

**THE ARC OF GREATER NEW ORLEANS, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2010)**

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 **FEB 01 2012**

THE ARC OF GREATER NEW ORLEANS, INC.

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Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Arc of Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of The Arc of Greater New Orleans, Inc., a Louisiana not-for-profit corporation, (the Organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The financial statements of The Arc of Greater New Orleans, Inc. as of June 30, 2010, were audited by us whose report was dated December 23, 2010, expressed an unqualified opinion on those statements.

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 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 audit provides 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 Greater New Orleans Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year 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 a report dated November 29, 2011 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, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P.O. Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Arc of Greater New Orleans, Inc. taken as a whole. The schedules of state and local awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Silva Gurtner & Albney, LLC

November 29, 2011

THE ARC OF GREATER NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 423,976	\$ 644,909
Accounts receivable	1,270,374	1,166,876
Accounts receivable - unconditional promises to give	96,413	103,556
Prepaid expenses	63,076	62,165
Other current assets	6,395	7,969
	<hr/>	<hr/>
Total current assets	1,860,234	1,985,475
PROPERTY AND EQUIPMENT, net	<hr/> 1,227,698	<hr/> 1,096,093
TOTAL ASSETS	<u>\$ 3,087,932</u>	<u>\$ 3,081,568</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 482,727	\$ 244,326
Current maturities of long-term debt	55,895	49,516
	<hr/>	<hr/>
Total current liabilities	538,622	293,842
LONG-TERM DEBT		
Long-term debt, net of current maturities	455,177	614,963
NET ASSETS		
Unrestricted	1,997,720	2,006,389
Temporarily restricted	96,413	166,374
	<hr/>	<hr/>
Total net assets	2,094,133	2,172,763
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,087,932</u>	<u>\$ 3,081,568</u>

See accompanying independent auditors' report and notes to financial statements.

THE ARC OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUES				
Support				
Federal grant income	\$ -	\$ -	\$ -	\$ 904,071
State grant income	346,044	-	346,044	351,945
Local grant income	94,050	-	94,050	153,642
Contributions	340,207	-	340,207	339,087
Other:				
United Way allocations	-	96,413	96,413	103,556
Total support	780,301	96,413	876,714	1,852,301
Revenues				
Client fees	3,370,002	-	3,370,002	2,970,175
Medicaid	5,367,058	-	5,367,058	4,840,207
Group home	253,869	-	253,869	244,959
Interest income	1,853	-	1,853	2,652
Other income	439,691	-	439,691	432,582
Total revenues	9,432,473	-	9,432,473	8,490,575
Net assets released from restrictions				
Restrictions satisfied by payments	166,374	(166,374)	-	-
Total support and revenues	10,379,148	(69,961)	10,309,187	10,342,876
EXPENSES				
Program services				
Children's services	638,071	-	638,071	654,919
Employment services	165,473	-	165,473	196,801
Individual options	1,107,958	-	1,107,958	1,244,062
Project H.E.L.P.	3,329,051	-	3,329,051	3,088,202
Operations department	3,823,514	-	3,823,514	3,976,810
Family service coordination	357,409	-	357,409	288,860
Supporting services				
Management and general	944,514	-	944,514	983,323
Fundraising	4,078	-	4,078	6,746
Payments to affiliates	17,749	-	17,749	16,794
Total expenses	10,387,817	-	10,387,817	10,456,517
CHANGES IN NET ASSETS	(8,669)	(69,961)	(78,630)	(113,641)
NET ASSETS - BEGINNING OF YEAR	2,006,389	166,374	2,172,763	2,286,404
NET ASSETS - END OF YEAR	\$ 1,997,720	\$ 96,413	\$ 2,094,133	\$ 2,172,763

See accompanying independent auditors' report and notes to financial statements.

THE ARC OF GREATER NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Program Services				Supporting Services				2011 Total	2010 Total
	Children's Services	Employment Services	Individual Options	Project H. E. L. P.	Operations Department	Family Services Coordination	Management and General	Fundraising		
Salaries	\$ 422,403	\$ 122,656	\$ 698,294	\$ 2,753,024	\$ 2,248,375	\$ 183,202	\$ 531,794	\$ -	\$ 6,959,748	\$ 6,747,861
Benefits	24,291	7,393	81,406	184,757	146,514	24,055	48,649	-	517,065	526,548
Payroll taxes	35,341	9,889	56,759	230,223	181,308	13,765	40,954	-	568,239	543,032
Professional services	1,061	6,618	2,071	5,829	67,769	6,314	44,814	-	134,476	113,626
Supplies	80,908	1,683	5,923	5,498	188,675	101,135	16,522	-	400,344	390,794
Telephone	1,683	3,143	15,117	9,037	25,767	2,600	8,698	-	66,045	66,226
Postage	404	183	239	1,173	465	2,814	4,359	-	9,637	9,830
Occupancy	43,551	3,496	87,990	41,067	288,443	10,342	18,918	-	493,807	669,682
Repairs and maintenance	15,256	1,997	35,022	21,740	87,146	4,149	13,909	-	179,219	212,518
Local transportation	336	4,737	78,693	54,441	314,737	6,077	9,009	-	468,030	475,721
Travel, conferences and training	3,037	2,318	3,120	6,875	7,522	2,447	5,352	-	30,871	26,728
Printing and publications	166	527	268	1,851	2,766	101	1,073	-	6,752	5,075
Membership dues	-	-	-	-	-	-	22,663	-	22,663	4,467
Other expenses	8,370	633	22,072	9,502	111,093	408	167,655	4,078	323,811	460,448
Payments to affiliates	-	-	-	-	-	-	17,749	-	17,749	16,794
Public relations	-	-	-	-	-	-	4,500	-	4,500	13,046
Depreciation	1,264	-	20,984	4,034	152,934	-	5,645	-	184,861	174,121
	\$ 638,071	\$ 165,473	\$ 1,107,958	\$ 3,329,051	\$ 3,823,514	\$ 357,409	\$ 962,263	\$ 4,078	\$ 10,387,817	\$ 10,456,517

See accompanying independent auditors' report and notes to financial statements.

THE ARC OF GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (78,630)	\$ (113,641)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	184,861	174,121
Loss on sale/disposal of property and equipment	-	(3,992)
Changes in operating assets:		
Accounts receivable	(103,498)	255,031
Accounts receivable - unconditional promises to give	7,143	16,441
Prepaid expenses	(911)	9,636
Other current assets	1,574	(4,595)
Changes in operating liabilities:		
Accounts payable and accrued expenses	238,401	(96,939)
Net cash provided by operating activities	248,940	236,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(319,927)	(94,833)
Proceeds from sale of property and equipment	3,461	8,300
Net cash used in investing activities	(316,466)	(86,533)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(153,407)	(58,267)
Net cash used in financing activities	(153,407)	(58,267)
Net increase (decrease) in cash and cash equivalents	(220,933)	91,262
Cash and cash equivalents, beginning of year	644,909	553,647
Cash and cash equivalents, end of year	\$ 423,976	\$ 644,909
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 30,217	\$ 38,253

See accompanying independent auditors' report and notes to financial statements.

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Arc of Greater New Orleans, Inc. (the Organization) was incorporated in July 1953. The Arc of Greater New Orleans, Inc. is committed to securing, for all people with intellectual disabilities, the opportunity to develop, function, and live to their fullest potential. Current services include: Children's Services (Early Intervention, Child Care, and Family Service Coordination), Employment Services (Rehabilitation Services), Individual Options (formerly Transitional Work Center), Operations Department (Affirmative Businesses/Social Enterprises), and Project H.E.L.P. (Respite/Personal Care and Supported Living). All services are provided throughout a four-parish area (Orleans, Jefferson, Plaquemines, and St. Bernard). The majority of the Organization's revenue is derived from contracts for services with the State of Louisiana, Jefferson Parish and various private contracts with businesses in the four-parish area.

Basis of Accounting - The Arc of Greater New Orleans, Inc. prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation - Financial statement presentation follows the guidance of FASB ASC 958-205 (formerly the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations). Under FASB ASC 958-205, 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.

A description of the three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and, therefore, the Organization's policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions which are required by the donor imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions. As of June 30, 2011, the Organization had no permanently restricted net assets.

Contributed Services - Various functions of the Organization are conducted by unpaid officers, board members, and volunteers. The Organization recognizes donated services, if significant in amount, which create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all restricted highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents.

Use of Estimates - The preparation of the Organization's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures 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.

Accounts Receivable - All receivables at June 30, 2011 and 2010 are considered collectible; accordingly, an allowance for doubtful accounts is not presented. Balances that are still outstanding after management has used reasonable collection efforts are written off. Accounts receivable with balances past due ninety days or more amounted to approximately \$26,012 and \$28,093 on June 30, 2011 and 2010, respectively.

Fair Value Measurement - The Organization carries investments in marketable securities with readily determinable fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Unrealized gains and losses are included in the changes in net assets in the accompanying statement of activities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment - It is the Organization's policy to capitalize property and equipment over \$1,000 with a useful life of more than one year. Lesser amounts are expensed. Purchased property and equipment are stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The useful lives of buildings and leasehold improvements range from 10 to 31 years; and those of furniture and equipment, and autos, trucks and tractors range from 3 to 10 years.

Income Taxes - The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

Functional Expense Allocation - Functional expenses are allocated among the various program services, management and general, and fundraising categories based on actual use or management's best estimate.

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted and Unrestricted Revenue and Other Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Organization has concentrated its credit risk by maintaining deposits in banks located within the same geographic region that may, at times, exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has cash equivalents at a financial institution that insured cash sweep balances up to \$2M for a single account. At June 30, 2011, there were no cash deposits in excess of the FDIC insured limits. At June 30, 2010, cash deposits in excess of the FDIC insured limits were \$104,915. The Organization has not experienced any losses in such accounts and agreements and believes it is not exposed to any significant credit risk to cash.

NOTE C – UNCONDITIONAL PROMISES TO GIVE

Accounts receivable – unconditional promises to give at June 30, 2011 and 2010 consisted of \$96,413 and \$103,556 due from United Way, respectively.

NOTE D – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has investments with a cost basis of \$5,608. Using level 1 inputs, fair values of investment securities measured on a recurring basis at June 30, 2011 and 2010 were \$5,170 and \$3,987, respectively.

NOTE E – COMPENSATED ABSENCES

The Organization's employees receive from eight to seventeen days of annual paid leave upon completion of an introductory period, depending on employee classification. Annual leave vests with the employee and therefore, has been accrued up to a maximum accumulated cap of twenty days per employee. Unpaid compensated absences amounted to \$7,384 and \$100,250 for the years ended June 30, 2011 and 2010, respectively.

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Building	\$ 1,269,407	\$ 1,186,452
Leasehold improvements	387,139	172,618
Furniture and equipment	1,170,385	1,172,585
Autos, trucks and tractors	531,537	510,335
Land	<u>195,187</u>	<u>195,187</u>
Total	3,553,655	3,237,177
Less: accumulated depreciation	<u>(2,325,957)</u>	<u>(2,141,084)</u>
Property and equipment, net	<u>\$ 1,227,698</u>	<u>\$ 1,096,093</u>

Depreciation expense was \$184,861 and \$174,121 for the years ended June 30, 2011 and 2010, respectively.

NOTE G – NOTES PAYABLE

The Organization had the following notes payable:

	<u>2011</u>	<u>2010</u>
4% note payable dated June 26, 2006 and refinanced in December 2008, with a maturity date of April 26, 2020, payable to SBA in monthly installments of \$3,463, including interest.	\$ 307,232	\$ 335,766
6.75% variable note payable, dated June 5, 2008, due June 5, 2028, payable in monthly installments of \$2,427, including interest, secured by real property.	187,228	300,202
7.99% note payable, dated April 30, 2007, due April 30, 2012, payable in monthly installments of \$753, including interest, secured by a truck.	7,257	15,356
8.99% note payable, dated July 9, 2008, due August 23, 2013, payable in monthly installments of \$410, including interest, secured by a van.	<u>9,355</u>	<u>13,155</u>
	<u>\$ 511,072</u>	<u>\$ 664,479</u>

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE G – NOTES PAYABLE, continued

Maturities are as follows:

2011	\$ 55,895
2012	51,326
2013	49,694
2014	51,701
2015	54,399
Thereafter	<u>248,057</u>
	<u>\$ 511,072</u>

Interest expense on notes payable for the years ended June 30, 2011 and 2010 was \$30,217 and \$38,253, respectively.

NOTE H – LINE OF CREDIT

The Organization has a line of credit available totaling \$400,000. The unpaid principal balance bears interest at the Prime Rate plus 1.25%, adjusted quarterly, with a floor of 7%. Interest payments are due monthly. At June 30, 2011, the Organization had not drawn on the line of credit. The line of credit is secured by all inventory, goods, and other items of personal property and receivables.

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Unconditional promises to give – United Way	\$ 96,413	\$ 103,556
Unexpended funds received for restricted purposes	<u>-</u>	<u>62,818</u>
	<u>\$ 96,413</u>	<u>\$ 166,374</u>

NOTE J – RENT-FREE USE OF FACILITIES

During 2011 and 2010, the Organization was furnished free use of facilities at three locations from unrelated parties. The aggregate fair market value of the use of these facilities is approximately \$26,284 per month. These amounts are recorded as contributions in support and revenues and also in occupancy expenses. The fair market value of the rent-free use of facilities amounted to \$315,410 for the years ended June 30, 2011 and 2010. The commitments for the use of these facilities expire at various times through 2017.

The Organization has entered into a five-year lease on one of the three buildings aforementioned to provide program services. Consideration for the lease is the mutual benefits, advantages, and conveniences to be derived by the public in the operation of a public education facility. The Organization has made cumulative improvements to the building, which amount to approximately \$387,139.

THE ARC OF GREATER NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

NOTE K – MAJOR SUPPORT

For the years ended June 30, 2011 and 2010, the Organization earned 52% and 57%, respectively, of its support and revenues from Medicaid reimbursement arrangements. Accounts receivable included \$779,171 and \$690,902 from this source for the years ended June 30, 2011 and 2010, respectively.

NOTE L – ECONOMIC DEPENDENCY

The Organization receives state funding on a per diem per client/unit basis as well as state and parish grants on a per diem basis. If significant budget cuts are made at the state and/or local levels, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations. Management believes state budget cuts may occur in the next fiscal year, but is uncertain if the ARC programs will be effected.

NOTE M – PAYMENTS TO AFFILIATES

As of June 30, 2011 and 2010, the Organization paid \$17,749 and \$16,794 to The Arc of the United States and The Arc of Louisiana, respectively.

NOTE N – RETIREMENT PLAN

Effective July 1, 1999, the Organization adopted a 401(k) retirement plan that covers most of its employees. The Organization matches fifty percent of employee salary reduction contributions up to six percent of compensation. These matching contributions amounted to \$33,600 and \$37,440 in 2011 and 2010, respectively.

NOTE O – CONTINGENCY

The Organization is involved in legal matters and unasserted claims arising in the ordinary course of business. Management and legal counsel are in the process of reviewing and evaluating these actions and possible claims. Management has not established a reserve as the outcome of the litigation is undetermined as of June 30, 2011 and 2010.

NOTE P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 29, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**THE ARC OF GREATER NEW ORLEANS, INC.
SCHEDULE OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>State Programs</u>	<u>Pass-through Grantor's Number</u>	<u>State Awards</u>
State Department of Health and Hospitals/ Office for Citizens with Developmental Disabilities:		
Developmental Disabilities:		
Adult consumer	694941	\$ 33,760
Family support	694942	8,320
Advisory council	694943	4,028
Youth consumer	694945	41,540
ACT 378	694947	49,880
Adult habilitative service	695075	99,238
Family support and crisis	695076	<u>109,278</u>
Total state awards		346,044
Jefferson Parish Human Services Authority/ Office for Citizens with Developmental Disabilities:		
Respite care	272	4,337
Vocational and habilitative services	272	45,853
Project step - vocational services	275	<u>43,860</u>
Total local awards		<u>94,050</u>
Total state and local awards		<u>\$ 440,094</u>

See independent auditors' report.

THE ARC OF GREATER NEW ORLEANS, INC.
SCHEDULE OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>State Programs</u>	<u>Pass-through Grantor's Number</u>	<u>State Awards</u>
State Department of Health and Hospitals/ Office for Citizens with Developmental Disabilities:		
Vocational	675151	\$ 110,725
Crisis	675150	80,845
Child/adolescent	683213	42,000
ACT 378	683212	35,012
Adult consumer	683211	65,694
Family support	683217	15,000
Advisory council	683215	<u>2,669</u>
Total state awards		351,945
Jefferson Parish Human Services Authority/ Office for Citizens with Developmental Disabilities:		
Project step - vocational services and employment program	283	72,300
Respite care	282	4,890
Supported living	282	9,308
Vocational and habilitative services	282	<u>67,144</u>
Total local awards		<u>153,642</u>
Total state and local awards		<u>\$ 505,587</u>

See independent auditors' report.

Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

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

Board of Directors
The Arc of Greater New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of The Arc of Greater New Orleans, Inc. (the Organization), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. 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

In planning and performing our audit, we considered The Arc of Greater New Orleans, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Arc of Greater New Orleans, Inc.'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P.O. Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arc of Greater New Orleans, Inc.'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*.

This report is intended solely for the information and use management, the Board of Directors, the Department of Health and Hospitals, Jefferson Parish Human Services, United Way, Metropolitan Human Services District, and the Louisiana Legislative Auditor. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silva Gurtner & Albney, LLC

November 29, 2011

**THE ARC OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ yes	_____ <u>X</u> _____	no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ yes	_____ _____	no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ _____	none reported
Type of auditors' report issued on compliance for major programs:	N/A		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	_____ yes	_____ _____	no

Identification of major programs:

CFDA Number

N/A

Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>N/A</u> _____
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Auditee qualified as low-risk audit?	N/A
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Section II - Findings related to the financial statements that are required to be reported in accordance with *Governmental Auditing Standards*

No findings for the year ended June 30, 2011.

Section III - Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)

No findings for the year ended June 30, 2011.