

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements

As of and for the Years Ended June 30, 2023 (Compiled) and 2022 (Compiled)

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Financial Statements
As of and for the Years Ended June 30, 2023 (Compiled) and 2022 (Compiled)

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1904 Stubbs Avenue, Suite B
Monroe, LA 71201

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ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of **The Arc of Ouachita (dba ARCO)** (a non-profit organization, the Arc), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by the management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The June 30, 2022 financial statements were compiled by us, and we expressed no opinion on them in our report dated March 23, 2023.

The supplementary information contained in Schedules 1, 2 and 3 are presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Woodard & Associates

(A Professional Accounting Corporation)
January 2, 2024

FINANCIAL STATEMENTS

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Financial Position

	June 30, 2023 (Compiled)		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash	\$ 1,469,411	\$ -	\$ 1,469,411
Accounts receivable			
Intergovernmental	276,424	-	276,424
Services	27,109	-	27,109
Contributions and grants	-	-	-
United Way	-	23,000	23,000
Other	1,127	-	1,127
Property and equipment	1,260,727	260,655	1,521,382
Accumulated depreciation	(326,547)	(226,682)	(553,229)
Prepaid expenses	564,161	-	564,161
Other deposits	25,377	-	25,377
	<u>\$ 3,297,792</u>	<u>\$ 56,973</u>	<u>\$ 3,354,765</u>
Liabilities and net assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 151,816	\$ -	\$ 151,816
Accrued payroll and taxes	117,352	-	117,352
Deferred revenue	-	-	-
Current portion of long-term obligations	5,447	-	5,447
Total current liabilities	<u>274,618</u>	<u>-</u>	<u>274,618</u>
Long-term liabilities			
Long-term obligations, net of current portion	576,149	-	576,149
Total long-term liabilities	<u>576,149</u>	<u>-</u>	<u>576,149</u>
Total liabilities	<u>850,767</u>	<u>-</u>	<u>850,767</u>
Net Assets			
Without donor restrictions	2,447,025	-	2,447,025
With donor restrictions	-	56,973	56,973
Total net assets	<u>2,447,025</u>	<u>56,973</u>	<u>2,503,998</u>
	<u>\$ 3,297,792</u>	<u>\$ 56,973</u>	<u>\$ 3,354,765</u>

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Financial Position

	June 30, 2022 (Compiled)		
	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash	\$ 1,178,384	\$ -	\$ 1,178,384
Accounts receivable			
Intergovernmental	255,430	-	255,430
Services	25,876	-	25,876
Contributions and grants	-	-	-
United Way	15,340	38,298	53,639
Other	-	-	-
Property and equipment	1,030,856	260,655	1,291,511
Accumulated depreciation	(610,803)	(200,774)	(811,577)
Prepaid expenses	7,707	-	7,707
Other deposits	24,039	-	24,039
Total assets	\$ 1,926,829	\$ 98,181	\$ 2,025,009
 Liabilities and net assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 49,370	\$ -	\$ 49,370
Accrued payroll and taxes	100,022	-	100,022
Deferred revenue	9,000	-	9,000
Current portion of long-term obligations	17,857	-	17,857
Total current liabilities	176,253	-	176,253
 Long-term liabilities			
Long-term obligations, net of current portion	148,708	-	148,708
Total long-term liabilities	148,708	-	148,708
Total liabilities	324,961	-	324,961
 Net Assets			
Without donor restrictions	1,609,867	-	1,609,867
With donor restrictions	-	90,181	90,181
Total net assets	1,609,867	90,181	1,700,048
Total liabilities and net assets	\$ 1,934,828	\$ 90,181	\$ 2,025,009

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Activities
For the Years Ended

June 30, 2023 (Compiled)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Intergovernmental	\$ 3,231,469	\$ -	\$ 3,231,469
Charges for services	256,448	-	256,448
Contributions and grants	178,826	-	178,826
United Way allocation	23,191	23,000.00	46,191
Membership dues	28,334	-	28,334
Contributions and net revenue from			
Special events			
Contributions	51,619	-	51,619
Sale of fixed assets	141,116	-	141,116
Other revenues	-	-	-
Other revenue - Employee Retention Credit	831,596	-	831,596
Total	<u>4,742,599</u>	<u>23,000</u>	<u>4,765,599</u>
Net assets released from restrictions	<u>56,208</u>	<u>(56,208)</u>	<u>-</u>
Revenues, gains and other support	4,798,807	(33,208)	4,765,599
Expenses			
Program services			
Supported employment	190,452	-	190,452
Day habilitation	155,773	-	155,773
Supported work contracts	7,896	-	7,896
Supported living	2,536,274	-	2,536,274
Community home			
Mallard Home	258,439	-	258,439
Total program services	<u>3,148,833</u>	<u>-</u>	<u>3,148,833</u>
Supporting services			
Management and general	665,938	-	665,938
Fundraising	146,878	-	146,878
Total supporting services	<u>812,816</u>	<u>-</u>	<u>812,816</u>
Total expenses	<u>3,961,649</u>	<u>-</u>	<u>3,961,649</u>
Increase (decrease) in net assets	837,158	(33,208)	803,950
Net assets at beginning of year	<u>1,609,867</u>	<u>90,181</u>	<u>1,700,048</u>
Net assets at end of year	<u>\$ 2,447,025</u>	<u>\$ 56,973</u>	<u>\$ 2,503,998</u>

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Activities

For the Years Ended

June 30, 2022 (Compiled)

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues, gains, and other support			
Intergovernmental	\$ 3,074,123	\$ -	\$ 3,074,123
Charges for services	234,718	-	234,718
Contributions and grants	147,415	-	147,415
United Way allocation	35,690	38,298	73,989
Membership dues	55,997	-	55,997
Contributions and net revenue from			
Special events			
Contributions	12,853	-	12,853
Sale of fixed assets	-	-	-
Other revenues	15,237	-	15,237
Gain on sale of assets	-	-	-
Total	<u>3,576,033</u>	<u>38,298</u>	<u>3,614,332</u>
			-
Net assets released from restrictions	<u>80,037</u>	<u>(80,037)</u>	<u>-</u>
Revenues, gains and other support	3,656,070	(41,738)	3,614,332
Expenses			
Program services			
Supported employment	177,600	-	177,600
Day habilitation	55,017	-	55,017
Supported work contracts	90,121	-	90,121
Supported living	2,256,040	-	2,256,040
Community home			
Mallard Home	262,416	-	262,416
Total program services	<u>2,841,196</u>	<u>-</u>	<u>2,841,196</u>
Supporting services			
Management and general	582,182	-	582,182
Fundraising	142,452	-	142,452
Total supporting services	<u>724,634</u>	<u>-</u>	<u>724,634</u>
Total expenses	<u>3,565,830</u>	<u>-</u>	<u>3,565,830</u>
Increase (decrease) in net assets	90,240	(41,738)	48,502
Net assets at beginning of year	<u>1,519,627</u>	<u>131,919</u>	<u>1,651,546</u>
Net assets at end of year	\$ <u>1,609,867</u>	\$ <u>90,181</u>	\$ <u>1,700,048</u>

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2023 (Compiled)

Program Services					
	Supported Employment	Day Habilitation	Supported Work Contracts	Supported Living	Mallard Home
Salaries	\$ 91,152	\$ 81,095	\$ -	\$ 1,957,359	\$ 146,736
Payroll taxes	6,996	6,150	-	157,478	11,631
Pension	901	259	-	16,720	1,775
Total salaries and related expenses	99,050	87,504	-	2,131,558	160,142
Dues and subscriptions	455	(4)	-	172	42
Food	909	2,824	-	7,001	11,586
Insurance	14,436	12,125	652	121,833	14,238
Interest	60	13	1,375	110	18
Licenses and inspections	434	14	-	510	806
Maintenance	19,137	6,302	3,440	48,532	5,158
Medical	620	440	-	13,639	4,048
Miscellaneous	219	161	-	5,057	24,284
Office supplies and postage	549	425	-	3,283	291
Professional fees	165	169	-	37,113	4,759
Public awareness	135	2,186	-	11,783	441
Rent	11,309	11,695	-	36,646	2,140
Supplies	386	5,529	-	4,237	6,627
Taxes	8,170	-	-	-	-
Telephone	10,566	3,499	345	55,702	3,305
Training	1,105	51	-	14,940	5,027
Transportation	4,512	2,779	-	6,409	1,914
Travel	269	32	-	20,763	29
Utilities	3,445	8,643	2,084	16,727	12,657
Total	175,928	144,387	7,896	2,536,016	257,511
Depreciation of buildings and equipment	14,524	11,385	-	258	927
Total functional expenses	\$ <u>190,452</u>	\$ <u>155,773</u>	\$ <u>7,896</u>	\$ <u>2,536,274</u>	\$ <u>258,439</u>

The accompanying notes are an integral part of these statements.

Continued

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2023 (Compiled)

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salaries	\$ 2,276,342	\$ 274,586	\$ 98,445	\$ 373,031	\$ 2,649,373
Payroll taxes	182,255	20,928	6,747	27,675	209,930
Pension	19,656	5,481	2,734	8,215	27,871
Total salaries and related expenses	<u>2,478,253</u>	<u>300,995</u>	<u>107,926</u>	<u>408,921</u>	<u>2,887,174</u>
Dues and subscriptions	665	15,931	37	15,968	16,633
Food	22,320	2,094	523	2,617	24,937
Insurance	163,284	39,466	4,147	43,613	206,897
Interest	1,576	139	-	139	1,715
Licenses and inspections	1,764	259	-	259	2,023
Maintenance	82,569	38,760	3,299	42,059	124,628
Medical	18,746	1,769	163	1,932	20,678
Miscellaneous	29,721	61,193	7,094	68,287	98,008
Office supplies and postage	4,547	5,193	4,321	9,514	14,061
Professional fees	42,205	76,496	1,999	78,495	120,700
Public awareness	14,546	17,423	4,760	22,183	36,729
Rent	61,790	44,163	6,202	50,365	112,155
Supplies	16,779	(367)	2,146	1,779	18,558
Taxes	8,170	-	-	-	8,170
Telephone	73,418	4,958	1,817	6,775	80,193
Training	21,123	537	30	567	21,690
Transportation	15,614	(4)	4	-	15,614
Travel	21,093	742	211	953	22,046
Utilities	43,556	24,013	2,036	26,049	69,605
Total	<u>3,121,739</u>	<u>633,760</u>	<u>146,715</u>	<u>780,475</u>	<u>3,902,214</u>
Depreciation of buildings and equipment	<u>27,095</u>	<u>32,177</u>	<u>163</u>	<u>32,340</u>	<u>59,435</u>
Total functional expenses	\$ <u><u>3,148,833</u></u>	\$ <u><u>665,938</u></u>	\$ <u><u>146,878</u></u>	\$ <u><u>812,816</u></u>	\$ <u><u>3,961,649</u></u>

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2022 (Compiled)

	Program Services				
	Supported Employment	Day Habilitation	Supported Work Contracts	Supported Living	Mallard Home
Salaries	\$ 84,342	\$ 13	\$ 21,220	\$ 1,768,625	\$ 146,262
Payroll taxes	6,274	1	1,537	140,276	11,508
Pension	<u>1,557</u>	<u>1</u>	<u>277</u>	<u>16,793</u>	<u>1,375</u>
Total salaries and related expenses	92,173	15	23,034	1,925,694	159,145
Dues and subscriptions	786	-	307	6,843	615
Food	303	-	29	6,206	11,203
Insurance	24,526	12,821	13,474	81,140	18,669
Interest	-	-	5,799	-	-
Licenses and inspections	525	-	51	475	873
Maintenance	11,261	8,948	7,968	53,356	5,556
Medical	280	-	181	13,588	5,123
Miscellaneous	151	-	79	8,437	26,516
Office supplies and postage	829	-	88	3,926	818
Professional fees	-	-	5,843	27,304	6,078
Public awareness	273	999	902	7,330	190
Rent	10,317	14	1,619	26,874	2,307
Supplies	474	412	522	6,278	8,588
Telephone	7,025	1,440	4,656	35,332	2,976
Training	767	-	69	19,872	549
Transportation	7,170	-	95	2,025	1,128
Travel	332	-	49	16,735	23
Utilities	<u>3,054</u>	<u>6,750</u>	<u>9,624</u>	<u>12,587</u>	<u>11,080</u>
Total	160,246	31,399	74,389	2,254,002	261,437
Depreciation of buildings and equipment	<u>17,354</u>	<u>23,618</u>	<u>15,732</u>	<u>2,038</u>	<u>979</u>
Total functional expenses	\$ <u>177,600</u>	\$ <u>55,017</u>	\$ <u>90,121</u>	\$ <u>2,256,040</u>	\$ <u>262,416</u>

Continued

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Statement of Functional Expenses(Concluded)

For the Year Ended June 30, 2022 (Compiled)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 2,020,462	\$ 254,282	\$ 97,520	\$ 351,802	\$ 2,372,264
Payroll taxes	159,596	19,914	6,674	26,588	186,184
Pension	20,003	5,226	2,926	8,152	28,155
Total salaries and related expenses	2,200,061	279,422	107,120	386,542	2,586,603
Dues and subscriptions	8,551	18,695	232	18,927	27,478
Food	17,741	2,878	426	3,304	21,045
Insurance	150,630	31,798	4,092	35,890	186,520
Interest	5,799	-	-	-	5,799
Licenses and inspections	1,924	45	-	45	1,969
Maintenance	87,089	35,527	4,659	40,186	127,275
Medical	19,172	2,753	58	2,811	21,983
Miscellaneous	35,183	32,180	8,297	40,477	75,660
Office supplies and postage	5,661	4,280	4,518	8,798	14,459
Professional fees	39,225	53,954	-	53,954	93,179
Public awareness	9,694	26,257	848	27,105	36,799
Rent	41,131	60,224	5,115	65,339	106,470
Supplies	16,274	9,891	1,941	11,832	28,106
Telephone	51,429	2,218	2,211	4,429	55,858
Training	21,257	761	248	1,009	22,266
Transportation	10,418	-	-	-	10,418
Travel	17,139	117	334	451	17,590
Utilities	43,095	14,558	2,190	16,748	59,843
Total	2,781,473	575,558	142,289	717,847	3,499,320
Depreciation of buildings	59,721	6,624	163	6,787	66,508
Total functional expenses	\$ 2,841,194	\$ 582,182	\$ 142,452	\$ 724,634	\$ 3,565,828

Concluded

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Statements of Cash Flows

	For the Years Ended June 30,	
	2023 (Compiled)	2022 (Compiled)
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 803,950	\$ 48,502
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	59,435	66,508
Gain on sale of property and equipment	(141,116)	-
Changes in assets and liabilities		
Accounts receivable	7,285	(130,780)
Other assets	(557,792)	(4,650)
Accounts payable and accrued expenses	119,776	(5,173)
Deferred revenue	(9,000)	3,676
Total Adjustments	(521,416)	(70,416)
Net cash provided (used) by operating activities	282,534	(21,914)
Cash flows from investing activities		
Property and equipment additions	(943,702)	1,031
Proceeds from sales of property and equipment	537,164	5,386
Net cash provided (used) by investing activities	(406,538)	6,417
Cash flows from financing activities		
Payments on notes payable	(166,565)	(17,204)
Receipt of new notes payable	581,596	-
Net cash provided (used) by financing activities	415,031	(17,204)
Net increase (decrease) in cash	291,027	(32,701)
Cash at beginning of year	1,178,384	1,211,085
Cash at end of year	\$ 1,469,411	\$ 1,178,384
Supplemental disclosures		
Cash paid for interest	\$ 1,715	\$ 5,799
Non-cash investing & operating activities		
Revenue and expense of non-cash contribution	\$ 23,714	\$ 41,539

The accompanying notes are an integral part of these statements.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2023 (Compiled) and 2022 (Compiled)

INTRODUCTION

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Arc has adopted this guidance, as applicable, in its June 30, 2023 financial statements.

C. CONTRIBUTIONS-CASH

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

D. CONTRIBUTIONS-NONCASH

Members, agencies, businesses, volunteers and others contribute substantial services toward the fulfillment of projects initiated by the Arc. No amounts have been recognized in the Statement of Activities for these contributions because the criteria for recognition under ASC 958-605 have not been satisfied. Other non-cash

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2023 (Compiled) and 2022 (Compiled)

contributions of goods and services including rent have been recognized in the financial statements as revenue of the net assets without donor restrictions class unless explicit donor stipulations specify how the contributions must be used.

E. ACCOUNTS RECEIVABLE

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

F. ALLOCATION AND FUNCTIONAL EXPENSES

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

G. PROGRAMS

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

Supported Employment – This income is derived primarily from the Louisiana Department of Health through two Medicaid Waivers, the NOW and the Supports Waiver. These funds are used to train clients in vocational activities and supportive services. Also, some income is derived from the Louisiana Workforce Commission, Office of Louisiana Rehabilitative Services which specifically provides vocational training support to clients placed in jobs within the community.

Day Habilitation (Community Ventures beginning in FY 2023) - provides meaningful non-workday activities to men and women and is funded by Medicaid's NOW and Supports Waivers as well.

Supported Work Contracts - Supported Work Contract's income is derived from document destruction services by one client.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

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

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

H. PROPERTY AND EQUIPMENT

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

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

I. COMPENSATED ABSENCES

The Arc’s vacation policy provides for the carryover of vacation to the subsequent year under special circumstances, but that carryover is limited to a ceiling not to exceed 10 days. There was no vacation time to accrue for the years ended June 30, 2023 and 2022. Sick days may be accumulated to a maximum of 6 days; however, employees are not paid for any unused sick days upon termination and therefore an accrual for sick leave is not reflected in the financial statements.

J. TAX-EXEMPT STATUS

The Arc is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has no provision for Federal income taxes. Contributions to the Arc are tax deductible within the limitations prescribed by the Code. The Arc is subject to income tax examinations by the IRS and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Arc is subject to income tax examinations for the years ended June 30, 2015 and after.

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

K. CASH AND CASH EQUIVALENTS

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

L. ACCOUNTING ESTIMATES

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

M. RECLASSIFICATIONS

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

Note 2 CASH

The Arc's (bank balance) at June 30, 2023, was \$1,474,354 of which \$705,648 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$768,706 is unsecured. The Arc has not experienced any losses due to unsecured cash balances and management does not believe it is exposed to significant risk.

Note 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

At June 30, 2023, all of the Arc's cash balance was available for general expenditure needs. The Arc has no policy to invest cash in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following:

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

	June 30,	
	2023	2022
Buildings and Improvements	\$ 907,334	\$ 624,804
Furniture and Equipment	177,653	179,472
Vehicles	341,245	341,947
Land	95,150	145,288
Less: Accumulated Depreciation	<u>(553,229)</u>	<u>(811,577)</u>
Net Property and Equipment	<u>\$ 968,153</u>	<u>\$ 479,934</u>

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

The owned properties at 900 North 3rd Street and 2103 Tower Drive, both in Monroe, LA were sold for \$150,000 on July 28, 2022 and \$250,000 on August 12, 2022, respectively. Additionally, property at 3101 Mercedes Drive, Monroe, LA 71201 was purchased for \$900,000 Cash on September 14, 2022. Modifications and renovations are needed for this building which will be funded by a Line of Credit/Mortgage Loan from Cross Keys Bank.

Note 5 NOTES PAYABLE

In January 2014, the Arc borrowed \$300,000 for the purchase and modification of a building for Shred operations. In the year ended June 30, 2023, this loan was paid in full after the building that was purchased was sold.

In February of 2023, The Arc borrowed \$22,659 for the purchase of a 23 Toyota Tacoma. The future maturity for this debt is as follows:

Year Ended	Principal
June 30, 2024	\$ 5,457
2025	5,673
2026	5,890
2027	3,443
Total	<u>\$ 20,463</u>

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

A line of credit in the amount of \$100,000 was issued by Capital One Bank. It is secured by all funds on deposit with them and provides a variable simple interest rate to be adjusted monthly to one percent (1%) over the Wall Street Journal prime rate (3.25% fixed rate until April 2026) at June 30, 2023. There was no outstanding debt on this line of credit at June 30, 2023. The one-year line of credit is subject to automatic annual renewal in December of each year. The revolving line of credit used by the Arc for renovations on the property at 3101 Mercedes Drive, Monroe, LA 71201 had a balance of \$561,133 at the end of fiscal year 2023.

Note 6 DONOR RESTRICTED NET ASSETS

The following summarizes net assets that are donor restricted:

	June 30,	
	2023	2022
Accounts Receivable - United Way	\$ 23,000	\$ 38,298
Vehicles - DOTD	260,655	260,655
Less: Accumulated Depreciation	<u>(226,682)</u>	<u>(200,774)</u>
Total	<u>\$ 56,973</u>	<u>\$ 98,179</u>

Note 7 DISCLOSURES ABOUT CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

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

Note 8 OPERATING LEASES

Total rent expense was \$112,155 and \$106,469 for the years ended June 30, 2023 and 2022, respectively. The Arc has several lease commitments. However, these leases are either on a month-to-month basis or contain “funding-out” clauses which allow the agreements to be cancelled.

Note 9 TAX DEFERRED ANNUITY PLAN

The Arc offers its employees a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees of the Arc. The Arc will

THE ARC OF OUACHITA (DBA ARCO)

Monroe, Louisiana

Notes to the Financial Statements

As of and for the Years Ended June 30, 2022 (Compiled) and 2021 (Compiled)

match up to 3% of gross salaries of qualified employees who elect to participate in the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Arc contributed \$27,871 and \$28,155 on behalf of the participants for the years ended June 30, 2023 and 2022, respectively.

Note 10 EMPLOYER RETENTION CREDIT

In 2021 The Arc applied for the government offered Employer Retention Credit program. This program was for the purpose of supporting businesses through the financial hardships imposed by the Covid-19 pandemic by providing supplemental monetary aid in the form of payroll expense reimbursement. According to FASB Subtopic 958-605, Not-for-Profit Entities --- Revenue Recognition, revenue for this program would not be recognized until reasonable assurance is granted to the organization that is to receive the revenue. Therefore, the ARC considered receipt of the approval letter as fulfilling the reasonable assurance requirement to recognize the Employer Retention Credit Revenue.

Note 11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 2, 2024, the date the financial statements were available to be issued and determined that certain events occurred that require disclosure.

- The revolving line of credit used by the Arc for renovations on the property at 3101 Mercedes Drive, Monroe, LA 71201 was transitioned to a mortgage loan in September of 2023.
- The final notification of approval of the Employer Retention Credit was received in July 2023.

SUPPLEMENTAL INFORMATION

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Financial Position
June 30, 2023 (Compiled)

Schedule 1

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Assets				
Cash	\$ 1,469,411	\$ -	\$ -	\$ -
Accounts receivable				
Intergovernmental	-	9,618	15,927	-
Services	2,915	-	-	16,717
Contributions	-	-	-	-
United Way	-	13,000	-	-
Other	260	-	-	106
Due from other funds	185,702	-	-	-
Property and equipment	1,109,058	126,750	135,544	-
Accumulated depreciation	(191,127)	(101,317)	(127,004)	-
Prepaid expenses	563,253	-	-	-
Other deposits	25,150	-	-	-
	<u>\$ 3,164,622</u>	<u>\$ 48,051</u>	<u>\$ 24,467</u>	<u>\$ 16,823</u>
Total assets				
Liabilities and net assets				
Current liabilities (payable from current assets)				
Accounts payable	\$ 46,475	\$ 632	\$ 2,025	\$ 6
Due to other funds	-	45,583	18,397	16,817
Accrued payroll and taxes	32,553	1,836	4,045	-
Deferred revenue	-	-	-	-
Current portion of long-term obligations	5,447	-	-	-
Total current liabilities	<u>84,475</u>	<u>48,051</u>	<u>24,467</u>	<u>16,823</u>
Long-term liabilities				
Long-term obligations, net of current portion	576,149	-	-	-
Total long-term liabilities	<u>576,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>660,624</u>	<u>48,051</u>	<u>24,467</u>	<u>16,823</u>
Net assets				
Without donor restrictions	2,447,025	-	-	-
With donor restrictions	56,973	-	-	-
Total net assets	<u>2,503,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,164,622</u>	<u>\$ 48,051</u>	<u>\$ 24,467</u>	<u>\$ 16,823</u>
Total liabilities and net assets				

Continued

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Financial Position(Concluded)
June 30, 2023 (Compiled)

Schedule 1

	Program Services		
	Supported Living	Mallard Home	Total All Funds
Assets			
Cash	\$ -	\$ -	\$ 1,469,411
Accounts receivable			
Intergovernmental	227,484	23,395	276,424
Services	6,370	1,107	27,109
Contributions	-	-	-
United Way	10,000	-	23,000
Other	761	-	1,127
Due from other funds	-	48,134	233,836
Property and equipment	31,542	118,488	1,521,382
Accumulated depreciation	(30,390)	(103,391)	(553,229)
Prepaid expenses	-	908	564,161
Other deposits	227	-	25,377
Total assets	\$ 245,994	\$ 88,641	\$ 3,588,598
Liabilities and nets assets			
Current liabilities (payable from current assets)			
Accounts payable	\$ 20,460	\$ 82,218	\$ 151,816
Due to other funds	153,039		233,836
Accrued payroll and taxes	72,495	6,423	117,352
Deferred revenue	-	-	-
Current portion of long-term obligations	-	-	5,447
Total current liabilities	245,994	88,641	508,451
Long-term liabilities			
Long-term obligations, net of current portion	-	-	576,149
Total long-term liabilities	-	-	576,149
Total liabilities	245,994	88,641	1,084,600
Net assets			
Without donor restrictions	-	-	2,447,025
With donor restrictions	-	-	56,973
Total net assets	-	-	2,503,998
Total liabilities and net assets	\$ 245,994	\$ 88,641	\$ 3,588,598

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Activities
For the Year Ended June 30, 2023 (Compiled)
With Comparative Totals for the Year Ended June 30, 2022 (Compiled)

Schedule 2

	Program Services			
	Supporting Services	Supported Employment	Day Habilitation	Supportive Work Contracts
Support and Revenue				
Intergovernmental	\$ 62,811	\$ 56,405	\$ 72,364	\$ -
Charges For Services	-	-	4,290	182,025
Contributions and Grants	147,125	8,525	20,630	-
United Way Allocation	23,191	13,000	-	-
Membership Dues	28,334	-	-	-
Contributions and Net Revenues from Special Events				
Contributions	51,619	-	-	-
Sale of Fixed Assets	125,284	1,500	-	13,485
Other Revenues	821,812	9,682	-	15
Total support and revenue	1,260,176	89,112	97,284	195,525
Expenses				
Depreciation and Amortization	28,108	14,706	11,565	-
Dues and Subscriptions	12,638	590	150	-
Food	2,257	927	2,836	-
Insurance	16,883	15,757	12,971	657
Interest	6	65	20	1,375
Licenses and Inspections	222	435	16	-
Maintenance	8,294	20,780	7,435	3,440
Medical	86	706	502	-
Miscellaneous	31,443	1,977	1,447	-
Office Supplies and Postage	4,545	801	558	-
Payroll Taxes	7,857	8,004	6,746	-
Pension	3,281	1,157	401	-
Professional Fees	46,520	1,724	1,278	-
Public Awareness	1,839	1,162	2,763	-
Rent	27,236	12,493	12,390	-
Salaries	113,806	104,344	88,915	-
Supplies	945	430	5,552	-
Taxes	8,170	-	-	-
Telephone	3,228	10,729	3,619	345
Training	475	1,147	51	-
Transportation	-	4,512	2,779	-
Travel	768	278	38	-
Utilities	10,876	4,237	9,061	2,084
Total Expenses	329,483	206,961	171,093	7,901
Excess (Deficiency) of Revenues Over Expenses	930,693	(117,849)	(73,809)	187,624

Continued

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Activities (Concluded)
For the Year Ended June 30, 2023 (Compiled)
With Comparative Totals for the Year Ended June 30, 2022 (Compiled)

Schedule 2

	Program Services		Total June 30,	
	Supported Living	Mallard Home	2023 (Compiled)	2022 (Compiled)
Support and Revenue				
Intergovernmental	\$ 2,725,953	\$ 313,936	\$ 3,231,469	\$ 3,074,123
Charges For Services	23,615	46,518	256,448	234,718
Contributions and Grants	2,546	-	178,826	147,415
United Way Allocation	10,000	-	46,191	73,989
Membership Dues	-	-	28,334	55,997
Contributions and Net Revenues from Special Events				
Contributions	-	-	51,619	12,853
Costs of Direct Benefit to Donors	847	-	141,116	-
Other Revenues	87	-	831,596	15,237
Total support and revenue	2,763,048	360,454	4,765,599	3,614,332
Expenses				
Depreciation and Amortization	3,865	1,191	59,435	66,508
Dues and Subscriptions	3,015	240	16,633	27,478
Food	7,307	11,610	24,937	21,045
Insurance	144,673	15,956	206,897	186,520
Interest	222	27	1,715	5,799
Licenses and Inspections	542	808	2,023	1,969
Maintenance	77,370	7,309	124,628	127,275
Medical	15,227	4,157	20,678	21,983
Miscellaneous	36,467	26,674	98,008	75,660
Office Supplies and Postage	7,555	602	14,061	14,459
Payroll Taxes	174,419	12,904	209,930	186,184
Pension	20,940	2,092	27,871	28,155
Professional Fees	64,386	6,792	120,700	93,179
Public Awareness	29,258	1,707	36,729	36,799
Rent	56,414	3,622	112,155	106,470
Salaries	2,178,888	163,420	2,649,373	2,372,264
Supplies	4,949	6,682	18,558	28,106
Taxes	-	-	8,170	-
Telephone	58,754	3,518	80,193	55,858
Training	14,940	5,077	21,690	22,266
Transportation	6,409	1,914	15,614	10,418
Travel	20,920	42	22,046	17,590
Utilities	29,716	13,631	69,605	59,843
Total Expenses	2,956,236	289,975	3,961,649	3,565,828
Excess (Deficiency) of Revenues Over Expenses	(193,188)	70,479	803,950	48,503

THE ARC OF OUACHITA (dba ARCO)
 Monroe, Louisiana

Combining Schedule of Activities
 For the Year Ended June 30, 2023 (Compiled)
 With Comparative Totals for the Year Ended June 30, 2022 (Compiled)

Schedule 2

	Program Services			Supportive Work Contracts
	Supporting Services	Supported Employment	Day Habilitation	
Other financing sources (uses)				
Operating Transfers In		117,849	73,809	-
Operating Transfers (Out)	(126,743)	-	-	(187,624)
Total Other Financing Sources (Uses)	(126,743)	117,849	73,809	(187,624)
Increase (Decrease) in Net Assets	803,950	-	-	-
Net Assets at Beginning of Year	1,700,048	-	-	-
Net Assets at End of Year	\$ 2,503,998	\$ -	\$ -	\$ -

Continued

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

Combining Schedule of Activities(Concluded)
For the Year Ended June 30, 2023 (Compiled)
With Comparative Totals for the Year Ended June 30, 2022 (Compiled)

Schedule 2

	Program Services		Total June 30,	
	Supported Living	Mallard Home	2023 (Compiled)	2022 (Compiled)
Other financing sources (uses)				
Operating Transfers In	193,188	-	384,846	65,216
Operating Transfers (Out)	-	(70,479)	(384,846)	(65,216)
Total Other Financing Sources (Uses)	193,188	(70,479)	-	-
Increase (Decrease) in Net Assets	-	-	803,950	48,503
Net Assets at Beginning of Year	-	-	1,700,048	1,651,546
 Net Assets at End of Year	 \$ -	 \$ -	 \$ 2,503,998	 \$ 1,700,049

THE ARC OF OUACHITA (dba ARCO)
Monroe, Louisiana

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

For the Year Ended June 30, 2023 (Compiled)

Schedule 3

Agency Head: Roma Kidd, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 66,639
Benefits - Retirement	\$ 1,999
Reimbursements	\$ 285
Conference	\$ 405

THE ARC OF OUACHITA (dba ARCO)

Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended June 30, 2023

The following is a summary of the status of the prior year finding included in our 2022 compilation report dated March 23, 2023, covering the compilation of the financial statements of The Arc of Ouachita (the Arc), as of and for the year ended June 30, 2022.

2022-001 Late Submission of Financial Information to the Louisiana Legislative Auditor

Condition Found

The Arc's compilation for the year ended June 30, 2022 was not submitted to the Louisiana Legislative Auditor within six months of year end as required by law.

Status

Resolved