



The Arc

*For people with intellectual
and developmental disabilities*

ANNUAL
REPORT
2015



MISSION

THE ARC PROMOTES AND PROTECTS THE HUMAN RIGHTS OF PEOPLE WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES AND ACTIVELY SUPPORTS THEIR FULL INCLUSION AND PARTICIPATION IN THE COMMUNITY THROUGHOUT THEIR LIFETIMES.

DEAR FRIENDS,

As we take this opportunity to reflect on The Arc's achievements over the course of 2015, we are amazed at the variety of ways in which our national organization has touched the lives of so many people with intellectual and developmental disabilities (I/DD) and their families, at every stage of life. Here are a few of the achievements you will learn more about in this annual report.

- ▶ This year we led the way in federal public policy on a range of issues, including passing an education reform measure and supporting the implementation of a law aimed at providing financial stability for people with I/DD.
- ▶ To tackle the higher prevalence of obesity in people with I/DD, we made strides in supporting people with I/DD to change their habits to include healthy eating, portion control, and physical activity.
- ▶ We continue to work with employers on how to recognize and develop the potential of employees with disabilities, working with huge names in the technology sector and small businesses in all kinds of fields across the country.
- ▶ Our National Center for Criminal Justice and Disability is not only making an impact in individual cases, with training of law enforcement, but it is also shaping the national dialogue on justice issues.
- ▶ We are providing a critical service to families at every stage of life, offering our expertise and unique tools to plan for the future of a loved one to ensure adults with I/DD can live full lives in the community.

Throughout 2015, the public was informed about The Arc via a national public service announcement, dubbed "The Arc Across a Lifetime". The ad features an infant named Simon being cuddled by a parent, a school age boy named Patxi getting off the school bus, three young adults named Jordan, Jamilla, and Maurine enjoying an evening out in the community, a man named Charles excelling in an inclusive workplace, and Linda and Ted, a couple in their twilight years enjoying each other's company.

A chapter of The Arc is part of each of their lives. And via our incredible programs and services across the country, we are making a difference in a wide range of aspects of life for millions of people. We thank you for being a part of and enriching our movement, and we hope you enjoy learning about our successes.



Ronald E. Brown, President,
The Arc's Board of Directors



Peter V. Berns, Chief Executive Officer



RON BROWN, PRESIDENT



PETER V. BERNS, CEO



Taylor Woodard, 2015 Intern



Mike Nagel, 2015 Intern



A YEAR IN POLICY, THROUGH THE EYES OF THE NEXT GENERATION OF ADVOCATES

The Arc’s work in federal public policy remains the centerpiece of our national efforts on behalf of individuals with I/DD. The impact of the work on employment, education, health care, and lifeline programs—Medicaid, Social Security, and Medicare—can mean the difference between life in the community and life in an institution.

The foundation on which our civil rights victories have been built over the years will be strengthened by investing in the next generation of policy advocates. The Arc has been supporting these young advocates’ dreams through the Paul Marchand Internship Program. For 38 years, Paul Marchand was a dedicated disability policy advocate and recognized leader working on behalf of people I/DD and the larger disability community. Upon his retirement in 2011, The Arc—with substantial contributions from United Cerebral Palsy, other organizations, and individuals with whom Paul worked during his decades in Washington—established an internship to honor Paul and to continue to cultivate disability policy advocates.

Our 2015 interns, Taylor Woodard from Texas, and Mike Nagel from North Dakota, were drawn to Washington, DC because of a passion for disability advocacy. The experiences of their year in the nation’s capital were full of milestones and memories.

THE EVERY STUDENT SUCCEEDS ACT: PRESERVING AND IMPROVING EDUCATION POLICY

In December of 2015, the *Every Student Succeeds Act (ESSA)* was passed by Congress and signed into law. First, and most importantly, it requires that students with disabilities continue to be included in a state’s accountability

measures. Students will continue to have access to the general education curriculum and rigorous academic content standards. The new law restricts the number of kids who take alternate assessments based on alternate achievement standards, requires parents be informed of any consequences of taking such assessments, and provides for intervention in schools where students with disabilities underperform. The law also requires states to describe plans for improving learning conditions, particularly reducing bullying and aversive behavioral interventions.

ACHIEVING A BETTER LIFE EXPERIENCE ACT: BUILDING A FINANCIAL FOUNDATION FOR THE FUTURE

Signed into law in 2014, the Stephen Beck, Jr. Achieving a Better Life Experience (ABLE) Act introduced tax-free savings accounts for people with disabilities. These allow families to accumulate funds for disability-related expenses like education, housing, transportation, employment training and support, assistive technology personal support services, and more.



Most importantly, funds may be used without jeopardizing eligibility for public benefits such as Social Security and Medicaid.

Shortly after its passage on the federal level, state legislatures began drafting their own versions of the ABLE Act so that accounts could be established in the states. Chapters of The Arc across the country were instrumental in the passage of this legislation at the state level. Concurrently, a number of federal agencies began issuing guidance on how the law will be implemented.

The Social Security Administration (SSA) updated their staff on the appropriate treatment of ABLE accounts for SSI beneficiaries. It added a special suspension period that will take effect once an account exceeds \$100,000. Under this rule, benefits are suspended without time limit, yet the individual remains eligible for Medicaid.

Toward the end of the year, the federal ABLE Act was amended, lifting the state residency requirement, giving states the option to offer their program nationwide. Additionally, as 2015 closed, 34 states had enacted programs. The financial futures of people with I/DD are bright thanks to the rollout of this law and the accounts. For more information visit: thearc.org/what-we-do/public-policy/issues/able-program-implementation

A SUPREME COURT VICTORY FOR THE AFFORDABLE CARE ACT



In June, the Supreme Court handed down a 6-3 ruling in the King v. Burwell case. With this decision, the U.S. Supreme Court held that federal tax subsidies are being provided lawfully in those states that have decided not to run the marketplace exchanges for insurance coverage. This was a huge win for the Affordable Care Act (ACA) and people with disabilities throughout the country.

The case was brought by Virginia plaintiffs alleging that the ACA forbids the federal government from providing subsidies in states that do not have their own exchanges. These exchanges allow individuals without insurance to shop for individual health plans. Some states created their own exchanges, but others allowed the federal government to run them. Approximately 85% of individuals using the exchanges qualify for subsidies to help pay for coverage based on their income.

The ACA is important to people with disabilities. It expanded coverage and reformed insurance to end discrimination against people with disabilities and enhanced access to health care. The private health insurance marketplaces allow individuals or small businesses to shop for coverage and potentially receive subsidies to help offset the cost of insurance. The subsidies are key to ensuring affordable coverage. The health insurance reforms, the protections from high premium increases or out-of-pocket costs, and the coverage of “essential health benefits”, including mental health care and rehabilitative/habilitative services and devices, help assure that people with disabilities have affordable health care that meets their needs.

MAJOR PUBLIC POLICY MILESTONES IN 2015

- ▶ **80TH BIRTHDAY OF SOCIAL SECURITY:** In July, The Arc recognized the 80th birthday of our nation’s Social Security system. Social Security provides basic economic security for workers and their families—including children and spouses with disabilities—when a worker retires, dies, or acquires a significant, qualifying disability. It helps people with disabilities who work to enjoy a secure retirement. And, it provides access to health insurance through Medicare.
- ▶ **25TH BIRTHDAY OF THE AMERICANS WITH DISABILITIES ACT:** This past summer, we marked a milestone for the ADA, which affirms the rights of citizens with disabilities by prohibiting discrimination in employment, public services, public accommodations, and services operated by private entities and telecommunications.
- ▶ **50TH BIRTHDAY OF MEDICAID & MEDICARE:** For 50 years, Medicaid and Medicare have been the two backbones of our health care system. Medicaid is the nation’s primary health insurance program for persons with disabilities and low-income populations.
- ▶ **40TH BIRTHDAY OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA):** Capping off 2015’s flurry of celebrations in November was the 40th birthday of IDEA, the law that shifted the educational landscape for millions of children with disabilities.

THE NATIONAL CENTER ON CRIMINAL JUSTICE AND DISABILITY: PAVING THE WAY TO JUSTICE



Far too often justice is out of reach for people with I/DD, or even nonexistent. The statistics are clear—people with I/DD are overrepresented in the criminal justice system as both victims and suspects/defendants. People with disabilities are nearly three times more likely to be victims of violence than people without disabilities. While people with intellectual disability comprise 1% to 3% of the general population, they represent 4% to 10% of the prison population, with an even greater number in juvenile facilities or jails.

Sadly, while the need is clear, there is very little evidence-based, comprehensive training for criminal justice professionals on identifying and interacting with individuals with I/DD. What does this mean for individuals with I/DD who are victims, offenders, suspects, or witnesses to crimes? The consequences can be harsh—their civil rights could be compromised, their side of the story could never be heard, or their lives could be at stake in situations that needlessly escalate to physical harm.

That is where NCCJD's Pathways to Justice™ Program comes in. Pathways for Justice is a comprehensive program that starts by creating a community-based response through the creation of Disability Response Teams, then

working with teams to educate law enforcement, victim advocates, legal professionals, and others in the criminal justice system about cracks in the system's foundation that can have devastating effects. The goal is simple—create pathways to justice for people with I/DD by providing effective, on-going training of criminal justice professionals, building capacity one community at a time.

In 2015, we launched at five pilot sites across the country (The Arc of Pikes Peak Region in Colorado, The Arc of Maryland, The Arc of Spokane in Washington, The Arc of New Jersey, and The Arc of the Midlands in South Carolina). Through the Pathways to Justice trainings and other presentations held by NCCJD's staff across the country, nearly a thousand professionals were trained.

Pathways to Justice is creating a solid foundation for criminal justice professionals to effectively communicate and interact with individuals with disabilities. This is the first step in implementing system-wide change to ensure the rights of people with I/DD are represented in the criminal justice system. It's just one of the many ways that NCCJD is working to bridge the gaps in the criminal justice system nationwide.

HEALTHMATTERS™ LAYING THE GROUNDWORK FOR A HEALTHY LIFE

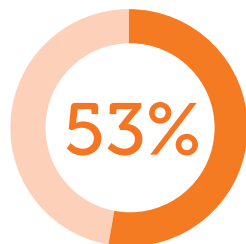


Individuals with I/DD are at an increased risk for obesity compared to the general population. Thanks to the support of the Walmart Foundation, The Arc launched the Health and Fitness for All™ program in 2015. This 12-week, classroom-based program teaches individuals with I/DD to adopt healthy habits and build healthier lives.

The Health and Fitness for All program has been piloted at two chapters of The Arc: The Arc of Gloucester in New Jersey and Advocacy Denver in Colorado. The program utilizes the HealthMatters™ 12-week health and wellness curriculum developed by the University of Illinois at Chicago, which is designed for individuals with I/DD. The curriculum teaches the importance of healthy eating, portion control, and physical activity. Classes meet a few times per week throughout the program, with each class focusing on a different health message.

A total of 49 people have participated in the Health and Fitness for All program at Advocacy Denver and The Arc of Gloucester. These individuals now have the tools to help them lead healthier lives. Check out their progress!

AT THE COMPLETION OF THE 12-WEEK PROGRAM:



lost weight



total weight lost by all participants collectively

POST-TESTS REVEALED:

55%



of participants increased their knowledge

48%



rated their health better

OTHER PROGRAM ACCOMPLISHMENTS INCLUDED:

45%

of participants decreased their BMI

48%

of participants decreased their blood pressure levels



BLUEPRINTS FOR A SECURE FUTURE WITH THE CENTER FOR FUTURE PLANNING™



In 2015, the Center for Future Planning™ continued its efforts to support and encourage families that include an adult with I/DD to plan for the future. The Center did this by using multiple platforms to raise public awareness, empowering families by providing them the training they needed, and creating resources so those searching for support can easily connect with the professionals that could help.

The Build Your Plan™ tool that launched in November enables families to create an account and begin to develop a future plan online. Using this interactive tool, families can work through the different aspects of future planning at their own pace, receiving information targeted to their needs, and suggestions of resources to connect with in their communities. With this platform, families can create a record of the decisions that they have made and make a list of the tasks that remain in the plan. Building a plan creates a strong foundation for the future.

The Center also launched the Professional Services Directory, which creates a marketplace where families can find professionals in their communities to help them build their future plans. The directory also allows professionals that want

to serve the disability community to market their services.

During 2015, the Center also hosted 12 webinars providing information and training on different topics related to future planning. Topics ranged from updates about the Achieving a Better Life Experience Act and tax tips, to a discussion of special considerations in divorce when the couple has a child with I/DD. Recordings of the webinars are available on the Center's website to enable people to listen at their convenience.

In addition to the resources created and provided for the public, the Center's staff also learned from other professionals, people with I/DD, and families about the challenges the community faces in supporting and encouraging families to plan for the future. This constant exchange of knowledge and strategies is what will keep the Center moving forward and enable future success.

Planning for the future is challenging – but it is also necessary and possible. The Arc will continue to support families by enhancing the Center for Future Planning's resources and by raising awareness about the importance of proper planning to ensure adults with I/DD can live full lives in the community.

"I've always been someone who has wanted things to be better—not only for my daughter but for my community in general. When I first heard about future planning, it made sense to me that as parents, we need to plan for the future. Thinking and planning ahead will help your son or daughter achieve his/her highest potential."

My daughter, Kandi, is a great example of living an independent and good life. Kandi is a 50-year-old woman with moderate intellectual disabilities who lives and works in the community. With the support of a job coach, she has held a job at a grocery store for the last five years. Kandi lives in a townhome that is in a special needs trust I developed and she has the support of an aide who assists her with daily living. The special needs trust also helps Kandi with expenses that are not covered by her public benefits. As a mother, I'm so happy that planning ahead has helped Kandi reach her highest potential."

—Ginger, Kandi's Mother

CONSTRUCTING A STRONGER WORKFORCE USING THE TOOL OF INCLUSION—THE ARC@WORK

How big a part of your life is your job, your career? Working provides value to you in the form of a paycheck, and plays a big part in defining who you are as a person. For people with I/DD, it's no different. Yet 85% of people with disabilities are unemployed.

Think about that number. That means there are thousands out of our workforce, out of our communities, out of the day to day experiences of people without disabilities. The Arc@Work is aiming to change that reality for the 85% and for the greater good of society, leading the way in developing innovative workforce solutions for the government and private sector, connecting employers with talented employees with intellectual and developmental disabilities and supporting the recruitment, on-boarding, and retention process.

Our goal is to connect organizations with people and services that increase the diversity, productivity, and quality of their overall workforce. Private foundations understand the importance of our goal increase the number of individuals with I/DD in the workforce. Specifically, in 2015, the Mitsubishi Electric America Foundation funded The Arc@Work to carry out this important work through its national initiatives.

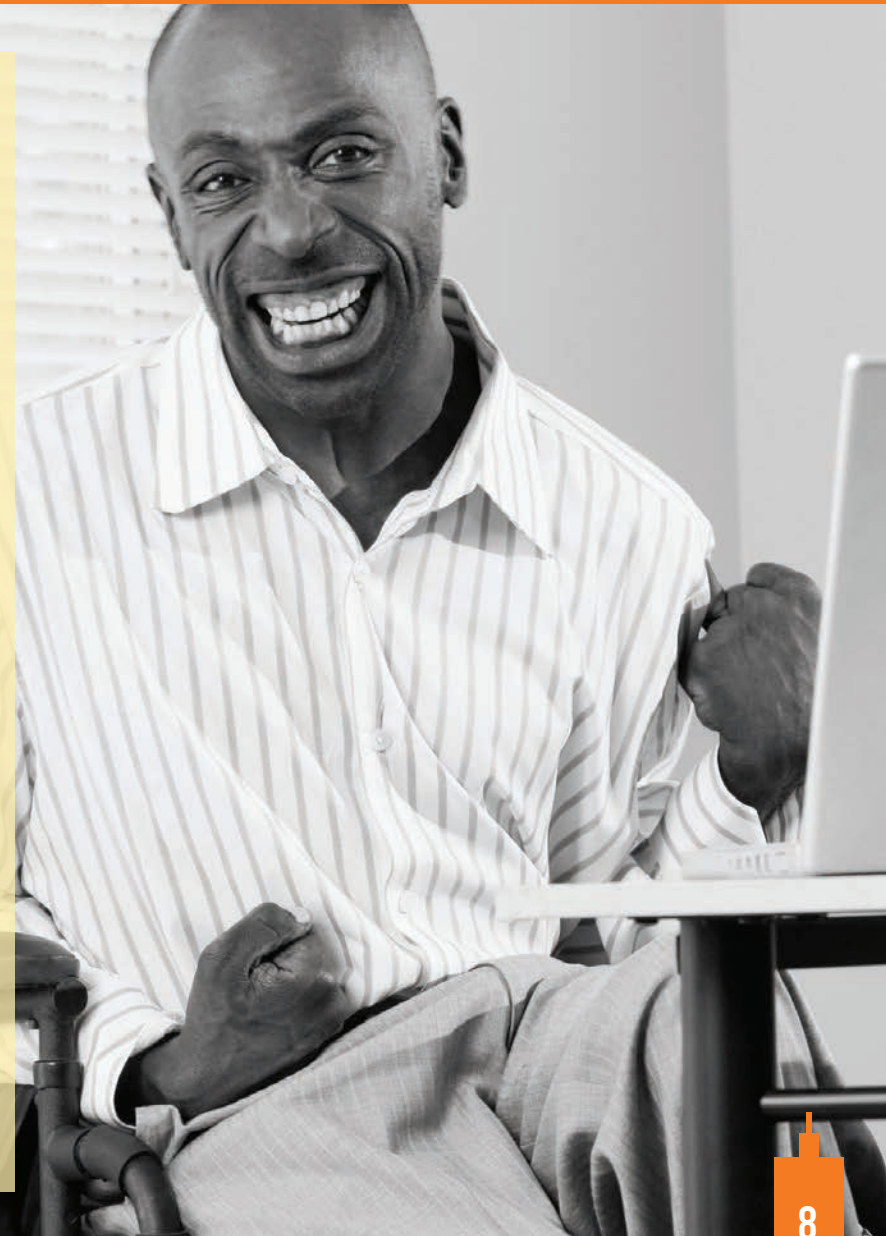
In 2015, we worked toward our goal in a variety of ways. For example, with SAP, the global tech giant, The Arc of Philadelphia is continuing their partnership to place individuals with autism in various IT roles at their U.S. headquarters in Newtown Square, Pennsylvania. We had success in our nation's capital, where The Arc of DC, working with The Arc's national office, placed people with autism in IT roles at Capital One Bank, through a contract with CAI.

The Arc@Work supported a large, high-level Microsoft disability hiring program where one individual, through The Arc Midlands in South Carolina, was placed at Microsoft headquarters in Redmond, Washington.

And in New York City, through AHRC New York City, eight individuals with disabilities were placed in IT related jobs with Towers Watson and IBM.

After many months of development, The Arc@Work launched and sold TalentScout™, a first-of-its-kind resource toolkit that gives employers essential insight and tools that harnesses the fullest potential of their employees with autism and leads to higher levels of productivity in the workplace.

One person at a time, The Arc@Work is changing the way employers see the potential in people with I/DD in the workforce. As the saying goes, we are only as strong as the sum of our parts. When we are missing the disability dimension in our workplace, we aren't as strong as we could be. Inclusion will only make us stronger.





THE ARC'S CATALYST AWARDS: IGNITING A PASSION FOR INCLUSION

“The avenue to true equality for people with intellectual and developmental disabilities will not be paved by a single person or organization – but by thousands who share a vision and a passion. The Catalyst Awards gives us an opportunity to honor like-minded leaders in fields both inside and outside of our network who are trailblazing to make the future more inclusive”

—Peter V. Berns,
CEO of The Arc

In 2015, The Arc launched a new national award program during the 2015 National Convention—The Catalyst Awards. These awards were created to recognize individuals, businesses, and other organizations that are catalysts for achievement in the lives of people with I/DD. Each honoree has done something remarkable that helps fulfill The Arc’s mission to promote and protect the human rights of people with I/DD. Their work embodies what inclusion truly means.

2015 AWARD WINNERS:

- ▶ Public Policy Victory of the Year – The Stephen Beck, Jr. Achieving a Better Life Experience Act of 2014
 - ▶ Congressman Ander Crenshaw (FL-4)
 - ▶ Congressman Chris Van Hollen (MD-8)
 - ▶ Senator Richard Burr (NC)
 - ▶ Senator Bob Casey (PA)
 - ▶ House Majority Leader Kevin McCarthy (CA-23)
 - ▶ House Rules Committee Chairman Pete Sessions (TX-32)
 - ▶ House Republican Conference Chair Cathy McMorris Rodgers (WA-5)
 - ▶ Senate Finance Committee Chairman Orrin G. Hatch (UT)
 - ▶ Senate Finance Committee Ranking Member Ron Wyden (OR)
 - ▶ Sara Wolff (Moscow, Pennsylvania)
 - ▶ Stephen Beck was honored posthumously, his wife Catherine Beck accepted the award on his behalf (Burke, Virginia)
 - ▶ John Ariale (Washington, DC)
- ▶ Self-Advocate of the Year – Adonis Reddick (St. Louis, Missouri)
- ▶ Small Business Employer of the Year – Acadia Windows and Doors (Aberdeen, Maryland)
- ▶ National Employer of the Year – SAP, accepted by Jose Velasco & Jewell Parkinson (Newtown Square, Pennsylvania)
- ▶ Entertainment Industry Excellence – Kazarian/Measures/Ruskin & Associates & Gail Williamson (Los Angeles, California)
- ▶ Individual Philanthropist of the Year – Tom Golisano & The Golisano Foundation (Rochester, New York)
- ▶ Federal Government Advocate of the Year – Tom Wheeler, Chairman of the Federal Communications Commission (Washington, DC)

THE AWARD WINNERS



**SELF-ADVOCATE OF THE YEAR
ADONIS REDDICK**



**PUBLIC POLICY VICTORY OF THE YEAR - THE STEPHEN BECK, JR.
ACHIEVING A BETTER LIFE EXPERIENCE ACT OF 2014**



**FEDERAL GOVERNMENT
ADVOCATE OF THE YEAR -
TOM WHEELER**



**NATIONAL EMPLOYER
OF THE YEAR - SAP**



**SMALL BUSINESS EMPLOYER OF
THE YEAR - ACADIA WINDOWS
AND DOORS**



**INDIVIDUAL PHILANTROPIST OF
THE YEAR - TOM GOLISANO &
THE GOLISANO FOUNDATION**



**ENTERTAINMENT INDUSTRY
EXCELLENCE: KAZARIAN/
MEASURES/RUSKIN &
ASSOCIATES AND
GAIL WILLIAMSON**



WINGS FOR AUTISM®: BUILDING SKILLS TO MAKE THE SKIES MORE INCLUSIVE

The Arc's Wings for Autism® (also known as Wings for All™) program continued to expand last year, supporting families who only dreamt of air travel and building skills of airline and airport personnel across the country. The program is an airport "rehearsal" specially designed for individuals with autism spectrum disorders or other disabilities, their families, and aviation professionals.

Originated by the Charles River Center, a local chapter of The Arc in Massachusetts, Wings for Autism is designed to alleviate some of the stress that families who have a child with I/DD experience when traveling by air by building the skills of children with autism, their families, and airport and airline personnel. Participants in Wings for Autism events practice entering the airport, obtaining boarding passes, checking baggage, going through security and boarding a plane. A key element of this innovative program is that it also gives airport, airline, Transportation Security Administration professionals and other personnel the opportunity to observe, interact, and deliver their services in a structured, learning environment.



An exciting development for 2015 was the support of The Doug Flutie, Jr. Foundation for Autism, Inc. The goal of the Flutie Foundation is to help families affected by autism live life to the fullest. Through programs and partnerships, the foundation helps people with autism get access to care, lead more active lifestyles, and grow toward adult independence.

Last year, The Arc held more than 20 events at 17 airports, with 6 airline carriers nationwide, building bridges to air travel for families who didn't

think it was possible. Nearly 3,000 individuals with disabilities and their families participated in events across the country. As this program expands reaching new airlines, airports, and cities, we continue to see our chapter's gain community recognition. One trip at a time, each experience building on another, Wings for Autism is helping to fulfill The Arc's mission to support families and make the world—and the skies—more inclusive.

Wings for Autism would not be possible without the generosity of the airlines involved in this program. We are extremely grateful for their support. One of our most frequent flying partners, **Alaska Airlines**, has provided a list outlining the costs they incur for a single event. Thank you!

GATE/AIRCRAFT/CREW 4 HOURS

Gate: \$1,400
Aircraft: \$12,000
Crew: Capt/FO: \$660
Crew FA: \$360

SUBTOTAL: \$14,420

STATION COSTS

T-Shirts: \$3600
Airplane Pins: \$250
Backpacks: \$225
Coloring books: \$200
Juice: \$70
Water: \$100

Volunteer
Breakfast: \$100
Balloons/
Decorations: \$425
Gate area prep/
cleaning: \$400
Clean up supplies:
\$30
Agent Time: \$700

SUB-TOTAL: \$5,875

GRAND TOTAL: \$20,295

BUILDING FOR A TECH SAVVY FUTURE WITH THE ONLINE TOOLS FOR SUCCESS

What would your life look like without your smartphone? Or access to email, or the Internet at your fingertips? People with I/DD are adopting technology now more than ever, but far too many people with I/DD still lack the hardware, software, or skills needed to thrive in a digitally connected world.

In 2014, The Arc launched a national partnership with Comcast NBCUniversal valued at more than \$3.7 million in cash and in-kind, helping to launch a digital literacy program and to create the Tech Toolbox™. Staff from across The Arc's chapter network came together to design a peer-reviewed directory of technology products that are effective for people with I/DD. Through this directory, chapter staff, people with I/DD, and the general public can find, review, and post examples of technology tools that work well for them. The beta version of the Tech Toolbox launched in 2015 with nearly 500 apps and devices as the foundation.

In an effort to further support the sharing of technology expertise across the network, The Arc created a fellowship program, offering the chance for staff at any chapter of The Arc to apply to become part of a dedicated, connected group of specialists across the country. The fellows in this program are some of The Arc's top experts who are already working with people with I/DD to make the most of technology. With support from Comcast, six of the sites where these fellows belong have established physical Learning Labs where they host various learning sessions for people with disabilities.

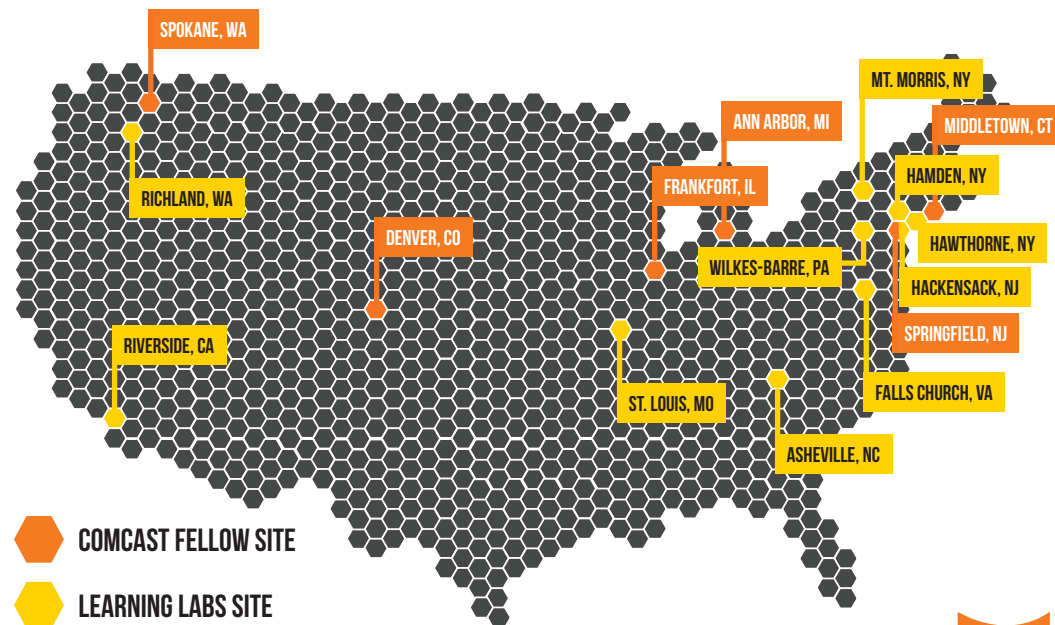
Building on the partnership with Comcast NBCUniversal, in 2015, Google.org invested \$1.4 million in The Arc's digital literacy efforts. With Google.org's support, The Arc is expanding the features and services around its Tech Toolbox. Today, more than 20 million people in the United States have a cognitive disability*. The number of apps and assistive technologies available to support this population is growing rapidly, but the outcomes they promise are rarely backed by evidence, and it is difficult to match the right tool to the unique and evolving needs of the individual.

Made through the Google Impact Challenge: Disabilities, the grant is supporting an online search, recommendation, and coaching platform that will help people with cognitive disabilities find and adopt technology to live fuller lives.

The Arc is using our team of specialists and our national service provider network to deliver more than 100,000 targeted and personalized technology recommendations over the next two and a half years.

Thanks to the support from Comcast NBCUniversal and Google.org, we are building the go-to place that will lead to a better connected future for people with disabilities.

* Cognitive disability includes intellectual disability, including those caused by congenital conditions such as Down syndrome, autism spectrum disorder, and Fetal Alcohol Spectrum Disorders as well as age-related conditions such as Dementia. The diagnosis may also include less severe conditions such as Dyslexia, Attention Deficit Disorder, and other learning disabilities.



2015 FINANCIAL REPORTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Arc of the United States
The Foundation of The Arc of the United States
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Arc of the United States (The Arc) and The Foundation of The Arc of the United States (the Foundation), collectively the Organizations, which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities and change in net assets, functional expenses and cashflows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of December 31, 2015, and the combined change in their net assets and their combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2014 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



Gelman, Rosenberg & Freedman
Certified Public Accountants
April 10, 2016

COMBINED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$1,479,811
Investments	11,565,473
Accounts receivable and advances, net of allowance for doubtful accounts of \$85,606 and \$54,419, for 2015 and 2014, respectively	310,201
Grants receivable	589,881
Due from related party	-
Prepaid expenses	49,268
Total Current Assets	13,994,634

FIXED ASSETS

Land	657,600
Furniture and equipment	1,976,833
Less: Accumulated depreciation and amortization	(1,023,674)
Net Fixed Assets	1,610,759

OTHER ASSETS

Other assets	9,758
Investments held for beneficial interest in perpetual trust	1,125,664
Deferred compensation investments	67,924
Total other assets	1,203,346

TOTAL ASSETS

\$16,808,739

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$629,308
Deferred revenue	5,000
Deferred rent, current	18,986
Due to related parties	57,257
Grants payable	-
Total current liabilities	710,551

LONG-TERM LIABILITIES

Deferred rent, net of current portion	1,022,466
Deferred compensation	67,924
Total long-term liabilities	1,090,390
Total liabilities	1,800,941

NET ASSETS

Unrestricted:	
Undesignated	1,704,454
Board-designated	609,682
Total unrestricted net assets	2,314,136
Temporarily restricted	10,575,902
Permanently restricted	2,117,760
Total net assets	15,007,798
TOTAL LIABILITIES AND NET ASSETS	\$16,808,739

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE				
Contributions	\$671,568	\$1,250,268	\$-	\$1,921,836
Grants	1,813,255	175,000	-	1,988,255
Investment (loss) income	(166,820)	(189,209)	-	(358,029)
Bequest income	1,083,365	-	-	1,083,365
Contributed services	1,554,061	-	-	1,554,061
Affiliation and chapter fees	2,541,056	-	-	2,541,056
Royalty income	88,652	-	-	88,652
Registration fees	663,492	-	-	663,492
Program service fees	216,506	-	-	216,506
Other income	7,793	1,973	-	9,766
Sales	-	-	-	-
Net loss in perpetual trust	-	-	(72,436)	(72,436)
Net assets released from donor restrictions	1,445,623	1,445,623	-	-
Total revenue	9,918,551	207,591	(72,436)	9,638,524
EXPENSES				
Program Services:				
Chapter Leadership and Development	1,461,057	-	-	1,461,057
Public Education	2,022,316	-	-	2,022,316
Public Policy	1,308,895	-	-	1,308,895
Program Innovation	3,605,062	-	-	3,605,062
Total Program Services	8,397,330	-	-	8,397,330
Supporting Services:				
Management and General Fundraising	811,179	-	-	811,179
	563,069	-	-	563,069
Total supporting services	1,374,248	-	-	1,374,248
Total expenses	9,771,578	-	-	9,771,578
Change in net assets	146,973	(207,591)	(72,436)	(133,054)
Net assets at beginning of year	2,167,163	10,783,493	2,190,196	15,140,852
NET ASSETS AT END OF YEAR	\$2,314,136	\$10,575,902	\$2,117,760	\$15,007,798

* Explanatory notes included in the full 2015 audited financial statement for The Arc are available at thearc.org

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1825 K Street NW, Suite 1200
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800.433.5255
thearc.org
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