

ARC OF ST. MARY
Centerville, Louisiana

Financial Report

Year Ended June 30, 2023

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

The Board of Directors
ARC of St. Mary
Centerville, Louisiana

We have reviewed the accompanying financial statements of the ARC of St. Mary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the ARC of St. Mary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 12, 2024

ARC OF ST. MARY
Centerville, Louisiana

Statement of Financial Position
June 30, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 96,485
Receivables	
Due from other agencies	13,930
Prepaid insurance	2,280
Total current assets	<u>112,695</u>
Property and equipment, net	605,545
Operating right-of-use asset	11,108
Total assets	<u>\$ 729,348</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 4,032
Accrued and withheld payroll taxes	4,190
Accrued interest payable	2,240
Operating lease liability	9,510
Total current liabilities	<u>19,972</u>
Long-term liabilities:	
Notes payable	100,000
Operating lease liability	1,598
Total long-term liabilities	<u>101,598</u>
Total liabilities	121,570
Net assets:	
Without donor restrictions	
Undesignated	607,778
Total liabilities and net assets	<u>\$ 729,348</u>

See accompanying notes to financial statements and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>
REVENUES AND OTHER SUPPORT	
Support:	
Appropriations from state and local governments:	
Operating grants	
State of Louisiana - DOTD	3,043
Local governments	11,500
Contributions	<u>18,509</u>
Total support	<u>33,052</u>
Revenues:	
Program service fees	70,369
Membership fees	1,430
Medicaid/Medicare	145,404
Interest income	118
Other	<u>2</u>
Total revenues	<u>217,323</u>
Total revenues and other support	<u>250,375</u>
EXPENSES:	
Program services:	
Adult habilitation	325,431
Support services:	
General and administrative	<u>50,352</u>
Total expenses	<u>375,783</u>
Change in net assets	(125,406)
Net assets, beginning	<u>733,184</u>
Net assets, ending	<u>\$ 607,778</u>

See accompanying notes to financial statements and independent accountant's review .

ARC OF ST. MARY
Centerville, Louisiana

Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>		
	Adult Habilitation	General and Administrative	Total Expenses
Salaries	\$ 152,789	\$ 16,977	\$ 169,765
Payroll taxes	<u>21,992</u>	<u>2,444</u>	<u>24,435</u>
Total salaries and related expenses	174,781	19,421	194,200
Conference and meetings	290	-	290
Insurance	33,922	3,769	37,691
Office expense	19,554	2,173	21,727
Postage	-	268	268
Professional fees	-	8,455	8,455
Repairs and maintenance	4,055	451	4,505
Supplies	1,185	132	1,317
Telephone	2,355	262	2,617
Thrift store occupancy	946	-	946
Thrift store rent	10,400	-	10,400
Transportation	33,622	-	33,622
Utilities	10,598	558	11,156
Interest expense	4,063	451	4,514
Miscellaneous	<u>1,076</u>	<u>120</u>	<u>1,195</u>
Total expenses before depreciation	296,847	36,060	332,903
Depreciation expense	<u>28,584</u>	<u>14,292</u>	<u>42,876</u>
	<u>\$ 325,431</u>	<u>\$ 50,352</u>	<u>\$ 375,783</u>

See accompanying notes to financial statements and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (125,406)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	42,876
Changes in assets and liabilities:	
Due from other agencies	14,782
Prepaid insurance	(2,280)
Accounts payable	<u>4,032</u>
Net cash used by operating activities	(65,996)
Cash and cash equivalents, beginning	<u>162,481</u>
Cash and cash equivalents, ending	<u>\$ 96,485</u>
Supplemental disclosures:	
Interest paid	<u>\$ 4,514</u>

See accompanying notes to financial statements and independent accountant's review report.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of activities

The ARC of St. Mary (“ARC”) operates a non-profit day vocation program located in Centerville, Louisiana. The ARC provides adult day services to developmentally disabled adults in St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticultural and janitorial services. The ARC is supported primarily through Medicare/Medicaid waiver and support reimbursements from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities.

B. Income tax status

The ARC is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

C. Estimates

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

D. Basis of accounting

The financial statements of the ARC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Substantially all revenues are recognized when earned. Expenses are recognized in the period incurred.

The ARC has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed restrictions on the use of the net assets. Accordingly, the net assets of the ARC and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the ARC or by the passage of time.

Net Assets without Donor Restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the ARC. These net assets may be used at the discretion of the ARC’s management and board of directors.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

E. Cash and cash equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2023 there were no investments which were determined to be cash equivalents.

F. Property and equipment

Property and equipment are capitalized at purchased cost. Donated property and equipment are capitalized at its acquisition value on the date of the donation. It is the ARC's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture and equipment	5 - 10
Vehicles	5

G. Contributions

In accordance with *FASB Accounting Standards Codification 958-605, Revenue Recognition*, contributions are recognized when the donor makes a promise to give and are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature 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. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

The ARC reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues of the with donor restrictions net asset class. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the ARC reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

H. Support and revenue

The ARC receives Medicare/Medicaid payments for billable client services. Revenues for these services are recorded when earned.

I. Program revenue

The ARC receives program service fees from janitorial services, recycling programs, and selling of second-hand items. Support and revenue are recognized when earned.

J. Advertising

Advertising costs are expensed as they are incurred. There are no advertising expenses for the year ended June 30, 2023.

K. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Specific expenses that are readily identifiable to a program or activity are charged directly. Expenses attributable to more than one program or activity are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy which are allocated based upon square footage and salaries and benefits which are allocated based upon time and effort.

(2) Credit Risk

Financial instruments which potentially subject the ARC to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents at June 30, 2023 consisted of cash and demand deposits at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent the deposits at financial institutions exceed FDIC insured limits. The ARC has no policy to actively monitor credit risk. At June 30, 2023, the ARC has deposits in two separate financial institutions, and deposits in each financial institution do not exceed FDIC insured limits; therefore, the ARC is not exposed to credit risk.

(3) Liquidity and Availability of Resources

At June 30, 2023, the ARC has \$110,415 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$96,485 and receivables of \$13,930. The ARC has no policy to invest cash and cash equivalents in excess of daily requirements or structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(4) Due From other Agencies

As of June 30, 2023, amounts due from other agencies were comprised of:

Medicaid/Medicare:	
Louisiana Department of Health and Hospitals	<u>\$ 13,930</u>

(5) Capital Assets

Capital assets consisted of the following at June 30, 2023:

Capital assets being depreciated	
Buildings and improvements	\$ 716,967
Furniture and equipment	61,433
Vehicles	<u>102,821</u>
	881,221
Less: accumulated depreciation	<u>(275,676)</u>
	<u>\$ 605,545</u>

Depreciation expense for the year ended June 30, 2023 totaled \$42,876.

(6) Operating Leases

At June 30, 2023, the ARC is obligated under a noncancelable operating lease agreement for 60 months with monthly payments of \$800, expiring August 2024.

The following is a maturity analysis of the annual undiscounted cash flows (payments) of the operating lease liability as of June 30, 2023:

Year Ending June 30	Amount
2024	\$ 9,600
2025	<u>1,600</u>
Total operating lease liability - payments	<u>\$ 11,200</u>

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

The following is a reconciliation of total operating lease liability – payments on the schedule above to the operating lease liability on the accompanying statement of net position as of June 30, 2023:

Total operating lease liability - payments		\$ 11,200
Operating lease liability - current portion	\$ 9,510	
Long term liabilities:		
Operating lease liability	<u>1,598</u>	
Total operating lease liability		<u>11,108</u>
Present value adjustment		<u>\$ 92</u>

Operating lease cost of \$215 is included in the statement of activities for the year ended June 30, 2023. The weighted average of the remaining lease term was 1.17 years and the weighted average discount rate used was 1.33%.

(7) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2023:

Economic Injury Disaster Loan bearing interest at 2.75%, payable in monthly installments of \$428 including interest, beginning August 5, 2021 and maturing in August 2050, secured by all tangible and intangible personal property. Loan issued under the terms of the Small Business Act.	<u>\$ 100,000</u>
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The terms of the Economic Injury Disaster Loan require the ARC to pay monthly installments of \$428 beginning twelve months from the date of the loan or July 9, 2021. The terms also provide that each payment be applied first to accrued interest and the balance, if any, applied to principal. During the year ended June 30, 2023, the ARC made payments on the loan totaling \$4,514, all of which were applied to interest. At June 30, 2023 interest in arrears total \$2,240. Scheduled monthly payments to be made during the year ending June 30, 2024, will be applied to interest only. Therefore, the current portion of the long-term debt related to the Economic Injury Disaster Loan is \$0 at June 30, 2023.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

Principal maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ 5,136
2025	2,453	2,683
2026	2,521	2,615
2027	2,591	2,545
2028	2,664	2,472
2029 - 2033	14,473	11,207
2034 - 2038	16,604	9,076
2039 - 2043	19,049	6,631
2044 - 2048	21,853	3,827
2048 - 2050	17,792	6,844
	<u>\$ 100,000</u>	<u>\$ 53,036</u>

(8) Line of Credit

The ARC has a revolving line of credit up to \$50,000 as of June 30, 2023. Interest on the line of credit is payable monthly at a rate of 5.50% per annum. The ARC has no outstanding advances on the line of credit as of June 30, 2023. The line is secured by possessory collateral.

(9) Contingent Liabilities

The ARC receives grants and funding from governmental agencies that are subject to review and audit by the agencies providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants and agreements. In the opinion of management, such disallowances, if any, would be immaterial.

(10) Fundraising Costs

The ARC did not occur fundraising costs during the year ended June 30, 2023.

ARC OF ST. MARY
Centerville, Louisiana

Notes to Financial Statements (continued)

(11) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Louisiana Legislature amended R.S. 24:513A requiring additional disclosure of total compensation, benefits, reimbursements, or other payments made to the head of a political subdivision or quasi-public agency. The following is a summary of such payments made to/for Kristal Hebert, Executive Director, during the year ended June 30, 2023:

Salary	\$ 49,690
Reimbursements-Travel	<u>1,610</u>
Total	<u>\$ 51,299</u>

(12) Subsequent Events

Management has inspected subsequent events through January 12, 2024, the date on which the financial statements were available for issue.

(13) Change in Accounting Principle

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) intended to improve financial reporting regarding leasing transactions. Under the new standard, a lessee is required to recognize leases on its balance sheet. At initial recognition of a lease, the lessee measures the liability for its lease obligation and the related right-to-use-asset at the present value of lease payments not yet paid. The guidance also requires qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. The ARC has applied Topic 842 to all qualifying leases. The net effect of the implementation of the new accounting principle had no effect on beginning equity and is summarized below.

	As Previously Reported	Effect of Adoption	As Restated
Statement of financial position:			
Assets -			
Operating right-of-use asset	\$ -	\$ 20,493	\$ 20,493
Liabilities -			
Operating lease liability- current portion	\$ -	9,385	9,385
Operating lease liability	<u>-</u>	<u>11,108</u>	<u>11,108</u>
Total	<u>\$ -</u>	<u>\$ 20,493</u>	<u>\$ 20,493</u>

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors ARC of St. Mary and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the compliance of the ARC of St. Mary (hereinafter “ARC”) with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the fiscal year ended June 30, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The management of the ARC is responsible for its financial records and compliance with applicable laws and regulations.

An agreed-upon procedures engagement involves the performing of specific procedures that the ARC has agreed to and acknowledged to be appropriate to meet the intended purpose of understanding the ARC’s compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A) and report on exceptions based upon the procedures performed. Additionally, the Louisiana Legislative Auditor (LLA) has agreed to and acknowledged that the procedures performed are appropriate to meet its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the ARC of St. Mary’s management.

The ARC did not expend any federal, state, or local government grant awards during the fiscal year. Therefore, procedures 2-7 below are not applicable.

2. For each federal, state, and local award, randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in Procedure 2, trace the six disbursements to supporting documentation as to proper amount and payee.

4. For the items selected in Procedure 2, determine if the six disbursements are properly coded to the correct fund and general ledger account.
5. For the items selected in Procedure 2, determine whether the six disbursements received approval from proper authorities.
6. For each selected disbursement made for federal grant awards, obtain the Compliance Supplement for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the Compliance Supplement, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

Eligibility

Reporting

7. For the programs selected for testing in Procedure 2 that had been closed out during the period under review, compare the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

Open Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

The ARC is not considered a "public body" as defined by R.S. 42:13. Additionally, the ARC has not been designated or funded as an agency to perform a government function or perform services entrusted to public bodies, nor does the ARC exercise policymaking, advisory, or administrative functions. Therefore, the ARC is not considered a public body for purposes of the Open Meetings Law and thus, is not required to comply with the Open Meetings Law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The ARC did not receive any federal, state, or local government grant awards for the fiscal year.

Reporting

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The ARC has not provided a timely report for the fiscal year ending June 30, 2023, in accordance with RS 24:513.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Management represented that the ARC did not enter into any contracts utilizing state funds while not in compliance with R.S. 24:513.

12. Report whether the agency complied the RS 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits, and other payments to the agency head, political subdivision head, or chief executive officer.

No exceptions were found as a result of applying this procedure.

Prior Year Comments

13. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

The prior year agreed-upon procedures report did not include any suggestions, exceptions, recommendations, or comments.

We were engaged by the ARC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the ARC's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the ARC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the ARC's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A), as required by R.S. 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the ARC's management and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
January 12, 2024

ARC OF ST. MARY
Centerville, Louisiana

Summary Schedule of Prior Findings
Year Ended June 30, 2023

2022-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

STATUS: See schedule of findings item 2023-001.

2022-002 Bank Reconciliations

CONDITION: Bank reconciliations were not prepared.

RECOMMENDATION: The ARC of St. Mary should implement policies and procedures to ensure that bank reconciliations are properly prepared and reconciled.

STATUS: See schedule of findings item 2023-002.

ARC OF ST. MARY
Centerville, Louisiana

Schedule of Findings
Year Ended June 30, 2023

Findings Reported in Accordance with *Government Auditing Standards*

2023-001 Inadequate Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Due to the limited number of personnel performing administrative functions, the ARC of St. Mary does not have adequate segregation of duties within its accounting and financial functions.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

2023-002 Bank Reconciliations

Year Initially Occurring: 2019

CONDITION: Bank reconciliations were not properly prepared on a periodic basis.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The ARC of St. Mary’s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The ARC of St. Mary failed to properly prepare periodic bank reconciliations.

ARC OF ST. MARY
Centerville, Louisiana

Schedule of Findings (continued)
Year Ended June 30, 2023

EFFECT: Errors in the ARC of St. Mary's general ledger cash balances may not be detected by the ARC of St. Mary.

RECOMMENDATION: We recommend that the ARC of St. Mary implement policies and procedures to ensure that bank reconciliations are properly prepared and reconciled.

2023-003 Late Report Submission

Year Initially Occurring: 2023

CONDITION: The report for the ARC's required engagement was not completed and submitted to the Office of the Louisiana Legislative Auditor within six months of year end.

CRITERIA: Louisiana's Audit Law, RS 24:513 et seq, provides for the completion of required engagements within six months of the close of the entity's fiscal year.

CAUSE: The condition results from a failure to comply with statutory provisions.

EFFECT: The ARC may not be compliant with RS 24:513.

RECOMMENDATION: We recommend that the ARC institute policies and procedures to ensure its annual report is completed and submitted to the Louisiana Legislative Auditor within six months of year end.

ARC OF ST. MARY
Centerville, Louisiana

Corrective Action Plan for Current Findings
Year Ended June 30, 2023

2023-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: The Board has determined that it is not economically feasible to hire additional personnel. At the present time the Director is handling the duties under supervision of the Board.

2023-002 Bank Reconciliations

CONDITION: Bank reconciliations were not properly prepared on a periodic basis.

MANAGEMENT'S RESPONSE: Policies and procedures will be implemented in which bank reconciliations are prepared and reconciled on a periodic basis.

2023-003 Late Report Submission

CONDITION: The ARC's review was not completed and submitted to the Office of the Louisiana Legislative Auditor within six months of year end.

MANAGEMENT'S RESPONSE: The ARC will ensure that its report is submitted to the Louisiana Legislative Auditor in accordance with state statute.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

**ARC of St. Mary
Louisiana Attestation Questionnaire
Year Ended June 30, 2023**

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana

In connection with your review of our financial statements as of June 30, 2023 and for the period then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No [] N/A []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No [] N/A []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No [] N/A []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No [] N/A []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No [] N/A [X]

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No [] N/A []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

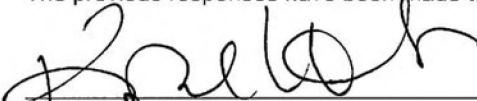
We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.



Executive Director

11/2/23

Date