4183

The Arc of Louisiana
Baton Rouge, Louisiana

AUDITED FINANCIAL STATEMENTS
June 30, 2012 and 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 30 2013

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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-9
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*	10
SCHEDULE OF FINDINGS AND RESPONSES	11
SCHEDULE OF PRIOR AUDIT FINDINGS	12

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Arc of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the Arc of Louisiana (a not-for-profit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arc of Louisiana as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Baton Rouge, Louisiana
December 28, 2012

The ARC of Louisiana
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION
(See Notes to Financial Statements)
June 30, 2012 and 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	$ 185,255	$ 101,192
Contracts Receivable	185,927	176,379
Due from Foundation	-	15,346
Receivables - Other	-	86
Prepaid Expenses	-	704
TOTAL CURRENT ASSETS	371,182	293,707
BENEFICIAL INTEREST IN THE FOUNDATION	1,378,534	1,363,257
FURNITURE AND EQUIPMENT		
Furniture and Equipment	64,758	54,620
Less: Accumulated Depreciation	(51,452)	(49,170)
Net Furniture and Equipment	13,306	5,450
TOTAL ASSETS	$ 1,763,022	$ 1,662,414

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES:		
Accounts Payable	$ 43,993	$ 44,569
Other Liabilities	26,614	7,100
TOTAL CURRENT LIABILITIES	70,607	51,669
LONG-TERM LIABILITIES		
Micro-enterprise Revolving Loan Fund	20,000	20,000
TOTAL LIABILITIES	90,607	71,669
NET ASSETS:		
Unrestricted	453,205	371,535
Permanently Restricted	1,219,210	1,219,210
TOTAL NET ASSETS	1,672,415	1,590,745
TOTAL LIABILITIES AND NET ASSETS	$ 1,763,022	$ 1,662,414

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The ARC of Louisiana
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES
(See Notes to Financial Statements)
For the Years Ended June 2012 and 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Public Support	$ 36,035	$ -	$ -	$ 36,035
Grants from Governmental Agency	914,172	-	-	914,172
Program Service Revenue	88,282	-	-	88,282
Interest Income	45	-	-	45
Change in Net Assets of the Foundation	21,277	-	-	21,277
Miscellaneous	13,931	-	-	13,931
Total Support and Revenue	1,073,742	-	-	1,073,742
Net Assets Released From Restrictions	-	-	-	-
Total Unrestricted Revenues and Support	1,073,742	-	-	1,073,742
EXPENSES				
Program Services	860,594	-	-	860,594
Management and General	131,478	-	-	131,478
Fundraising	-	-	-	-
Total Expenses	992,072	-	-	992,072
Changes in Net Assets	81,670	-	-	81,670
Net Assets - Beginning of Year	371,535	-	1,219,210	1,590,745
Net Assets - End of Year	$ 453,205	$ -	$ 1,219,210	$ 1,672,415

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2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 36,545	$ -	$ -	$ 36,545
848,001	-	-	848,001
89,083	-	-	89,083
9,342	-	-	9,342
189	-	-	189
1,567	-	-	1,567
16,931	-	-	16,931
1,001,658	-	-	1,001,658
-	-	-	-
1,001,658	-	-	1,001,658
807,084	-	-	807,084
143,648	-	-	143,648
2,079	-	-	2,079
952,811	-	-	952,811
48,847	-	-	48,847
322,688	-	1,219,210	1,541,898
$ 371,535	$ -	$ 1,219,210	$ 1,590,745

The ARC of Louisiana
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Years Ended June 2012 and 2011

	2012			
	Program Services	Management and General	Fundraising	Total
EXPENSES				
Conventions	$ 2,962	$ 5,111	$ -	$ 8,073
Depreciation and Amortization	1,711	571	-	2,282
Direct Program Services	463,378	-	-	463,378
Dues and Subscriptions	-	6,509	-	6,509
Employee Benefits	19,056	5,692	-	24,748
Insurance Expense	434	434	-	868
Interest Expense	-	70	-	70
Janitorial Services	805	345	-	1,150
Meetings	-	2,403	-	2,403
Miscellaneous	520	3,610	-	4,130
Payroll Taxes	14,037	4,193	-	18,230
Postage	1,036	405	-	1,441
Professional Services	42,565	14,979	-	57,544
Raffle Ticket Expense	-	-	-	-
Rental Expense	29,890	12,810	-	42,700
Repairs and Maintenance	3,487	3,235	-	6,722
Salaries	173,457	51,812	-	225,269
Supplies and Printing	11,697	6,156	-	17,853
Telephone	8,131	4,252	-	12,383
Training	72,611	-	-	72,611
Travel	9,463	6,572	-	16,035
Utilities	5,354	2,319	-	7,673
Website	-	-	-	-
	$ 860,594	$ 131,478	$ -	$ 992,072

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2011			
Program Services	Management and General	Fundraising	Total
$ 4,428	$ 13,960	$ -	$ 18,388
1,684	561	-	2,245
429,167	-	-	429,167
267	6,857	-	7,124
20,782	6,207	-	26,989
434	434	-	868
-	13	-	13
735	315	-	1,050
-	3,014	-	3,014
1,408	1,326	-	2,734
17,497	5,226	-	22,723
373	251	-	624
25,581	10,869	-	36,450
-	-	2,079	2,079
27,398	11,741	-	39,139
1,799	1,456	-	3,255
203,232	60,706	-	263,938
7,023	4,108	-	11,131
7,066	3,476	-	10,542
44,299	180	-	44,479
6,542	10,325	-	16,867
6,119	2,623	-	8,742
1,250	-	-	1,250
$ 807,084	$ 143,648	$ 2,079	$ 952,811

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The ARC of Louisiana
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS
(See Notes to Financial Statements)
For the Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 81,670	$ 48,847
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	2,282	2,245
Change in Beneficial Interest of Foundation	(21,277)	(1,567)
Changes in Operating Assets and Liabilities:		
Contracts Receivable	(9,548)	(80,247)
Due from the Foundation	346	(346)
Receivable - Other	86	(86)
Accounts Payable and Other Accrued Liabilities	18,938	27,161
Prepaid Insurance	704	(541)
Net Cash Provided by (Used in) Operating Activities	73,201	(4,534)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from the Foundation	21,000	15,000
Purchases of Furniture and Equipment	(10,138)	(4,233)
Net Cash Provided by Investing Activities	10,862	10,767
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,063	6,233
BEGINNING CASH AND CASH EQUIVALENTS	101,192	94,959
ENDING CASH AND CASH EQUIVALENTS	$ 185,255	$ 101,192

THE ARC OF LOUISIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -1-
June 30, 2012 and 2011

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Arc of Louisiana (the Organization) is an organization of and for people with mental retardation and related developmental disabilities and their families. The Organization is devoted to promoting and improving support and services for people with mental retardation and related disabilities and their families.

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

The financial statement presentation complies with the FASB Accounting Standards Codification regarding Financial Statements of Not-for-Profit Organizations. Under the standard, the Organization is required to report information regarding its financial position and activities according to there classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily restricted net assets as of June 30, 2012 and 2011, and the majority of the beneficial interest in the Foundation is permanently restricted as of June 30, 2012 and 2011.

Contributions - The Organization complies with FASB Accounting Standards Codification regarding Accounting for Contributions Received and Contributions Made. Under the standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Grant Revenue Recognition – Contracts receivable represents amounts owed to the Organization for costs incurred under state grant contracts which are reimbursable to the Organization. Contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on contracts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible contracts receivable when management determines the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for doubtful accounts has been established as of June 30, 2012 and 2011.

Furniture and Equipment – Furniture and equipment are stated at cost. Depreciation of furniture and equipment is based upon the estimated useful lives of the assets, which range from 3 to 7 years, using the straight line method.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents".

THE ARC OF LOUISIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -2-
June 30, 2012 and 2011

NOTE 1:SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes – The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made; however, if the Organization should engage in activities unrelated to the purpose for which it was created, taxable income could result. The Organization has no unrelated business income for the fiscal years ended June 30, 2012 and 2011.

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2009.

Membership Dues – The Organization receives membership dues from 20 Arc chapters throughout Louisiana. These dues are recognized as revenue in the applicable membership period.

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

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

NOTE 2: DONATED SERVICES

A significant portion of the Organization's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

NOTE 3: RELATED PARTY TRANSACTIONS

The Arc of Louisiana and the Arc of Louisiana Foundation (the Foundation) are affiliated organizations. Some board members of the Arc of Louisiana also serve on the board of the Foundation. The Foundation owns the facility in which organizations share office space and accounting personnel. The Arc of Louisiana paid rent in the amount of $36,000 to the Foundation for each of the years ended June 30, 2012 and 2011. There is no lease on the facility as the organizations periodically determine an agreed upon annual rent.

THE ARC OF LOUISIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -3-
June 30, 2012 and 2011

NOTE 3: RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, The Arc of Louisiana and the Foundation share the costs of some joint activities. The types of expenses that are incurred by both organizations include salaries, payroll taxes, insurance, office supplies, telephone, postage, and printing. The organizations allocate expenses based on actual costs and an estimate of usage. The Arc of Louisiana received $6,000 of income from the Foundation for these joint costs for each of the years ended June 30, 2012 and 2011.

The Arc of Louisiana received donations from the Foundation of $36,000 and $60,000 for the years ended June 30, 2012 and 2011, respectively.

At June 30, 2011 the Arc of Louisiana had a receivable from the Foundation of $15,346, including $346 of telephone expense reimbursement. The $15,346 was received from the Foundation during the year ended June 30, 2012.

NOTE 4: BENEFICIAL INTEREST IN THE ARC OF LOUISIANA FOUNDATION

Due to the adoption of the FASB Accounting Standards Codification regarding Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others, the net assets of the Arc of Louisiana Foundation (the Foundation) are treated as a beneficial interest asset on the Organization's financial statements. The effect of FASB Accounting Standards Codification 958 was for the Organization to recognize a beneficial interest in the net assets of the Foundation, similar to the equity method of accounting. As of June 30, 2012 and 2011, the beneficial interest in the Foundation was $1,378,534 and $1,363,257, respectively. Of that amount, $1,219,210 is permanently restricted for each year based on the terms of an endowment received by the Foundation.

NOTE 5: LEASES

The Organization committed to a lease for telephone equipment in September 2009 for 36 months. The Organization also committed to a lease for a copier in September 2011 for 60 months. Future minimum lease payments consist of the following as of June 30, 2012:

2013	$ 6,391
2014	5,400
2015	5,400
2016	5,400
2017	1,350
Total	$ 23,941

NOTE 6: PENSION CONTRIBUTION

The Organization offers its employee to enroll in a 403(b) plan. This tax deferred annuity plan allows employees, at their option, to make contributions using payroll deductions. The Organization contributes 6% of the employee's eligible compensation. Employer contributions made for the years ended June 30, 2012 and 2011 were $11,229 and $12,486, respectively.

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THE ARC OF LOUISIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS -4-
June 30, 2012 and 2011

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2012, the date the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been evaluated for inclusion in these financial statements.

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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*

To the Board of Directors
The ARC of Louisiana
Baton Rouge, Lousiana

We have audited the financial statements of The ARC of Louisiana (a not-for-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. 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.

Internal Control over Financial Reporting

Management of The ARC of Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Arc of Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arc of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of The Arc of Louisiana in a separate letter dated December 28, 2012.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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Baton Rouge, Louisiana
December 28, 2012

THE ARC OF LOUSIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Arc of Louisiana

2. Current Year Findings – None

3. No instances of noncompliance material to the financial statements of the Arc of Louisiana were disclosed during the audit.

THE ARC OF LOUSIANA
(A NOT-FOR-PROFIT ORGANIZATION)
Baton Rouge, Louisiana

SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

MANAGEMENT LETTER COMMENTS AND AUDIT FINDINGS

A. SIGNIFICANT DEFICIENCIES

None

B. MANAGEMENT LETTER COMMENTS

See management communication letter.

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Samantha E. Domiano, CPA
Michael E. Springer, CPA

December 28, 2012

To the Board of Directors and Kelly Serrett, Executive Director
The Arc of Louisiana

We have audited the financial statements of The Arc of Louisiana for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2012. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Arc of Louisiana are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the depreciable lives of fixed assets is based on IRS standard lives. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarized uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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[redacted]

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2011.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of the Board of Directors, management of The Arc of Louisiana and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TWRU

TWRU CPAs & Financial Advisors

AUDIT RECOMMENDATIONS

Vacation Earned but not Used-

Finding: Employees of the Organization have earned but unused vacation of $10,336 as of June 30, 2012 that has not been recorded on the Organization's books as a liability. Generally accepted accounting principles require the recording of accrued but unpaid vacation or paid time off. We recommend that the Organization consider recording the accrued vacation.

Management Response: Management of the Organization agrees with this finding and will consider recording earned but unpaid vacation or paid time off in the future.