258	\$ 1,410,412	\$ 115,042	\$ 432,764	\$ 62,107	\$ 4,068,847
Client Salaries	197,111	-	-	-	-	-	197,111
Payroll Taxes	99,362	66,318	116,961	11,309	30,494	3,030	327,474
Employee Benefits	157,673	40,669	60,771	7,114	20,594	5,022	291,843
Retirement Plan Contributions	16,417	4,515	5,014	1,535	9,131	1,098	37,710
	<u>1,612,827</u>	<u>1,017,760</u>	<u>1,593,158</u>	<u>135,000</u>	<u>492,983</u>	<u>71,257</u>	<u>4,922,985</u>
Advertising	-	-	-	4,718	376	16,719	21,813
Bank Charges	-	-	-	6,354	12,616	9,245	28,215
Christmas Program	-	-	-	-	-	181,105	181,105
Conferences	503	361	1,002	-	861	-	2,727
Cost of Goods Sold	-	-	-	44,225	-	-	44,225
Depreciation	136,792	46,319	5,224	47,837	80,796	5,593	322,561
Dues and Subscriptions	197	(17)	-	1,213	12,677	10	14,080
Equipment Leases	7,480	6,924	3,477	-	15,488	-	33,369
Food	8,879	65,705	-	-	-	-	74,584
Fuel	69,140	10,304	-	283	2,247	-	81,974
Grant Expenses	-	-	-	10,509	-	-	10,509
Insurance	103,795	63,904	55,806	47,981	31,247	3,500	306,233
Miscellaneous Expenses	5,621	8,242	7,925	1,010	4,132	-	26,930
Performers and Concessions	-	-	-	1,077	-	-	1,077
Postage	110	54	929	62	1,460	326	2,941
Professional Services	3,686	69,000	700	2,123	79,279	2,428	157,216
Repairs and Maintenance	10,008	18,075	4,132	23,918	23,417	-	79,550
Supplies	17,083	52,606	1,677	7,153	10,431	3,768	92,718
Taxes and Licenses	333	214,280	333	-	-	-	214,946
Telephone	20,389	13,492	8,999	-	15,914	112	58,906
Travel	4,775	4,799	19,265	640	4,007	3,048	36,534
Utilities and Garbage	36,664	45,030	3,943	30,797	7,745	-	124,179
Vehicle Repairs and Maintenance	60,870	6,654	-	-	887	-	68,411
Work Activity Expense	45,529	-	-	-	-	-	45,529
TOTAL	<u>\$ 2,144,681</u>	<u>\$ 1,643,492</u>	<u>\$ 1,706,570</u>	<u>\$ 364,900</u>	<u>\$ 796,563</u>	<u>\$ 297,111</u>	<u>\$ 6,953,317</u>

The accompanying notes are an integral part of these statements.

LARC, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
Compensation and Related Expenses							
Salaries	\$ 1,256,513	\$ 960,766	\$ 1,499,540	\$ 132,567	\$ 503,057	\$ 81,545	\$ 4,433,988
Client Salaries	269,266	-	-	-	-	-	269,266
Payroll Taxes	113,247	71,323	124,122	14,281	39,440	2,759	365,172
Employee Benefits	183,915	54,052	93,139	7,979	26,779	6,116	371,980
Retirement Plan Contributions	15,745	3,760	6,066	1,940	8,948	1,435	37,894
	<u>1,838,686</u>	<u>1,089,901</u>	<u>1,722,867</u>	<u>156,767</u>	<u>578,224</u>	<u>91,855</u>	<u>5,478,300</u>
Advertising	115	-	-	5,912	12,136	15,473	33,636
Bank Charges	-	-	-	5,374	10,998	6,851	23,223
Christmas Program	-	-	-	-	-	173,274	173,274
Conferences	311	98	536	301	329	-	1,575
Cost of Goods Sold	-	-	-	45,900	-	-	45,900
Depreciation	94,421	48,784	5,314	48,534	84,852	7,243	289,148
Dues and Subscriptions	110	291	-	1,173	11,522	-	13,096
Equipment Leases	7,852	4,340	3,268	-	11,285	-	26,745
Food	5,151	71,858	-	-	-	-	77,009
Fuel	65,423	8,181	-	206	1,881	-	75,691
Grant Expenses	-	-	-	76,064	-	-	76,064
Insurance	111,858	62,358	57,962	56,679	33,962	3,635	326,454
Interest and Penalties	-	-	-	-	18	-	18
Miscellaneous Expenses	3,105	4,583	9,450	1,257	5,086	-	23,481
Performers and Concessions	-	-	-	8,212	-	-	8,212
Postage	296	136	884	132	1,559	289	3,296
Professional Services	5,040	78,912	1,331	789	81,104	-	167,176
Repairs and Maintenance	22,335	12,703	2,522	43,104	22,811	-	103,475
Supplies	15,385	48,267	209	6,179	9,856	5,414	85,310
Taxes and Licenses	333	211,365	333	-	-	-	212,031
Telephone	23,406	16,869	9,395	-	16,934	-	66,604
Travel	5,579	5,005	25,403	1,047	5,985	3,226	46,245
Utilities and Garbage	35,424	40,440	3,147	30,618	7,449	-	117,078
Vehicle Repairs and Maintenance	51,287	6,057	-	-	1,783	-	59,127
Work Activity Expense	43,075	-	-	-	-	-	43,075
	<u>\$ 2,329,192</u>	<u>\$ 1,710,148</u>	<u>\$ 1,842,621</u>	<u>\$ 488,248</u>	<u>\$ 897,774</u>	<u>\$ 307,260</u>	<u>\$ 7,575,243</u>
TOTAL							

The accompanying notes are an integral part of these statements.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – LARC, Inc. (the “Association”) was incorporated in February 1961. The Association administers programs for the benefit of citizens with intellectual and developmental disabilities in an eight parish area of Southwest Louisiana. The programs are primarily funded from various governmental sources. The Association also operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admissions, gift shop sales and facilities rentals.

Basis of Presentation - The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting – The financial statements of LARC, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation are in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Revenue – Fee for service contract revenue is recognized as services are provided. Grant revenue is recognized when the related expenses are incurred and all eligibility requirements imposed by the provider have been met.

Recognition of Donor Restrictions – Contributions are recognized as revenue when the donor makes a promise to give the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts Receivable/Allowance for Doubtful Accounts – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through an adjustment to earnings and a valuation allowance account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance account and a credit to accounts receivable. Changes in the valuation account have not been material to the financial statements. The total allowance at June 30, 2018 and 2017 was \$5,000 and \$5,000, respectively.

Property and Equipment – Purchased property and equipment are recorded at cost at the date of the acquisition. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Association has adopted a policy of implying a time restriction that expires over the useful life of the assets. The Association has a capitalization threshold of \$500. Depreciation is computed by the straight-line method over estimated useful lives ranging from four to thirty years. The Association has historical buildings in the amount of \$284,930 which are exempt from depreciation under FASB ASC 958-360-35-3.

LARC, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences - Employees of the Association earn annual leave in varying amounts depending on length of service. Vacation days that are unused within one year of accrual are lost without monetary compensation. Sick leave is also earned but follows the same policy as annual leave. Based on this, there is no accrual for compensated absences necessary at June 30, 2018 and 2017.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Inventories – Inventories consist of merchandise in the Acadian Village Store and Mardi Gras beads held for resale and is stated at the lower of cost or realizable market. Cost is determined on the first-in, first-out method.

Donated Services – The Association receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under Accounting Standards Codification (ASC) 958-605-25-16 have not been satisfied.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2018 and 2017 was \$21,813 and \$33,636, respectively.

Income Taxes – LARC, Inc. is an exempt Organization for Federal income tax purposes under section 501(c)(3) of the Internal Revenue Code.

As of June 30, 2018, tax returns for 2015, 2016, and 2017 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

Impairments – Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2018, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

LARC, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value Considerations - Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item’s fair value in subsequent reporting periods must be recognized in current earnings. The fair value option was not elected for the measurements of any eligible assets or liabilities.

The estimated fair values of each entity’s short-term financial instruments (primarily cash and cash equivalents, receivables, accounts payables, accrued expenses, short-term debt and lines of credit) approximate their individual carrying amounts due to the relatively short period between their origination and expected realization or payment. Based on market rates for similar loans, the fair value of long-term debt approximates their carrying value.

(B) FIXED ASSETS

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 6,631,619	\$ 6,639,383
Furniture and Fixtures	115,318	116,185
Machinery and Equipment	841,000	827,363
Transportation Equipment	937,110	794,215
Land	112,099	112,099
Work In Progress	<u>63,269</u>	<u>-</u>
	8,700,415	8,489,245
Less: Accumulated Depreciation	<u>(5,543,568)</u>	<u>(5,306,642)</u>
Net Fixed Assets	<u>\$ 3,156,847</u>	<u>\$ 3,182,603</u>

Total depreciation expense for the year ended June 30, 2018 and 2017 was \$322,561 and \$289,148, respectively.

(C) RISKS AND UNCERTAINTIES

The State of Louisiana is the primary source of revenues for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

LARC, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(D) GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

(E) EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 92% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$37,710 and \$37,894 was made for the year ended June 30, 2018 and 2017, respectively.

(F) CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances at multiple financial institutions. At times, cash balances exceed the Federal Deposit Insurance Corporation limits of up to \$250,000 per institution. It is the opinion of management that the solvency of these financial institutions is not of particular concern at this time. The excess amount at June 30, 2018 and 2017 was \$612,018 and \$20,403, respectively.

The Association's main funding source is the State of Louisiana. Funding is received through fee for service contracts. For the year ended June 30, 2018 and 2017, funding received from the State of Louisiana was \$5,216,763 or 71% and \$5,083,207 or 72%, of total revenues, gains, and other support, respectively.

(G) LEASES

The Association leases four copiers and a mailing system under operating leases expiring between January 2019 and November 2020. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2018 and 2017 is \$33,369 and \$26,745, respectively.

Minimum future rental payments under non-cancelable operating leases for each of the next five years and in the aggregate are:

For the Year Ended June 30:

	2019	\$ 7,461
	2020	<u>680</u>
Total Future Minimum Lease Payments		<u>\$ 8,141</u>

LARC, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(H) LINE OF CREDIT

The Association has a line of credit with a maximum borrowing limit of \$50,000. The line of credit bears a variable interest rate of Wall Street Journal prime (4.50%) plus a rate of 3.75% over the index resulting in an initial rate of 8.25% and matures on March 2, 2019. As of June 30, 2018 and 2017, the Association has no outstanding balance on this line of credit.

(I) COMPENSATION, BENEFITS AND OTHER PAYMENTS TO DIRECTOR

A detail of compensation, benefits, and other payments paid to the Executive Director, Glenn Weber for the year ended June 30, 2018:

Purpose	Amount
Salary	\$ 81,525
Benefits – Retirement	\$ 2,446
Benefits – Insurance	\$ 15
Car Allowance	\$ 2,734
Reimbursements	\$ 1,392

(J) SUBSEQUENT EVENTS

The Association has evaluated subsequent events through October 8, 2018, the date which the financial statements were available to be issued.

LARC, INC.

SCHEDULE OF ACTIVITIES BY COMPONENT
YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
REVENUE AND SUPPORT:							
Program Revenue	\$ 2,115,512	\$ 2,134,314	\$ 1,825,478	\$ 310,953	\$ -	\$ -	\$ 6,386,257
Christmas Program	-	-	-	-	-	707,315	707,315
Other	<u>198,620</u>	<u>5,389</u>	<u>8,515</u>	<u>13,083</u>	<u>77,934</u>	<u>-</u>	<u>303,541</u>
Total Revenue and Support	2,314,132	2,139,703	1,833,993	324,036	77,934	707,315	7,397,113
EXPENSES:							
TOTAL EXPENSES	<u>2,144,681</u>	<u>1,643,492</u>	<u>1,706,570</u>	<u>364,900</u>	<u>796,563</u>	<u>297,111</u>	<u>6,953,317</u>
Increase (Decrease) in Net Assets	<u>\$ 169,451</u>	<u>\$ 496,211</u>	<u>\$ 127,423</u>	<u>\$ (40,864)</u>	<u>\$ (718,629)</u>	<u>\$ 410,204</u>	<u>\$ 443,796</u>

See Independent Auditors' Report.

LARC, INC.

SCHEDULE OF ACTIVITIES BY COMPONENT
YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services		TOTAL
	Vocational Services	Residential Services	Community Support and Services	Acadian Village	Management and General	Fundraising	
REVENUE AND SUPPORT:							
Program Revenue	\$ 2,198,845	\$ 2,103,109	\$ 1,851,728	\$ 342,546	\$ -	\$ -	\$ 6,496,228
Christmas Program	-	-	-	-	-	586,898	586,898
Other	<u>53,492</u>	<u>4,473</u>	<u>6,458</u>	<u>39,353</u>	<u>64,939</u>	<u>-</u>	<u>168,715</u>
Total Revenue and Support	2,252,337	2,107,582	1,858,186	381,899	64,939	586,898	7,251,841
EXPENSES:							
TOTAL EXPENSES	<u>2,329,192</u>	<u>1,710,148</u>	<u>1,842,621</u>	<u>488,248</u>	<u>897,774</u>	<u>307,260</u>	<u>7,575,243</u>
Increase (Decrease) in Net Assets	<u>\$ (76,855)</u>	<u>\$ 397,434</u>	<u>\$ 15,565</u>	<u>\$ (106,349)</u>	<u>\$ (832,835)</u>	<u>\$ 279,638</u>	<u>\$ (323,402)</u>

See Independent Auditors' Report.

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, DABFA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



ANDRE' D. BROUSSARD, CPA

ALEXANDRA DARDAR, CPA, MBA

ROBERT T. DUCHARME, II, CPA

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JENA L. JOHNS, CPA

MARY PATRICIA KEELEY, CPA

CORITA K. KUON, CPA, CVA

WENDY ORTEGO, CPA, CVA

STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

To the Board of Directors
LARC, Inc.
Lafayette, 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 LARC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

October 8, 2018
Lafayette, Louisiana

LARC, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

We have audited the financial statements of LARC, Inc. as of and for the year ended June 30, 2018, and have issued our report thereon dated October 8, 2018. 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 Comptroller General of the United States. Our audit of the financial statements of June 30, 2018 resulted in an unqualified opinion.

Section I – Summary of Auditors’ Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	___ Yes	___ <input checked="" type="checkbox"/> No
Significant Deficiencies	___ Yes	___ <input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	___ Yes	___ <input checked="" type="checkbox"/> No
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Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs

This section is not applicable.

LARC, INC.

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no prior year findings.