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THE ARC OF LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2005

P&N

THE ARC OF LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2005

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P&N

Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Arc of Louisiana (a not-for-profit organization) as of June 30, 2005 and 2004 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 audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 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, 2005 and 2004, and the results of its operations and its cash flows the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 9, 2005, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 9, 2005

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THE ARC OF LOUISIANA
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

ASSETS

	2005	2004 (as restated)
CURRENT ASSETS		
Cash and cash equivalents	$ 18,523	$ 12,809
Receivables - other	30,291	58,272
Prepaid insurance	1,134	-
Total current assets	49,948	71,081
BENEFICIAL INTEREST IN THE FOUNDATION	1,259,817	1,150,528
PROPERTY AND EQUIPMENT		
Furniture and equipment	44,103	44,103
Less: accumulated depreciation	(41,639)	(32,798)
Net property and equipment	2,464	11,305
Total assets	$ 1,312,229	$ 1,232,914

LIABILITIES AND NET ASSETS

	2005	2004 (as restated)
CURRENT LIABILITIES		
Accounts payable	$ 4,323	$ 2,558
Other liabilities	23,405	14,968
Current portion of lease payable	1,651	1,651
Total current liabilities	29,379	19,177
LONG - TERM LIABILITIES		
Lease payable	1,514	3,164
Total liabilities	30,893	22,341
NET ASSETS		
Unrestricted	62,126	104,941
Permanently restricted	1,219,210	1,105,632
Total Net Assets	1,281,336	1,210,573
Total liabilities and net assets	$ 1,312,229	$ 1,232,914

The accompanying notes are an integral part of these statements.

THE ARC OF LOUISIANA
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005		
	Unrestricted	Permanently Restricted	Total
SUPPORT AND REVENUE:			
Public support	$ 30,170	$ -	$ 30,170
Grant from governmental agency	181,848	-	181,848
Program service revenue	107,700	-	107,700
Interest income	568	-	568
Change in net assets of the Foundation	(4,289)	113,578	109,289
Building management income	5,880	-	5,880
Miscellaneous	7,428	-	7,428
Total support and revenue	329,305	113,578	442,883
Net assets released from restriction	-	-	-
Total revenue and other support	329,305	113,578	442,883
EXPENSES:			
Program services	204,162	-	204,162
Management and general	164,358	-	164,358
Fundraising	3,600	-	3,600
Total expenses	372,120	-	372,120
Changes in net assets	(42,815)	113,578	70,763
Net assets - beginning of year	104,941	1,105,632	1,210,573
Correction of a prior period error	-	-	-
Net assets - beginning of year, restated	104,941	1,105,632	1,210,573
Net assets - end of year	$ 62,126	$ 1,219,210	$ 1,281,336

The accompanying notes are an integral part of these statements.

2004		
Unrestricted	Permanently Restricted	Total
$ 15,179	$ -	$ 15,179
166,746	-	166,746
91,060	-	91,060
91	-	91
(15,902)	1,105,632	1,089,730
5,876	-	5,876
11,580	-	11,580
274,630	1,105,632	1,380,262
-	-	-
274,630	1,105,632	1,380,262
181,722	-	181,722
117,501	-	117,501
8,545	-	8,545
307,768	-	307,768
(33,138)	1,105,632	1,072,494
97,137	-	97,137
40,942	-	40,942
138,079	-	138,079
$ 104,941	$ 1,105,632	$ 1,210,573

THE ARC OF LOUISIANA
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005			
	Program Services	Management and General	Fundraising	Total
EXPENSES				
Advertising	$ -	$ -	$ -	$ -
Bank charges	-	-	-	-
Conventions	18,083	32,768	-	50,851
Depreciation and amortization	-	8,841	-	8,841
Dues and subscriptions	-	6,837	-	6,837
Employee benefits	15,313	3,345	-	18,658
Equipment	-	119	-	119
Insurance	-	375	-	375
Interest	-	70	-	70
Janitorial services	518	750	-	1,268
Meals and entertainment	-	97	-	97
Meetings	-	1,992	-	1,992
Miscellaneous	4,760	233	-	4,993
Payroll taxes	11,175	5,251	-	16,426
Postage	530	2,291	-	2,821
Printing	-	395	-	395
Professional services	-	5,533	-	5,533
Rental expense	-	21,887	-	21,887
Repairs and maintenance	301	833	-	1,134
Salaries	124,747	55,020	3,600	183,367
Supplies	4,190	2,731	-	6,921
Telephone	7,310	3,520	-	10,830
Training	1,275	965	-	2,240
Travel	14,079	6,904	-	20,983
Utilities	1,881	3,601	-	5,482
	$ 204,162	$ 164,358	$ 3,600	$ 372,120

The accompanying notes are an integral part of these statements.

2004			
Program Services	Management and General	Fundraising	Total
$ -	$ 130	$ -	$ 130
-	180	-	180
-	8,841	-	8,841
-	5,909	-	5,909
13,141	3,214	-	16,355
-	675	-	675
804	711	-	1,515
-	122	-	122
40	1,141	-	1,181
-	385	-	385
51	1,438	4,945	6,434
7,405	-	-	7,405
10,082	4,510	-	14,592
364	912	-	1,276
-	28	-	28
-	2,083	-	2,083
3,372	19,241	-	22,613
43	538	-	581
106,385	45,582	3,600	155,567
1,746	2,941	-	4,687
4,272	5,356	-	9,628
14,552	1,016	-	15,568
19,412	6,712	-	26,124
53	5,836	-	5,889
$ 181,722	$ 117,501	$ 8,545	$ 307,768

THE ARC OF LOUISIANA
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 70,763	$ 1,113,436
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,841	8,841
Change in beneficial interest of Foundation	(109,289)	(1,130,672)
Changes in operating assets and liabilities:		
Accounts receivable	27,981	3,896
Prepaid insurance	(1,134)	-
Accounts payable and other accrued liabilities	10,202	(30,764)
Net cash provided by (used in) operating activities	7,364	(35,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(1,650)	(2,406)
Net cash used in financing activities	(1,650)	(2,406)
Net increase (decrease) in cash and cash equivalents	5,714	(37,669)
Cash and cash equivalents - beginning of year	12,809	50,478
Cash and cash equivalents - end of year	$ 18,523	$ 12,809

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. 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 supports and services for people with mental retardation and related disabilities and their families.

2. Summary of Significant Accounting Policies

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 Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily restricted assets as of June 30, 2005 or 2004, however the majority of the beneficial interest in the Foundation is permanently restricted as of June 30, 2005 and 2004.

Contributions

The Organization complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made.* In accordance with SFAS No. 116, 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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted 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 or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

2. **Summary of Significant Accounting Policies** (continued)

Grant Revenue Recognition

Grants receivable represents amounts owed to the Organization for costs incurred under state grant contracts which are reimbursable to the Organization. Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on grants 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 grants 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.

Property and Equipment

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

Income Taxes

The Organization 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.

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."

Membership Dues

The Organization receives membership dues from 24 local chapters through out Louisiana. These dues are recognized as revenue in the applicable membership period. Membership dues not received for the current year are recorded as a receivable in the accompanying financial statements. Management deemed all accounts to be collectible at June 30, 2005 and 2004.

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 period. Actual results could differ from those estimates.

THE ARC OF LOUISIANA
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. **Summary of Significant Accounting Policies** (continued)

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 statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

3. **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.

4. **Beneficial Interest in the Arc Foundation**

Due to the adoption of Financial Accounting Standard No. 136 (FAS 136), "Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others", the net assets of the Foundation are treated as a beneficial interest asset on the Organization's financial statements. The effect of FAS 136 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, 2005, the beneficial interest in the Foundation was $1,259,817. Of that amount, $1,219,210 is permanently restricted based on the terms of an endowment received by the Foundation. As of June 30, 2004, after the correction of a prior period error, the beneficial interest in the Foundation was $1,150,528. Of that amount, $1,105,632 is permanently restricted based on the terms of an endowment received by the Foundation.

5. **Correction of Prior Period Error**

The accompanying financial statements for June 30, 2004 have been restated to correct an error from previous years. During the audit for the year ended June 30, 2004, no supporting documentation could be provided for the value of the building owned by the Arc of Louisiana Foundation, which affects the beneficial interest that the Arc of Louisiana has in the Foundation. Management was able to provide documentation during the June 30, 2005 audit for the value of the building. The building was purchased in 1999 for $200,000, yet the recorded value on the financial statements was $155,663. A prior period adjustment was made to correctly state the value of the building and record accumulated depreciation based on the original cost. The net effect of this error resulted in an increase to the Arc of Louisiana's retained earnings at June 30, 2004 of $40,942.

6. Property and Equipment

A summary of property and equipment, accumulated depreciation and related service lives at June 30th, is as follows:

	Estimated Service Lives	2005	2004
Furniture & Equipment	3 – 7 years	$ 44,103	$ 44,103
Less accumulated depreciation		(41,639)	(32,798)
		$ 2,464	$ 11,305

7. Related Party Transactions

The Arc of Louisiana and the Arc of Louisiana Foundation are affiliated organizations. Both organizations have common board members and they share office space and accounting personnel. The office building is owned by the Foundation. The Foundation received $21,684 of rent income from the Arc of Louisiana for the years ended June 30, 2005 and 2004.

The Arc of Louisiana and the Foundation share the costs of some joint expenses. 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 $5,880 and $5,880 of income from the Foundation for these expenses for the years ended June 30, 2005 and 2004.

The Arc of Louisiana has four employees whose salaries are paid for by the Arc of Baton Rouge. The Arc of Louisiana then reimburses the Arc of Baton Rouge for these salaries on a monthly basis. As of June 30, 2005 the Arc of Louisiana owed approximately $21,000 to the Arc of Baton Rouge for salary reimbursements.

8. Lease

The Organization committed to a capital lease for telephone equipment in May of 2003 for 48 months. Future minimum lease payments consist of the following as of June 30:

2006	$ 1,651
2007	1,514
Total	$ 3,165

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

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

We have audited the financial statements of the Arc of Louisiana (a non-profit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. We also conducted out audit with 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
In planning and performing our audit, we considered the Arc of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated December 9, 2005.

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.*

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 9, 2005

THE ARC OF LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

A. SUMMARY OF AUDITORS' RESULTS

Type of auditors' report issued: Unqualified

• Material weakness(es) identified?	_____ yes	__X__ no
• Reportable condition(s) identified that are not considered to be material weaknesses?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

A management letter was issued for the current year's audit.

B. FINDINGS AND QUESTIONED COSTS

None

THE ARC OF LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINIDNGS

B. FINDINGS AND QUESTIONED COSTS

1. Noncompliance with reporting deadline

Criteria:	Louisiana Revised Statute 24:513 requires all quasi-public entities to complete an audit of the entity's financial statements and transmit to the Legislative Auditor within six months of the close of the entity's fiscal year.
Condition:	The Arc of Louisiana did not submit their annual audited financial statements by December 31, 2004, which is six months after the close of their fiscal year.
Effect:	The organization is not in compliance with the Louisiana Revised Statute 24:513.
Recommendation:	The organization should comply with the Louisiana Revised Statute 24:513 for the year ended June 30, 2004, by having its annual audit complete and transmitted to the Legislative Auditor by December 31, 2004.
Status:	Management met the compliance deadline for June 30, 2005.

C. MANAGEMENT LETTER COMMENTS

There were no items reported in the prior year, which were not resolved.

P&N

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

We have audited the financial statements of the Arc of Louisiana for the year ended June 30, 2005 and have issued our report thereon. As part of our examination, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his audit of the financial statements.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

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During the course of our audit, we made the following observations which we feel should be brought to your attention. Concerning these matters, we offer the following comments and recommendations:

Journal entry authorization and support

During the audit, we noted that most journal entries were not authorized and some did not have supporting documentation. We recommend that management categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year. Nonrecurring journal entries would require individual authorization by management. Journal entries should always be supported by appropriate documentation where possible. Good documentation serves as an accounting record and facilitates future follow-up as well as additional insight for other users. We understand that management is aware of this issue and has changed some of the accounting procedures relating to journal entries and is working on additional policies and procedures to implement in the future.

Conference Revenue Reconciliations

In the course of completing the audit, we discovered a difference between the accounting records and the Arc's conference participant schedule for the Annual Convention and the People First convention. Although the difference was deemed immaterial, we suggest that a system be implemented to reconcile the separately maintained fund-raising schedules to the amounts recorded in the accounting system. Comparing the participant list to what the accounting system has recognized as revenue after each convention will establish an additional internal control over cash receipts and revenue recognition. This reconciliation process would help to ensure that all convention participant receipts are accounted for and appropriately classified in the accounting records, as well as serving as a check on convention records and actual receipts. We understand that management is aware of this issue and has implemented policies and procedures to address this issue.

We believe that the implementation of these recommendations will provide the Arc with a stronger system of internal accounting controls. We want to thank the Arc of Louisiana for the courtesies extended to us during the audit. If you have any questions or need any assistance in the implementation of these recommendations, we would be happy to assist with their implementation. 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 9, 2005

P&N

The Arc of Louisiana

Affiliated Chapters of The Arc

The Arc of Assumption

The Arc Baton Rouge

The Arc of Beauregard

The Arc of Caddo-Bossier

Donaldsonville Area Arc

Community Opportunities

The Arc of Iberia

The Arc of Iberville

Minden Arc

The Arc of Morehouse

The Arc of Greater New Orleans

The Arc of North Webster

Rapides Arc

Sabine Arc

The Arc of St. Charles

St. James Arc

St. John Arc

St. Martin Arc

St. Mary Arc

TARC – Hammond

TARC – Terrebonne

The Arc of Vermilion

People First, Visionary Leadership, Community Participation, Diversity, Integrity and Excellence

January 4, 2005

Ms. Candace Wright
Postlethwaite & Netterville
Certified Public Accountants
8550 United Plaza Blvd., Suite 1001
Baton Rouge, Louisiana 70809

Dear Ms. Wright:

The Arc of Louisiana has worked to improve and maintain sound accounting practices to safeguard the organization by ensuring accountability and loss protection. We appreciate the staff at Postlethwaite & Netterville for their through review and audit of our financial statement and internal accounting controls currently in place. Below we have outlined how management will address P & N staff concerns and recommendations.

Journal Entry Authorization and Support

The Arc of Louisiana accounting policy and procedures have been edited to address the authorization of journal entries along with adequate supporting documentation.

"The Arc recognizes the need to make reoccurring and sometimes non recurring journal entries to record certain accounting transactions. The Arc's policy related to these transactions is as follows:

All journal entries should be approved by the Executive Director after reviewing supporting documentation for such entries.

1. Recurring journal entries should be established at the start of each fiscal year and approved by the Executive Director after reviewing supporting documentation related to such entries. Any subsequent changes to these entries should be approved by the Executive Director after review supporting documentation for such changes.

2. Non recurring journal entries should be approved by the Executive Director after reviewing supporting documentation for each entry proposed. These entries should be kept in a monthly file containing the approved journal entries and the supporting documentation related to the entries".

Conference Revenue Reconciliations

The Arc of Louisiana has implemented processes to assure fund-raising records such as convention revenues are accounted for and appropriately classified in the accounting records as stipulated in policies and procedures.

Please contact me should you have additional questions regarding steps taken to strengthen internal accounting controls. Again, thank you for your assistance in assuring adequate safeguards are in place to protect the organization.

Sincerely,

Julia Kenny

Julia Kenny
Executive Director

365 North 4th Street, Baton Rouge, LA 70801; Phone (225) 383-1033/ Fax (225) 383-1092